



Board of Trustees
Minutes of Special Meeting
Friday, June 16, 2017
3:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Raymond Wilson
Barbara Smallwood
Mark Dudley
Robert Allgeier
Michael King

Staff Members Present:

Frank Johnson
April Burchett
Bill Peterson

Others Present:

None

Board Members Absent:

None

Meeting called to order at 3:00 p.m. by Ray Wilson, Chairman.

Public Comment: There was no public comment.

Attorney-Client Conference: Bill reported on what happened at the mediation. Judge Gamble went back and forth to the separate parties to get the two parties to come to an agreement on the payment by GRGID. Although MGSD demanded \$385,000, the settlement amount was \$212,000. Pursuant to the terms of the settlement, GRGID will pay \$200,000 in cash to MGSD within two weeks, and the remaining \$12,000 will be deducted from any refund for fixed and variable costs. GRGID also requested renegotiation of the agreement, since GRGID felt that the 1990 Agreement did not reflect their understanding or interpretation. They were not aware of the clause in the 1974 agreement that allows MGSD to charge for capital projects that do not expand capacity. Bill said that we did not agree to renegotiation, but said we would negotiate with them. Also during the renegotiation time period, MGSD will not incur any capital costs that do not increase capacity. Bill stated that the settlement agreement has been prepared and submitted to GRGID, and they will bring the settlement agreement to their Board before the end of the month for approval. Barbara asked if the Judge felt that GRGID owed money, and Ray said yes. Bill discussed a laches defense, where if you don't assert a claim, then it's a defense against the claim. So Judge Gamble was coming up with reasons to discount the claim, including attorney fees and the laches defense. Barbara's issue was with rewriting the agreement, but not with the settlement amount. Discussion followed regarding the one-year renegotiation period. Mike clarified that the check does not happen when the contract is renegotiated, and Bill stated that gets paid right away. Bill pointed out where MGSD's argument has some exposure in our case, and that the mediator is looking



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out for the equities in the case. Bill noted that these are our customers, and we treat them differently, but they would like to be treated the same as other customers. Mark asked if GRGID understands the contract now, and Bill said they do. They mentioned that they could just annex. If they are contiguous to the boundary, we have to accept the annexation, so Bill stated we need to change our annexation ordinance. Bill didn't think annexation would be realistic, since the land is individually owned, but it is an indication of what they are thinking. Barbara had a problem with being penalized because we tried to work it out with them, and she was very uncomfortable with trying to rewrite the contract. Bill and Ray did not feel the contract would have to be rewritten, which is why there is a one-year timeline on it. Bill stated that the mediator recommended one new agreement to clarify the terms.

Bill explained each term outlined in the settlement document. Mark asked what happens if GRGID does not agree to the terms, and Bill stated we go to arbitration. Mike felt that we need to resolve the contract and come up with a clearer document, so this doesn't happen again. He also said that even though it isn't the amount we wanted, it is a considerable amount, and it was time to resolve this and move on. Bob said he did not vote to concur with the provisions of the agreement. He was pleased with Judge Gamble's comment with the work our attorney had done for us in the interpretation of the contract. He felt the 1974 agreement was well-written and the amendments to the agreement clearly reflect that they were making no changes to the 1974 agreement. Bob discussed the various costs GRGID pays MGSD for. Bob went through the costs and benefits of the digester/co-gen project to both MGSD and GRGID. We have to take into account whether GRGID is benefitting from a project they haven't paid for. They will get a return on their money of 15%. He felt that GRGID owes us more. When Judge Gamble said he didn't like the agreement, Bob didn't think we asked Judge Gamble for that opinion. He reviewed past minutes, and there was no action taken by the previous Board to excuse GRGID from paying for this project. He felt that we should live up to our agreements, and they should live up to theirs. Barbara said the 1974 agreement states they will pay us when we send them the bill, and it doesn't mention a timeframe. Barbara had concerns with Item 8 in the settlement agreement, and Bill said we are not promising to agree to a renegotiated agreement, and we are not bound to rewrite the agreement. Bob and Barbara had a problem with paying the mediator's fee to renegotiate per the terms under Item 8. Bob asked if we settle for the money, can we remove the renegotiating clause. Bill asked what the Board was giving up by agreeing to renegotiate. Barbara said she did not want to renegotiate at all because of the time, effort and money involved. Bob agreed. Bill said this agreement can be amended with the mutual consent of both parties. Mike asked if Bill can rewrite Item 8, or an amendment to this agreement. Discussion followed regarding next step if the Board rejects the settlement. **Motion by Bob Allgeier to reject the proposed Settlement Agreement and Release of Claims between MGSD and GRGID from the Mediation.** Seconded by Barbara Smallwood. Barbara stated that she can support a monetary discount, but not a renegotiation of the contract. Mike saw Barbara's point, and said he would like to see Bill redraft the settlement terms for Board approval before approaching GRGID. Bill said he will go back to GRGID's legal counsel and tell him the Board rejected the settlement and will provide him revised settlement language for GRGID's approval. Motion carried. (Vote: 5 ayes, 0 nays, 0 abstain, 0 absent). Mark thanked Bill for his time on this.



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Board Comment: Ray said that at 11:00 am next Wednesday he and Frank will meet with a reporter from the Record Courier to regarding the digester repair project. Barbara reiterated Mark's comments regarding Bill's work on the GRGID issues.

Public Comment: There was no public comment.

Meeting adjourned 5:00 p.m.

Approved by the Board of Trustees as presented on:

_____ By _____
Date Barbara S. Smallwood, District Secretary

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