



Board of Trustees
Minutes of Regular Meeting
Tuesday, March 5, 2019
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Barbara Smallwood
Michael King
Robert Allgeier
Mary Schilling
Ted Thran

Staff Members Present:

Frank Johnson
April Burchett
Peter Baratti
Bruce Scott
Bill Peterson

Others Present:

Nicola Neilon
Seth Altamirano

Board Members Absent:

None

Meeting called to order at 6:00 p.m. by Barbara Smallwood, Chairman.

Public Comment: There was no public comment.

Chairman's Comment: Barbara referred to the draft letter to the Douglas County Clerk regarding the voting charges, and stated she had asked that the letter be drafted since she felt MGSD could be subsidizing other districts. The Board concurred to send the letter.

Claims Review and Approval: Bob asked about Item 8 regarding Codale Electric Supply, and Frank stated that it was a replacement of a trickling filter pump. Frank mentioned that Item 3 for Associated Crane was for the Digester Lid, and the NV Energy Bill included \$8100 for pumping to Bently. **Motion by Ted Thran to approve the claims received for February, 2019 in the amount of \$78,275.62 plus miscellaneous expenses in the amount of \$1,112.17, and to approve the payroll-related expenses paid during February, 2019 in the amount of \$91,755.07.** Seconded by Bob Allgeier. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Schilling, Smallwood, Thran), 0 nays, 0 abstain, 0 absent].



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Minutes of February 5, 2019 Regular Board Meeting: Bob noted that on Page 1 under the time limits for public comment, the number of aye votes should be changed from 4 to 5, and Barbara noted on page 4 the vote count should be added to the motion for the acceptance of the District Manager's resignation. **Motion by Bob Allgeier to approve the minutes of the February 5, 2019 Regular Board Meeting as corrected.** Seconded by Ted Thran. There was no discussion on the motion. Motion carried [4 ayes (Allgeier, Smallwood, Schilling, Thran), 0 nays, 1 abstain (King, due to difficulty in hearing some of the items at the February meeting as he was present via phone), 0 absent].

Auditing Services: Represented by Nicola Neilon and Seth Altamirano of Casey Neilon, Inc. Frank explained the emergency situation with respect to the audits for the last 3 years. Nicola noted that the financial reports for the past three years were received in PDF form, but requested that they be provided in Word or Excel so they can complete the audits for the last 3 years as soon as possible. She also emphasized that this will need to be done so that the next year's budget can be completed. She then gave a background of their company. Barbara appreciated the information provided and noted that since this is for professional services, it does not need to go to bid. Ted stated he has worked with Nicola Neilon in the past and he has a lot of respect for her work. Bob asked if the price quoted included a quarterly review, and Nicola responded that they will not do a quarterly review, unless it was requested, but they do like to keep in touch with the districts during the year. Bob stated he assumed it was an informal review. Bob asked how soon they can get started, and Nicola stated within 2 to 4 weeks. She also noted that they did not know how long the process would take, that it depended on the books and records provided. Some of the materials that are given to the board are impressive. She thought that the field work would be approximately 3 to 4 days for each year. She has reviewed the financial statements, and noted that there are some documents missing, especially relating to the OPEB reports. Discussion followed regarding getting documents in Word or Excel. The Board directed Frank to contact Richard Peters to provide any needed information to Nicola and Seth (***see additional discussion on Page 3 under Attorney Client Conference***). Bob asked about transportation and travel costs, and Nicola stated that Seth lives in Minden and he would be our liaison, and they typically do not charge travel costs. Mike asked about an hourly rate, and Nicola stated it varies based on the level of staff doing the work. She minimizes her time since her hourly rate is higher, although she may be at MGSD from time to time in a supervisory capacity with no charge. Bob asked if they would be finished by the end of April, but Nicola stated that they can't commit to that timeline until she gets more information from staff and Richard Peters. Her goal will be to verify the numbers first, but if those numbers aren't correct, then the review will take longer. Frank asked if the past financial statements have to be done in order for the next fiscal year's budget, and Nicola said yes. **Motion by Ted Thran to approve the proposal for auditing services from Casey Neilon, Inc. to perform the audits for years ended June 30, 2016, 2017, and 2018 in an amount not to exceed \$40,000.00, plus out-of-pocket costs, pursuant to the proposal letter from Casey Neilon, Inc., dated March 5, 2019.** Seconded by Bob Allgeier. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Smallwood, Schilling, Thran), 0 nays, 0 abstain, 0 absent].



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Motion by Bob Allgeier to approve the proposal from Casey Neilon, Inc. dated March 5, 2019 regarding the audit for the year 18-19 in an amount of \$15,000.00. Seconded by Ted Thran. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Smallwood, Schilling, Thran), 0 nays, 0 abstain, 0 absent].

Mike asked if Ted had reviewed the audits for last 3 years, and Ted said he had looked at them but not closely.

MGSD Code: Bill Peterson referred to the proposed amendments to Chapter 2 of the MGSD Code, and noted that the changes were recommended to bring the Code in compliance with State statute. Notably, staff can no longer determine whether there is an impact to business. Bill reviewed the timeline outlined in his memo dated March 1, 2019. Mike asked if we should hold off making these changes until the completion of the legislative session. Bill stated that we are out of compliance now and recommended adopting the amendments at this time. Barbara stated she has not seen any legislative bill draft requests regarding business impact statements. **Motion by Mike King to approve the amendments to MGSD Code Chapter 2, “Assessing Business Impact on Enactment of Amendment or Repeal of Ordinances” as presented by Snell & Wilmer pursuant to the memorandum from William Peterson dated March 1, 2019.** Seconded by Ted Thran. There was no discussion on the motion. Motion carried [5 ayes (Allgeier, King, Smallwood, Schilling, Thran), 0 nays, 0 abstain, 0 absent].

MGSD District Manager Position: The Board discussed the next step in the process to replace the District Manager. Barbara stated that she would like to see additional backup information, including salaries and descriptions of other managers, and Mike stated he would like to see a list of certifications required by state and federal regulations. Frank said he would gather that information. Bob felt that Peter Baratti should also be present at the meeting. Mike also requested a pay scale study. The Board set a special meeting for Tuesday, March 12, 2019 at 9:30 am to revise or approve the job description and qualifications for the position of District Manager.

Attorney-Client Conference: Bob noted that Richard Peters’ certification problem will cost MGSD tens of thousands of dollars plus staff time and wondered if Mr. Peters and his firm had insurance. Mike asked if Mr. Peters was bonded. Bill felt that MGSD definitely has a claim against Mr. Peters, since he has represented himself as a CPA. If he does have insurance, this claim would probably be excluded. Bill also felt that the board has a responsibility to the ratepayers to pursue this. Bill stated he should contact Mr. Peters instead of Frank (*as discussed under Auditing Service on page 2*) and let him know that the Board has a claim. Mike asked what would happen if Mr. Peters filed bankruptcy, and Bill said there may be some fees that cannot be discharged in a bankruptcy, but he felt that we should take this one step at a time and see if it’s covered under an insurance policy. Mike thought it would be best if we can work



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something out. Bruce asked if we can get any relief from the State with regard to the budget timelines. Ted stated we could move forward with a budget and amend it down the road. Mike asked about MGSD's liability with the State, and Frank said there is a meeting at the Department of Taxation in April. He noted that they are aware of the situation, and they seem to be willing to work with us.

Engineer's Report: Bruce reported on the following:

Digester 2 Cleaning Project: The bid notice will be in this Saturday's paper, and the project will be awarded at the April meeting.

GRGID Interceptor Line Televising Project: They are working with DR Pipeline regarding scheduling and Bruce anticipated the project would begin late in late March or early April.

Esplanade: Bruce has had conversations with the developer and contractor regarding the lines that don't meet MGSD's standard. They have offered to dig up the line and reinstall it so that the non-conforming portion will meet MGSD's standard. Bruce stated he asked them not to attend tonight's meeting, since he wanted to get the Board's feeling on this first. He asked if the Board would be willing to consider accepting the lines if they are in compliance with MGSD's policy. Barbara felt that as long as the lines meet the District's standard, then it is acceptable. The Board concurred. Bob emphasized that the developer will pay all inspection and testing costs provided by MGSD.

District Manager's Report: Frank Johnson reported on the following items:

Capacity: 0.4 edu's were sold in February.

Cost of Living Increase: Frank reported that the according to the State, the CPI is 2.4% this year. Bob said the consolidated adjustment is 1.9%. Barbara stated that the Board had previously agreed to use the consolidated CPI. The regular CPI does not take into account reimbursement for food and petroleum supplies, and the Board always felt that this should be included. He passed out the Bureau of Labor Statistics report.

Digester 2 Cleaning: Bob asked about a cost estimate, and Bruce thought about \$50,000-\$100,000.

Projects in District: Frank discussed that plans have been presented and are being reviewed for the residential portion of the And Away They Go project at Hwy. 395 and Hwy. 88, and for the Human Bean project on Lucerne next to Sonic.



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Operations Staff: Frank reported that the part-time laborer had resigned, and requested that this be taken that into consideration when looking at in-house movement after Frank leaves. He noted that we are short-staffed at this time in the operations department. Frank felt that we should add another full-time position, and the Board also felt that a full-time position would be better.

Digester Insurance Settlement with GRGID: Bob stated that he had a meeting with Frank and April to discuss the payment to GRGID as a result of the insurance payment MGSD received. They are due payments of \$200,000 for the repair and \$27,000 for utilities. It was agreed that they would be paid no later than in the month of May. Frank asked that he and Bob meet again to make sure they agree on the final amount.

Administrative Report by Staff: April asked about a priority list of a board member to call when a second signature is needed on a check between Board meetings. Barbara stated she can be called first in these situations.

Discussion followed regarding MGSD not assessing fees when water is turned off.

Board Comment: There was no Board comment.

Public Comment: There was no public comment.

Meeting adjourned 7:30 p.m.

Approved by the Board of Trustees as presented on:

_____ By _____
Date Ted Thran, District Secretary

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