



Board of Trustees
Minutes of Regular Meeting
Tuesday, March 3, 2015
6:00 P.M.
Board Room
Minden-Gardnerville Sanitation District
1790 Hwy. 395
Minden, Nevada

Board Members Present:

Raymond Wilson
Barbara Smallwood
Mark Dudley
Michael King
Robert Allgeier

Staff Members Present:

Frank Johnson
April Burchett
Bill Peterson
Brian Buffo
Bruce Scott
Sarah King

Others Present:

Ursula Prebezac
Paul Couch
Mike Pavlakis
Jon Park
Pat Sergott

Board Members Absent :

None

Meeting called to order at 6:00 p.m. by Ray Wilson, Chairman.

Public Comment: - There was no public comment.

Claims Review and Approval – Bob asked why the NV Energy and Southwest Gas bills were higher this year than last year. Frank explained that the power bill was higher due to the pumping of the reservoirs. Bob expressed concern about the gas bill, since it should be lower since the hot water loop was constructed. Frank explained that sometimes dependent on the grease consistency, enough methane may not be produced to supply the entire plant. Frank will average the gas costs over the past 2 years to see if a savings is being realized. Bob asked about the GRGID Fixed Cost credit, and asked why it is put under the 40400 General Ledger number and felt it should not be listed under operational costs. It should be shown as a claim against cash income and listed under miscellaneous expense on the fund summary sheet. Frank will check with Richard Peters about where to put this. **Motion by Barbara Smallwood to approve the claims received for February, 2015 in the amount of \$94,274.71 and to approve the payroll-related expenses paid during February, 2015 in the amount of \$82,067.66.** Seconded by Mike King. There was no further discussion on the motion. Motion carried.

Minutes of February 3, 2015 Regular Board Meeting – Ray commended the staff on another job well done with the minutes. Bob noted on Page 1, where it states “Ray spoke about being surprised that if only three members were present at a meeting and they did not have a unanimous vote then the meeting would have to be tabled,” the word *meeting* should be changed to *item*. Ray stated that he probably said *meeting*, but meant *item*. Sarah will double-check the recording. Mike questioned the clarity of the a sentence on page 2: “Bob stated that he was not ready to discuss this with the Board but was interested because that was the time an agreement was made, and he wanted to know the if the EDU count was



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added to the chart, and since MGSD goes by the chart he felt the EDU's currently being processed is 2000 higher than shown." Mike wondered if the minutes should state that EDU's currently being processed *should be* 2000 higher than shown. Frank asked if "felt" and "should be" are the same thing. Ray asked that it be changed to "should be". **Motion by Bob Allgeier to approve the minutes of the February 3, 2015 Regular Board Meeting with the noted corrections.** Seconded by Mark Dudley. There was no further discussion on the motion. Motion carried.

City National Bank – Represented by Ursula Prebezac and Paul Couch. Ray noted that on Page 5 of the proposal in the board packet, it states the money MGSD has in the bank is not FDIC insured. Paul stated that the money would be insured under a laddered CD program. Paul explained about the brokered CD program, as opposed to having a CD with an individual bank. CD's would be purchased from 4 separate institutions, with varying terms. City National Bank works with multiple brokers throughout the country to get the best rates. The money is held in one consolidated account at City National. City National provides a secondary market for the CD's, so if a CD needs to be liquidated part of the way into a 6-month CD, for example, the CD can be sold on the market and liquidated. Unlike penalties for a traditional CD, early cash-out penalties are based on interest rates at the point of purchase. Paul passed out a bullet sheet showing today's inventory, with rates at several banks over various terms. He noted that the longer the term of the CD, the better the rate.

Ray discussed a personal rate he received through Synchrony Bank to highlight the difference in interest he is earning over the amount MGSD is currently earning. Ray asked for clarification of the amount of money to invest and which account the money would be coming from. Bob recommended investing \$1,000,000 out of the POOL account, since the interest being earned is not a high amount. The interest rate on the money market account at City National Bank is 0.05%, whereas it would be 0.5% through laddered CD's, which is 10 times as much. Bob felt this would be a good option to improve the cash flow without a high risk.

Bob asked Paul how to ensure that the face value is not put at risk. Paul responded that these are brand new CD's, not secondary CD's. The only risk MGSD would be running is to the interest. Mike asked who is insuring the principal, and Paul responded that the FDIC insures CD's up to \$250,000. Mike asked about the disclaimer on Page 5 which states, "Investment products available through CNS are not bank deposits or obligations of, or guaranteed by, City National Bank or any subsidiary or affiliate and are not insured by the FDIC or any other government agency and involve investment risk, including the possible loss of principal." Paul said this is their general disclaimer that they use for brokerage accounts. These CD's are 100% FDIC insured. The banks shown on the inventory list are based out of New York, so they are FDIC insured. The point of this program is to keep the \$1,000,000 insured. Mark asked for clarification regarding the payout of interest. Paul reported that since these are less than 1 year terms, the interest would be paid once, upon maturity.



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Ray asked for Paul's recommendation, and Paul felt a good plan would be to invest within the 1 year range, since the market analysts are projecting that interest rates will be increasing sometime in the fall. Frank asked about projecting the anticipated interest rate for budgeting purposes, and Paul stated that the rate is locked in when the CD is purchased. The only thing that will change is if the principal is reinvested when the CD's mature, since they will have new rates.

Bob pointed out that there is approximately \$3,000,000 in the restricted funds that are for long range planning. He suggested investing money from the restricted funds, and credit the interest payment towards operations. Barbara preferred investing in laddered CD's, and when the last CD is paid out, then shop the market to see who has the best rates. She didn't want to go out too far on the maturity date. Mike expressed discomfort about this, since the rates are 1/3 of a percent. He preferred to shop around first, and not to make a decision right away. Mark stated that they could invest less than \$1 million. Bob stated that you also don't need to renew the CD when it matures, which would reduce the total invested amount over time. Discussion followed regarding whether MGSD's money is fully FDIC insured. Sarah stated that MGSD's money is fully insured by the FDIC, and Ursula agreed that municipal funds are structured differently by the FDIC. Mike requested a copy of the insurance policy in order to scrutinize it.

Paul noted that the rates seem anemic, but they are much higher than what City National and other banks are currently offering. Ray expressed the Board's appreciation to Paul and Ursula for the presentation. Mike asked Bill Peterson's opinion, and Bill stated he thought the Board was doing the right thing in considering it before making a decision. Frank asked that Ursula and Pam from CNB meet with him to explain this to him further so he would have a better grasp of this. Ursula recommended that Paul also be involved in the meeting. Frank will get with them to schedule a meeting. Ray stated that April or Sarah will contact them further if the Board wants to meet with them again.

The Ranch at Gardnerville – Bruce stated that the sewer mains have been constructed for Phases 2A and 2B, and that this item is a routine acceptance of the as-builts and the sewer mains for future maintenance by MGSD. Bruce explained the process of field verification to insure that everything is constructed according to the approved plans. Once RCI is satisfied, then staff would provide the final acceptance. **Motion by Mark Dudley to approve the as-built drawings for The Ranch at Gardnerville Phases 2A and 2B prepared by R.O. Anderson Engineering, and to accept the sewer mains, subject to 2 conditions outlined in the letter from Resource Concepts, Inc. dated February 25, 2015. All rules, regulations, and requirements of MGSD are to be met and all fees paid.** Seconded by Bob Allgeier. There was no further discussion. Motion carried.

MGSD Effluent Reservoir – Frank reported that the administration building roof and the reservoirs suffered damage during the last wind storm. The roof has been repaired, but the reservoir sustained extensive damage. Bruce explained that there was severe wave action at the north end of the reservoirs



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that damaged the riprap and lining. The newer riprap held up well, but the older riprap did not and there are areas where the liner and embankment are exposed. Repairs will need to be done at a heavier scale than what is there now. Bruce stated this is an emergency condition due to the exposure of the embankments. He has consulted with A&A Construction to get an idea of the cost. Repairs will include replacement of the liner, if needed, with better riprap. The water levels in the ponds were lowered in order to see how deep the damage went. He would like to get it done soon, since another wind storm could cause greater damage. Mark asked if there was a pre-bid meeting. Bruce said no, he asked A&A to give an estimate since they were the contractor on the last pond repair project. Firm bids would be required before the repair takes place. Bruce noted that the vulnerable sides are on the north and the east, areas which the last repair did not cover. Ray asked about how the new repairs would hold up against flooding. Bruce noted that the old riprap held up against the flooding, but the newer riprap would be more stable. Bruce requested approval for an upper amount in order to get started before the next meeting. **Motion by Barbara Smallwood to authorize the emergency repair of the MGSD Effluent Reservoirs for an amount not to exceed \$175,000. Seconded by Mike King.** Bob asked if the plant's insurance policy covers loss from wind damage. Frank responded that he is planning to call Alan Reed to find out. Ray requested a Board tour of the ponds in the summer. Frank stated there is \$24,000 in the operating budget to allow for some of the repair. There was no further discussion on the motion. Motion carried. Mark asked if there is an anticipated start date, and Bruce stated that there isn't at this time. He will get a more firm bid and a repair schedule. Ray asked how often someone is out there for inspection, and Brian stated every day.

Gardnerville Ranchos General Improvement District Use Fees – Ray stated that he, Bob, Frank and Bill met about GRGID fees. Frank pointed out that this is a different topic than what they met about previously (see Attorney-Client Conference on Page 10 for discussion of this meeting). Frank explained that a portion of GRGID's sewer use fee is a special assessment based on the assessed value of the properties in GRGID. The current monthly rate is \$17.18 per EDU, and MGSD currently receives about \$472,000 annually from GRGID in user fees. The 1990 contract states that a reassessment can occur periodically, with no set schedule. Frank asked the staff to reassess the properties per the agreement, and current assessment shows an increase of 25% over the last assessment done in 2003. Frank stated that Nevada has implemented a 3% tax cap, so he wondered if MGSD should increase the tax rate by only by the 3% cap, by the total 25%, or by 3% each year until GRGID catches up. GRGID will have to have public hearings on the rate increase, so a decision needs to be made as soon as possible. Barbara felt a raise of 3% each year until they catch up would be acceptable. Mark also felt this was a fair option, in the event the assessed value goes down during the catch-up period. Bob stated that the assessed value went up 8% in GRGID in the past year and he didn't feel that pro-rating the increase would accomplish much. He felt that we should bring it up to the 25% now, since it's only a little over a dollar a month. Discussion followed regarding increases in the assessed valuation in Minden and Gardnerville since the 1990 agreement. Bob also noted that the bill goes to GRGID not to the property owners. Frank explained



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that GRGID passes the cost through to the property owners. Discussion followed regarding a schedule for reassessment.

Barbara asked for Bill's opinion. Bill stated that it is a very interesting question that was raised by Bob Spellberg. Bill said the 3% cap is not in the contract. The purpose of the language in the contract was to soften a large increase like this one. He felt that GRGID did receive a benefit and weren't paying their fair share. It's a policy question for the Board. He doesn't think the 3% applies in this case, since it isn't a tax. It's additional compensation to MGSD, since GRGID is not located in the district boundaries. Bob noted that the cap was put in after the 2004 legislative session to put a limitation on county assessors, and he thought it has a sunset date. Bill pointed out that the agreement language states that reassessment is to be done periodically, but not more often than annually.

Mike felt that a 25% increase would be reasonable. He thought that someone would point out that it's a 25% increase, but it's actually about a dollar over a 12-year period. He suggested a cover letter from MGSD's legal counsel explaining why the Board is approving a 25% increase. He also suggested a reassessment period of 18 months. Ray asked if the people in the District have been paying the same fee each year. April explained that the District receives its share of ad valorem taxes for all properties within the District boundaries, subject to the 3% tax cap. Bill stated that an electric utility will submit a large increase to the PUC, then make a deal to spread the total amount over a 2 or 3 year period. Mark felt that it was MGSD's oversight, and implementing it over 3 years to get them caught up would be fair. Barbara stated that the contract is as much theirs as ours, so they could have requested a reassessment at any time when the assessed value decreased. She felt the letter from legal counsel should be carefully crafted, and did not feel that the Board should set a specific reassessment timeframe. She thought that the Board could informally direct staff to perform the reassessment on a regular basis, but the agreement language should not be changed. Bruce asked if this has any impact on MGSD's customers, and Bill stated it does not. Mike asked if the reassessment should be done annually. Discussion followed regarding the cost-benefit aspect of performing the reassessment and the impact to staff. Ray asked April for her thoughts, and April stated that every 2 or 3 years would be reasonable, but not more than every 5 years. She explained that it took 2 to 3 days complete the reassessment.

Motion by Bob Allgeier to approve the reassessment of the tax rate billed to GRGID as set forth in the 1990 Supplement to the 1974 Contract between MGSD and GRGID at a rate based on the current assessed valuations. Seconded by Barbara Smallwood with the addition of the monthly user fee rate. Motion and second withdrawn. **Motion by Bob Allgeier to approve the reassessment of the MGSD monthly user fee rate plus the GRGID monthly user fee rate as set forth in the 1990 Supplement to the 1974 Contract between MGSD and GRGID at a rate based on the current assessed valuations effective July 1, 2015. Seconded by Barbara Smallwood.** Vote: Ayes from Allgeier, King, Smallwood, Wilson; Nay from Dudley. Motion carried



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Bruce asked if the Board would hear Park Ranch next, since there are people in the audience for this item. The Board agreed.

Park Ranch Holdings, LLC – Represented by Jon Park, Pat Sergott, and Mike Pavlakis. Jon Park stated that Park Ranch Holdings is requesting 268 acres be removed from the designated reuse area, leaving a remaining area of approximately 760 acres. He noted that the acreage on the original application was 180 to 190 acres. Barbara asked if the item needs to be re-noticed since it shown on the agenda as 190 acres. Bill Peterson stated the Board can listen to the presentation by Park Ranch Holdings and note any concerns they may have, but the Board cannot take action on the item at this meeting. To take action, the item will have to be rescheduled for a later meeting. Ray requested that new acreage be substituted for the 268 acres being removed. Frank stated that NDEP may not allow them to use effluent on other acreage outside the current use area, so there may not be land available for substitution. Barbara and Bob noted that the contract stipulates if land is removed from the reuse area, then the removed acreage needs to be replaced. Bruce explained that the place of use of the secondary effluent water right is over 2000 acres, which is on file at the State Division of Water Resources, but the effluent disposal permit is with Nevada Division of Environmental Protection. There is quite a bit more area in the place of use under the permits than is actually being irrigated. Park and Galeppi each have specific amounts for irrigation, and Bently gets the remainder. The amount of acreage that is encumbered is important, but he felt it was more important that Park remains committed to maintain the effluent permit with the state and keep the effluent safely out of the river. Bruce further explained that when the agreements were originally made, all the secondary effluent permits were held by MGSD. But MGSD is the provider of the effluent, not the user, and each ranch is now responsible for its own permits. They each have their own requirements and penalties in case of discharge into the river, which protects MGSD's liability. Bruce would like Park to ensure that sufficient acreage will remain in place to take the effluent, and he felt that removing 268 acres would still allow sufficient acreage for effluent irrigation. He asked Jon to outline the irrigation plan to the Board.

Bob asked about DCSID's discharge into the area. Mike Pavlakis explained the duty of water, which is 4 acre-feet per acre from all sources, so the total volume between MGSD and DCSID would account for about 0.5 acre-feet of all the sources. Park Ranch has historically combined this water with other water sources. If they irrigated with only MGSD's effluent, about 100 acres would be needed for irrigation. After removing the 268 acres, there would be 762 acres remaining in the reuse area. In addition to approval from MGSD, Park will also have to amend their management plan with NDEP. NDEP will not allow an adverse impact to the soil, and will require mitigating measures with respect to the ditches to ensure that the effluent does not reach the river. He explained the proposed use for a 50 megawatt solar power facility, which would include fencing of the area, as well as other landscaping improvements. Park Ranch does not want to give up the effluent.



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Mark asked if Bently or Galeppi could take more effluent than they are. Bruce responded that they would probably be happy to take it at the right time of year. Bruce asked for reassurance from Park that they will continue to take the full 375 acre-feet in order to allow for flexibility to move the effluent in case of high nitrates. He stated that Bently has the ability to take whatever effluent MGSD can send them. He stated, and Bill concurred, that if Park and Galeppi don't take their allotted effluent, then the District is required to send the water to Bently. Bruce preferred having 3 different ranches take the water to allow more flexibility and dilution of the nitrates.

Discussion followed regarding the ditch and pipe system currently used for effluent delivery to the ranches. Jon stated the proposed amendment to the agreement will not impact the Rosser or Middle Ditches that are used to convey the effluent to the irrigation areas on Park and Galeppi. The area was chosen to be removed because it lies between the ditches. Discussion followed regarding the location of the additional 88 acres not shown in the packet, which is located directly to the north of the 190 acres shown in the packet. Bob asked about a buffer zone north of the reservoir and if Park can add property to the north to replace the property being removed. Mike Pavlakis stated that there isn't additional property to the north, and Bruce explained that the flow goes north and then west. Discussion followed regarding the boundaries of the entire 268 acres. Mike Pavlakis stated the solar panels will not extend to the north boundary of the removal area, and the amendment includes removing acreage in addition to the proposed solar project area.

Ray asked what will happen with the electricity once it's produced. Mike Pavlakis explained that the area to be removed is not ideal for agricultural operations, and there is currently a greater demand for renewable energy sources. Discussion followed regarding impact of solar plants on electric rates. Mike explained that the energy generated would go into the existing substation and sold to Liberty Power. Jon explained it's a good place to put a solar facility since there are no trees and the substation is nearby. He pointed out that the lease is for 30 years, so the proposed solar use would not be in perpetuity. Frank asked if the land would be placed back into the reuse area after the decommissioning of the solar project, and Jon confirmed that was the intention of the Park Ranch. Mark asked why they would decommission the project, and Jon explained that the technology would most likely be obsolete. Ray asked if the lease would be renewed in 30 years and the equipment replaced. Jon said any replacement of equipment would be subject to Park's approval. Ray asked if the panels can be seen from the highway. Jon said the experts say it won't be seen. Barbara reminded the Board that the item on the agenda is only for the removal of land from the effluent reuse area, not for approval of the solar project.

Barbara asked who the neighbors were who were noted on Page 21 of the proposal to the county, and if they had been notified. Bruce stated the Walkers are the neighbors to the north, and they have been notified by the County. Mike Pavlakis stated that the county has notified all the neighbors. He also stated that additional acreage outside the solar project area is being removed since it realistically cannot be used for irrigation.



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Bill explained that he asked the Park representatives to attend the meeting. It was his intention to have an informational meeting to get input from the Board, and then have both attorneys meet further to finalize the amended agreement and bring it back to the Board for approval. Barbara expressed concern about not replacing the acreage, although she understood that finding replacement acreage could be difficult. She also requested that when the project is decommissioned then the land be put back into effluent reuse. She felt that if replacement acreage is not available, then MGSD should at least ensure the land could be reinstated for reuse when the project is decommissioned. Ray is against the amendment without the acreage being replaced. Mark asked if the land could be used for anything else in the future, and Jon stated that it's hard to say at this time, but it would be preferable to put it back into irrigation. Mike King commended Jon for doing the project, and he believed that Bruce would say something if he thought this was going to be a problem. He recommended that legal counsel proceed with the amendment. Mark thought it was too bad that it wasn't noticed as 268 acres to begin with, so they wouldn't have to come back for Board approval. Mike Pavlakis explained that the initial application was made in November for 180 acres. Greenstone kept adjusting the size, and it wasn't until February that it increased to 268 acres, since it made more sense to remove all the area between the ditches.

Discussion followed regarding permitting from the PUC, which will be handled by Greenstone. Mike Pavlakis explained that Park is simply the landlord, so they will not be the entity actually generating power. Barbara felt it was important that the irrigation plan be maintained, in order to prevent discharge to the river, and the amendment should state that the land needs to be reinstated in the reuse area once the project is decommissioned. She was also concerned about the liability for dust control and ensuring the land is used for the purpose outlined in the proposal. Bill stated those items will be worked out in the amendment. He also noted that the agreement obligates MGSD not to withhold consent to changing the agreement as long as the acreage is replaced, but if there is good reason not to replace acreage then an amendment to the agreement can be made. Bob stated that good reason hasn't been shown not to replace the acreage. Mike Pavlakis stated that there isn't land that can be reasonably replaced. Ray wanted the replacement acreage to be put back in with the amendment. Jon felt that it was important to address the Board's concerns and that it was also important that the remaining acreage be adequate to use the permitted amount. Ray explained that he has a responsibility to the public and he is protecting the public's interest in case additional land is needed in an emergency. Bruce suggested that Park provide additional acreage south of Muller Lane that could be used in an emergency, but would not be used on a regular basis. Park would need to get the water to that land, probably by pumping, but that would be a management item. The acreage total would still be the same, while addressing the irrigation management needs. Mark asked if effluent could go across the solar project area, and Bruce said no and that the land between the ditches is the ideal area to remove from the reuse area. Mike asked if Bently and Galeppi could be used for overflow in an emergency too, and Bruce said yes. The Board directed Bill to work with Mr. Pavlakis to come up with an amended agreement.

Chairman adjourned the meeting for break at 8:40.



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Meeting called back to order at 8:45 by the Chairman.

MGSD Power Co-Generation System and ARRA Loan – Bob referred the Board to the debt service schedule provided in the packet, and outlined the history of the grease digestion and co-generation project. Bob pointed out that the initial project did not include a power co-generation component. The initial loan was issued at \$1.1 million. There was a corrected bid of \$1.6 million, and the loan was amended to \$1.4 million, with an interest rate of 0%. About two years ago, the Board asked Bill to look into a suit against El Dorado Engineering, and Bill didn't feel that a suit was winnable. The Board then requested that Bob meet with the State to see if they would allow MGSD to buy back the note at a reduced price. Bruce and Bob met with Daralyn Dobson of NDEP, and Ms. Dobson requested additional information. Reno Rendering has been approached to pay a tipping fee for the grease, but they have not agreed to this. Under the 1990 GRGID contract, GRGID participates in the savings of MGSD's utility costs. Bob requested assistance from James Settlemeyer in buying back the note, but did not hear back from him. Bob contacted the new state treasurer, and the state treasurer referred him to Al Kramer. Al Kramer looked into it, and referred Bob to Daralyn Dobson. Al Kramer recommended that MGSD make a specific offer to Daralyn Dobson, rather than negotiate with her. Bob wanted to know if the Board would like him to pursue making an offer. Barbara, Ray, and Mark felt that it would be okay to present an offer. Mike stated that it depended on the offer. He outlined three points for consideration: the interest rate of the loan, which is 0%, the amortization permit, and what MGSD could do with that money if it was left in the bank. Given the effect of the rate of inflation over 15 years, \$1.4 million does not have the same buying power as it would in 15 years. At some point the interest rate will increase. The Board should consider the earning rate of the money and the effect of inflation. Bob explained that the state usually charges 3% interest on the loans. He suggested offering \$300,000 less than the amount due, so it would be a wash for the state. Barbara agreed. Ray stated that it would take a lot of money in the bank to earn \$300,000 in interest, so he also agreed.

Motion by Bob Allgeier to offer the State of Nevada an agreement to purchase the outstanding amended note from the State, currently valued at approximately \$1.1 million, for a value not to exceed \$818,916.18, subject to acceptance within 60 days. Seconded by Barbara Smallwood. Bob asked Bruce for his thoughts, and Bruce said that the State isn't used to an offer like this, so he suggested that the offer be made and see what they say. Bill noted that the analyses of an income stream over a period of time are done daily. Economists use a discount rate, which is a function of market forces largely determined by inflation. Bill wondered what the discount rate on the loan would be. He will draw up the offer, but he is concerned that \$818,000 is not necessarily a good number. Discussion followed regarding the value of the loan on the open market. Bob and Ray felt that this is a different case since it's an interest-free loan. Bob recommended that Sarah talk to Paul Couch from City National Bank to see what the value for the loan is on the open market. Sarah asked to speak as a member of the public and questioned why the Board is considering paying back the loan at once, since it is an interest free loan. MGSD is not paying out anything on interest. In addition, the Board is considering putting money in the



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laddered CD's, which would take close to \$2 million out of the cash balance. Ray explained because of the GRGID agreement, GRGID is getting the benefit of the co-generation system, but they are not paying for any of the cost, so MGSD is not making a profit. Paying off the loan now would make it profitable. Discussion followed regarding the profitability of the project. Mike doesn't feel that the Board has adequately taken into consideration the effects of the rate of inflation and the potential for the principal to earn income in the next 15 years. He would like to see Bill look into the market value and bring back a recommendation next month. The Board directed Bill to look into it further, and bring an offer letter back to the Board. Barbara asked about the motion, and Ray stated that the Board will vote on it but it will come back to the Board after Bill reviews the number further. Barbara thought that the motion should be withdrawn. Bill didn't feel that researching the market value was a delay, since he would bring the letter back to the Board anyway. Bob asked that it be done prior to the next payment in June. The chairman called for the vote. Vote: Ayes from Allgeier, Dudley, Smallwood Wilson; Nay from King. Motion carried.

Attorney-Client Conference: Bill reported on the following:

Bill disclosed that he is an attorney for Liberty Power. He is not a lead counsel, but he may have a conflict in the future, and he will let the Board know if a conflict arises.

In regards to the meeting Ray mentioned earlier (see Page 4) with him, Bob, Frank and Bill regarding GRGID owing MGSD money under the 1990 agreement, MGSD made a deal with GRGID on how GRGID would pay for their portion of the fixed and variable costs. If there are capital improvements that do not increase the capacity of the plant, then GRGID must pay for their portion of the cost, and the formula is stipulated in the agreement. The question was raised whether the heat loop project can be included in the calculations, and Bill stated that it could be included. It would be preferable for Bill to approach GRGID's attorney privately to gauge his reaction. Bill asked if the Board would like him to pursue contact with GRGID's legal counsel, and the Board directed him to do so. Barbara asked Bill to also speak with him about the user fee increase. The way to pitch the heat loop portion of the bill is to allow them to pay by an offset from the refunds MGSD pays GRGID. The Board felt that was good idea. Mark asked if GRGID would have to be approached in the future if the Board considers another project. Bruce and Bill stated no, that the Board members in 1990 did not want GRGID to make decisions on MGSD's projects.

Barbara asked if MGSD has bonding capacity, and asked about AB170. Bill had not seen the bill. Barbara will send him a copy.

Bill stated that from time to time a Board member approaches him with a question. Mike King asked about PERS contributions for the Board. Mike is not receiving the same compensation as other board members, since MGSD is not contributing PERS for him. Bill stated that NRS allows MGSD to make a



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contribution to a private retirement plan for Mike. Ray stated that the Board doesn't get that money back and that he has no problem with Mike getting it at the rate of return that the Board members would get, and it would be effective after he serves 5 years. Barbara agreed. Mike felt that with the PERS regulations, it is difficult to come up with something that will pay out exactly the same as the other Board members, so he will forfeit the benefit.

Engineer's Report: Frank showed pictures of the damage to the reservoirs.

Bruce Scott reported on the following:

The Sonic project has not moved forward.

He will have information on the Collections System Master Plan at the April meeting.

Ray asked about the status of the DCSID pit proposal. Bruce stated that DCSID is looking at alternate truck routes to avoid the Town.

Bruce noted that Park Ranch had a master plan amendment scheduled for review by the Planning Commission, but it has been pulled from the agenda.

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

EDU's: No EDU's were sold last month. He reported that he is working with Sharkey's and Overland on their remodels.

Personnel: Over 15 applications were received for the Entry-Level position, and there are some qualified applicants. Staff is reviewing the applications, and will set up interviews next week or the week after.

Saletti's: Saletti's has agreed to have MGSD clean their lines every 60 days or sooner if it is deemed necessary. Frank has given them 180 days to comply with MGSD's policy and 120 days to provide a cleaning schedule.

Wind Storm Damage: Frank reported that the last 2 wind storms blew off the front fascia of the roof, and it has been repaired.

Truck Purchase: MGSD has received the new truck.



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Washoe Tribe Annexation: Nothing further has been heard from the Washoe Tribe, but they have until April 3 to return the agreement and acreage fees.

Discussion followed regarding Frank’s presentation to Kiwanis on March 12.

Secretary’s Report – Barbara asked if this agenda item should be renamed as something else, since she is the secretary. Bill felt it was fine, since she was delegating responsibility.

Board Comment – In regards to the laddered CD’s, Ray felt that the Board should look at other alternatives and proposals for investments.

Mark asked if anyone can request an item be taken out of order at any time. Ray noted that the agenda states that items may be taken out of order.

Barbara had questions about the Board Information Packet. She asked how petty cash purchases were handled. Frank and April stated that petty cash purchases were handled the same as other purchases, with a supply requisition form and approval from Frank prior to purchase. Barbara also asked if the late fee charged for the user rate was a monthly, quarterly, or annual amount. Sarah stated that it is a monthly amount. Barbara asked that these items be clarified in the Board Information Packet

Barbara noted that the County Commissioners provide a public binder at the meeting with the supporting materials for public review. The MGSD agenda states that supporting materials are supplied upon request. She wondered if the Board packet was available to the public. April replied that a copy of the Board packet is made or emailed whenever a member of the public requests one. One customer currently receives a copy on a monthly basis via email.

Public Comment –There was no public comment.

Meeting adjourned at 10:10 pm.

Approved _____ Date _____ By _____ District Secretary _____
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