



Board of Trustees
Minutes of Regular Meeting
Tuesday, June 2, 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:

Patrick G. Foley
Lynn Heislein
Alan Reed

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 – Questions were asked by the Board on the various claims and answered to their satisfaction by Frank and Bruce. **Motion by Barbara Smallwood to approve the claims received for May, 2015 in the amount of \$219,568.52 and to approve the payroll-related expenses paid during May, 2015 in the amount of \$82,957.91.** Seconded by Bob Allgeier. There was no further discussion on the motion. Motion carried.

Minutes of May 5, 2015 Regular Board Meeting and May 22, 2015 Special Board Meeting – **Motion by Mark Dudley to approve the minutes of the May 5, 2015 Regular Board Meeting.** Seconded by Mike King. Motion carried.

Bob had a correction to page two, second sentence of the Special Board Meeting. He did not think it an error but thought that it should read - “Bob asked about the costs for the repair of the reservoir, which will **impact** (instead of change) the GRGID formula (add) **results.**” **Motion by Mike King to approve the minutes of the May 22, 2015 Special Board Meeting with the correction.** Seconded by Bob Allgeier. There was no discussion. Motion carried. Barbara abstained as she was absent.

Wells Fargo Bank – Frank made a statement for the record that MGSD staff were not involved in the recommendations that were going to be presented by Wells Fargo and felt that the staff should have been



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involved. Patrick Foley introduced both he, and Lynn Heislein and explained their positions and jobs within Wells Fargo. He explained that his department did not handle corporate accounts but just governments. In this respect, they specialize in making sure that all accounts would meet statutory requirements. They would also work closely to make sure that there is an investment policy in place that would meet all the requirements of the entity within the NV Revised Statutes. He spoke of the recent economic problems and the failure of banks. To this end, the State of Nevada has a pooled collateral program backing deposits up to 102% of the balance beyond FDIC limits. He added that Wells Fargo would have fraud protection service and positive pay set in place. With the information provided to them he had been able to come up with some savings for MGSD to add these services and then use the excess funds to be deposited into an interest bearing account of up to 18 basis points. MGSD's funds would be utilized to the utmost extent and the long term funds would be invested to earn higher rates and be fully collateralized. Referring to the handout, he explained additional savings for Merchant Services compared with the existing provider. The current provider does not show MGSD being a government entity and Wells could reclassify MGSD to get an additional savings of about \$45 a month. In regards to the Banking side, Patrick referred to his proposal. It took a straight across approach to the rates from the current bank where the fees are about \$200 a month and Wells could reduce them to about \$100 a month and so MGSD would never have fees based on the balances being maintained. The current institution pays 20 basis points in earnings credits versus Wells Fargo who would pay 45 basis points which would help offset the services on the account.

Ray asked Sarah if she had something to say. Sarah did not feel that the proposal was a true reflection of the services and needs of MGSD. Patrick agreed that the fee schedule was incomplete and there would be an amendment to the pricing schedule after meeting with staff. He would like to see the full operation before coming in with a final proposal. Sarah also stated that the earnings credits did not translate into interest or cash and the money was better served at the Government Pool Account at currently 17 basis points and going up. Sarah also pointed out the current balances being maintained at the current institution was much lower than portrayed by Wells Fargo in their proposal. Patrick felt that there could still be a savings and mentioned that he would like to set up a meeting with staff to understand how MGSD operates and how items are being received, disbursement of cash, how items are being deposited into the bank etc.

Mark questioned why, since there was no problem, this had not been done prior to Wells Fargo's presentation to the Board. Ray reminded Mark about the lack of response from the current financial institution to provide proof of collateral coverage for total balances. Ray also thought that there was no satisfaction with the current banking service.

Mike thanked Patrick for the informative presentation but felt that the staff was frustrated at being left out of the dialogue and he suggested that Wells Fargo sit down with the staff to compare programs, as switching banks is a very large decision, and with the rate payers in mind costs are also important. Mark agreed.



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The Treasurer reminded the Board of the past presentation by the Investment Team from the current institution on brokerage laddered CD's which caused MGSD to move excess funds to the Pool Account. Since the Pool Account is housed at Wells Fargo he felt that it was a good recommendation. Long term funds should be invested in higher earning accounts and he had presented Wells Fargo with balances and transactions and asked what services could be received without any costs. Having being involved in financial affairs for the last fifty years he felt qualified to achieve the best interests of MGSD.

Ray liked the proposal and suggested a meeting with staff so that at the next Board meeting a final presentation may be made. Responding to a question of where the account would be based, Patrick explained that the account would be handled by Government Services, with staff in Reno and Las Vegas as the contact. The local branch would only be used for cash deposits. The accounts would be fully collateralized. Wells would match LGIP rates for the excess cash with earnings credit on the rest of the balances. Barbara questioned the services to fee ratio and Patrick also explained that he felt the additional fee for fraud prevention would be worthwhile. Discussion followed about the online payment system and security measures. Mike thought the presentation was worthwhile but asked legal if he had any questions, which he did not. Frank however suggested having the CPA involved before making any decisions.

MGSD Plant Insurance Package – Alan Reed presented the Plant Insurance Package for FY2015-2016. The insurance costs from last year's premium to this year changed from \$80,405 to \$78,159 this year, a reduction of \$2,246. He explained that the changes were outlined in the synopsis. There are 115 entities in the POOL. The only significant coverage change is an increase in aggregate limits for earthquake and flood from \$1,000,000 to \$1,150,000. The Trust and Pool continue to be strong and is owned by the member entities. The Grant Program is still available to the members. He pointed to the schedule of what is insured. The vehicle schedule had no changes. Cyber exposure has a couple million dollars of coverage built into the Pool structure of coverage. Ray wanted to confirm that the wind damage to the roof was not paid for because of the deductible. Mark asked about the reservoir damage and asked the difference between a concrete and earth built reservoir. Alan explained that it is typical that in any municipal policy with water exposure, it excludes dams, reservoirs and lakes. He stated that Douglas County Sewer District has an emergency overflow back up which is considered a structure but not a lake, and so it is covered. MGSD's reservoir is not considered a structure. Bob referred to page 15 of the policy, ***property excluded***, where there is no mention of reservoir. Bob presented a copy of the page and Alan said he would continue to research this for the Board. Alan spoke about the unintended errors and omissions that does not exist in typical policies but was put in as provision that if the insured wanted it, then it would be included. Anything can be insured for a price. Ray wanted to know if there is any other insurance company that would cover it and what the premiums would be. He also wanted to know if the lines off premises could get earthquake coverage. Alan referred to the 2003 earthquake which was 7.2 on the scale where there was damage to only one building. He recommended looking at the spread of risk where the chances are probably not as high as damage to a building on the premises. He had checked into



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this and found out that off premises insurance is not available. The Pool puts this together with shared risk. Frank asked if the separate pollution policy would cover this in the case of a catastrophic earthquake. Alan explained that in the case of the reservoir rupturing where it backs up into the river or goes into homes, it would be covered by liability insurance. Discussion followed about insuring a portion of the lines. Barbara referred to the summary and cost quotation referred to in the earthquake section and questioned the earthquake coverage. Alan explained that the \$150,000,000 is a blanket limit and explained that there is earthquake coverage on the listed items. Barbara also mentioned that in the event of a disaster the government steps in with aid. Mike agreed that the cost of finding other insurance may be prohibitive but wondered what the Engineer thought about earthquake damage to the sewer system. Bruce thought a serious quake in a critical location like an interceptor might cause some serious damage but he felt that the worst place in this event would be the plant. He thought the 150 million aggregate is probably adequate as the quake would probably be localized. There was a question about the pavement not being covered and Alan stated that land and substances on that land is not covered. There was discussion about the all perils policy where it covers all risk of physical loss except what is excluded. There were a few more questions and discussion followed about appraisal and replacement costs. **Motion by Mike King to accept the Plant Insurance Package for FY2015-2016 as presented by Warren Reed Insurance.** Seconded by Barbara Smallwood. Motion carried unanimously.

Alan will get back to the Board with answers to the questions that he been unsure of.

Case Excavator – Frank spoke about the excavator being approved in the budget and pointed out to his justification as requested by Barbara. He spoke about recent incidents when it would have been beneficial to have it. He felt there would be a lot of opportunity to use it. There is also a maintenance schedule which he felt would be minimal. Bill informed the Board that under the local government purchasing act anything purchased for more than \$50,000 has to be advertised and bids solicited. Between \$25,000 and \$50,000 does not need to be advertised but requires three bids. The purchase order shows that with the trailer the cost would be \$54,000. Frank did obtain three bids and suggested that the trailer could be purchased later. Bill did not feel the purchase should be structured. Brian asked to speak and stated that there is other equipment that would be loaded on the trailer and transported to a job site. Barbara had wanted to know how many times equipment had been rented and the costs but Frank did not have this information. However, Bob stated that he had been to Ahern Rental and found out that in the last three years there had been only five cases of rental of which four of them were single days and one was a two day rental. He did not feel that from a business point it was a good purchase as there would be insurance and maintenance cost. Frank felt that there was a need, and Brian informed the Board that a lot of times when there was a need, it was borrowed or piggy backed off someone else and not rented. Bruce spoke of there being staff available to operate this equipment unlike five years ago. He felt this would be an investment and over time it would make sense like the Vector Truck. There would be ability to do stuff around the plant, like snow removal or maintenance that is not being done now. As the district grows and the staff capability increases there may be more occasions in the future to use this equipment



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and not require a contractor. Ray agreed with Bob's business perspective, but with his past experience with the Town Board stated that purchase of equipment paid off in the long run. He was also looking at the morale of the staff, which is important to him, where they can work on a project right away, and was in favor of purchasing it. Mike agreed with Ray that though up to this point there has not been an emergency, it would be better to own one. Mark agreed that all the entities around had either a back hoe or excavator and they use them. He thought a back hoe would be better, but cost more. Ray asked Frank what would be better to own and Frank thought an excavator would be better to get into tight spaces and Brian agreed. **Motion by Mike to approve the purchase of a mini Case Excavator Model Case CX31B, Model Year 2014, from Sonsray Machinery in an amount not to exceed of \$43,700 with the understanding that it has been included in the 2015-16 budget with all rules and regulations complied with as explained by the attorney Mr. Bill Peterson.**

Frank wanted to mention that he would come back to the Board next month with the request for the trailer and rammer. He also wanted the Board to know that no item is purchased at MGSD that is not required or used.

Motion Seconded by Mark. Two ayes – Michael King and Mark Dudley; Two nays - Bob Allgeier and Barbara Smallwood. Ray Wilson voted aye to break the tie. Ray also stated from the business point it may not make sense, but it is good to have it on site so the operators have it available for jobs. Motion carried.

Attorney-Client Conference: Bill started off with his surprise that the distribution system is not covered by insurance and suggested looking into it. He felt the same way with the reservoir. He is basing this from working with the Power companies. He suggested looking at the policy and Ray asked him if he would. Discussion followed about building a lined reservoir and the cost.

A meeting has been scheduled with GRGID regarding the heat loop [and cogen projects](#) and the capital cost for putting in ~~the heat loop~~ [both systems](#). GRGID would like to have the meeting at MGSD as they would like to look at the system. Bill suggested not having the Board involved as this is a preliminary meeting.

The attorney for Park has decided to wait as there is another appeal for the project.

Has not heard back about the note redemption, though Frank had received a phone call.

Barbara reminded Bill about the letter of commitment to serve that Frank had issued. Bill stated that he had done a new one and Barbara asked to see it. She also wanted to know how many will serve letters are out there and Frank stated that he did not know because there are letters from before his time. She is concerned about all the letters out there. Frank reassured her that MGSD has enough capacity. Bruce has



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looked at the receiving areas and volume of sewage as part of his Collection System Master Plan. The place first hit would be the interceptors where there is a lot of major capacity. She was also concerned about Douglas County and wondered if they were encroaching onto the MGSD District. Bruce stated they have mapping that shows the district boundary and Bill stated that it would be illegal for them to do that. There was more discussion about the Will Serve letter and putting an expiration date on the issued ones, but Bill did not approve of doing that as putting an expiration date would then make it a commitment to serve; that an entitlement is going to be taken away. April explained to the Board that NDEP required the letter and this shows which entity is going to serve them, for their review. They required the words "will serve" and it is different from a commitment to serve. Bob asked if a property was not contiguous could it be annexed to the District. The answer was no. However, if they got a right of way they would be served. Bruce explained that an example is the Bently Science Park, with a contract of service.

Engineer's Report: Bruce Scott reported on the following:

The Sonic Restaurant is moving forward with the construction process.

County Road was sealed last weekend as required by the County.

The Washoe Tribe project is progressing and he is working with them to relocate the sewer main that is on an adjacent property. The adjacent owners have agreed to grant another easement and he is waiting on revised plans.

Pine View Estates has a preliminary engineering report that is finalized and being presented to them, and he recommends that they come to MGSD, ask for capacity and become a customer, as there is no other good environmental solution. They understand that they would have to put in the main and pay full connection fees. This will move slowly because of the Indian allotment issues. They need to acquire ownership and if it came forward, MGSD would be dealing with the HOA and a Farm Home Administration grant situation. This would provide a main and interceptor which they would have to oversize to accommodate the Ruhestroth area. The district does not put money into these projects but they could have an agreement that if anyone benefits from their oversizing they could get their money back like the agreement with Bently Science Park. The interceptor would belong to MGSD except for the pump station.

Master Plan should be ready with the updating of some of the mapping. There would be a district wide survey datum.

Pretreatment work is moving ahead. The goal is to gradually have something in place to say there is a pre-treatment ordinance in place.



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Bruce referred to his handout. Since 2009 there has not been a rate adjustment and RCI was requesting an adjustment of this rate be approved by the Board for services beginning July 1, 2015. It is not an agenda item and if need be, it can be an agenda item for next time. It shows two rate structures. The lower rate is for activities which are paid for by MGSD funds. Pass thru billings are billed at the regular billing rates. There is one item for discussion which is a charge for meetings and is the same that Town of Minden is being asked to review. It is the local government rate. This is a new charge that Town of Minden set up for their attorney and for their engineer. Right now he charges for a portion of his time because both MGSD and TOM are entities which are close to him. Mike asked what the current rates are and if they could be disclosed for the next meeting. Bruce agreed to have that.

Bob referred back to the Pine View Estates item and asked if NRS 318.195 would apply for them and if so, would it solve the access point. Bruce read it out and thought it might.

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

7 EDU's were sold during the month of May. A walk through was conducted of the Overland which will open next week.

Reservoir Repair was covered by Alan.

SCADA System: Some of the fiber installation costs came in higher than anticipated so we are waiting for additional bids. Barbara wanted to know if the whole upgrade system would include new computers.

Budget Augmentation: Both Richard and the Department of Taxation stated that augmentation of the budget is not required as it does not exceed the total budget. It may still be done internally.

ARRA Repayment: A phone call was received confirming receipt of the letter, but no other word has been heard.

Park Cattle: Waiting on Douglas County approvals.

Excavator Approval: Covered earlier.

Bruce was reminded by Barbara about an indemnification agreement that the county wants MGSD to sign when inspecting sewer improvements. He did not feel it should be done and Bill had advised ignoring it. It is not an issue in most instances. The Town of Minden pursued this through their attorney so the County is now making changes to the language in the indemnification agreement and copies would be



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given to the Board as soon as they were received. Bill explained that if MGSD signed it then it would mean that Douglas County has authority over MGSD which they do not, unlike with the Town of Minden.

Administrative Report by Staff – April informed the Board that the Legislature was getting ready to wrap up. Not much applied to MGSD. She mentioned the log to be maintained when posting agendas. It was complied with for the current month.

Sarah informed the Board that staff would tentatively be meeting with Wells Fargo on June 12th.

Board Comment – Barbara wanted to thank Frank for the report in regard to the Case Excavator. She was sorry she missed the budget hearing but the minutes were clear.

Mike asked about a visit to the ponds and Frank thought it would be better to do it on an individual basis as it would not have to be noticed. He requested that the Board call him for any information.

Ray wanted legal opinion on Park Ranch. He referred to Texas which was drying up but is now inundated with floods and asked Bill if in the event the Park Ranch solar panel installation got approved by the County, since he had a problem with the acreage being taken out, he wondered if he could vote against it and if it would be considered reasonable grounds. Bill said it was probably a good enough reason and Ray just needed to exercise his reasonable judgement and mention his legitimate concerns for the District.

Ray also wanted to know if the meetings could be moved to an earlier time and if that worked for everyone, to have it on the agenda. Both Mark and Barbara said that it would not work for them. April stated that the days could be changed. But Mark said the day did not matter but he would not be able to meet earlier.

Public Comment –There was no public comment.

Meeting adjourned at 8:50 pm.

Approved by the Board of Trustees with the noted corrections on:

_____ July 7, 2015 _____
Date By
Barbara S. Smallwood, District Secretary

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