



Gardnerville Water Company
Regular Board Meeting Minutes
Tuesday, March 10, 2020 5:00 p.m.
Board Room
1579 Virginia Ranch Rd
Gardnerville, NV 89410

Board Members Present:

Carl Spahr, *Chairman*
Ken Deering, *Vice Chairman*
Barbara Henningsen, *Secretary*
Dave Ellison, *Treasurer*
Doug Sonnemann, *Member-at-Large*

Staff Members Present:

Mark Lovelady, *GWC Manager*
Kristien Bennett, *GWC Financial Officer*
Brooke Stevens, *GWC Administrative Assistant*
Chuck Zumpft, *GWC Attorney*

Public Present:

Mark Chase, CPA

Carl Spahr called the March 10, 2020 Regular Board meeting to order at 5:00 p.m.

Approval of Agenda: Dave Ellison made a motion to approve the Agenda for the March 10, 2020 Board meeting. Ken Deering seconded the motion. Motion was approved.

Minutes of the February 11, 2020 Regular Board Meeting: Ken Deering made a motion to approve the February 11, 2020 Regular Board Meeting Minutes. Doug Sonnemann seconded the motion. Motion was approved.

Financial Statements for February 2020: Barbra Henningsen made a motion to approve the February 2020 Financial Statements. Doug Sonnemann seconded the motion. Motion was approved.

AGENDA ITEM 1: 2019 Audit Presentation by Mark Chase, CPA

Mark Chase from Chase and Sheets CPA's presented the 2019 Audit.

Mark expressed the importance of board involvement, encouraging that all aspects continue to be reviewed. The audit also checks for fraud, which is a growing issue. Mark said GWC's internal controls are very strong for a small company. He has never suspected or found any fraud. A thorough review of the audited financials was explained to the board, Mark expressed that GWC is in a good position. He sees a lot of consistency in the numbers.

One area in the audited financial statements that was modified was water rights. Because Generally Accepted Accounting Principles is moving towards market value financial statements, he included the amount of water rights GWC owns, he did not include their value.

Mark discussed with the board the option to switch from a full audit to audited financial statements. The board and Mark discussed pros and cons with both. Chuck stated there is no regulation for annual audit. This topic would be decided Fall 2020.

AGENDA ITEM 2: Old Business

A. Fill Station

LA Perks will be installing the new equipment on 04/01/2020.

B. Parceling of Well 10 Site

RO Anderson has completed the work on civil improvement plans for water, sewer, power, cable, and gas to serve each newly created parcel. The final plans are hopefully to be picked up 03/06/20 and submitted to Douglas County and MGSD.

C. Well 10 Development

Hydro Resources West has the well in test stage. The well is flowing approximately 2,000 gallons a minute with a drawdown of 102 ft. They are monitoring the recovery of the well as well as the influence on Well 6.

AGENDA ITEM 3A: Discussion and Possible Action Regarding Reserve Amounts

The repair and maintenance reserve ensure GWC has access to funds for capital needs. The funding requirements are designed to ensure the GWC's capital reserves requirements track the GWC's projected capital outlay on an ongoing basis.

Kristien has completed the GWC asset management plan. All critical infrastructure, including: cost, expected life, expected replacement date, and expected replacement cost was assessed. A 3% inflation adjustment per year was utilized.

Key information:

Full installation cost: \$33,975,450

Total replacement cost: \$94,083,087

Largest asset: pipe 76%

Year with highest replacement cost: 2094

Taking into consideration replacement cost, with no debt, annual reserve amount would be:

- Full Replacement \$959,648 - \$930,624 with current reserve amount
- 75 Year Replacement \$573,090 - \$534,391 with current reserve amount
- 50 Year Replacement \$249,819 - \$191,771 with current reserve amount (current reserve amount)

The full replacement cost is too burdensome for the customers. The repair and maintenance reserve funding requirement should be tied to the GWC's asset management plan forecast. GWC should adopt a goal at the close of each fiscal year that it has sufficient cash and investments equivalent to 100% of the forecasted 75-year total repair and maintenance expenditures.

Recommendation

Manager and staff recommend the Board of Directors adopt the goal of a 75 Year Replacement reserve.

Consensus of the Board is to use the 75-year replacement reserve schedule as its goal. This reserve amount will be used in the 2020 water rate study.

AGENDA ITEM 3B: Discussion and Possible Action Regarding Revision of GWC Bylaws

The GWC Bylaws were last revised in October 2018. The suggested revisions include:

- Article III - Board of Directors
 - Item 6. Candidates - revises how candidates apply
 - Item 7. Election Procedure and Timing - adds notification by mail or electronic delivery, allows for online voting

- Item 9. Newly Created Directorships and Vacancies - adds verbiage regarding noticing eligible owners
- Item 10. Removal - adds rule regarding loss of membership
- Item 12. Compensation. Changes “hourly rate of \$10.00 to \$15.00
- Article V - Meetings
 - Separates regular meetings from annual meetings
- Article VI - Annual Meeting of the Members
 - Separates regular meetings from annual meetings

Chuck Zumpft has reviewed the revisions to the Rules and Regulations.

Recommendation

Manager and staff recommend the Board of Directors adopt the revised GWC Bylaws as presented.

Ken Deering made a motion to adopt the revised GWC Bylaws as presented. Barbra Henningsen seconded the motion. Motion was approved.

AGENDA ITEM 4: Attorney Report

None

AGENDA ITEM 5: Manager’s Report

The following is a recap of work completed by GWC staff in the month of February 2020.

1. Meters, Plan Reviews & Impact fees
 - A. There were 5 meters replaced in February 2020
 - B. There were 0 plan reviews in February 2020
 - C. There were \$0 in impact fees invoiced in February 2020
2. Service Orders
There were 71 service orders completed by GWC staff in February 2020
3. Locates
There were 18 locates completed by GWC staff in February 2020
4. Leak Notices
There were 8 leak notices completed by GWC staff in February 2020
5. Monthly Staff Projects
 - A. Monthly Bacteria and Turbidity Sampling and Testing
 - B. Well 10 well drilling
 - C. Generator maintenance
 - D. Asset Management Plan
 - E. Water Audit
 - F. Conservation Plan Revision
6. Current Projects in Review
 - A. Thoroughbred Crossing Apartments - plans approved
 - B. Residence 1861 - Plan revisions
7. Current Projects Under Construction

- A. High Sierra Fellowship
- B. Firestone - Tires Plus
- C. Dotty's Casino

8. 1394 Hwy 395 - Old Office

Prior discussion regarding the 1394 Hwy 395 property. Dick McCole is currently valuing the property and will have that figure for the board meeting. Annually \$9,000 in rent received and \$7,625 in expenses is spent. Two items would need to be done first: parceling the property \$12,500 and changing the zoning from public facility to general commercial \$20,000. What is the boards opinion of keeping the property?

Consensus of the board to have Mark obtain quotes for parceling and zone changes for the property at 1394 Hwy 395 and will present to the board at April 14, 2020 board meeting.

AGENDA ITEM 6: Board Comments

None

AGENDA ITEM 6: Adjournment

Dave Ellison made a motion to adjourn the Board meeting. Doug Sonnemann seconded the motion. Motion was approved. The meeting was adjourned at 8:00 pm.