

On the Compliance Report which goes to the State of Nevada, the auditors said that there were still some findings that are being resolved and there was one violation regarding an NRS. The Department of Taxation requires us to submit a corrective action plan for the findings and the auditors couldn't see where we had submitted it. Jeannie said that she would get that over to the Department of Taxation.

One of the findings from the previous year was cleared and that was the segregation of duties. Year-end adjustments have to do with audit adjustments that the auditors record after the books are given to them to audit. When they start doing the audit and they find adjustments, they have to post them. The adjustments were large enough that they felt like that the material weakness had to stay in there but Chad felt like the Pelorus implementation will help with this finding also.

There were a few other finding but they weren't significant enough to bring to the Board so they were just given to management.

On motion of Chairman Staton and seconded by Jon Blackwell, the Board voted 5-0 in favor to approve the FY12 audit.

4. **Manager's Report**

Office Manager – Jeannie Poynor went over the budget reports with the Directors. Lindsey asked about our bond payments and Jeannie explained that we have a large bond payment that we pay bi-annually. One is supposed to be due in December and one in June but it is actually due in November and May. That payment is why our cash dropped. We are going to try to refund that bond in 2015.

Pelorus is working really great. They are nice and helpful so it's a pleasure to work with them.

Water Distribution Superintendent – Leaks - Lon Dalley explained that we had a few leaks last month. There was a 3" leak at the One Stop in Moapa, one leak on Shurtliff, one at NV Power and another leak on the Reservation on Lincoln Street. The leak on the Reservation was caused by someone who drilled a hole through the 10" pipe that was exposed when it rained. They must have wanted to see if it was live.

Customer Complaints - All of the customer complaints we received were regarding the above mentioned leaks.

Gann Project – We are at the tail end of it. We just have the patches to do.

Cottonwood Project - We received the plans back on Monday. We are starting the process to get the permits so we can start the job.

Water Production Superintendent – Bryan Mortensen said that water production was 43.6M gallons last month. That is about 8% higher than last year at this time. We been keeping pretty close or a little above last year's numbers.

The production crew made some minor repairs to the chlorine generator up at Arrow Canyon. There were some bad relays in it. The relays had been in there since the unit was moved. They are super special relays that come from a special plant in a special part of Japan somewhere.

There was some minor freeze damage up at Coyote Springs. It's been really cold up there so the guys are starting to heat wrap stuff.

The backflow device that was just fixed at the dechlor facility is broken again. It's a bad design for that facility. The guys are going to repair it and look for changes depending on what happens with the repair.

Production had a pretty big back log of meter maintenance. Joe had asked for it to be done by the 1st and it's all done except for three of them that are on the Blvd. It is going to take some special work to get them done.

Data logs have been are about the same. Some meters data log but most of them don't. We're replacing about 48 of them a month. He and Joe have been working with the distributor to figure out a plan to just get them all replaced.

Bryan's been off for a couple of weeks and his guys did a really good job while he's been gone.

General Manager – Power line Project - Joe and Lon met with the company that is putting in the power line which is going down through the State. They're getting ready to start back up. They've fixed the pole problem so we've turned the MX-6 well back on. Joe and Lon explained to them that running that well is extremely expensive so the fee that we normally charge for the water doesn't cover the cost of the power to run the well. Joe told them that they could go down to Arrow Canyon to get the water for \$2.60 per thousand gallons or they could continue to get the water from the MX-6 well at \$5.00 per thousand gallons. They decided to stay at the MX-6 well since it would be more convenient for them. The \$5.00 will cover the cost of the power. The project will probably be finished in August. That will help boost our revenues.

Hoover Power Allocation- Joe submitted a letter to the Bureau. Basically the Western Power Administration has set aside so much power out of Hoover Dam the last three years that they can make new allocations. There are three tiers. If you're an Indian tribe you are in the first tier, if you're power provider you are in the second tier, and if you're a municipality you're in the third tier. Delmar and Mendis advised Joe that for us as a District we should have some special consideration since the majority of our ancestry was displaced because of the dam and also because we service the Moapa Indian Reservation. The letter he sent had these points in it. The Bureau still hasn't figured out how they are going to administer the program but Joe wants it on record. If we receive any of the power it could save us up to 30% on our power bills. Delmar and Mendis have been very good at keeping Joe updated on what's going on.

Vanguard Pipe- We've received a letter from Viaga. We know where all of the repairs were done, and we know where the pipe has been installed. They did want us to identify the subdivisions where the pipe was installed by contractors. Country Lane Estates 2, Valley Heights and the Indian Reservation have Vanguard pipe in them. They also wanted to know if we had purchased the pipe from one distributor or from more than one. All of the information has been compiled we just need to get it back to Byron.

340 Pump Test – On December 28th Joe opened up a letter from the State Engineers office which said that they had issued an order called Order 1169A. It basically states that on December 21st the test pump was declared complete. They figure they have all the information they need in order to rule on future water. The odd thing is that in the original order they required SNWA to update the water model when they got all the information together and all the participants were suppose to submit a report letting the State know how they thought the pump test went. The State now says the water model doesn't need to be updated and that the participants **may** submit a report if they want to. Joe feels like this is something the Board might want to discuss. We do have future applications and this report would deal with applications on water that LVVWD has and also the 3,750 af that we might be able to get. He said that the 9,000 af that SNWA has will continue to be pumped through our system. SNWA and LVVWD should have their reports done June 28th, 2013.

4. Director's Preference

- Review Monthly Expenditures

Randy Tobler disclosed that he has an interest in a small business that is on the monthly expenditures list.

On motion of Jon Blackwell and seconded Chairman Staton, the Board voted 4-0 in favor to refer the monthly expenditures to the auditors. Randy Tobler abstained.

- Litigation

Chairman Staton called a closed-door session at 4:53 pm. This was seconded by Jon Blackwell.

Chairman Staton reconvened the open-door session at 6:20 pm. This was seconded by Jon Blackwell.

6. Personnel – Closed Door Session

7. Approval of the February 14, 2013 Board Meeting

The general consensus was to hold the next Board meeting on February 14, 2013.

8. Public Comment (May be limited to five minutes)

None

9. Adjournment

The meeting adjourned at 6:22 pm.