

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF DIRECTORS MEETING
HELD
THURSDAY, JANUARY 14, 2010**

PRESENT:	James Robison	Guy Doty
	Robert Jones	Glen Hardy
	Kenneth Staton	
	Brad Huza	Susan Rose
	Joe Davis	Ken Bessey
	Bryan Mortensen	
	Byron Mills	
	Ken Spears, B C & A	Scott Carson
	Bill Dyer, Overton Breaks	Ryan Wheeler, Forsgren & Associates

ORDER OF BUSINESS: At 4:03 p.m., Chairman James Robison called to order the regular meeting of the Moapa Valley Water District Board of Directors. The agenda items were addressed in the following order:

1. Approval of the Minutes of the previous meeting held on December 4, 2009 (Action Item)

On motion of Guy Doty and seconded by Bob Jones, the Board voted 4-0 in favor to approve the minutes of the previous meeting.

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

3. Consideration and possible approval of a resolution authorizing the issuance of the Moapa Valley Water District, Nevada, Water Revenue Bond, Series 2010 in the maximum principal amount of \$2,918,000 to pay in part the cost of water projects; providing the forms, terms and conditions of the bonds, the security and the sale thereof; providing other matters relating thereto and the effective date hereof. (Action Item)

Mr. Huza explained that the "Arsenic Treatment Project" is finally approaching the last stages of completion. USDA approved the final pay request for both the engineering and construction. This approval allows the District to move forward with the issuance of a bond for the revenue bond. The closing amount of the bond will equal the USDA loan amount, a portion of the interest cost for the interim debenture and bond counsel costs. The AB198 program paid for a portion of the costs associated with the interim debenture.

Bond Counsel has set a February 4, 2010 date for loan closure, so the exact bond amount is not known at this time. Rather than conduct a special meeting on February 4th, Bond Counsel has prepared a resolution authorizing the issuance of a bond up to the maximum amount allowed by USDA, which is \$2,918,000. Staff anticipates the amount of the bond to be in the range of \$1,750,000. A copy of the resolution was available for the Director's review. Bond Counsel has indicated that Staff is authorized to execute documents provided the closing amount is lower than the authorized amount.

On motion of Glen Hardy and seconded by Bob Jones, the Board voted 4-0 in favor to approve the resolution authorizing the issuance of the Moapa Valley Water District, Nevada, Water

Revenue Bond, Series 2010 in the maximum principal amount of \$2,918,000 to pay in part the cost of water projects and instructed Staff to execute the necessary documents to effect the issuance of the bonds.

4. Discussion and possible action on giving local contractors a 5% preference on MVWD construction contracts (Action Item)

At the December meeting an award of the "Intermediate Booster Station" was given to a contractor in the Las Vegas area. During the discussion, the Board wanted to explore the possibility of giving local contractors a 5% preference on MVWD construction contracts.

Staff has considered the pros and cons of the 5% local preference concept and has concluded the potential financial implications could be far more detrimental to the customer base than benefits derived by giving local contractors a 5% advantage. As an example, the 5% advantage on a project the size of the arsenic treatment project would have been approximately \$250,000. From Staff's perspective, this is a considerable advantage in the bidding market, which could limit the number of contractors willing to bid on our projects and a considerable amount of additional monies the customer base would have to pay for.

Even though Staff cannot support the concept because of the potential financial implications, Staff will follow the direction of the Board and include those directions in any upcoming bid documents.

After much discussion, the Directors asked Mr. Huza to come up with a few different options that they can consider at the meeting in February. The Directors felt that a local company would be those that are located in the MVWD service area.

Ken Staton came into the meeting at 4:25 pm.

On motion of James Robison and seconded by Glen Hardy, the Board voted 5-0 in favor to table this item until next month's meeting.

5. Review of the Financial Audit for FY 09 (Discussion Only)

Mr. Huza informed the Directors that in early December, Hinton – Burdick CPA's completed their audit of the financial state of the District. The audit indicated that the District is in substantial conformance with the rules and regulations governing governmental accounting practices.

The auditors did provide a detailed list of recommendations for consideration. These recommendations are included in the attached "Findings and Recommendations" letter dated October 15, 2009. Staff is presently evaluating Hinton – Burdick's recommendations and will be following up with options that may address the concerns of the auditors.

State Statute requires the financial statement be submitted to the Department of Taxation prior to December 31, 2009. The financial report has already been forwarded to the State of Nevada.

A copy of the "financial audit" and Hinton – Burdick's recommendations was provided to the Directors in their board meeting packet.

6. Discussion and possible approval to modify the existing "Delinquent Accounts" policy (Action Item)

Mr. Huza reminded the Directors that in May of 2009, the Water District modified its delinquent bill policy to consider bills that were delinquent by more than 12 months to be an abandonment of a service right. For the most part the new policy has accomplished its goal. The extreme delinquent accounts have been addressed.

In recent weeks, Staff has had three situations regarding delinquent accounts that have resulted in a service removal and reinstall within a couple of weeks. In researching these situations, Staff discovered that due to the amount of bank owned property, it is taking more time than the 12 months to close on property. When the policy change was made, the intent was to clean up the "accounts receivable" issues detailed by the auditors. To attempt to eliminate some of the situations that have recently occurred, Mr. Huza would recommend changing the 12 month period to 18 months.

A copy of the proposed revision was available for the Director's review.

On motion of Ken Staton and seconded by Guy Doty, the Board voted 5-0 in favor to modify the existing "Delinquent Accounts" policy to change the period from 12 months to 24 months before sending the customer a certified notice.

7. Discussion and possible approval of payment to MVIC for a public utility easement (Action Item)

In August of 2008, the Muddy Valley Irrigation Company granted an easement for the installation of the dechlorination facility and pipeline. Leslie and Associates prepared the legal description and conducted the negotiations with MVIC. Leslie and Associates indicated to Staff that no request for compensation was mentioned.

At an October meeting between MVWD and MVIC, MVIC indicated concern that they were not compensated for the easement. Since that time Staff has contacted two appraisers to assist in determining the fair market value of the easement. Neither appraiser expressed interest in completing the assignment. Rather than let this issue linger, Staff placed a value of the easement using a raw land value of \$30,000 per acre and a 40% impact on the property. Using the area of 1.85 acres, Staff estimates the easement value to be \$22,200.

Staff also obtained an easement from Beard / Shearer on this project and the negotiated price was \$1500. On a per square foot basis, the values to both owners are comparable.

The fee for the easement is a project eligible cost and will be paid for by SNWA as part of the repayment provision for the dechlorination facility. It should also be noted that the District has no legal obligation to compensate MVIC as the easement has already been granted and recorded. From a sense of fairness to all, it is the right thing to do.

Staff is requesting authorization to compensate the Muddy Valley Irrigation Company \$22,200 for the easement granted by them in August 2008.

On motion of James Robison and seconded by Guy Doty, the Board voted 4-0 in favor to approve a payment of \$22,200 to the Muddy Valley Irrigation Company, if accepted by them, as fair compensation for the public utility easement granted in August 2008. Glen Hardy abstained.

8. Discussion and possible approval of Amendment #3 to Overton Breaks Construction Agreement # 007-06 (Action Item)

Mr. Huza reminded the Directors that at the July 10, 2008 monthly meeting, the Board approved a time extension to the Overton Breaks subdivision, which required the final map to be recorded by July 25, 2009, the financial assurances (bonds) be posted by July 25, 2009 and construct the water related facilities within 24 months of recordation of the final map. The developer requested a second amendment to the contract to provide sufficient time to obtain a waiver of the offsite improvement bond and record the final map. The developer's have apparently obtained the waiver but have failed to record the map by the specified time of December 31, 2009.

The developer has not completed the recording of the final map. The "Logandale Real Estate Partners" have requested a third time extension.

If granted, the request will not have any significant impacts on the District and to that point, Staff would support an extension to the contract under the terms and conditions outlined in the attached AMENDMENT #3 (DRAFT).

A copy of the draft "AMENDMENT", the request letter, last year's amendment and the letter from the owner's was available for the Director's review.

Mr. Huza explained that the Board is not required to grant any additional extensions.

Bill Dyer from the Logandale Real Estate Partners explained that they have raised all the money they need which was around \$130,000. \$25,000 was to VTN to revamp the maps and \$95,000 to Clark County for permits and application fees. He feels confident that they will be able to meet the April 20, 2010 deadline.

On motion of Guy Doty and seconded by Ken Staton, the Board voted 5-0 in favor to approve the request for a contract time extension to Construction Agreement 007-06 as conditioned in the attached draft amendment and directed Staff to execute Amendment #3, as written.

9. Ratify approval of the 2009 employee Christmas bonus (Action Item)

On motion of Glen Hardy and seconded by Guy Doty, the Board voted 5-0 in favor to ratify the approval of the 2009 Employee Christmas Bonus.

10. Manager's Report

Senior Accountant - Ken Bessey explained that online payments are now about 4.3% of the District's income and credit card payments are around 5.6%. About \$48,000 is collected through automatic bill pay.

Water Production Superintendent - Bryan Mortensen provided each Director with a chart showing the monthly diversions for the last three years. Total diversions for December were 60 million gallons with a daily average of 1.9 million gallons. November 2009 diversions were 70.5 million gallons with a daily average of 2.2 million gallons. Bryan is working on a more detailed diversion report which should be ready for next month's meeting.

Last month the water production staff worked on the following items:

- 1) Weekly/Monthly preventative maintenance on production equipment and facilities
- 2) Meter Services was moved to the Water Distribution Division
- 3) Flushed MX-6, tested blending procedure and compliance samples
- 4) Completed OSHA 10 and 30 hour courses
- 5) Made improvements to Arrow Canyon access road
- 6) New employee orientation/training for Mason Stratton
- 7) Worked with Trace Detect on arsenic analyzers, new unit and components
- 8) Changed out locks at the new facilities
- 9) SNHD tri-annual inspection of MVWD facilities
- 10) Worked on 340-A budget, consolidating reports, yearly planning

Water Distribution Superintendent – Joe Davis informed the Directors that all field employees received the OSHA-10 training and supervisors received the OSHA – 30 training as required by AB148.

Work on the Main Street meter upgrade project continues. No significant problems have been encountered.

Three meters were removed from the system, all were located in the Logandale area.

One meter was reinstalled at the Little Red School House. No hydrants were installed last month.

There was one customer service complaint regarding district personnel on private property. There is a waterline that goes across the customer's property and district crews were clearing the easement. There were five other customer service request regarding leaks, pressure and a meter box that needed to be lower.

General Manager – 1) Dechlorination Facility - Staff contacted two local contractors to construct a gravel access road to the sampling building and discharge facility. Russell Leavitt Construction did the construction on this road. The road will allow staff to access the sampling building under most conditions.

The building supplier (EFI) is still working on metering issues but it is anticipated these issues should be resolved within the next thirty days. They are scheduled to be here on January 19th.

Start up should occur in February with full operations scheduled for April 2010.

2) Intermediate Booster Station - The intermediate booster station project is scheduled to start construction in January 2010. The Preconstruction meeting was held on January 7th. The project includes the installation of the larger booster pump and a new pressure reducing valve station at the Mining PRV site.

3) Small Water Main Replacement Project - Staff continues to work on the construction plans for the FY 2010 Small Water Main Replacement Project. The plans for this fiscal year's construction are completed and are being forwarded to NDEP for review and approval. Soliciting bids for the construction materials will occur in January and be presented to the Board for consideration at the February meeting. Construction is scheduled to start in mid February.

4) Budget FY 2011 - The budget process will start this month. In the past Staff has met to outline and identify the major issues and areas of concern in late January. Staff will have a brief presentation at the February board meeting to solicit thoughts and comments from members of the Board. These comments are included in the overall budget preparation.

The schedule is as follows:

Presentation of the draft tentative budget in March

Adoption of the tentative budget in April

Public Hearing on the tentative budget on the third Thursday of May

Adoption of the Final Budget before May 31, 2010

11. Ratify payment of December Expenditures

On motion of Glen Hardy and seconded by Bob Jones, the Board voted 5-0 in favor to ratify payment of December expenditures.

12. Director's Preference

- Election of Officers

On motion of Guy Doty and seconded by Ken Staton, the Board voted 5-0 in favor to leave the officers as is.

- Committee Assignments

Water Production will be assigned to the Capital Improvements & Physical Facilities/Installations & Line Upgrades committee.

13. Personnel-Closed Door Session

- General Manager's Annual Review (Action Item)

Chairman Robison called a closed-door session at 5:25 pm. This was seconded by Ken Station.

At 6:15 pm, Chairman Robison reconvened the open-door session. This was seconded by Ken Station.

On motion of James Robison and seconded by Guy Doty, the Board voted 5-0 in favor to give Mr. Huza a 3% increase and an additional weeks vacation.

14. Approval of the February 12, 2010 Board meeting

On motion of James Robison and seconded by Guy Doty, the Board voted 5-0 in favor to hold the next Board meeting on February 11, 2010 at 4 pm.

15. Adjournment

The meeting adjourned at 6:25 p.m.