MINUTES OF THE REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
October 17, 2018

CALL TO ORDER:

A Meeting of the Board of Trustees of the Douglas County Lake Tahoe Sewer Authority (DCLTSA) duly convened at 9:30 a.m. on Wednesday, October 17, 2018 at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

ROLL CALL:

Present were Trustees Mike Bradford, Nancy McDermid, Wes Rice, Grant Thompson and Darya Vogt.

RECOGNITION OF OTHERS IN ATTENDANCE:

In attendance were Authority Manager Rob Hopkins, Authority Controller Paula East-Janicki, Jonathan Lesperance of R.O. Anderson Engineering, the Authority's attorney, James Cavilia, and Bob Cook. Also in attendance were Andrew Hickman of Round Hill General Improvement District (RHGID), Patrick Rhamey, Lew Feldman and Steve Bell, all of the Tahoe Beach Club.

PUBLIC COMMENT:

Trustee McDermid encouraged everyone to be sure to vote in the upcoming election. There was no further comment

APPROVAL OF AGENDA:

It was moved by Trustee McDermid and seconded by Trustee Rice and carried unanimously that the agenda be approved and adopted as presented.

MINUTES OF PRIOR MEETING:

It was moved by Trustee McDermid, seconded by Trustee Thompson and carried on a vote of three in favor (McDermid, Thompson and Rice) and two abstaining (Bradford and Vogt) that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated September 19, 2018, be approved as presented.

MANAGER'S REPORT:

A. General Status Report

Authority Manager, Rob Hopkins presented the Board with a written summary of various general matters related to the Authority and briefly summarized each item in the written report.

Mr. Hopkins reported that Authority staff had recently attended a tri-state seminar in Las Vegas with regard to wastewater treatment. The seminar provides licensed staff with required continuing education and information about the latest treatment methods and technologies.

Mr. Hopkins indicated that the Authority recently provided South Tahoe Public Utility District (STPUD) with several tanker truck loads of material ("mixed liquor") from the Authority's treatment process to reactivate STPUD's treatment process. In response to an inquiry from Trustee Vogt, Mr. Hopkins stated that such a need is not common, but that is does arise when something upsets the biology of a treatment system.

Mr. Hopkins stated that Authority received preliminary notice from the Nevada Division of Environmental Protection (NDEP) that funding from the State Revolving Loan Fund will be available for the Authority's planned Aeration Basin Improvement Project.

In response to a question from Chairman Bradford about the seminar attended by staff, Mr. Hopkins indicated that there a number of potential markets in the near future for the use of treated effluent. A general discussion ensued about the possible uses of treated effluent.

Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

Discussion and possible action regarding proposed improvements of Tahoe Beach Club near Authority's easement containing twenty-four-inch sewer main

Mr. Hopkins provided the Board with a summary of the Tahoe Beach Club project generally and more particularly, Mr. Hopkins described the location of the project clubhouse immediately adjacent to the Authority's twenty-four-inch sewer main that transports raw sewage from the casino core in Stateline. Mr. Hopkins explained the importance of the sewer main and the need to be extremely careful in ensuring that the line is not damaged based upon its location being very close to the shore of Lake Tahoe. In detailing the history of the Tahoe Beach Club, Mr. Hopkins outlined the approvals to date and the Authority's initial condition of approval that required the sewer main to be relocated if any work was to take place within the Authority's easement.

Mr. Hopkins described that a portion of the building as planned and under construction would encroach on the Authority's easement. Mr. Hopkins stated that the Tahoe Beach Club has provided a preliminary plan for installing the encroaching footings in such a manner that will not negatively impact the sewer main or the Authority's ability to access the line for maintenance and repair purposes. The proposed plan was currently being review by the Authority's engineer and Mr. Hopkins recommended that the encroachment only be permitted if there were assurances that the sewer main would be relocated in the coming construction season and that there would be no negative impact in the meantime.

Patrick Rhamey, Chief Executive Officer of Tahoe Beach Club, expressed his appreciation to Mr. Hopkins and the Authority for considering this special request. Mr. Rhamey explained the delays experienced in developing the project as well as the significant positive financial impact that the project would have when completed. Mr. Rhamey indicated that it was critical to get the foundation completed this season so that construction could continue over the winter months. Mr. Rhamey confirmed that Tahoe Beach Club was committed to relocating the sewer main next spring and that all realistic engineering solutions would be considered to protect the sewer main until the relocation can be completed. Mr. Rhamey stated that Tahoe Beach Club was willing to enter into an agreement with the Authority that would indemnify the Authority from any damages caused by the actions of Tahoe Beach Club.

Mr. Hopkins indicated that he was willing to consider such an agreement, but he would need sufficient time to analyze the engineering options with the Authority engineer and seek independent review if necessary. Lew Feldman, legal counsel for Tahoe Beach Club, reiterated that the Authority staff had been very cooperative in this process and that Tahoe Beach Club was agreeable to working with Mr. Hopkins to reach a mutually agreeable solution that would include ultimate relocation of the sewer main by Tahoe Beach Club.

Chairman Bradford expressed his support for approving an agreement as outlined by Mr. Hopkins with final approval to be conditioned upon the approval of Mr. Hopkins, the Authority's engineer and the Authority's legal counsel. Trustee McDermid agreed with giving discretion to Mr. Hopkins and the Authority's engineer to approve the final form of an agreement. Trustee Rice also expressed his support for proceeding in this manner. Trustee McDermid stressed that the agreement must include protection of the sewer main until such time as the relocation is completed. Trustee Rice indicated that he was supportive of facilitating the project's completion, but that the Authority's infrastructure must be protected. In expressing support for trying to reach an agreement, Trustee Vogt pointed out that they would all be held responsible if there was a failure or problem with the sewer main.

Mr. Rhamey added that the Tahoe Beach Club carries general liability insurance in the amount of $25 million that would be available in the worst-case scenario. Chairman Bradford thanked Mr. Rhamey for his comments and stressed that the Authority has historically attempted to operate like a business by considering the risks and rewards of various decisions. Chairman Bradford

was comfortable in relying upon the Authority's engineer and manager to ensure the protection of the sewer main. Jonathan Lesperance indicated that with the commitment that the line would be relocated in the next construction season, various short-term options for protecting the line may now be available. Chairman Bradford added that the agreement should include that any outside engineering and legal costs incurred by the Authority in the process should be covered by the Tahoe Beach Club.

Chairman Bradford opened the floor to public comment regarding the matter. There was no additional public comment.

Following some additional discussion among the Trustees, **it was moved by Trustee McDermid, seconded by Trustee Thompson and carried unanimously that Mr. Hopkins be directed, together with engineers and any other professionals that he deems appropriate, to negotiate and enter into an agreement with Tahoe Beach Club that allows for the construction of Tahoe Beach Club improvements to proceed this year while protecting the Authority's existing infrastructure prior to relocation of the Authority's sewer main by Tahoe Beach Club in 2019 and provides the Authority with adequate insurance or other financial protection from any damages as the result of Tahoe Beach Club's construction activities.**

ENGINEER'S REPORT:

A. General Projects Status Report

In addition to his participation in the Manager's Report, Jonathan Lesperance of R.O. Anderson Engineering presented correspondence dated October 12, 2018 briefly summarizing three issues that R.O. Anderson Engineering has been involved with on behalf of the Authority. The three issues are 1) General Engineering Services; 2) Muller Lane Effluent Force Main Relocation; and 3) Authority Metering. The October 12, 2018 correspondence is incorporated in these minutes by this reference.

Mr. Lesperance provided a summary of the written correspondence and indicated that final payment for the Muller Lane Effluent Force Main relocation has been processed. With regard to the Authority metering, the results to date have been reviewed with representatives of the contributing districts and the additional data collection has been agreed to by everyone beginning November 1st. In response to a question from Bob Cook, Mr. Lesperance indicated that the Authority has purchased the meters to be used for the additional metering.

In response to a question from Chairman Bradford regarding the Main Pump Station pump testing, Mr. Lesperance provided a detailed description of the testing and that thus far the testing showed a very minor variance from the specifications. Chairman Bradford stressed that the agreed upon specifications must be adhered to.

Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

ATTORNEY'S REPORT:

A. General Status Report

Jim Cavilia had nothing additional to report. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

B. Discussion and possible action regarding leak/warranty issue with the Underground Emergency Storage Tanks

Mr. Cavilia indicated that briefing has been completed with regard to motions to dismiss filed by the defendants and that a hearing on the motions had been set for November 13, 2018. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

AUTHORITY CONTROLLER'S REPORT:

A. General Status Report

Ms. East-Janicki provided the trustees with a spreadsheet showing current expenses and she reported that operating expenses through the end of August are approximately 4% under budget.

Ms. East-Janicki reported that she has recently hired an accounting clerk, Ying Johnson, to assist with the billing of customers. Ms. East-Janicki indicated that Ms. Johnson is very bright and is currently working 32 hours per week. With regard to billings, Ms. East-Janicki reported that approximately $12,800 remains outstanding from the first quarter. Finally, Ms. East-Janicki indicated that the Authority auditors were continuing to work on the financial statement and that everything should be ready for the Board's review in November. Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

B. Investment Report

Ms. East-Janicki presented the Board with a summary of the District's investments showing a total of slightly less than $9 million. A list of the investments was available for review.

Chairman Bradford opened the floor to public comment regarding the matter. There was no public comment.

APPROVAL OF CLAIMS:

The claims along with the Authority's check register were provided to the Board Treasurer and were approved.

PUBLIC COMMENT:

None.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 11:05 a.m.

Nancy McDermid

APPROVED

4834-9160-6650, v. 1

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

Authority Manager's Monthly Report – October 17th, 2018
A. General Status Report

Staff Recommendation:

None. This is an informational item only.

Discussion/Report:

This item is regularly agendized to afford the Authority General Manager the opportunity to update the DCLTSA Board of Trustees on select activities over the previous month.

1. Several Authority staff members attended the 34th Annual Tri-State Seminar in Las Vegas. The Tri-State Seminar is an annual gathering of water and wastewater professionals from California, Arizona and Nevada. The seminar presents four to five days of education and training opportunities and allows staff to maintain continuing education credits that apply to maintaining their Wastewater Treatment Plant and Mechanical Technologist certifications as required by the Nevada Division of Environmental Protection. The Authority remains committed to continuing to invest in education for its staff.

2. The Sewer Authority provided the South Tahoe Public Utility District with several tanker truck loads of "Mixed Liquor" from its Aeration Basins for their wastewater treatment plant. The request to transfer Mixed Liquor was made by STPUD to "re-seed" the biology in their wastewater treatment plant. This type of operation is typically performed when a treatment plant experiences biological upset so severe that it cannot recover on its own.

3. A meeting between Authority staff and representatives of Beach Club Development was held on October 2nd, 2018. The initial topic of the meeting was to discuss intermediate term temporary dewatering for the Tahoe Beach Club through the next several phases of construction and to determine if the Authority would be amenable to establishing a permanent connection for the dewatering of Tahoe Beach Club Building #1 on an emergency, as-needed basis.
   Toward the end of the meeting, TBC made an unexpected request that the Authority consider allowing portions of the Clubhouse facility to intrude upon our existing sewer easement. TBC engineer David Hagen then indicated that a discrepancy existed between his survey data and survey data generated by Authority engineer R. O. Anderson. As Authority staff was not made aware in advance that the survey discrepancy existed and that a request to modify the

Authority sewer easement were going to be discussion topics, Authority staff did not have any R. O. Anderson staff available at the meeting. As such, the meeting was ended, and TBC representatives were notified that the Authority would need all proposed plan modifications submitted to R. O. Anderson for review. Authority staff also informed TBC that it would need sufficient time to fully analyze any proposed modifications form both an engineering and legal perspective.

4. After consulting, and following the recommendation of the Sewer Authority Lead Operators, staff decided to temporarily halt receiving dewatering flow from the Tahoe Beach Club construction site. At issue was the very high dilution of influent nutrients to the Treatment Plant. Groundwater has no nutritional value for the biomass of the Treatment Plant and laboratory data was indicating starvation conditions were imminent and could seriously upset the Plant. The Authority has been in frequent contact with TBC contractors regarding this, and we may resume taking limited amounts of dewatering flow when the Plant biology recovers and influent nutrient loads stabilize. The Authority decision to halt flow is in accordance with the Dewatering Agreement currently in place with TBC and its contractors.

5. Personnel from Authority engineer R. O. Anderson and Authority staff performed a detailed re-survey of the sewer main alignment and sewer easement on the Tahoe Beach Club property on October 10th, 2018 in order to address the location questions raised by the Tahoe Beach Club at the October 2nd, 2018 meeting (photos attached). Further details may be provided by Authority engineer R. O. Anderson.

6. Authority staff met with R. O. Anderson and Authority legal counsel on Friday October 12th, 2018 to discuss the outcome of the Tahoe Beach Club re-survey work and to consider the potential issues surrounding the proposals and requests made by the Tahoe Beach Club. This meeting has not taken place at the time of the writing of this report. The Authority Manager, engineer and legal counsel may provide verbal updates at the time of the Board Meeting.

7. The Nevada Division of Environmental Protection has provided preliminary notice to the Sewer Authority that funding will be approved for the Aeration Basin Improvement Project through the Clean Water State Revolving Fund. This is good news for the Sewer Authority, and it reflects well on our proposed project.



Pink markers: Proposed TBC footings **Green markers:** DCLSTA 24 inch sewer main



Pink markers: Proposed TBC footings. Green markers: DCLSTA 24 inch sewer main



R|O|Anderson

October 12, 2018

Via E-mail

Board of Directors
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
P.O. Box 578
Zephyr Cove, NV 89448

Authority Engineer's Monthly Report – October 2018

Dear Members of the Board:

The following report presents a summary of activities undertaken on behalf of the Authority since our last meeting together on September 19, 2018. During this period, we participated with Authority personnel in the following areas:

1) General Engineering Services
2) Muller Lane Effluent Force Main Relocation
3) Authority Metering

The following paragraphs provide a brief description of these efforts and progress related to each of these specific assignments.

General Engineering Services: R.O. Anderson Engineering, Inc. (ROA) assisted and participated with Authority personnel on various engineering-related assignments including: participation in project coordination meetings and phone calls with Authority staff, legal counsel, and Board members on an as-requested basis. In addition to these activities, we have participated in the following specific tasks:

- Tahoe Beach Club: The review of the development plans and inspection of construction has required significant effort since the Board's meeting primarily due to plans to construct elements of the Beach Club building very near the proximity of the Authority's existing 24" diameter gravity interceptor. The issue of concern results due to the building's location and the potential that loads from the building could be transferred to and adversely impact the existing pipe. For the Board's information, over a year ago, TBC paid the Authority to prepare a design to relocate this pipe, but subsequently determined not to proceed with that construction.

  Last week TBC's representatives presented two different alternatives both of which rely on the use of drilled pile foundations to avoid foundation loads being transmitted to the pipe. However, because the building is so close to the easement line and the interceptor is only 5 – 6 feet inside the easement but 13 feet deep, once the building is constructed it will be virtually impossible for the sewer interceptor to be excavated and replaced in the future. This is due to the very real potential and risk of soil

Physical
1603 Esmeralda Avenue
Minden, Nevada 89423
P 775.782.2322

Mailing
P.O. Box 2229
Minden, Nevada 89423
P 775.782.2322

OFFICES
Minden, Nevada
Reno, Nevada

sloughing during excavation that would result in surface improvements at the newly constructed building being undermined. Further complicating a resolution to this matter is TBC's strong desire for business purposes of proceeding now with the building foundation system so that construction can continue over the coming winter months.

After reviewing the latest engineering proposal from representatives of TBC, to meet their construction schedule while protecting the Authority's facilities we have suggested an alternative approach which can generally be characterized as:

- TBC commits to relocating the existing interceptor in accordance with the previously prepared design prior to occupancy of the Beach Club building. This will remove the Authority's infrastructure from harm's way.
- To allow TBC to continue to proceed with construction of the subject building now, TBC must first install properly designed sheet piling at the edge of the existing easement for a distance 20 feet beyond each end of the proposed footings that are proximate to the Authority's easement. That is, the length of the sheet piling will be 40 feet plus the distance between the outer edge of the two footings. The depth and gage of the piling must be designed to allow for excavation to the full depth of the interceptor without damage to the proposed structure. We expect, therefore, that the depth of sheet piling may extend four to five feet below the existing interceptor. This element affords protection to the Authority's interceptor during the course of construction prior to completion of the interceptor.

This approach was presented to Patrick Rhamey, Project Manager for TBC last Friday. As of that date, he was going to weigh the cost of proceeding as outlined above and then get back to us with his decision. I have not received any further communication from Mr. Rhamey as of this writing.

- Effluent Tanks Re-coating – Tank 1 warranty inspection: The one-year warranty period for the second of the two tanks that were re-coated will expire on November 16, 2018. We are, therefore, coordinating with Authority staff, the contractor Resource Development Company (RDC), and the specialized coating inspection company (Bay Area Coatings Consultants) to perform the warranty inspection and any needed repairs in advance of that date. Following any corrections required by the inspection Tank 1 will be placed back into operation and the cathodic protection system will then be energized.

Muller Lane Effluent Force Main Relocation: The Contractor's Final Application for Payment for both Contract A (Directional Bore) and Contract B (Line Connections) has been processed. The combined amount of the two contracts was $543,760 and no change orders were processed. Record Information drawings and project closeout

documentation was submitted to Douglas County and NDOT. Project closeout tasks still need to be performed for the Division of State Lands permit.

Authority Metering: Last week I met with Cam McKay, General Manager of KGID, and reviewed the results of the metering data collected and reported as part of this task order. Each of the District Manager's have now reviewed the collected data and are aware of the findings and observations garnered from the initial metering.

Pursuant to the Board's direction at the last meeting, we have ordered four additional temporary meters with the intention to deploy them concurrently at the various metering sites. We now expect to deploy the meters again during the week of October 29th and collect data for 30 days commencing November 1st. Collected data will then be reviewed and summarized for presentation at the Board's meeting in December.

I will unfortunately be travelling next week and, therefore, will not be present at the Board meeting. However, in my absence Mr. Jonathan Lesperance, P.E. from our office will attend in my place. Mr. Lesperance has been active in the review of all matters pertaining to TBC as well as the metering project. He will be available then to review this information in greater detail, as well as address any specific questions or concerns Board members might have relative to these subjects. Thank you for your continued confidence.

Yours faithfully,

R.O. ANDERSON ENGINEERING, INC.

Robert O. Anderson, PE, WRS, CFM
Principal Engineer

cc: Jim Cavilia, Esq.
Paula East-Janicki
Rob Hopkins

GENERAL STATUS REPORT – October 17, 2018

General Status Report

I've given you a spreadsheet that shows at the end of August our operating expenses were a little more than 4% under budget. We have hired an Accounting Clerk and while she's just a week into the job, her training is going swimmingly. She's very bright and a pleasure to work with.

The auditors from Grant Thornton are still at work and so am I on the preparation of financial statements, management discussion and analysis and footnotes to the financials. They will be ready for the next Board meeting, which I would suggest we have on November 28, because the 22nd is the day before Thanksgiving. I'm not sure the auditors will be through the process earlier.

Status of Billing and Issues Encountered

Of the first quarter fiscal year billings, mailed on July 3, 2018, 64 customers or 11% have not yet paid, in the amount of $12,821. The second quarter bills went out on October 1. The payments are rolling in every day, and I have definitely noticed payments that were past due last quarter, so the late payment fee notification worked.

Investment Report:

We still have a little less than $9 million spread out between liquid investment accounts with Wells Fargo and the State Revolving Fund and longer term laddered CD's with Wells Fargo. There is a general ledger sheet on the table showing the breakdown, and the list of current CD's. I'd be happy to make copies for anyone who requests them.

Claims:

I sent you copies of the check register and wires sheet for the period from September 14 to October 15, 2018. If there are no questions about those, I would ask that the Treasurer sign them and return them to me for my records.