MINUTES OF REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
March 18, 2026

CALL TO ORDER:

A Meeting of the Board of Trustees of the Douglas County Lake Tahoe Sewer Authority (DCLTSA) was duly convened at 9:30 a.m. on Wednesday, March 18, 2026, at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

ROLL CALL:

Trustees, John McLaughlin, Sara Nelson, Marge Hauge and Keith Fertala were present. Trustee Wes Rice was absent.

RECOGNITION OF OTHERS IN ATTENDANCE:

Present were, Authority Accountant, Ying Johnson, Authority Accounting Clerk, Tanya Lakhtina, and Eric Heffernon, Authority IT specialist. Authority Manager Rob Hopkins was present via audio and video connection by which he could hear everyone at the meeting, and everyone could hear him. Authority Engineer, Rob Anderson, and the Authority's legal counsel, Jim Cavilia. Anne Harry of the Elk Point Sanitation District (EPSD) and Paul Kearney of Summit Plumbing were also in attendance.

PUBLIC COMMENT:

None.

APPROVAL OF AGENDA:

It was moved by Trustee Hauge, seconded by Trustee Fertala and carried unanimously that the meeting agenda as presented be approved.

MINUTES OF PRIOR MEETING:

It was moved by Trustee Fertala, seconded by Trustee Nelson and carried unanimously (4-0) that the minutes of the Meeting of the Board of Trustees of DCLTSA, dated February 18, 2025, be approved as presented.

Discussion and possible extension of the contract with Summit Plumbing for line cleaning services at the rate of $63,000.00 per year.

Authority Manager, Rob Hopkins recommended approval of a three-year extension of the Authority's agreement with Summit Plumbing for line cleaning services. Mr. Hopkins stated that Summit has been working with the Authority for the past twelve years and is very familiar with

the Authority's system. Mr. Hopkins pointed out that Summit not only performs routine cleaning but is also available for emergency situations. Paul Kearney of Summit Plumbing introduced himself, offered to answer any questions and expressed his appreciation for Summit's longstanding relationship with the Authority.

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

Following a brief discussion among the Trustees, **it was moved by Trustee Nelson, seconded by Trustee Fertala and approved unanimously (4-0) that a three-year extension of the contract with Summit Plumbing for line cleaning services at the rate of $63,000.00 per year.**

Discussion and possible designation of Casey Neilon (Sorren, Inc.) as the auditors for a two year period for Auditing the Fiscal Years 2026 and 2027, for the maximum price of $44,000.00 in 2026 and $46,000.00 in 2027.

Authority Accountant, Ying Johnson, indicated that the Authority received two proposals for audit services with the firm of Casey Neilon's proposal being significantly more affordable than the other proposal received from Eide Bailly. Ms. Johnson explained that Casey Neilon, now part of Sorren CPAs, P.C., had completed the authority's most recent audit and that the folks at Casey Neilon have been good to work with. In response to a question from Trustee Hauge, Ms. Johnson indicated that representatives of the audit firm would come to the Authority offices to conduct fieldwork.

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

Following a brief discussion among the Trustees, **it was moved by Trustee Fertala, seconded by Trustee Nelson and approved unanimously (4-0) that Casey Neilon be designated as the Authority's auditor for fiscal years 2026 and 2027 for the maximum price of $44,000.00 in 2026 and $46,000.00 in 2027.**

Discussion and possible adoption of the Tentative Budget for Fiscal Year 2026-2027.

Ms. Johnson presented the Board with a tentative budget for fiscal year 2026-2027 and proceeded to provide the Board with a summary of various items in the budget. Ms. Johnson explained that a salary survey was currently being conducted before wages would be finalized, but that an increase of approximately 8% was anticipated in health insurance costs.

Ms. Johnson stated that engineering costs are budgeted to be lower based on the sewer line assessment being completed this year and that the rates for legal services are increasing for the first time in four years. Ms. Johnson indicated that insurance and other services are increasing by approximately 12% based mainly as the result of monthly bank services charges related to the sweep program that was implemented. Ms. Johnson explained that the interest earned through the sweep program more than makes up for the additional service fees.

The proposed Operations and Maintenance Budget is projected to increased by 4.31% in the upcoming fiscal year.

Ms. Johnson proceeded to walk the Board through the formal Nevada Department of Taxation budget form that will be submitted to the Department of Taxation upon final approval. Ms. Johnson pointed out the proposed budget provided for a revenue increase of $268,000 and shows a net operating loss based solely on depreciation.

Ms. Johnson directed the Board to Schedule 20 on page 6 of the form showing potential acquisition construction costs of $4,055,000 in the upcoming year. Ms. Johnson explained that these costs relate to the export line, switchgear and pavement projects that have been planned.

With regard to rates, Ms. Johnson explained that, based on increased flows from the in-Authority commercial users, the rate per 1000 gallons of sewage was going down slightly, but that some users, based on increased flow, would have significantly higher costs. As to the contributing districts, Ms. Johnson stated that KGID's rate are to decrease by .13%, RHGID's rate will increase by 1.8% and TDD's rate will decrease by .3%. Ms. Johnson indicated that these projected rates are adjusted at the end of each fiscal year based on the actuals sewage flows from each contributing district.

Finally, Ms. Johnson recommended that the Tentative Budget for fiscal year 2026-2027 be approved as presented.

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

Following a brief discussion among the Trustees, **it was moved by Trustee Nelson, seconded by Trustee Hauge and approved unanimously (4-0) that the Tentative Budget for fiscal year 2026-2027 be approved as presented.**

MANAGER'S REPORT:

A. General Status Report

Mr. Hopkins presented the Board with a written summary of various general matters related to the Authority and briefly summarized some items in the written report. The written report is incorporated in these minutes by this reference.

Mr. Hopkins reported that Authority staff recently met with representatives of KGID about the possibility of having KGID sewage bypass the Market Street lift station. Mr. Hopkins explained that it was necessary to conduct further analysis to determine if there is sufficient capacity in the gravity collection line. Authority Engineer, Rob Anderson, is reviewing the availability data to determine the actual capacity. At the request of the general manager of KGID, Mr. Hopkins stated that he provided a letter in support of KGID's grant funding request related to the Market Street lift station project.

Mr. Hopkins indicated that he and staff continued to work with Mr. Anderson on the final 2025 sewage flow report.

Mr. Hopkins stated the Tahoe Beach Club (TBC) has recently requested an updated Dewatering Agreement related to Phase 3 of their project. In this regard, the authority requested that TBC install settling tanks to reduce the flow of silt into the Authority's system. Mr. Hopkins indicated that TBC and its contractor have been cooperative.

Mr. Hopkins reported that interior remodeling work at the Authority office has been substantially completed with all work, other than flooring, having been completed by Authority staff.

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

ENGINEER'S REPORT

A. General Projects Status Report

In addition to his participation in the Manager's Report, Authority Engineer, Rob Anderson of Wilson Engineers presented correspondence dated March 17, 2026, briefly summarizing various issues that Wilson Engineering has been involved with on behalf of the Authority. The March 17, 2026, correspondence is incorporated in these minutes by this reference.

Mr. Anderson confirmed that he and his staff were completing an analysis of sewer line capacity as it relates to KGID's request to bypass the Market Street lift station. Mr. Anderson explained that the analysis includes an estimate of expected flows from Barton Hospital being planned for the site of the Lakeside Inn. Mr. Anderson stated that once completed, the information will be shared with KGID officials.

With regard to Phase 3 of the TBC, Mr. Anderson indicated that his comments to the plans have been provided to Authority staff.

Mr. Anderson reported that a draft Annual Flow Report has been prepared and provided to Ms. Johnson and Ms. East-Janicki for their review.

With regard to the planned plant site paving project, Mr. Anderson stated that final approval by the Tahoe Regional Planning Agency was expected to be received soon at which point the project can be re-bid.

Mr. Anderson added that, in analyzing influent flow data, the correlation between the meter data at the plant and the data from the contributing districts' meters is excellent, showing a difference of less than 1%.

In response to a question from Trustee Hauge, Mr. Anderson indicated that the steps at the entrance of the Authority office will be repaired as part of the plant paving project.

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

ACCOUNTANT's REPORT:

A. General Status Report

The Authority Accountant, Ying Johnson, presented the Accountant's Report, indicating that operating expenses were approximately 8.4% under budget through the end of January, with salaries and benefits being approximately 6.4% under budget.

Ms. Johnson reported that there is a credit balance of more than $17,000 in Authority accounts receivable as the result of customers paying in advance.

Finally, Ms. Johnson indicated that influent flows for the month of February were approximately 6% higher than February of last year.

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

B. Investment Report

Ms. Johnson provided the Board with a written summary of the Authority's investments and reported that the Authority has total investments of approximately $19.2 million, with approximately $14.9 million in the Local Government Investment Pool (LGIP) which is currently paying interest of approximately 3.7%. Ms. Johnson also indicated that the only change in Authority investment balances is the addition of interest.

Chairman McLauglin 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.

The claims were signed off by Chairman McLaughlin.

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

Reports/updates from Board of Trustees concerning the areas or districts they represent

Trustee Nelson reported that Kingsbury General Improvement District (KGID) held its monthly board meeting on the previous evening and that KGID is planning to raise its water rates in the coming years in order to maintain a balanced budget. Trustee Nelson added that sewer rates will

also have to be increased significantly moving forward. Finally, Trustee Nelson stated that eight individuals have filed to fill three vacancies on the KGID board.

Trustee Hauge reported that Tahoe Douglas District (TDD) recently approved its tentative budget and hired its auditor. Trustee also indicated that TDD has been addressing an issue with Skyland General Improvement District and TDD's prohibition of dogs on the beach owned by TDD.

Trustee Fertala reported that things are going well at Round Hill General Improvement District (RHGID) and the RHGID General Manager has recently completed a procedures and job responsibilities manual for use by RHGID staff. Trustee Fertala added that, with the assistance of Summit Plumbing, RHGID has updated its Supervisory Control and Data Acquisition (SCADA) system. Trustee Fertala stated that an issue with the Pinewild infiltration prevention project has been satisfactorily resolved and the warranty extended. Additionally, other infiltration issues at Pinewild are also being addressed. Trustee Fertala indicated that RHGID was working with KGID to determine the best means of serving a planned "glamping" project at Dorla Court. Finally, Trustee Fertala reported that RHGID would be filling three seats on its board in this year's election and that current board member, Greg Ross has expressed an interest in filling Trustee Fertala's seat on the Authority Board when Trustee Fertala's term expires at the end of this year.

Chairman McLaughlin reported that tourist activity has been slow because of the lack of snow. Chairman McLaughlin added that the significant renovations at Caesar's Republic should be completed this summer and the Golden Nugget's improvements will continue through the summer months. Chairman McLaughlin stated that new management was taking over at Bally's. Finally, Chairman McLaughlin reported that agreements were currently being finalized to keep the American Century Celebrity Golf Tournament at Edgewood through 2030, explaining that the exposure that the tournament provides to Tahoe is priceless.

PUBLIC COMMENT:

Anne Harry of EPSD reported that the final easement issue related to the planned collection system improvements was being resolved and that she was hopeful that the work on the project could begin this year.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:25 a.m.

Sara Nelson

APPROVED

4897-6947-3951, v. 1

Douglas County Lake Tahoe Sewer Authority

Accountant's Tentative Budget Report

FY 2026-2027

March 18, 2026

This tentative budget provides an estimate of the revenues and expenditure to operate and maintain the Sewer Authority for the Fiscal Year of 2026-2027.

First, I present to the Board the Budget Expense Estimation file.

- Salaries and Benefits: Overall costs are projected to increase by 1.66%. We are currently in the process of conducting a salary study, and the results are not yet known what to expect; therefore, the estimate was calculated on the higher side. In addition, health insurance costs are expected to rise by about 8%, while the PERS contribution rate will remain unchanged.
- Power and Utilities: Expenses are projected to decrease by 3.08% due to over budgeting in the current fiscal year.
- Repairs, Maintenance and Supplies: This category increases by 20%, primarily due to Douglas County Weed Control service charges, which have risen sharply over the past four years. For reference, in 2022, we paid just under $450, but last year, we paid $5,089.
- The Engineering and Consulting: This category expenses are decreasing by 4.65%, mainly due to the completion of the Collection System line assessment by HDR, with no additional fees anticipated in the upcoming fiscal year.
- Legal and Accounting: Expenses in this category are increasing by 17%. Legal service rates increased 14% in August after remaining unchanged for many years.
- Chemicals and Supplies: Costs are up 21.6% because the vendors keep raising prices.
- Insurance and Other Expenses: This category is increasing by 12%, largely due to anticipated monthly bank service charges. The Authority enrolled in the Sweep program with Wells Fargo in May 2025, and the account daily balance is now below the minimum to offset monthly fees. However, the interest earned from the Sweep program exceeds the fees incurred.

- The tentative Operations and Maintenance budget is projected to increase by $168,824 or 4.31%, compared to the current fiscal year budget. Total expenditures, including capital outlay, are projected to increase by 6.52% totaling $268,824.

Next, we will review the formal Tentative Budget to be submitted to the Department of Taxation:

- Schedule F-1 (Form 19)
    - Projected operating revenue is expected to increase by $268,821 compared to last year. The Operating Revenues amount includes the Capital Assessment portion of rates, which funds the Capital Development projects.
    - Under the enterprise fund, our operating expenses must be covered by the revenues.
    - A projected operating loss is anticipated because depreciation exceeds the Special Assessment revenue of $2,250,00. Depreciation is not factored into rates, and the funds collected for capital asset replacement are less than the depreciation expense.
    - In the Nonoperating Revenues section, interest earnings are projected to decline as overall interest rates trend downward.
- Schedule F-2 (Form 20)
    - Under Item C, Cash Flows from Capital and Related Financing Activities, for Acquisition and Construction of Capital Assets, $4,055,000 is budgeted for Capital Development Plan (Construction Fund) projects, and $300,000 is allocated for general capital outlay to replace smaller pumps and equipment.
    - The Construction Fund projects include the initial work on the Export Line Replacement, Plant Switchgear Replacement, and the Road and Concrete Improvements.

Finally, let's review the budget's impact on user rates.

- In-Authority Rates.
    - Commercial users: Rates decrease by 0.69% because higher flows reduce the cost per 1,000 gallons. Some commercial users will be paying more in total but less in terms of the cost per 1,000 gallons of sewage. For most commercial users, the overall cost increase from higher flows is small, due

to the rate decrease. However, Bally's will see a significant increase due to a 71% flow increase in 2025.

    - Residential users: Rates remain unchanged at $624 per year, or $52 per month.

- KGID Rates: Decrease by 0.13%.
- RHGID Rates: Increase by 1.8%. In comparison, Round Hill's five-year average flow is higher than the actual flow in 2025. For budgeting purposes, the flow percentage is estimated to be higher than last year.
- TDD Rate: Decrease by 0.36%.
- Rate Adjustments: Participating districts' rates are adjusted at fiscal year-end based on actual expenses and final calendar-year flow data. Any overestimation results in a reimbursement to the districts, while any underestimation results in an additional charge.

That concludes my overview of the tentative budget. I'm happy to answer any questions, and staff recommends that the Board adopt the tentative budget as presented.

Meeting Date: March 18th, 2026

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

Authority Manager's Monthly Report: March 2026
A. General Status Report

Staff Recommendation:

None. This is an informational item only.

Discussion/Report:

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

1. DCLTSA staff met with KGID to discuss the potential of KGID to permanently abandon its Market Street Lift Station and gravity feed sewage directly to our Beach Pump Station. The piping is in place to do so and has been utilized in the past on an emergency basis to bypass the Market Street station. However, we will need to look at various sections of our gravity main to make sure we can safely handle anticipated peak flows, as well as account for what additional flows may be contributed by the proposed Barton hospital project. Mr. Anderson can provide further details if desired.

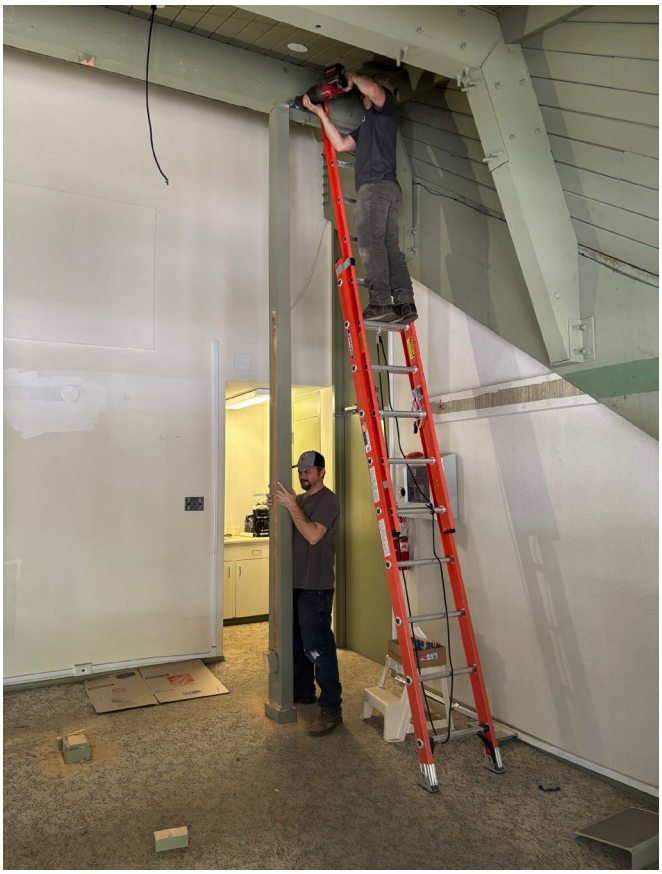
2. Related to the Market Street Lift Station project, KGID General Manager Dornbrook requested DCLTSA generate a letter in support of the Market Street project, in pursuit of grant funding of all or portions of the project. I have delivered the requested letter of support to Manager Dornbrook.

3. Our staff has been working closely with DCLTSA Engineer Rob Anderson and his staff to finalize the 2025 Flow Report.

4. Tahoe Beach Club has requested an updated Dewatering Agreement so that they may pump out ponding water around the construction area near Phase 3 of their project. We requested installation of settling "Baker" tanks to remove silt, as well as installation of a flowmeter so we can account and bill for the dewatering flows. TBC and its subcontractor have satisfactorily complied with our requests.

5. Remodeling work on the DCLTSA offices is largely complete. We updated the lighting with energy efficient LED units, replaced the toilets with low-flow units, replaced the worn-out carpet with vinyl flooring and repainted the interior. Apart from installing the flooring, the work was done in-house by our Maintenance staff. (Photos attached).





WILSON ENGINEERS

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March 17, 2026

Via Email

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

Authority Engineer's Monthly Report – March 2026

Dear Members of the Board:

The following report presents a summary of activities undertaken on behalf of the Sewer Authority since our last meeting together on February 18, 2026. During this period, we provided general engineering support as requested. The following paragraphs provide a brief description of these efforts and progress related to each specific task.

General Engineering Services

In addition to general consulting services and attendance at the Board meeting, Wilson Engineers LLC, (Wilson), assisted and participated with Authority personnel on several engineering-related assignments on an as-requested basis. These services included assisting the Authority by reviewing and responding to engineering and permitting related questions, reviewing and analyzing flow data, and providing input and recommendations regarding various requests received by the Authority for plan approvals, mapping requests and easements.

In this regard, one project that required our attention during this period was reviewing and updating the Authority's collection-system hydraulic model in response to KGID's interest in re-evaluating the feasibility of routing flows from the Market Street Lift Station down Kingsbury Grade, through the Oliver Park development, and to the Beach Pump Station.

Another general engineering project we worked on this past month was reviewing the Tahoe Beach Club (TBC) Phase III improvement plans. TBC submitted updated plans for their next phase of construction, which includes sewer line extensions and service connections for the residential units in this phase. This phase of improvements contemplates a new connection to the Authority's interceptor that serves to convey flows from the casino core area as well as lower Kingsbury Grade and the Oliver Park development.

Annual Flow Report

During this period, we also prepared the draft Annual Flow Report and submitted it to Ms. Johnson and Ms. East-Janicki for final review and comments. We have addressed the comments received and are ready to finalize the report upon the Board's adoption of the annual budget.

Sewer Plant Site Re-paving Project

We have completed the research into our historic files and located copies of NDEP's correspondence that together confirm their approval to leave the Plant Reservoir unlined and yet make it available for emergency use if or when needed. Specifically, in November 2007, NDEP-Bureau of Water Pollution Control issued its Addendum to Administrative Order on Consent that required by elimination of all effluent discharge to the Plant Reservoir beginning January 1, 2009. This Addendum to the Administrative Order further provided in subsection 4 that "If DCSID is not able to line the reservoir...DCSID shall submit a plan detailing the criteria for utilizing the reservoir for emergency storage and the plan must be approved by NDEP prior to any discharge into the reservoir after December 31, 2008." DCSID timely submitted the plan that detailed these criteria for emergency use of the reservoir and NDEP approved it. On a few occasions over the past 17 years, in fact DCSID/DCLTSA has utilized the Plant Reservoir on an emergency basis with the approval and acknowledgement of NDEP. These instances have generally been to facilitate maintenance work or scheduled line repairs. In furtherance of the terms of this Addendum to the Administrative Order on Consent, in August 2013, DCSID prepared and submitted a plan for the removal of the sludge within the Plant Reservoir. That plan was approved by NDEP in September 2013 and that work was completed in 2014.

We have submitted this documentation to TRPA and expect it to address their remaining concerns so that TRPA can issue and acknowledge the final permit. Once TRPA confirms that the documentation is satisfactory, and subject to the Board's approval, we recommend proceeding with re-bidding this work.

In addition to moving the Paving Project along, this documentation should also allow TRPA to close out the Phase III project from several years ago. This will result in a refund to the Sewer Authority for the financial security that was posted for Phase III.

Summary of Influent Flows – Year to Date:

Utilizing flow data collected and submitted to us by Ms. Johnson, we reviewed and compiled that data for February 2026. Based on our review of the flow data, the variation in flow received at the plant influent meter compared to the sum of the flows received from the contributing districts is about 0.92%. That is, the sum of the flows from the contributing districts is slightly more (0.92%) than the volume of flow measured at the plant meter. Again, the measured flow from the contributing districts is remarkably well correlated to the total flows measured at the Plant Influent meter.

The average daily flow during February 2026 was calculated to be 1.16 million gallons per day (MGD). This average daily influent flow volume is slightly more than the average daily flow (1.13 MGD) measured in 2025.

I will be present at the Board meeting and 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 and the opportunity to provide these services.

Yours faithfully,

WILSON ENGINEERS, LLC

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

Attachments

cc: Jim Cavilia, Esq.
Ying Johnson
Rob Hopkins

March 18, 2026

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY

Accountant's General Status Report

- The Budget to Actual spreadsheet in your packet shows that, at the end of January, operating expenses were 8.42% under budget, while Salaries and Benefits were 6.43% below budget. Overall, expenses remain under budget but have decreased from 12% last month.
- In Authority Accounts Receivable has a $17,769 credit balance due to customers paying their bills early.
- Influent flows in February were 6% higher than in February 2025, reflecting an overall flow increase compared to last February. However, we had a snowstorm, the higher flow could be due to infiltration from run-off. In terms of flow percentage, Round Hill GID increased by 2.88%. The Beach Pump Station increased by 1%, while KGID decreased by 1.45%. There was no significant change in TDD.

Investment Report

The Authority's investments total more than $19.2 million, with more than $14.9 million of that amount being held in the Local Government Investment Pool (LGIP).

- LGIP's interest rate for February was 3.788%.
- The only change in investment balances was the monthly interest earned.
- One CD matured last month at 4.05%; funds were reinvested through Wells Fargo for 36 months at 3.8%.
- A list of current CDs is included in the Board packet.

Claims and Check Register

The check register and wires since the last meeting are in the Board packet. If there are no questions, I will ask the Board Treasurer to sign them and return them to me for our records.