MINUTES OF THE REGULAR MEETING OF
THE BOARD OF TRUSTEES OF
DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
June 20, 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, June 20, 2018 at the Wastewater Treatment Plant, Stateline, Douglas County, Nevada.

ROLL CALL:

Present were Trustees Nancy McDermid, Wes Rice, Darya Vogt and Grant Thompson. Trustee Mike Bradford was absent and, in his absence, Trustee McDermid chaired the meeting

RECOGNITION OF OTHERS IN ATTENDANCE:

In attendance were Authority Manager Rob Hopkins, Authority Controller Paula East-Janicki, Authority Engineer Rob Anderson Engineering, the Authority's attorney, James Cavilia, and Bob Cook. Also in attendance was Andrew Hickman of Round Hill General Improvement District (RHGID).

PUBLIC COMMENT:

None.

APPROVAL OF AGENDA:

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

MINUTES OF PRIOR MEETING:

It was moved by Trustee Vogt, seconded by Trustee Thompson and carried unanimously that the minutes of the Meetings of the Board of Trustees of DCLTSA, dated May 9, 2018 and May 30, 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 he and other authority staff met with representatives of HDR Engineering regarding the planned upgrades to the plant aeration basins. Mr. Hopkins indicated that he was hopeful that the project could be completed in 2020. Mr. Hopkins added that some rehabilitation of the concrete in the aeration basins was being considered in the short-term in order to address current wear.

Mr. Hopkins thanked Bob Cook for his assistance in coordinating recently completed fall protection training for Authority staff. Mr. Hopkins indicated that he was working with staff to create a master list of Authority documents to ultimately be uploaded to the Authority website, that may be up and running in July.

Mr. Hopkins explained that the electronic wet well sensors at the Main Pump Station had recently been replaced and that staff has also been assisting R.O. Anderson with installation of flowmeters as part of the ongoing flow meter comparison process.

With regard to the Tahoe Beach Club, Mr. Hopkins indicated that manholes along Kahle Drive have been raised to grade and that the Authority was still waiting on final plans from the Tahoe Beach Club. Mr. Hopkins emphasized that the project would not be allowed to tie in to the sewer collection system until final plans are reviewed by the Authority and its engineer.

B. Consideration of the character, conduct and/or professional competence of the Authority Manager (Annual Performance Review)

Mr. Hopkins reported that he had received written performance reviews from each of the Trustees and the and that his average overall performance rating was 4.6 on a scale of 5. Mr. Hopkins stated that pursuant to the Authority's salary matrix, which is not necessarily applicable to the Authority Manager, the performance rating would provide for a salary increase of 3.5%. Trustee Rice stated that he has been impressed by the responsiveness of Mr. Hopkins and the Authority staff in providing information to the Trustees. The Authority legal counsel, Jim Cavilia explained that the Mr. Hopkins was working pursuant to a three year employment agreement that was currently at the end of its second year and that the agreement calls for annual review of the manager's compensation.

Trustee Vogt expressed her opinion that Mr. Hopkins was doing a superb job and read a portion of her evaluation of Mr. Hopkins's performance. Trustee Thompson praised Mr. Hopkins for

working toward greater automation of the Authority's facilities in accordance with direction from the prior Board. Mr. Hopkins explained that the Authority's system has significant redundancy that other agencies do not have. Mr. Hopkins indicated that the ongoing efforts to reduce personnel costs would proceed cautiously.

Following a brief discussion among the Trustees, **it was moved by Trustee Thompson and seconded by Trustee Vogt that the Authority Manager's salary be increased by 3.5%.** Trustee McDermid opened the floor to public comment regarding the matter. There was no public comment. **The motion was unanimously approved (4-0).**

ENGINEER'S REPORT:

A. General Projects Status Report

In addition to his participation in the Manager's Report, the Authority Engineer, Rob Anderson presented correspondence dated June 18, 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 Force Main Realignment; and 3) Authority Metering. The June 18, 2018 correspondence is incorporated in these minutes by this reference.

Mr. Anderson confirmed that the Authority had not yet received final plans from the Tahoe Beach Club for connection to the sewer collection system. Mr. Anderson indicated that flow meter data from RHGID has been received and shared with the staff of RHGID. Flow meter verification work was continuing. With regard to Tahoe Douglas District (TDD), Mr. Anderson explained that the connection of TDD's collection system to the Authority's system is being verified, because it appears that the connection is not where it was believed to be. Mr. Hopkins indicated that he was involved with this process and would continue to work with TDD staff and RHGID staff on this matter. Mr. Hopkins explained that the location of the connection was important to RHGID as this is the same area the RHGID's flow enters the Authority's system.

Andrew Hickman of RHGID expressed RHGID's interest in this matter and stated that RHGID would continue to cooperate with the Authority and TDD. The Trustees had a general discussion about the measuring of flow from the participating districts and the Board directed staff to reach out to TDD so that the necessary testing could be undertaken.

Trustee McDermid opened the floor to public comment regarding the matter. There was no public comment.

B. Discussion and possible approval of R.O. Anderson Engineering's Task Order 18-002 in an amount not to exceed $9,800 for Additional Flow Meter Comparison and Analysis Services

Mr. Anderson explained that the proposed task order was to continue the ongoing work to ensure the accuracy of metering of sewage flow to the plant from within the Authority and the other districts. Trustee McDermid 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 Vogt, seconded by Trustee Rice and carried unanimously (4-0), that the Task Order be approved as presented.**

ATTORNEY'S REPORT:

A. General Status Report

Jim Cavilia had nothing additional to report. Trustee McDermid 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 the Authority complaint had been filed in the District Court in Douglas County and that responses from the defendants would be filed over the next few weeks. Trustee McDermid 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 April are ½% under budget.

Ms. East-Janicki also reported that an auditor from Grant Thornton had been at the plant to perform pre-audit work and Ms. East-Janicki went on to explain the audit process that will take place over the next few months. Ms. East-Janicki also provided the Board with copies of a presentation by the Nevada Department of Taxation explaining the Consolidated Tax Distribution in Nevada. Ms. East-Janicki explained that she was continuing her work on taking over the billing process for in-Authority customers.

Ms. East-Janicki indicated that she had recently received correspondence from a member of the TDD Board of Trustees, asking several questions about the recently approved rate increase. Ms.

East-Janicki explained that she was in the process of preparing a comprehensive response to the correspondence that would include the Board's rationale for the rate increase. Trustee Thompson explained the concerns of his fellow TDD trustee and indicated his willingness to work with Ms. East-Janicki on the written response. Ms. East-Janicki indicated that one of the issued raised related to the amount of Authority reserves and whether or not there was some standard for reserves. Ms. East-Janicki stated that she was not aware of any definitive standard, but that in order to qualify for State Revolving Loan funds it was necessary to have reserves. Ms. East-Janicki has inquired of the staff of the State Revolving Loan fund as to whether there are any guidelines in this regard. Trustee McDermid stated that the Authority Board has made a policy decision to implement the rate increase in order to complete necessary capital improvements. Trustee Vogt added that at a recent KGID Board of Trustees meeting at which the rate increase was discussed, only one member of the public spoke on the item and the KGID manager, Cam McKay, gave a very good presentation about the increase.

B. Discussion regarding augmentation of Budget for Fiscal Year 2017-2018 in an amount not to exceed $120,000

Ms. East-Janicki presented the Trustees with a schedule showing the areas of budget where it may be necessary to adjust the budget and explained that she is requesting the augmentation in an abundance of caution in order to ensure compliance with applicable State of Nevada requirements. Trustee McDermid 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 McDermid, seconded by Trustee Vogt and carried unanimously (4-0), that the budget augmentation up to $120,000 be adopted as presented.**

C. Report of funds transferred from the General Fund to the Construction Fund for payments toward ongoing District Development Plan projects

Ms. East Janicki provided the Trustee with a summary of transfers to date and indicated that there was no need to authorize any additional transfer of funds at this time.

Trustee McDermid opened the floor to public comment regarding the matter. There was no public comment.

D. Investment Report

Ms. East-Janicki presented the Board with a summary of the District's investments and reported that there had been no changes since the Board's last meeting.

Trustee McDermid 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:

A brief discussion was held regarding the date of the next meeting and a consensus was reached that there would be no meeting in July. The next meeting of the Board would be held on August 15th. There was no further public comment.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 10:35 a.m.

APPROVED

4836-8243-0317, v. 1

Meeting Date: June 20th, 2018

DOUGLAS COUNTY LAKE TAHOE SEWER AUTHORITY
Staff Report

Subject / Title:

District Manager's Monthly Report – June 20th, 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. DCLTSA staff met with representatives from HDR Engineering to begin the process of coordinating the time line for the Aeration Basin Upgrade Project. Among key issues noted are the need to account for long lead times for some of the blower equipment and accommodating the State Revolving Fund loan application time frame. Staff hopes to see the Aeration Basin Upgrade Project completed in the fall of 2020.

2. HDR Engineering has informed Authority staff that test results related to the integrity of the existing Aeration Basin concrete structures indicate that greater rehabilitation of the concrete may be needed than was anticipated. What this may mean to the Engineer's Estimate as to the cost of the project has not yet been determined.

3. Fall Protection Safety Training has been completed by Treatment Plant staff. The training was conducted by 3M / DBI-Sala, manufacturers of safety equipment, and coordinated by Bob Cook.

4. DCLTSA staff has begun creating a master list of documents and Authority information to be uploaded to the Douglas County Lake Tahoe Sewer Authority web site. Staff hopes to go live with the web site in July, 2018.

5. Electronic wet well level sensors at the Main Pump Station have been replaced by Authority staff.

6. Authority staff assisted Authority Engineer R.O. Anderson personnel installing sewer flowmeters in various manholes as part of the Additional Flow Meter Comparison and Analysis Services Task Order. Further details may be provided by the Authority Engineer.

7. Cruz Construction has completed raising several Authority sewer manhole barrels to grade along Kahle Drive as part of the Tahoe Beach Club project. (Photos attached)





R O Anderson

June 18, 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 – June 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 May 30, 2018. During this relatively short period we participated with Authority personnel in the following areas:

1) General Engineering Services
2) Muller Lane Force Main Realignment
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: We received and began reviewing the plans at the beginning of this month. The plans do not reflect what is currently being proposed based on our meeting with TBC. We continue to recommend that the Authority require TBC to complete the termination of the laterals prior to making any modifications or further connections to the Authority's collection system and that updated improvement plans accurately reflecting the design of the proposed work be submitted to the Authority for review and comment prior to any further work being done on the project's sewer system.
- RHGID Flow Meter data review: We continue to download current data from the physical RHGID meter. The data continues to look good, reflecting expected diurnal flow characteristics, with no apparent lapse or loss of communication. We also recently successfully installed firmware updates.

Physical
1603 Esmeralda Avenue
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P 775.782.2322

Mailing
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Minden, Nevada 89423
P 775.782.2322

OFFICES
Minden, Nevada
Reno, Nevada

Muller Lane Effluent Force Main Relocation:
The certificates of substantial completion were issued for both Contract A (Directional Bore) and Contract B (Line Connections). The final pay requests for the remaining 5% of the contract amounts have not yet been received.

Authority Meter Verification:

Task Order 2018-001 - We have commenced the authorized services and installed the equipment to measure TDD flows. Unfortunately, the pipeline size at the location selected to measure the combined flows from TDD + RHGID requires a larger band than what we expected. A properly sized band was ordered but has not yet arrived. As soon as the needed equipment is received we will install and begin measuring the combined flows while continuing to measure TDD flow. We foresee that the results will not be complete in time to discuss at the regularly scheduled July meeting, but we expect they will be ready for discussion at the Board's August meeting.

Pursuant to the Authority's request, we have considered the requirements for verifying the remaining flow meters within the system and have offered Task Order 2018-002 to complete these services. It is attached for the Board's review and approval. Approval of these additional services will provide an analysis of each of the meters within the system and the results should serve as a baseline for the current condition of each meter and any needed upgrades or further calibration as appropriate. Subject to Mr. Hopkins' input and approval, we recommend the Board authorize the requested Task Order.

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.

Yours faithfully,

R.O. ANDERSON ENGINEERING, INC.

Robert O. Anderson, P.E., W.R.S., CFM
Principal Engineer

Attachments

cc: Jim Cavilia, Esq.

Paula East-Janicki
Rob Hopkins

TASK ORDER NO. 2018-002

This Task Order pertains to an Agreement by and between Douglas County Lake Tahoe Sewer Authority ("Owner") and R.O. Anderson Engineering, Inc. ("Engineer"), effective December 1, 2009, together with its written Amendments. Engineer shall perform services on the project described below as provided herein and in the Agreement. This Task Order shall not be binding until it has been properly signed by both parties. Upon execution, this Task Order supplements the Agreement and Engineer is authorized to initiate its efforts on this project.

Project Name: District Metering

Part 1.0 **Project Description:** To assist the Authority evaluate the veracity of flow data obtained from a series of flow meters within the Authority's export and outfall systems this Task Order contemplates the installation of portable flow meters at discrete locations of the existing export and outfall system including locations sufficient to capture flows that reach and pass through the Plant Export, Park Outfall, and Bently Outfall flow meters. Given the configuration of the discharge piping at each location and the system hydraulics, it may be necessary to deploy and use both an open channel flow meter and an ultrasonic flow meter to capture the flow data. The flow data collected from these meters will be compared to concurrent meter readings observed at the existing meters and utilized to evaluate any apparent discrepancies or deviations in the data. The data, analysis, findings, and recommendations will be provided in a final report at the end of this assignment.

Where applicable, we intend to deploy the Greyline Stingray Model 2.0 Level-Velocity logger. The Stingray 2.0 measures depth (level) and average stream velocity. The liquid level and velocity measurements are read from an attached AV Sensor that is placed in the flow stream. A separate battery module attaches to the Flow Module to supply power.

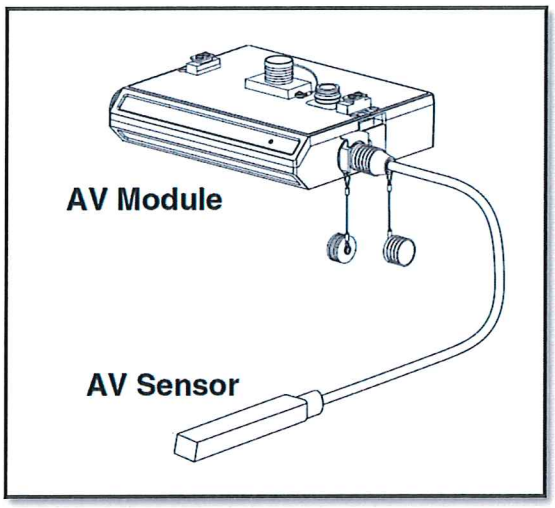

Figure 1: Flow Module and Sensor

The AV Sensor's internal ultrasonic level transducer measures the liquid level. The ultrasonic sensor is installed at the bottom of a pipe or channel. To measure water level the sensor transmits ultrasonic pulses that travel through the water and reflect off the liquid surface. The instrument precisely measures the time it takes for echoes to return to the sensor. Based on the speed of sound in water, the level is measured with an accuracy of ±0.25%.

The AV Sensor measures velocity with an ultrasonic Doppler signal continuously injected into the water. This high frequency sound (640 KHz) is reflected back to the sensor from particles or bubbles suspended in the liquid. If the fluid is in motion, the echoes return at an altered frequency proportionate to flow velocity. With this technique the instrument measures flow velocity with accuracy of ±2%.

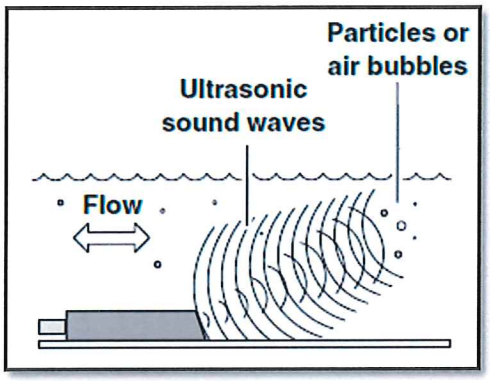

Figure 2: Velocity Sensor

The AV Sensor is positioned in the pipes using stainless steel self-expanding mounting rings (Spring Rings) for pipes up to 8-inches in diameter and pipes larger than 8-inches in diameter require Scissors Rings. The modules are then installed in a manhole and secured to a ladder rung.

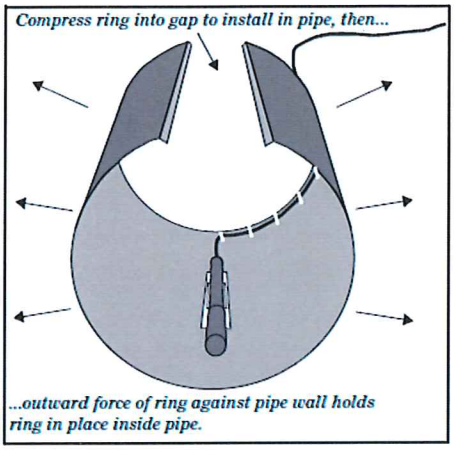

Figure 3: Spring Ring

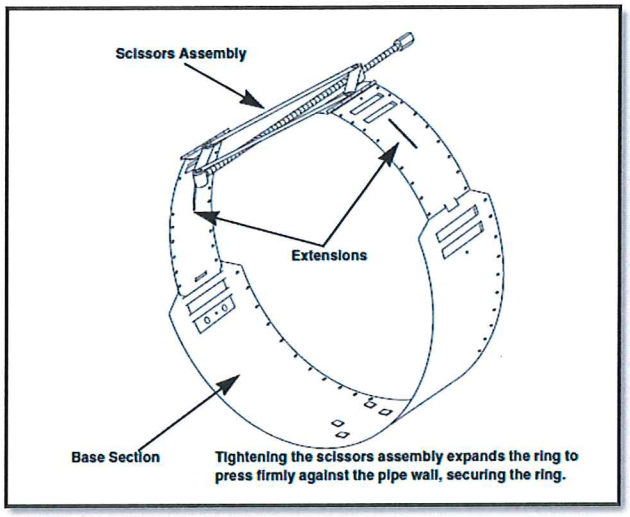

Figure 4: Scissor Ring

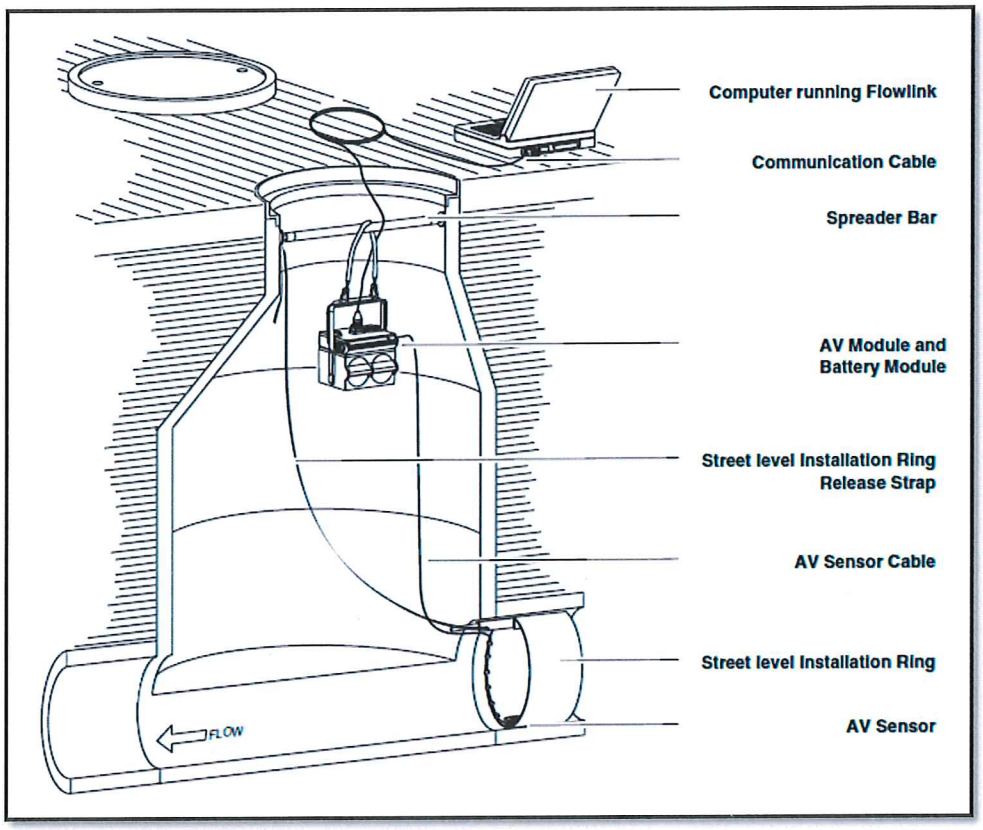

Figure 5: Typical Manhole Installation

Part 2.0 **Project Scope of Services:**

Task 1 – Plant Export Metering

This task will involve deploying the Sewer Authority's GE Sensing Ultrasonic Meter to the discharge header of Export Force Main and deploying the open channel flow meter at either the Bently Reservoir discharge or the Park Ranch discharge. The meters will be deployed, and data collected for a minimum of 7 days. Flow data collected from these two meters will be compared to the flow values reported by the existing mag-meter on the Plant Export pipe over the same period.

Deliverables: Flow data for the metering duration and a comparison of that data to flow data reported from the Plant Export meter.

Task 2 – Park Outfall Meter

This task will involve deploying the open channel flow meter to the gravity transition at the Park Outfall. The meters will be deployed for a minimum of 7 days. Flow data collected from this metering location will be compared to the flow data collected and

reported from the existing Park Outfall meter. During this 7-day period, the full discharge volume exported from the plant would be diverted to the Park Outfall. Flow data collected during the period will also be compared to and contrasted with flow data from the Plant Export meter.

Deliverables: Flow data for the metering duration and a comparison of that data to flow data reported from existing Park Outfall meter.

Task 3 – Bently Outfall Metering

This task will involve deploying an open channel flow meter to the gravity transition at the Bently Outfall. The meters will be deployed for a minimum of 7 days. Flow data collected from this metering location will be compared to the flow collected and reported from the existing Bently Outfall meter. During this 7-day period, the full discharge volume exported from the plant would be diverted to the Bently Outfall. Flow data collected during the period will also be compared to and contrasted with flow data from the Plant Export meter.

Deliverables: Flow data for the metering duration and a comparison of that data to flow data reported from existing Bently Outfall meter.

Part 3.0 Owner's Responsibilities:

Owner will provide Engineer with available data, including previous studies and reports, plans, drawings, and recorded documents and grant access to the project site as necessary to complete this project. Additionally, assistance from the Owner's maintenance personnel will be required when installing and retrieving the flow meters. It is assumed that maintenance personnel from each of the contributing districts will also cooperate during data collection and metering.

Part 4.0 Periods of Service:

Upon receipt of execution of this Task Order, the Engineer will commence performance of the services. Task 1 will be initiated within 15 days of authorization. The final report will be completed within three weeks following completion of Task 3, and field work is expected to last three - four weeks, or approximately one week at each meter set.

Part 5.0 Payments to Engineer

5.1.1 Method A – Standard Hourly Rates.

5.1.2 For the specified category of services, the Owner shall pay Engineer an amount equal to the cumulative hours charged to the Project by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class for all services performed on the Project, plus Reimbursable Expenses and Consultant's charges, if any.

5.1.3 Standard Hourly Rates include salaries and wages paid to personnel in each billing class plus the cost of customary and statutory benefits, general and administrative overhead, non-project operating costs, and operating margin or profit.

5.1.4 Engineer's Standard Hourly Rate Schedule is set forward in the Agreement as Exhibit 'B'.

5.1.5 The total estimated compensation for the specified category of services shall be stated in the Task Order. This total estimated compensation will incorporate all labor at Standard Hourly Rates, Reimbursable Expenses, and Engineer's Consultants' charges, if any.

5.1.6 The amounts billed will be based on the cumulative hours charged to the specified category of services on the Specific Project during the billing period by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class, plus Reimbursable Expenses and Engineer's Consultant's charges, if any.

5.1.7 The Standard Hourly Rates and Reimbursable Expenses Schedule shall be fixed for the term of the Agreement.

5.2 Amendments/Change Orders - The payment terms entitle the Owner to unlimited consultation with the Engineer; however, if an unanticipated need for additional services arises that requires additional engineering, land surveying, permitting or other professional services beyond the described services, those services will be subject to an additional price negotiation and undertaken utilizing a written Amendment or Change Order. Amendments or Change Orders, if any, will be prepared and a separate budgetary price agreed to before services are undertaken.

5.3 Service and Price Guarantee – Engineer's customer service is guaranteed to the complete satisfaction of the Owner. If Owner is not completely satisfied with the customer service provided by Engineer, Engineer will, at the option of Owner, either refund the price or accept a portion of said price that reflects the Owner's level of satisfaction. Upon receipt of final payment under the terms of this Task Order, Engineer assumes that the Owner has been satisfied. Furthermore, if the Owner ever receives an invoice without first authorizing the service and/or the price, the Owner is not obligated to pay for that service.

5.4 Total Estimated Compensation – Engineer's Total Estimated Compensation for this Task Order, subject to amendment as set forth above, shall not exceed $7,800.

Part 6.0 Other:

6.1 Terms and Conditions: Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by Owner.

This Task Order is executed this _____ day of June 2018.

Douglas County Lake Tahoe Sewer Authority

By: _____

Name: Rob Hopkins
Title: District Manager
Address: P.O. Box 578
Zephyr Cove, NV 89448
775-588-3558
rhopkins@DCSID.com

R.O. Anderson Engineering, Inc.

By: _____

Name: Robert O. Anderson, P.E., CFM, WRS
Title: President/Principal Engineer
Address: P.O. Box 2229
Minden, NV 89423
775-782-2322
RAnderson@ROAnderson.com

GENERAL STATUS REPORT – June 20, 2018

General Status Report

I've given you a spreadsheet that shows at the end of April our operating expenses were a little more than a half percent under budget. Yay, team!

Kyle Mancuso, an auditor from Grant Thornton was here for three days last week to perform the pre-audit work-up. Gavin Deller who has headed the audit for the past four years has left Grant Thornton and Kara Griffin, our audit partner since before I came here is leaving as well. She is coming up tomorrow to say goodbye and discuss what those changes might mean, but Kyle indicated that this year's audit will be even more stringent than before. The next phase of the audit will take place the first week in September.

Last month, the Board requested that I find out how the Consolidated Taxes are apportioned between entities across the state. Therefore, I've made copies of a presentation given by the State Department of Taxation. It explains a lot but for specific formulas, it's necessary to go directly to the statues referenced in the guide.

Additionally, the Board asked that I find out whether the Pool risk management people were successful in subrogating against NV Energy for the loss of the VFD at the Main Pump Station. They were indeed and that claim is closed.

As you know, I am in the process of setting up the billing. The letter went out to our customers advising them of the switchover. As discussed at earlier board meetings, I included a copy of a property tax bill so people could see that it wasn't a new charge. Unfortunately, for the first 400 letters I sent out, I didn't write "Sample Only" across the property tax bill, and it confused the heck out of people. My phone line lit up and so did the County Tax Collector's. The good news is, the calls starting coming in 18 hours after the first batch was mailed, so on the rest of them, I marked up the sample. The calls have trickled off and are now mostly people with changes of address or who want electronic billing. Many of the people I spoke with plan on paying the total annual amount up-front, which is great.

I received a letter via email on Friday evening from a Tahoe Douglas Board member, requesting clarification and justification for the rate increase and the way we are funding projects. I have begun working on a response, and believe I can clear up some misunderstandings. He has a lot of questions, and the response is taking a significant amount of time. During this time when I'm trying to wrap up the billing piece, with Board permission, I'd like Grant to let him know I'll get back to him next week.

Budget Augmentation

As I told you last month, every year at this time we augment the budget for the current fiscal year. This is done in an abundance of caution, because if we should go 10% over our operating expense total or any one line item, we can get dinged by the State and even fined. I gave you copies of the Augmented Schedules F-1 and F-2, to augment the expenses and thus the cash flows. The areas that have been changed are highlighted. I decreased salaries and benefits a little and legal and account by $130,000 and added money to Utilities, Engineering, and

especially Repairs and Maintenance. Overall, while I don't expect to need it, I added $119,964 to total operating expenses, just to be sure that we are in compliance at year end.

If there are no questions about this, I would ask that you adopt the Budget Augmentation for the current fiscal year, 2017-2018.

Transfer of Funds from the General Fund to the Construction Fund

I emailed you a spreadsheet yesterday detailing the expenditures from the Construction Fund made in May, as well as the $225,000 transfer of funds from the General Fund previously authorized. To finish the year I expect to transfer another $50,000, which has also been previously authorized, to pay the final retention to White Rock for the Muller Lane Project, and expenses to HDR for the Aeration Basin Condition Assessment. There is no need for the Board to authorize additional transfers.

Investment Report:

There were no changes to the investments since the last Board meeting except the addition of interest. 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's a list of current CD's with their maturity dates on the table.

Claims:

I sent you copies of the check register and wires sheet for the period of May 30, through June 20, 2018. If there are no questions about those, I would ask that the Treasurer sign them and return them to me for my records.