

**ELK POINT SANITATION DISTRICT
BOARD OF TRUSTEES**

MINUTES OF PUBLIC MEETING

February 20, 2024 • 3:00 PM
423 Elks Ave. office • Video conference

Board Members Present

Bradley (Brad) Oneto
Anne Harry
Doreen Andriacchi
Kylie Gerken
Bill Olin

Others Present

Karen Andrews, Accounting
Nackey Scagliotti
Marty Bibb
Alan Reed

1. ACTION ITEM: Call meeting to order and roll call. The meeting was called to order at 3:00 P.M. by Chairman Brad Oneto. Those in attendance are noted above.
2. ACTION ITEM: Approval of agenda. The agenda was unanimously approved with a motion made by Doreen Andriacchi and seconded by Kylie Gerken. The vote was unanimous.
3. PUBLIC COMMENT: Nacki Scagliotti expressed her thanks for the meeting invitation.
4. ACTION ITEM Approval of January 31, 2024 minutes. The minutes were approved unanimously.
5. ACTION ITEM: Presentation/Discussion/Possible Action.

A. Insurance Presentation – Alan Reed

Alan Reed informed the board regarding liability insurance: Public entities in Nevada have a couple of sources for insurance. One of them is the traditional insurance market where we would buy a fire insurance policy from Hartford, a liability policy from Liberty Mutual, and a Directors and Officers policy from MetLife. You can buy insurance through the traditional insurance market, and you're going to get quotes from Progressive or State Farm, etc. You'll get the unbundled approach where you buy a product here and a product there, and you try and bring them all together to provide the complete array of coverage. In general, the coverage provisions and the cost will probably be more expensive than if you were able to go into a situation like POOL/PACT which is the Nevada Public Agency insurance program. And the POOL program provides fire and liability, directors and officers coverage, automobile coverage, if necessary, violation of civil rights coverage, employment practices liability, pollution, cyber liability, a number of coverages. They all come under this one program called the Nevada Public Agency Insurance Pool. Then there is a sister product to that called the Public Agency Compensation Trust (PACT). That's the arm that provides workers compensation coverage for all the members that are in. In Nevada, we have approximately 140 public entities that are currently insured under the Nevada Public Agency insurance pool. These 140 public entities probably represent about 98% of all the public entities that are in what we call the cow counties. The cow counties are all the counties outside of Washoe County and Clark County. The POOL addresses the insurance program for those counties. People often ask us, why don't you have Washoe County in there or Clark County? We do have a piece here and there of those counties of smaller members, smaller GIDs, but in general we don't take on the big counties because we don't want

those counties to have a big loss and then impact the experience and the rating system of all the cow counties. The POOL and PACT programs are run by what they call a governing board. The governing board is a group of individuals who are members of these public entities. It may be a county manager from Lyon County, there may be a GID manager from Gardnerville Rancho's. The executive board is made up of several members of these eligible entities, and they essentially meet and negotiate with underwriters and put together the programs for POOL/PACT on an annual basis. Within the membership structure of these approximately 140 public entities, about 50 of them have voting rights. And these are members that are on the bigger side. For instance, Tahoe Douglas Fire District has a voting right, Lyon County School District has a voting right, White Pine County Manager has a voting privilege - all governed by an executive board, which is five members that are elected by the rest of the voting public within the Nevada Public Agency group. Essentially, there's this whole array of coverages that the membership has access to. All the members belong to this pool, and we call it a captive for insurance purposes. A captive is a group of like-minded members that pull their resources together for certain things, such as insurance buying.

The executive board, along with the membership, brings their applications and their renewals to the Nevada Public Agency POOL once a year. We take all 140 applications, and we bundle all this information, and it goes off to a number of companies throughout America once a year. The majority of it goes to Lloyds of London, where the POOL officials take this package over to London and negotiate a renewal package for everybody. The pool was formed around 1987 when almost all the counties in Nevada lost their insurance because of what we call a hard market where the availability of insurance is diminished due to a number of things. There was a bill put through the Nevada Legislature to create this public entity pool within Nevada and has been going strong since 1987. Then the Worker's Comp side through PACT started around 1995 which addresses all of the Worker's Compensation for employees. In your situation, board members under Nevada law are required to carry Worker's Compensation.

Your contractor(s) are going to have their own liability insurance. If they cause some liability, they're going to have a liability policy that responds. However, you are essentially the named insured of Elk Point Sanitation District. You're going to have your own liability insurance, which is provided by the POOL program. The two companies would work together.

The application is about five to six pages. We want to know a little bit about the property that you own. This could be like a large pump house and equipment building, etc. We want to develop some basic underwriting information on that. You need to give us a budget, and we want to see your annual operating budget to see if we can glean from that what type of exposures that you have.

We want to know some demographic information, the population of the district, if the district has any payroll. We want to know if the district has any employees; we want to know a little bit about what independent contractors you use and see their certificate of insurance. We want an estimate of what your revenues might be for the coming year; what your expenditures might be for the coming year; and then the end result, are you going to have a surplus or a deficit?

With respect to pollution since you are so close to the Lake the insurance program provides a liability limit of \$10 million to all the members across the board. Within that liability limit, there are sub limits. One of them is for pollution. There is \$2 million worth of pollution liability, \$1 million worth of cyber liability.

With respect to the homeowner's association, they should have their own coverage, too, for their own board of directors and their own general liability. If a regulatory agency brings an action against you and you need a legal defense, that limit is \$50,000.

In addition to the POOL/PACT insurance program, there's a management arm that comes with it. They provide things like cyber analysis to make sure that your cyber protocols are up to snuff. They provide safety training for you and online training programs. One of the most interesting programs within the POOL is what's called good governance. A lot of times, boards don't really have a great handle on how they're supposed to do things from a legal standpoint. The good governance program brings that information to you and tells you this is essential, this is how you do it, these are the items that you can consider, these are the items you cannot consider. There is a complete review of the Nevada Open Meeting laws. They provide an added service to the public entity. They're going to inspect all your sites; they're going to inspect your exposures. So, it's a collaboration - there's a lot of consultation, especially getting off the ground. You also have access to all the meetings that POOL/PACT has. There are two or three big ones a year, and the biggest one is in April when they have a two-day meeting in Reno. They go over all aspects related to the POOL and all their auxiliary items that accompany the POOL program. You can see the POOL at work and see the executive board, who represents you and how they formulate your positions for the coming year. You can sit in on the insurance negotiations. We usually have a rep from London who comes over and discusses the challenges within the high layer levels of insurance coverage and you get a feel for what's going on and other things that POOL provides. These types of things that I mentioned are all built into the program costs – they are included.

To give you an example of cost, a new sewer and water district had two little buildings that were probably \$200,000 in value; they had \$50,000 worth of equipment; a water tank; a board of directors; \$16,000 of employee payroll – they had a fix it guy and a meter reader person combined. Their entire cost in the pool program for 2024 was less than \$5,000 a year, and that included their liability up to \$10 million, and the board members liability, the cyber liability, the pollution liability, a little bit of fire insurance, some earthquake insurance, and their workers compensation. For the five board members and the two part time workers, I believe it was \$2,300 for the year – a total of approximately \$7,000 for that budget item. I will email a nice summary and give you an idea of what the whole thing is all about. You can call back with questions.

B. Insurance Bond for Treasurer

Anne Harry explained that the bond for the treasurer is required by the state. Anne made a motion to approve the bond in the amount of \$450, which was seconded by Kylie Gerken; the vote was unanimous.

C. Engineering Update

Brad Oneto reported that he contacted R. O. Anderson and they have the estimates that the Douglas County Lake Tahoe Sewer Authority (Sewer Authority) initiated in-house to

do the upgrade. EPSD is looking for quotes from engineers to do studies for the upgrades to EP-1 and EP-2. We're looking into a 50-year solution as opposed to a 10-year solution and whether that long-term upgrade is going to make sense. The 10-year solution was sandblasting the existing lift stations and then coating them with an epoxy coating. The 50-year solution is more involved and anytime there's a hole in the coating, there's going to be a migration of the corrosive materials to start eating away at the wet wells. So, there are several things we must look at based on fulfilling our fiduciary duty. At this point, we've given R.O. Anderson information, and we will wait for their proposals/quotes on the scope of work.

D. Report on Meeting with Sewer Authority

Brad and Doreen Andriacchi met with the Sewer Authority. The EP-1 pump station lifts the sewage to the EP-2. EP-2 lifts it up into the gravity feed lines which then flows to the Sewer Authority. What they were going to do is take the pneumatic pumps out of the lift stations and all the controls and turn the lift stations into wet wells and install submersible pumps in the wet well. Then there's another tank next to it where another submersible would be installed. There would be an Alpha, Bravo and Charlie pump for backup in the system. That information has been given to R.O. Anderson and other engineering firms for proposals/quotes. They may require that we have a cement wet well which will have a considerably longer life than the steel well. The Sewer Authority estimates were based on a 10 to 15-year program and now we're going to be looking at a 50-year use with future expansion in the community. We're going to be trying get funds from the State of Nevada. They're going to control this and tell us what we must do to meet their criteria. It may be that having a steel wet well won't be acceptable. We went to R.O. Anderson first because he seems to be the most knowledgeable and does the engineering for the Sewer Authority, Round Hill, and most other GIDs. He's familiar with working with the TRPA plus the government agencies we're going to need to get funds.

Anne Harry reported that the Nevada Department of Environmental Protection has a financial assistance office, which is commonly known as the State Revolving Fund. They're going to meet with EPSD in early March, and at that time we will find out how they want us to proceed so that we will qualify for their support. Brad mentioned that other GIDs work with them for funding so that's why EPSD wants to follow their roadmap so that we can do things correctly.

Doreen relayed that the first thing EPSD needs to do is to meet with the State Revolving Fund. They may even want to assign who the engineer is that we work with. We really need to get their approval for every step of the process.

Brad re-capped the discussion with the Sewer Authority and that EPSD doesn't intend to do anything to the system until we're ready to break ground on the upgrade. There will be a walkthrough of the system with the Sewer Authority and we'll invite Robert Anderson to attend.

E. Website Update

Kylie Gerken reported she has started on the website with the assistance of Mike Kacerik. The web address is epsanitation.org and she will be working on it – getting some pictures, making tabs for agendas and minutes, a little bit of history, and deciding how we want to get information out to the community. An email address was set up: epsanitationdistrict@gmail.com. Also on that Gmail account, we can keep documents with information, etc. and that's something that can be passed on to future board members.

Brad stated that he'd like to get a clean version of the map of the system on the website, so members understand where their laterals are located. EPSD is responsible for the main lines and the lift stations, and the laterals are the responsibility of the homeowners. We're going to have a point of contact for emergencies, and we'll have phone numbers that people can call. Kylie set up payment for the website for five years for the domain name and then three years for the site hosting for a total cost of \$267, so well below the \$200 per year that was approved.

F. Documents (retrieval and storage) Update

Doreen reported that she went through all of Cathy Oyster's scanned files, reorganized pages, and deleted blank pages. There may be more reorganization we want to do on the files. Most of these are old from the startup days. She also received years and years of minutes from Paula - a brief summary of what was done at each meeting. Paula also scanned all the documents from the Sewer Authority proposed upgrade so we could send them to the engineers. They will be kept on a storage disk and updated yearly.

G. Other Updates

Brad stated that EPSD is researching legal counsel. The Sewer Authority is using Jim Cavilia, which would rule him out because of a conflict of interest. He contacted Ken Jillson; he was knowledgeable about the GIDs but the billing rate ranges anywhere from \$300-\$500 an hour. We are searching for the bylaws. Anne Harry said she would research with the public departments; the secretarial seal was found. The next meeting dates were set for Wednesday, April 3 and Wednesday, May 22 at 3:00 PM.

6. PUBLIC COMMENT: None

7. ACTION ITEM: Adjournment. The meeting was adjourned at 4:54 P.M. with a motion made by Anne Harry and seconded by Kylie Gerken; the vote was unanimous.

Respectfully submitted:
Karen Andrews