

TRI General Improvement District Board of Trustees Meeting

DRAFT MINUTES

**December 19, 2024, 2:00 pm
440 USA Parkway Suite 105, McCarran, NV 89437
And by Zoom**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 2:01 p.m. by President Jay Carmona. GM Shari Whalen took roll call. Present were President Jay Carmona, Trustee Clay Mitchell, and Trustee Gilman. Other attendees were Shannon McKnight, Clerk/Treasurer; Debbie Leonard, Legal Counsel; and members of the public.

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT (NO ACTION)

No public comment

4. DISCUSSION/POSSIBLE ACTION:

Adoption of Agenda

No questions or comments from the Board

No public comment

Trustee Mitchell moved to approve the agenda. Trustee Gilman seconded. Motion passed unanimously.

5. CONSENT AGENDA FOR POSSIBLE ACTION:

- I. Approval of Minutes of November 7, 2024, Meeting
- II. Approval of Voucher Report for the Period of October 2024
- III. Approval of Voucher Report for the Period of November 2024
- IV. Ratification of Emergency Costs of \$181,772.12 related to Temporary RO Treatment Plant Hydrogen Sulfide Gas Mitigation Broken Out as Follows:
 - a. \$49,164 to Cisco Air Systems for Purchase of Ingersoll Rand 50 HP Fixed Speed Rotary Screw Air Compressor and Appurtenances
 - b. \$38,693 to Ixom Watercare Inc for Purchase of two new AP7000 Pedestal Air Diffusers with Appurtenances and one Refurbished AP7000 Pedestal Air Diffuser with Appurtenances

- c. Not to exceed \$53,800.12 to Q&D Construction, LLC for installation of Air Compressor, Pedestal Air Diffusers, and on-site piping in accordance with TRIGID Contract Executed on September 19, 2024, Subject to Final Invoicing
 - d. \$14,115 to San Joaquin Electric Inc to Complete Electrical Work for Compressor Installation
 - e. \$11,000 to DOWL for Additional Engineering, Surveying and Inspection Services and Approval of Corresponding Contract Amendment for a Total Cost of \$26,000
- V. Ratification of Contract Overage Amount of \$15,000 to Connolly Gallagher, Outside Legal Counsel Related to the Fulcrum Bankruptcy Proceeding (Case No. 24-12008), for a Total Cost of \$40,000
- VI. Ratification of Emergency Repair Costs to Sierra Nevada Construction for Electric Avenue and USA Parkway Water Leak in the amount of \$119,800.04
- VII. Approval of Revision and Approval of DOWL Contract and Amendment as follows:
 - a. For Contract Amendment dated August 28, 2024, Remove Plan Review and Inspection Services from the Scope of Work and Remove \$43,000 from the Not to Exceed Fee Amount, for a New Total Contract Amount of \$149,500
 - b. Approve New Contract with DOWL for Plan Review and Inspection Services with a Lump Sum Transition Fee of \$5,212 Plus the Unit Price per Plan Review and Inspection in accordance with the Applicable TRI General Improvement District Rules, Regulations and Rates, to Account for the Large Number of New Development Applications in FY25

No questions or comments from the Board.

No public comment.

Trustee Mitchell moved to approve the consent agenda. Trustee Gilman seconded. Motion passed unanimously.

6. DISCUSSION ONLY (NO ACTION):

General Manager's Report

GM Whalen presented the GM report to the Board:

There will be no board meeting in January.

Budget Update

The FY24 Audit is on today's board agenda. The budget schedule for 2026 is planned as follows:

February 6 meeting – FY25 Q2 Budget Report

March 6 meeting – FY26 Budget Goals Presentation

April 3 meeting – FY26 Tentative Budget Meeting

May 22 special meeting – FY26 Final Budget Hearing

General/Admin

We have undergone some internal staffing changes in the past few weeks. The Technical Services Manager was vacated, and the position was underfilled with an Operations Superintendent. Alan Terry, who is our D4, T3 OIT operator in responsible charge was promoted to Superintendent and we would like to congratulate him on his new assignment. At this time, we currently have a position open for a certified operator. Finally, during the last Board meeting, a new administrative specialist position was approved to assist with workload management for the finance and administrative functions of the District. We're happy to announce that the position has just been filled and the new person will begin work on January 6. Also, Staff met with DOWL regarding staff augmentation in order to bridge the gap on project management with the new organizational structure. We'll continue to develop a support plan in January and will bring back a report on fiscal impact of additional staff augmentation, if any.

Legal

The Switch Petition for Judicial Review (Case 24 OC 00004 IE) was heard by Judge Russell in Virginia City on October 4th. The judge issued an order denying the Petition for Judicial Review and dismissing all claims on October 18, 2024. Switch did not appeal, and the time to do so has passed.

TRIGID responded to the Master Developer's complaint against TRIGID (Case CV24-02167) on November 8, 2024 by filing a motion to dismiss for failure to join all required parties. The Master Developer has retained new legal counsel and has requested and TRIGID agreed to three separate extensions of the deadline to file its response to our motion. The Master Developer's deadline is now pushed into January.

There were several filings and court hearings in the Fulcrum Bioenergy bankruptcy proceeding (Case No. 24-12008) during October and November. At the request of our legal counsel that TRIGID retained for the bankruptcy case, the General Manager went to Delaware in order to testify regarding Fulcrum's water contract and unpaid invoices and connection fees; however, the testimony became unnecessary due to a successful negotiation with Fulcrum and Switch, who acquired Fulcrum's assets as part of the proceeding. TRIGID recovered \$271,912.61 in past due water and sewer bills. In addition, the judge's order allows TRIGID to collect all future connection fees for water and/or sewer service for the 155 AF of water that Switch received as part of the acquisition, which could be up to \$2 million depending on Switch's development plans. We are waiting for Switch and Fulcrum to provide a signed assignment of the water. The total cost of legal services billed by Connelly Gallagher, outside legal counsel licensed in Delaware who represented TRIGID in the Fulcrum bankruptcy proceeding, was \$40,000, and was on today's consent agenda for ratification.

Project Updates:

Substantially Complete Portions of the Process Water System:

Final Dedication Packages have been prepared by DOWL, acting as the Engineer-of-Record for Tahoe-Reno Industrial Center (the Master Developer), for review and consideration for acceptance by TRIGID of about \$100 million in new process water infrastructure. Packages have been provided for seven projects at this time (TMWRF Pipeline (including induction wells), TMWRF Pump Station, Asamera Reservoir Construction, Reservoir Pumping Facilities, Sydney Process Line, and Existing Process System Testing and Commissioning). Shaw's comments on the final project submittal are due by this Friday. There are only a handful of items left to be addressed as to these projects, and Staff is hopeful that the packages can be approved by TRIGID by the end of January.

These projects represent only a portion of the process water system, and the system as currently built by the Master Developer cannot deliver process water at the flow rates or at the water quality committed by the Master Developer to process water users. TRIGID has informed the Master Developer that its acceptance of any process water infrastructure or property needed for the process water system is subject to a reservation of TRIGID's rights to have the Master Developer construct, acquire and dedicate all additional elements necessary to meet all its obligations to TRIGID.

Well 9

The landowner has preliminarily denied the Master Developer permission to complete well exploration on their property. This is an outstanding project that needs to be completed as part of the process water system.

Comstock Valley Process Extension

The project is finally moving forward and has been funded by State Infrastructure Bank with the help of EDAWN as the project's sponsor. TRIGID has obtained a PWP Number from the Nevada Labor Commissioner's Office and DOWL will be acting as the Owner's Representative on this project to ensure compliance with NRS 338. Redwood Materials is paying for District Engineer services on this project.

Well 3 Rehabilitation

The final casing repair on the well rehab is complete; however, the pump bowls have still not been delivered. At this time the expected completion date has slipped to January.

Emergency Treatment:

The three Ixom Diffusers, air compressor and piping have been installed at the Reservoir and are fully functional as of late November. The total project cost was \$181,722. The dissolved oxygen in the reservoir has increased to acceptable levels and Veolia indicates that it is working toward optimizing RO Plant operations. They have requested to pilot a new chemical in the treatment train, which TRIGID has agreed to. At this time, the RO Plant is still not operating at its contract duty point of 533 gpm. We've asked Veolia for a schedule and matrix of the issues that they're currently trying to address in order to get to the contract flow rate and they've agreed to provide that to us this week.

Water Rights:

One process water right assignment was executed this month.

Easements:

We continue to work with a new customer on several easements near the Reservoir for their development, but the easements are not finalized at this time. In addition, DOWL and the Master Developer are working on the Small Reclaim Tank easement adjacent to the Reservoir, as well as the on-site Tesla easements.

Operations:

General:

4 operators attended flagger certification class at the labor's union on Wildhorse Drive in October. Field staff also received training on telehandler operation and the new air compressor in November and now that the RO plant is back online, on-site training with Veolia personnel continues.

Online reporting is now set up with the State for quarterly well log submittals.

On October 18th, a leak daylighted in USA Parkway at Pittsburgh Avenue when the induction well line was put into service for the first time. The pavement was damaged in the area and the middle lanes and turn lane on USA Parkway were shut down. The following week, Q&D was dispatched to the site to construct a temporary repair. The failure below the road was not exposed for inspection, but DOWL has issued a written statement with some additional information on their suspected mode of failure and the series of events that led to the failure. TRIGID and DOWL plan to meet with NDOT to determine the best course of action for the permanent repair. TRIGID has not accepted this facility and Staff notified the Master Developer that the repair is their responsibility. The matter is still under investigation and resolution is forthcoming. Staff will bring back more information as it becomes available.

The Well 7 water line was hit by a contractor doing work for Switch on October 29. The well was shut down and isolated and repaired the next day by the contractor. This line will be relocated to accommodate Switch's onsite development within the next year.

Water system:

All Monthly, Quarterly and Annual samples were obtained for the System Drinking Water MAP for November and December and the Lead and Copper survey has been completed for the State.

Sewer System:

New pump was purchased and installed for the water lube system in the basement and the sump pump alarm was upgraded in SCADA in basement. The basement was also thoroughly cleaned and organized last month.

Process System:

All RO winterization is complete. A lean-to enclosure was constructed for the new air compressor that runs the new diffusers. The field crew installed an exhaust fan in the air compressor enclosure to manage high temperatures and built a sight tube to check the level of the CIP waste tank as it gets filled. The team has enhanced reservoir sampling, as well as the WWTP effluent and 3-million-gallon tank to improve water quality projections and optimize process water quality supplied to our current customers. They've also incorporated the high point tank in Lockwood and the 16 miles of process water supply line into their routine rounds program.

Engineering:

Staff has been working with RCI on permit writing for the upcoming permit cycle for 2025 and several permits will be issued by the end of the week. There are some customers with unique permit conditions and those permits will likely be issued in early January.

We are waiting on NDEP to finalize their review and provide comments (if any) on the arsenic treatment plant preliminary engineering report. Concurrently, DOWL is working on the 90 percent design of an arsenic treatment plant at Well 5, and preliminary survey and geotechnical work on another package plant at Well 4. We had a project kickoff meeting with GCW on the WWTP MBR retrofit. We expect to have updated costs on these projects early next year and will come to the Board with Resolutions moving the projects into the Loan Application phase with the State Office of Financial Assistance. As previously reported to the Board, Staff anticipates that design services will be retroactively reimbursable under a future loan for both projects.

DOWL, Kimley Horn, and TRIGID Staff had a joint infrastructure master planning meeting with key developers in the Comstock and South Valleys last month. This will help inform the water, sewer, and process water masterplans for infrastructure expansion in this part of the TRIGID service area. Staff anticipates that the master plans may not be ready for review by year end due to existing workload.

New Development:

We have nine projects currently in plan review and 21 projects under construction at this time. There are seven additional projects that have been submitted, but Staff is waiting on the fees to be paid in order to move forward with the plan review. In addition, there are significant infrastructure extension projects that have been submitted for review on the Peru Shelf and in the Comstock Valley. These projects have required extensive coordination with developers, modeling, and weekly status meetings, in some cases. To give some perspective on the plan review and inspection workload, last fiscal year TRIGID processed 20 new projects. In the first five months of this fiscal year, TRIGID has processed 37 projects. I would like to thank Alex Lacko and Danny Sommers at DOWL, and Shannon McKnight here in our office for taking on this considerable program and doing a fantastic job of managing it all.

No questions or comments from the Board for GM Whalen.

Trustee Gilman indicated that given the litigation brought by the Master Developer and that he is a principal in the Master Developer entity, he determined that it would be prudent for him to recuse from the remainder of the meeting to avoid potential ethical issues.

President Carmona moved to Item 10.

10. DISCUSSION/POSSIBLE ACTION

Discussion and Possible Action to Approve Resolution 24-006, a Resolution to Honor Trustee Lance Gilman for his Exemplary Service to TRI General Improvement District and the Commercial and Industrial Customers of the Tahoe-Reno Industrial Center

GM Whalen read Resolution 24-006 into the record.

President Carmona stated that he wanted to thank Trustee Gilman for everything he has done for Storey County and the District.

Trustee Gilman thanked the Board for the recognition.

Trustee Mitchell echoed the comments of President Carmona.

Chuck Reno with DOWL thanked Trustee Gilman for his service.

Trustee Mitchell moved to approve resolution 24-006, a Resolution to Honor Trustee Lance Gilman for his Exemplary Service to TRI General Improvement District and the Commercial and Industrial Customers of the Tahoe-Reno Industrial Center. President Carmona seconded. Motion passed unanimously.

Trustee Gilman left the meeting at 2:32pm.

7. DISCUSSION/POSSIBLE ACTION

Presentation, Discussion and Possible Action to Approve the FY24 Audit Report and Financial Statements

GM Whalen and auditor Joe Costanaza presented the FY224 audit report to the Board.

No comments or questions from the Board.

No public comment

Trustee Mitchell moved to approve the FY24 Audit Report and Financial Statements. President Carmona seconded. Motion passed unanimously.

8. DISCUSSION/POSSIBLE ACTION:

Discussion and Possible Action Related to a Proposed Amendment to the Contract with Veolia WTS Services USA Inc., dated February 9, 2024, to Extend the Contract by Three Months in Return for a 30 Percent Credit of Rental fees for July, August, and September 2024, during which the Temporary RO Treatment Plant was Inoperable, and to Add the Amount of the Credit to the Early Termination Penalty Fees in the Contract

GM Whalen noted a typo in the staff report for this item, which should say the fiscal impact is unknown and depends on the action the Board may take.

GM Whalen presented details of the RO plant shut down due to the detection of hydrogen sulfide gas on or about July 4th, 2024, subsequent investigations, and the solution of adding air diffusers to the reservoir, and the timeline of the RO plant being shut down. GM Whalen provided an overview of discussions between Staff and Veolia related to charges while the RO plant was not operable, as indicated in the agenda packet materials, which indicate that Veolia gave its best and final offer of a 30% discount for three months of operation in return for adding the discounted amount to the early termination penalty fees and adding three months to the contract.

Trustee Mitchell asked about the likelihood of the possible need for a contract extension in the future. GM Whalen responded that an extension will likely be required due to contract schedules slipping for construction of the permanent solution.

No public comment

GM Whalen said she contacted the current customers of this system as to whether they have a strong opinion as to how to proceed and did not receive a response.

President Carmona indicated he did not see the Board as having a lot of options.

Trustee Mitchell asked about the progress made in getting the RO plant running at the contracted level. GM Whalen indicated that Veolia acknowledged there were other issues getting the RO plant running as contracted.

Trustee Mitchell asked about contract remedies and expressed concern about taking any action that would limit TRIGID's contract remedies.

The Board went into a legal brief at 3:08pm.

Board reconvened at 3:31pm

No public comment

Trustee Mitchell moved to continue this item to the next regularly scheduled meeting for the purpose of gathering more information and analysis. President Carmona seconded. Motion passed unanimously.

9. DISCUSSION/POSSIBLE ACTION

Discussion and Possible Action to Adopt the TRI General Improvement District Process Water Rules, Regulations and Rates

GM Whalen presented the item to the Board.

Trustee Mitchell asked if there was any feedback from our customers. GM Whalen stated she had not received any feedback.

No public comment

Trustee Mitchell moved to adopt the TRI General Improvement District Process Water Rules, Regulations and Rates including rules related to Process Wastewater discharge. President Carmona seconded. Motion passed unanimously.

13. PUBLIC COMMENT (NO ACTION)

No public comment

14. ADJOURNMENT

President Carmona adjourned the meeting at 3:36pm.