



BEATTY WATER AND SANITATION DISTRICT REGULAR MEETING MINUTES

December 18, 2025

Frank Jarvis – Board Chair
Teresa Sullivan – Vice-Chair
David Bryan – Secretary/Treasurer

Albert Verrilli – Member
Edward Huffman – Member

| ITEM # | SUBJECT |
|--------|---------|
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1. **CALL TO ORDER**

Call to order at 4:00 pm Board members referred to sign in sheet for public attendees.

2. **GENERAL PUBLIC COMMENT – Three-minute time limit per person for matters both on and off the agenda. No action will be taken by the Board.**

3. **Approval of the agenda for Beatty Water and Sanitation District Meeting December 18, 2024. (Non-action item)**

Approved

4. **FOR POSSIBLE ACTION – Discussion and Deliberation to approve or amend and approve the minutes for October 16, 2024.**

Pulled due to not being completed.

5. **FOR POSSIBLE ACTION – Discussion and Deliberation to approve or amend and approve the minutes for November 20, 2024.**

Changes need to be made, item number six, interdiction should be introduction. Top of page two change Henderson to Anderson, number seven should be Derek instead of Joel.

6. **PRESENTATION: OFFICE REPORT – Update from Office Staff, Nye County, Utilities Services and/or Day Engineering regarding system breaks, illegal and new connections, and system projects update. No action will be taken by the Board.**

Joel- 'Just want to touch base with what Allison was mentioning earlier, we are in the process of filing for top right. So because we have the senior water right, we will go to

the top of the list. We are in no way in any jeopardy of losing anything in this valley just to make that clear.” Joel thanks Derek and Amina for serving their time on the board. Motion by David 2nd motion by Derek motion carries 4-0 no apposed. Approved

7. FOR POSSIBLE ACTION – Discussion, Deliberation and Possible Action on approving Final Audit for Fiscal Year 2023-2024 provided by CPA Daniel McArthur.

Daniel McArthur states, “I’m here to provide an independent audit report. There are several paragraphs there. The second article in the financial statements referred to above present fairly in all material respects the financial position of the district as of June 30, 2004. In the changes in financial position, cash flows there are put a year ahead according to the accounting principles generally set by the United States Department of Finance. Basically, what that means is that we have audited the financial records of the district. We’ve given the financial report, the financial statements, a clean audit opinion. As part of your offers, Areas that are required to be on a new statute of compliance, one of them is we are supposed to be in a condition to be sure it is compliant with the matter-of-fact statutes as it relates to finance. If we go to the very back of the board, on page 46, there is a letter that is titled Rogers comments. You see the caption there, current year statute of compliance. There are no findings in the year ending June 30, 2024, meaning we found no non-compliance issues. Just below that, if we have had any issues in the prior year, we are supposed to bring those up to you in the prior year. There was a budget violation where expenditures exceeded the budget. There were no such findings in the current year. We are supposed to note that so the Department of Taxation can review the report. They find that there was a continuous compliance issue from one year to the next. Just to follow up on that, even though there was a budget violation, there was money in the account. It wasn't that there was excess money spent. It was just the budget had been adopted, had adopted a high enough expenditure in the budget to cover the needs of the district at that point in time in the 2023 year. There are a few things that I’m supposed to inform the board of as part of the audit. I just want to go through those with you for just a minute. There are a few things about the financial statement I want to touch on. As part of the audit, the auditors are

required to report to the board the following items. Inside the financial statement, there are some estimates. You know, when an auditor ties out a state and bank account, we know that's the correct number. We go to the bank and get documentation from the bank, write it to them to make sure the cash is correct. But there's some areas where there's estimates. One of the estimates in here is what's called the net pension liability. Five or six years ago, the Governmental Accounting Standards Board decided that it would be best to put in every local government's financial statement across the United States. The unfunded liability of maybe the state pension fund in that state, all employees who work for or belong to the district who meet requirements, are part of the Nevada Public Schools retirement system. If the PERS system doesn't have enough money to fund all of the potential retirement payments and they have a liability, I'm supposed to show on the financial statement as part of the audit the district's share of those liabilities. On the financial, that number totals to \$508,921. The statute says that as long as the district pays their share of the PERS payment every month, in the state, you have no liability statutorily. So, for me, as I look at this, I think, well, this is kind of misleading to put the \$500,000 number in here. But I've got one set of rules, which is the statute, and I've got another set is the Governmental Accounting Standards Board. The statutes in Nevada say that local government financial statements need to be prepared in accordance with the Governmental Accounting Standards Board requirements. So, I've got liability in here, \$500,000 plus, but you pay your payments every month to the PERS system. So, technically, you're not liable for the money, just so you see that number in here. And it's basically an estimate based on how much money they think PERS is going to earn from their investments, the lives of all those who are involved in the PERS system. If there were any mistakes that we see on the financial records that were uncorrected, as part of the audit, I'm supposed to bring that to your attention. There were no mistakes that we know of that have not been put inside the financial statements, meaning they're clean, it's a clean audit report. Have you had any disagreements with management? We're supposed to bring that to your attention. We didn't have any disagreements. We had to go and consult other accountants or attorneys or the professionals on some difficult issues. Inside the financial statement, we're supposed to let you know that we did that as well. We didn't have to really consult with any other

professionals, but there is one issue I do want to bring to your attention. You are in the process of, you have received money from the Nevada Environmental Protection, loan money, or grant money, I will say. With the grant money, it appeared that that money was federal money to us. We contacted the state. So, if it's federal money, it mandates we do a federal audit on the books of the district as well. We contacted the state, and they said, no, this is not federal money. This is state money. Just to bring that to your attention, I got documentation from the state that says that. But if we do a letter, and they say, no, you need to come back and do a federal audit, I just want to warn you that's possible. Because when we look at the federal register, it suggests that it's federal money. The state says it isn't, and they're the ones who gave you the money. So that's one issue. It's not a difficult area, but it's just something that's a contingent thing of financial information. In this year, in audit yearbook, we actually had almost a million dollars of money that came into the books of the district. So, with that, let me just cover some numbers here inside the financial statement. And then from there, I'll be happy to cover any questions that any of you may have. If you could, would you, I just want to go to page 11. Page 11 shows, it's basically the profit loss statement of the district for the year ended June 30 of 24. Halfway down the page, you see the line that says operating income loss. It shows a negative number of \$237,000, suggesting that you lost \$237,000 from normal operations. From a cash flow point of view, however, you did not lose \$237,000. Because \$246,000 of that number is depreciation expense. And so, I'd just like to point that out each time I come, so that it's clear that from a cash flow point of view, just below that, you see the non-operating revenues expense. You see grants revenue of \$999,000. This is the money coming from the state that I had referred to. From there, if I can take you, I'd like to go back to, further in the financial statement, I'd like to take you to page 25. On page 25, it is a place in the financial where we consolidate the water operations and the sewer operations. These numbers roll up to the front of the report. But I just want you to see, when we break out water and sewer, you go down to that operating income loss line item. You see the water is showing \$235,000 loss, and you see sewer, \$1,383. If you go up two lines, you see the depreciation. Basically, the difference between the two is one has a much greater depreciation than the other operation does. If I turn and take you to page 26, To me, it is an important number, but

just to make sure that you see. It's on page 26. All the information that's in this report is converted from a pool basis accounting, where we have to record all accounts payable and all accounts receivable to cash basis. And right in the middle of the page, you see cash and investments. It says beginning of the year and end of the year. Just above that, it shows you whether cash increased or decreased during the year for the water and sewer operations. And you can see between the two, both of them, cash increased to a total increase between the two of \$69,965. Water had an increase of \$27,000. Sewer, \$42,791. From there, just another page, I'd like to go to page 43. Compliance page, where we look for compliance to the number two budget requirement. The district adopts a budget annually. It's considered a proper taxation. They approve the budget. So on page 33, the area where we are to look for compliance or not, if you look under the expenditure categories, you see the budget, then you see actual expenditures, and then the variance of payable and unpayable. You can see several line items that do have an unfavorable variance. It does not become a violation of the budget until we get to total operating expenses. Total operating expenses are budgeted at \$955,000. You spent \$941,000, or \$42,000. So, it's a positive variance of \$13,041. So, you still stay within the confines of the requirements of the Nevada draft and revised statutes. There's just one last page, and I know you have to answer questions, and there's things related to the budget, or there's other areas you might want to discuss. Under non-operating revenue expense, you see grant expense at \$1,080,000, no expenditure. We got the money in the box, but we didn't expend it. Because the district is accounted for under full accrual accounting, then when you use that money to actually create an asset, it doesn't show up as an expense. And I don't know why, from a budget point of view, the state has a budget put together like this, because those grant expenditures were to create new assets, so an asset can't show up in this column as an expense. It shows up as an addition to it. On page 21, at the bottom of this page, there's a table there, and it shows capital assets. It shows the balance of assets, beginning of the year, additions, deletions, and then the end of the year. And if you follow that down, you can see, you see land, and then you see construction and progress, and it shows \$992,000 in additions. Well, if we were a cash basis operation here, that \$992,000 would have to show on that budget line item. So, from our perspective, we think the financial statement looks pretty good. We didn't

find any significant issues with it. Both the water and the sewer fund are positively cash-flowing. You do have some bonds and some restricted cash you have to set aside. That was the one I was going to go to, which is, it shows up on, somewhere, it shows up on page 21. It shows here restricted assets. It shows sewer bonds, facility loan, state capital grant. It shows here the different varying amounts you're supposed to put away and what the cash balances are and what you're supposed to be working towards. A lot of these, once, for example, the debt's paid off, then it's no longer restricted. You can pretty much use plenty of what you want to use before. Like myself, this is a real clean audit.”
Motion by Derek 2nd by Dave. Motion carries 4-0

8. FOR POSSIBLE ACTION – Discussion, Deliberation and Possible Decision on approving and adopting the “2024 Surplus Property Sale Resolution” for the intent to sell of Surplus Property described as Nye County assessor parcel 018-521-16, also described as T8S R44E S11 PT of NW (West of Highway 95) 100.4 +/-P#1230541, as further described in exhibit A, including the associated water rights identified in exhibit B, per NRS 318.5122. The Property and Water Rights are hereinafter referred to as “property”

Frank reads the Resolution – “A resolution by the Beatty Water and Sanitation District declaring the intention of the board to sell property at auction, finding that the sale is in the best interest of the district and fixing a time not less than three weeks after the adoption of this resolution at which sealed bids will be received and considered. Resolution. A resolution of the Board of Trustees of the Beatty Water and Sanitation District designated the 2024 surplus property sale resolution, providing for the intent to sell a surplus property described as Nye County Assessor Parcel 01852116, also described as Township 8 South Range 44 East South 11 part of northwest west of Highway 95, 124 acres, parcel number plus or minus, parcel number 1230541, as further described in Exhibit A, including the associated water identified in Exhibit B, per NRS 318.5122, the property and water rights are here and after referred to as property. The Beatty Water and Sanitation District is required by NRS 318.5122 to adopt a resolution by a majority vote of the members declaring the intention of the board to sell the property at auction and find that the sale is in the best interest of the district and whereas the Beatty Water and Sanitation

District has identified the property described as, same description, including the water rights referenced above as being surplus and has declared that the property will not be needed by the district to provide service to its customers. Whereas the land described herein to be offered for public auction includes 100.4 acres of vacant land with accompanying water rights as per Nevada Water Permit number 83057. Future water rights are not guaranteed by Beatty Water and Sanitation District as retention of water rights becomes the responsibility of the owner and whereas the Beatty Water and Sanitation Board of Trustees has made a finding that the sale of this property is in the best interest of the district and its customers and whereas the Beatty Water and Sanitation District Board of Trustees, by the way of this resolution, must fix a time and a place not less than three weeks after the adoption of this resolution for the sealed bids to be received and considered. Now, therefore, it be resolved that pursuant to NRS 318.5122, the Beatty Water and Sanitation District Board of Trustees hereby finds that the public sale of the property described as, same description, is in the best interest of the Beatty Water and Sanitation District. Be it further resolved that the Beatty Water and Sanitation District shall receive sealed bids for the property on February 19, 2025 at 5 p.m. Pacific Standard Time at the Beatty Water and Sanitation District office located at 101 North 2nd Street, Beatty, Nevada 89003. No sealed bids will be accepted after 5 p.m. Pacific Standard Time. Be it further resolved that the auction, receipt, opening of bids, and acceptance of oral bids will be conducted in accordance with NRS 318.5123 per NRS 318.5123. Oral bids will be accepted following the opening of the sealed bids in the manner provided in this section of law. Be it further resolved that the minimum price of any bid received must be \$1,682,500, excluding the deposit required herein. Be it further resolved that all parties submitting a bid must include a deposit in the form of a cashier's check or money order of \$35,000 to reimburse the district for expenses related to the costs of acting upon this application, including the cost of publication and appraisals. Said deposit shall be refunded to bidders that are not deemed to be the winning bid. Said deposit shall not be considered as part of the purchase price by the winning bidder and shall be retained in full by Beatty Water and Sanitation District as payment for the costs of selling the property. Be it further resolved that

the terms upon which the property will be sold will be set forth in an agreement approved by the Beatty Water and Sanitation District, thus seller, and shall include but not limited to, one, the delivery of \$200,000 by the winning bidder, the buyer, into an escrow as an earnest money deposit with a title company of the seller's choice within five business days of the award of the winning bid. Two, the seller shall be held at the escrow company's, closing, shall be held at the escrow company's office within 30 days of approval by the seller. Three, the title to the property will be sold as is and no warranties will be provided regarding the use and existence of any toxic waste, discharges, or contaminations. Four, the sale of the property shall be subject to any easements, restrictions, covenants, and or conditions that exist on the property. Five, notwithstanding the existing water permit number 83057, seller does not warrant or ensure the water will be found on the property or on or within the property except as otherwise provided herein, escrow fees, recording fees, and all related costs necessary or convenient to complete the transaction herein contemplated shall be paid in equal shares by the seller and the buyer. Seven, buyer agrees to indemnify the seller to hold it harmless from and against any claims, demands, liabilities, costs, expenses, penalties, damages, and losses, including without limitation, reasonable attorney's fees resulting from the sale of the property. Eight, the agreement shall be governed by the laws of the state of Nevada. Be it further resolved that the winning bidder must negotiate a first right of reacquisition of the property with the Beatty Water and Sanitation District, allowing for the Beatty Water and Sanitation District to reacquire the property in whole or in part should such acquisition be in the best interest of the district in the future. Be it further resolved that the award of the winning bid shall be made at the regular meeting of the Beatty Water and Sanitation District Board or at any adjourned session of the same meeting held within the 10 days next following. Be it further resolved if the buyer does not provide the full payment of the winning bid into escrow within 10 days of the award of the winning bid, then the seller may, at its discretion, may void the sale and the seller may, at its sole instruction, retain the \$35,000 deposit in reference to the bid. Be it further resolved that the Beatty Water and Sanitation District may, at its sole instruction, reject any and all bids, whether written or oral,

and withdraw the property from sale. Be it further resolved that any resolution of acceptance of any bid made by the board must authorize and direct the chair to execute a deed and deliver it on performance and compliance by the buyer with all the terms or conditions of the agreement which are to be performed concurrently therewith. It is directed that notice of the adoption of this resolution and of the place and time of holding of said public meeting shall be given by posting copies of this resolution in three public places in the county not less than 15 days before the date of said meeting and by publishing this resolution not less than once a week in three successive weeks before the public (13:42) meeting in a newspaper of general circulation in Nye County. Copies of said resolution will be available at Nye County Administration, 101 Radar Road, Tonopah, Nevada, or 2100 Walt Williams Drive, Suite 100, Tarasso Park. Motion by Derek. Second by David. Public comment made by Viola Denison, asks where the property is going to be at, Derek confirms, Sarcobatus Flat. Public comment made by Steve Yopps, reaffirming Corvus' interest in participating in the auction under the terms of the resolution. Motion carries 4-0.

9. FOR POSSIBLE ACTION – Discussion, Deliberation and Possible Decision on approving and adopting the “2024 Appraiser Services Resolution” providing for the procedures related to the creation and maintenance of a list of qualified appraisers, per NRS 318.5121 (1), with the amended language to add the word “lease”.

Frank reads “A resolution of the Board of Trustees of the Beatty Water and Sanitation District designated the 2024 appraiser services resolution providing for the procedures related to the creation and maintenance of a list of qualified appraisers per NRS 318.5121 subsection 1. Whereas the Beatty Water and Sanitation District is required by NRS 318.5121 to adopt a resolution to set forth the procedures for creating and maintaining a list of qualified appraisers to conduct appraisals of real property offered by sale or for lease by the Beatty Water and Sanitation District and whereas the Beatty Water and Sanitation District is contemplating the sale and or lease of real property in the future and whereas one or more appraisals will be required in advance of any sale or lease of real property by the Beatty Water and Sanitation District and whereas the use of an appraiser is both

in accordance with law and in the best interest of the rate payers within the Beatty Water and Sanitation District service area. Now therefore be it resolved that pursuant to NRS 318.5121 the general manager of the list of appraisers qualified to conduct appraisals of real property for the board of trustees the list must contain the names of all persons qualified to act as a general appraiser in the county in which the real property may be appraised. Solicitation of qualified appraisers shall be conducted by the general manager using consultation with Nye County Purchasing and Contracts Department to gain access to a roster of qualified appraisers maintained by Nye County and through research to be conducted by the general manager with respect to additional qualified appraisers that would be suitable for the sale or lease of real property that is being contemplated by the Beatty Water and Sanitation District. The list of qualified appraisers resulting from the procedures described herein is attached as exhibit A to this resolution. Be it further resolved the list of appraisals appraisers approved by the board of trustees shall be organized at random and rotated annually. Be it further resolved the list of appraisers shall be maintained by the Beatty Water and Sanitation District and shall be updated annually to ensure that the list reflects active and qualified appraisers.

Be it further resolved it is in the best interest of the Beatty Water and Sanitation District that the appraisers approved by this resolution shall be free of any conflict of interest in accordance with NRS 318.5121 subsection 3A and 3B. Motion by David, 2nd by Derek. Motion carries 4-0.

10. FOR POSSIBLE ACTION – Discussion, Deliberation and Possible Decision to direct staff to order Appraisals for water rights in Oasis Valley.

Joel states “The reason for the amendment on the resolution. The next step in the process would be to be able to move the water rights and simply come back in.” Motion by Dave 2nd by Derek. Motion carries 3-0 Amina opposed.

11. FOR POSSIBLE ACTION – Discussion, Deliberation and Possible Decision on the review and approval of financials from beginning of Fiscal Year ‘24 up to the month of December.

Frank states “We have \$343,763.94. Go through the expenses. We have a total expense of \$302,543.82, leaving a net ordinary income of \$41,220.12. So, we heard we're surviving. We're not meeting depreciation, but we have cash flow. So, then we add in

some of our other income, and they include the capital improvement fees, like the connection fees. So those are really retained for system improvement. But during that time for the total net income is \$91,836.41. In our accounts, we have some money at the bank of \$775,000 and change. We have some accounts receivable. And I'm sure we have accounts payable as well. In our balance sheet, we have assets of \$6,813,297.” Motion by Dave 2nd by Derek. Motion carries 4-0.

12. BOARD MEMBER REPORTS/COMMENTS –Announcements or topics / issues proposed for future workshops and agendas. No action will be taken by the Board.

Derek – “I guess I'll just say this is my last meeting, so it's been a pleasure to serve for the town. I'm not going anywhere. I'm hoping to get invested in some bars or something here, some businesses. But in the meantime, you might see me back at some point. I wouldn't put it past me, and it's been quite interesting. So, thank you.”

Amina – “I don't think we mentioned it, but there was a site visit with the EPA, the state version of the federal level, which went well. Went very well. But a lot of it was focused around the American Steel Act that goes with the SRF funding, but that was interesting. So, when we receive federal or state funding, they have made-in-the-USA requirements, so all components have to be made in the USA, and we had trouble with, nuts and bolts for the steel bolted tank. So that was a delay we had the steel for the tank. We were set, but they couldn't put it together. So, they had to get that away for three months. Almost put us behind.” Dave thanks board members Derek, and Amina for their time on the board.

13. FOR POSSIBLE ACTION – Schedule next Board of Trustees meeting date and time.

Next board meeting scheduled for January 22nd 2025.

14. GENERAL PUBLIC COMMENT – Three-minute time limit per person for matters both on and off the agenda. No action will be taken by the Board.

Steve Yopps – “Currently, Beatty Water and Sanitation only uses about 10% of their certificated water rights in Oasis Valley, about 15 to 20% of the Amargosa Desert water that is both kind of a mix of certificated water and permitted water. I'd just like to offer and, you know, basically offer our services to help, you know, increase

beneficial use on that water so that, you know, reduce threat from SEO, legislative take-backs and things like that. We're willing to, you know, work with baby water and sanitation to, you know, whatever projects that you guys and gals might wish to employ. And just want to reassure the district that, you know, we intend to have you guys take control. We're just trying to help improve and enhance the quality of those water rights through beneficial use. We think the beneficial use can give you the best control. Might be not water leases but water sales, you know, water sales. That way you guys can decide to, you know, turn it on or off or charge whatever price you deem fit. So anyhow, just wanted to think about whether we can talk about that through the new year. Thank you.” Erika Gerling thanks board members Derek and Amina for their time on the board. Dustin Ozman – “I am the Health, Safety, and Security Specialist. I've had the privilege of participating in community events since 2015. My wife, who was born, raised, and graduated from Beatty High School, and I remain deeply committed to this community. We actively support local events, attend town board meetings, and engage with community leaders to stay connected and contribute meaningfully. At the age of 15, my father and I relocated from Las Vegas, Nevada, to Elko, Nevada in 2004. Over the past 20 years, I've witnessed how the mining industry has transformed communities, bringing in medical centers and creating new opportunities for families through private sector growth. Since joining the mining industry in 2010, I've seen firsthand the positive impacts mining has on its employees and the towns they call home. At AngloGold Ashanti, safety is and always will be our top priority. Through multiple safety initiatives, we strive to protect both our team members and the communities we serve. AngloGold Ashanti is committed to being a leader in safety and a responsible steward of the communities in which we operate. Thank you.”

ADJOURNMENT

Motion by Amina 2nd by Dave. Motion carries 4-0

Translated By: Haylee Faulkner

Date: March 21, 2025

Signature Approval of the Minutes

1. _____
Frank Jarvis
2. _____
Derek Stonebarger
3. _____
David Bryan
4. _____
Amina Anderson
5. _____
Albert Verrill