

TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE DECEMBER 13, 2017
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, December 13, 2017, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Vice Chair Hartung called the meeting to order at 9:30 a.m.

1. ROLL CALL

Members Present: Jenny Brekhus, Naomi Duerr, Vaughn Hartung, Jeanne Herman, Neoma Jardon*, and Ron Smith.

Members Absent: Geno Martini

A quorum was present.

Member Jardon left at 11:21 a.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mr. Dale Ferguson.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

Upon motion by Member Smith, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

5. APPROVAL OF THE MINUTES OF THE OCTOBER 18, 2017 MEETING

Upon motion by Member Herman, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the October 18, 2017 minutes.

6. APPROVAL OF THE MINUTES OF THE NOVEMBER 6, 2017 SPECIAL MEETING OF THE TMWA BOARD OF DIRECTORS

Member Brekhus stated that even though she was not present at the meeting she will vote on approval of the minutes since she read the draft minutes of November 6, 2017.

Upon motion by Member Herman, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the November 6, 2017 minutes of the special meeting.

7. SMART ABOUT WATER DAY UPDATE

Andy Gebhardt, TMWA Operations & Water Quality Director, gave a recap of the Smart About Water Day event on October 21, 2017. More than 80 attendees were present, many stayed for a while and had very good questions. It was well received and a great success for it being the first event of its kind. Mr. Gebhardt reported that many of the displays will be set-up at each of the three local agencies in the coming months.

8. DISCUSSION AND ACTION ON ADOPTION OF RESOLUTION NO. 256, A RESOLUTION TO APPROVE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017

Michele Sullivan, TMWA Chief Financial Officer, introduced Matt Bowman, TMWA's new Financial Controller. Mr. Bowman gave a brief introduction.

Ms. Sullivan reported that there were no financial audit findings and Eide Bailly gave a clean opinion. However, there was a single audit in relation to the close out of the Truckee River Operating Agreement (TROA) grant of \$1.2 million. \$87,000 of invoices submitted to the Bureau of Reclamation (BOR) were dated before the grant award date. Staff had to resubmit new invoices dated within the grant period to the BOR. TMWA's procedures have been updated to avoid this from occurring in the future. She further reported that the debt service coverage ratio was 2.86x in FY17 v 1.58x in FY16 due to the deferral of \$12 million in bond payments. She did note that commercial paper was paid down by \$4.4 million in FY17, and she foresees paying down approximately \$9.2 million in FY18.

Upon motion by Member Duerr, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 256 to approve the Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2017.

9. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING APPOINTMENTS TO THE STANDING ADVISORY COMMITTEE TO FILL VACANCIES IN EXISTING POSITIONS WHOSE TERMS EXPIRE

DECEMBER 31, 2017, SUCH APPOINTMENTS TO BE MADE FOR NEW TERMS FROM JANUARY 1, 2018 TO DECEMBER 31, 2019 FROM THE FOLLOWING LIST OF CANDIDATES: (1) FRED SCHMIDT, PRIMARY REPRESENTATIVE, WHOLESALE CUSTOMER; (2) JONNIE PULLMAN, ALTERNATE REPRESENTATIVE, MULTI-FAMILY CUSTOMER; (3) COLIN HAYES, PRIMARY REPRESENTATIVE, BANN CUSTOMER; (4) JIM SMITH, ALTERNATE REPRESENTATIVE, BANN CUSTOMER; (5) BRUCE GESCHIEDER, PRIMARY REPRESENTATIVE, RENO-SPARKS CHAMBER CUSTOMER; (6) BILL HUGHES, ALTERNATE REPRESENTATIVE, RENO-SPARKS CHAMBER CUSTOMER

Sonia Folsom, TMWA Standing Advisory Committee Liaison, presented on the Standing Advisory Committee members whose terms were expiring on December 31, 2017 and their commitment to continue for another two-year term.

Upon motion by Member Duerr, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board reappointed: (1) Fred Schmidt, primary representative, wholesale customer; (2) Jonnie Pullman, alternate representative, multi-family customer; (3) Colin Hayes, primary representative, BANN customer; (4) Jim Smith, alternate representative, BANN customer; (5) Bruce Gescheider, primary representative, Reno-Sparks Chamber customer; (6) Bill Hughes, alternate representative, Reno-Sparks Chamber customer; whose terms otherwise would expire December 31, 2017 .

10. UPDATE REGARDING POSSIBLE ACQUISITION OF WEST RENO WATER COMPANY SYSTEM AND FUTURE WATER SERVICE TO THE VERDI AREA, DISCUSSION AND POSSIBLE DIRECTION TO STAFF ON VERDI AREA WATER SERVICE

John Enloe, TMWA Natural Resources Director, reported on the progress made since the October 18 Board meeting, when the Board directed staff to begin the process of the possible acquisition of West Reno Water Company. TMWA staff have negotiated a non-binding letter of intent for the acquisition and the estimated purchase price is \$950,000, calculated as the sum of the following:

- Book value of the water system assets, estimated at \$700,000;
- Reasonable legal and engineering fees and costs incurred by West Reno Water Company to prepare the application materials necessary for Seller to obtain authorization from the Nevada PUC to become a regulated public utility, estimated at \$150,000;
- Pipe casing and easement across the Truckee River, estimated at \$100,000.

Discussion followed regarding the Public Utilities Commission (PUC) expenses incurred thus far and reimbursement of said expenses as part of the purchase price (Verdi Business Park had stayed PUC proceedings while working on the acquisition by TMWA); Reno Land will contribute \$2.54 million in connection fees; the estimated West Reno Water Company facility improvement costs of \$1.59 million; a

\$500,000 grant application to the State of Nevada has been approved for the consolidation of the Riverbelle water system; other grant applications are pending; the feasibility of a special assessment district by Reno and possibly Washoe County to fund major off-site infrastructure improvements; and request for a checklist of tasks to keep track of the process.

No action taken.

Vice Chair Hartung called for a recess at 10:25 a.m.

Vice Chair resumed the meeting at 10:33 a.m.

11. DISCUSSION, AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING REQUEST FROM THE DEVELOPER OF THE STONEGATE PLANNED UNIT DEVELOPMENT THAT TMWA BE THE RETAIL PROVIDER FOR ITS DEVELOPMENT PROJECT

Mr. Pagni excused himself and asked for conflict counsel, Dale Ferguson, Woodburn & Wedge, to step in for the hearing of this agenda item.

Mr. Enloe presented the map of the 5,000-unit StoneGate planned unit development, located near White Lake near the Peavine foothills in the Cold Springs area. The City of Reno council continued this item until mid-January, and in the meantime, has asked TMWA to provide an “Acknowledgment of Water Service” for the project; which states TMWA has the capacity to serve the development. To reach the new development, a 6-mile pipeline would need to be constructed from North Virginia Street and Lemmon Drive to the project site, as well as on-site wells and/or an intertie with Great Basin Water Company in Cold Springs, to provide a level of redundant capacity; all to be paid by the applicant.

Vice Chair Hartung stated on the record, he is a customer of Great Basin Water Company in Spanish Springs.

Public Comment

Don Pattalock, Stonegate representative, stated they are in the zoning stage and it will be about two years before the first customer moves in and has water service. Mr. Pattalock added that this area has been in the City of Reno jurisdiction for some time and his staff has worked extensively with TMWA staff on water service for the area. All infrastructure costs would be paid for by the developer.

James Eason, Great Basin Water Company, stated that Great Basin Water Company is a large utility operating in several states and is regulated by the PUC. They have five wells in Cold Springs, and want to work with TMWA and support TMWA’s efforts.

End Public Comment

Mr. Enloe added there are surface water rights on the Stonegate property, which Stonegate is working through a State Engineer process to try to be augmented and permit an on-site groundwater resource. Fish Springs groundwater rights and pipeline improvements in Stead and Lemmon Valley are complete; it will be the primary water supply for the project.

Mr. Ferguson stated the Board is authorized to submit and acknowledge the letter of water service into public record, which can then be sent to the City of Reno Council for their next meeting; to show TMWA is capable to provide water service for this development.

Mr. Foree added that the annexation of this planned development will be brought to the Board for approval at a later date.

Member Brekhus stated that the decision today is premature and is not ready to move forward based on City of Reno land use concerns.

Upon motion by Member Jardon, second by Member Duerr, which motion duly carried five to one with Member Brekhus dissenting, the Board accepted the letter, into public record, from the developer of the StoneGate planned unit development requesting that TMWA be the retail provider for its development project, and authorized TMWA to provide the City of Reno with an Acknowledgment of Water Service for the project.

12. DISCUSSION AND ACTION ON SCHEDULING REGULAR BOARD MEETING DATES AND TIMES FOR THE CALENDAR YEAR 2018

Mr. Foree presented the 2018 Board of Directors meeting schedule. He stated that the only potential conflict may be July 18, but only if TMWA holds a meeting and if so, the time can be moved up.

Upon motion by Member Smith, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved the 2018 meetings dates and times as proposed by staff.

13. GENERAL MANAGER'S REPORT

Mr. Foree referenced the water project status report and reported that the waiver has been restored. Currently, he is working with Nevada Department of Environmental Protection (NDEP) on a larger waiver to what Las Vegas Valley Water District (LVVWD) has and possible revisions to the Nevada Administrative Code (NAC).

14. PUBLIC COMMENT

There was no public comment.

15. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Brekhus reported that there was a water main break on her street last Friday and commended TMWA's crew, specifically, Justin Greenland, Serviceman, who explained what was happening, and how

they were going to fix the break; they worked through the night without residents' having their water turned off.

16. ADJOURNMENT

With no further discussion, Vice Chair Hartung adjourned the meeting at 11:23 a.m.

Approved by the TMWA Board of Directors in session on January 17, 2018.

Sonia Folsom, Recording Secretary