

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE JUNE 20, 2018
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, June 20, 2018, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Chair Martini called the meeting to order at 10:00 a.m.

1. ROLL CALL

Members Present: Jenny Brekhus, **Alternate Kristopher Dahir, Naomi Duerr, Vaughn Hartung, ***Bob Lucey, *Geno Martini and Ron Smith.

Members Absent: Neoma Jardon

A quorum was present.

** Chair Martini left at 10:07 a.m.*

***Alternate Member Dahir stepped in at 10:07 a.m.*

****Member Lucey left at 11:54 a.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Lucey.

As chairman, Chair Martini moved up agenda item #13 and #6.

13. DISCUSSION AND ACTION ON NOMINATION AND ELECTION OF CHAIRMAN AND VICE CHAIRMAN OF TMWA BOARD OF DIRECTORS AND REQUEST FOR BOARD ADOPTION OF RESOLUTION NO. 264 APPOINTING A CHAIRMAN AND VICE CHAIRMAN FOR FISCAL YEAR 2019

Member Smith motioned to nominate Vice Chair Hartung, since he had done a decent job filling in for current Chair Martini, as Chair to the TMWA Board of Directors for fiscal year 2019.

Upon motion by Member Smith, second by Member Lucey, which motion duly carried by unanimous consent of the members present, the Board approved the nomination of Vaughn Hartung as Chairman of TMWA Board of Directors for fiscal year 2019.

Chair Martini motioned to nominate Member Smith as Vice Chair to the TMWA Board of Directors for fiscal year 2019.

Upon motion by Chair Martini, second by Member Lucey, which motion duly carried by unanimous consent of the members present, the Board approved the nomination of Ron Smith as Vice Chairman of TMWA Board of Directors for fiscal year 2019.

Chair Martini formally submitted his resignation as Chairman of TMWA's Board of Directors and thanked past and current board members, and TMWA staff (see attached).

Public Comment

Tammy Holt-Still, Lemmon Valley-Swan Lake Recovery Committee, expressed disappointment regarding the replacement of Commissioner Jeanne Herman with Commissioner Bob Lucey on the TMWA Board of Directors. Her concern is Commissioner Lucey is not from the north valleys and so is not able to represent the issues in that area fully.

6. PRESENTATION OF APPRECIATION AND RECOGNITION TO CHAIRMAN GENO MARTINI FOR SERVICE ON THE TMWA BOARD OF DIRECTORS

Mark Foree, TMWA General Manager, expressed deep gratitude and appreciation to Chair Martini for his many years of service and dedication to the community, TMWA Board of Directors and support of TMWA staff.

Chair Martini thanked Mr. Foree for his comments and gratitude.

No requests were made for Public Comment

3. PUBLIC COMMENT

Ms. Holt-Still stated TMWA does not have transparency. She addressed a comment on the Silver Knolls Facebook page addressing the activity in Lemmon Valley. Bird Seismic company, is mapping underground aquifer in Lemmon Valley for future development, but no information is being provided and residents of Lemmon Valley would like the reports made available and public. (see attached).

4. APPROVAL OF THE AGENDA

Vice Chair Hartung suggested to move agenda item #16 after hearing agenda item #5.

Upon motion by Member Duerr second by Member Lucey, which motion duly carried by unanimous consent of the members present, the Board approved the agenda as amended.

5. APPROVAL OF THE MINUTES OF THE MAY 23, 2018 MEETING

Upon motion by Member Lucey, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the May 23, 2018 minutes.

16. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Vice Chair Hartung thanked TMWA and staff, as well as the Sheriff's office, City of Sparks and Washoe County staff on a phenomenal job fixing the main break on Friday, June 15, 2018 on Vista Boulevard at Peppergrass, which closed northbound Vista Blvd. and caused long traffic delays. TMWA staff followed protocol and worked through the night to restore water as quickly as possible, while at the same time avoiding a high pressure gas main right next to the water main.

7. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE "STATEMENT OF INTEREST" SOLICITATION AND FOR THE POSSIBLE SALE, TRANSFER OR OTHER DISPOSITION OF ALL OF THE FARAD PROPERTY AND ACTION AND DIRECTION TO GENERAL MANAGER ON POSSIBLE GRANT OF RECREATIONAL EASEMENT ACROSS FARAD PROPERTY TO TAHOE-PYRAMID TRAIL INC., A NEVADA NONPROFIT CORPORATION

Pat Nielson, TMWA Distribution, Maintenance & Generation Director, and John Zimmerman, TMWA Water Resources Manager, presented on this agenda item. Mr. Nielson stated they obtained a cost for an appraisal (approximately \$7,500-\$15,000), staff met with Nevada County (the property is currently zoned for open space and there are many restrictions on development), to rezone the property would require changing the master plan, then would require a process to rezone (a timeline of six months – four years), and rezoning would require dedication of the Tahoe-Pyramid Trail (trail) as they want continuity of trails in the area (part of the Nevada County master plan). Mr. Nielson recommended staff publish a request for proposals (RFP) to solicit offers to purchase the property and bring back to the Board for their review. Mr. Zimmerman added TMWA owns property upstream and downstream of the Farad property parcels: in 2007, TMWA granted an access agreement to the trail downstream of Farad; the Truckee Donner Land Trust (TDLT) has an easement upstream to keep the property in its natural state; Nevada County would require continued access to the river and any zoning changes would require continued access to the river by the public.

Discussion followed regarding if the condition of title as it exists today would prevent interested parties from purchasing the property (it would be a question for the buyer and what their intended purpose would be); addressing the Nevada County development code and non-conforming uses related to historical structures; allow for seasonal use to continue; granting conservation easement for the property (it would depend on who purchases the property); and officially granting a permanent easement to the trail.

Member Duerr reported that she received several letters by constituents in support of granting a permanent easement for the trail.

Public Comment

Janet Phillips, Tahoe-Pyramid Trail President, stated she has support from both Sierra and Nevada counties for the trail, the trail from Reno to Truckee will be completed in the fall, approximately 20 people were in the audience to show their support for a permanent easement, and expressed the importance of receiving a permanent (even a relocatable) easement for legal purposes.

Kathy Englar, TDLT representative, stated they submitted a letter of interest on February 28, 2018 and are still interested in acquiring the land for conservation and recreation purposes (their mission), fully support the trail, and would like to schedule a follow-up meeting to discuss next steps.

Warner Griswold, Reno resident, stated he worked at Sierra Pacific Power Company in the plant accounting area. Mr. Griswold suggested conducting an environmental assessment of the property and showed support for the trail.

Elaine Alexander, Reno resident, expressed support of, and thanked the Board for also voting in support of, the trail.

End of Public Comment

Member Brekhus recommended staff work with the TDLT to see what they are willing to do, consider restoring the hydro building to solicit interest for historical purposes, and not recommend going out for an RFP.

Discussion followed regarding risks associated with granting an easement prior to cleaning up the area; General Counsel Michael Pagni said if TMWA granted an easement it would still own the property, but liability would depend on the language of the easement; Liberty Utilities' interest in the property (they have a permanent easement for a portion of the property); liability to property owners who grant recreational easements is limited somewhat by California law; the length of time it would take to re-zone (up to four years); not recommend a relocatable easement, for the trail; and the importance of getting an appraisal for the property.

Upon motion by Member Brekhus second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved: 1. The permanent relocatable easement for the Tahoe-Pyramid Trail; 2. Begin conversation with the Truckee Donner Land Trust and return a recommendation to the Board; and 3. Obtain an appraisal for the property.

8. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING POSSIBLE APPROVAL OF THE RETURN FLOW MANAGEMENT AGREEMENT BETWEEN CITY OF RENO, CITY OF SPARKS, TAHOE-RENO INDUSTRIAL GENERAL IMPROVEMENT DISTRICT (TRIGID) AND TMWA RELATED TO USE OF TMWA RETURN FLOW RESOURCES AND WATER MANAGEMENT OF WATER RESOURCES IN CONNECTION WITH RENO AND SPARKS DELIVERY OF TREATED EFFLUENT TO RENO TAHOE INDUSTRIAL CENTER

John Enloe, TMWA Natural Resources & Planning Director, presented the draft agreement for the Board to approve the Return Flow Management Agreement (RFMA) with the Cities of Reno and Sparks, and Tahoe-Reno Industrial General Improvement District (TRIGID). Permitting, modelling, design and construction of the treated effluent facilities to Reno Tahoe Industrial Center remains to be completed. TMWA continues to act as facilitator of the agreement. One recent change in the agreement is to pool all parties' resources and manage them as one; to the benefit of all.

The Board discussed the agreement as being beneficial to all and expressed satisfaction with TMWA's role; the meaning of 'community resources' with regards to satisfying the return flow requirement; the length of the 10-year notice period to terminate the agreement (this allows time by all parties to adequately plan for the termination); how this agreement relates to Truckee Meadows Water Reclamation Facility (TMWRF) expansion; and perceived competition from TRIGID in obtaining Truckee River water rights (TRIGID was seen as competition. This agreement does not preclude them from acquiring other water rights. However, TRIGID will cooperate in good faith with TMWA to minimize its acquisitions for any purpose); if the resource fee was different for surface and groundwater (if TMWA were to modify its groundwater operations it would charge TRIGID \$29 per AF for TMWA's additional operating costs); if TRIGID would treat the reclaimed water to a higher standard (yes, higher than Class B); addressed concerns regarding TROA and hiring outside attorneys and if TMWA would be compensated for legal fees in the agreement (yes, TMWA will be reimbursed for legal fees, administrative time and modelling costs).

Michael Pagni, TMWA General Counsel, added section 47 of the agreement speaks to limitations on liability for TMWA and includes indemnity for any claims arising from or related to TMWRF reclaimed water supply.

Public Comment

Chris Mixon, attorney for the Pyramid Lake Paiute Tribe (PLPT), expressed that the Tribe has concerns with this project, but believe they can be addressed, amid reassurances from Mr. Pagni that TMWA will continue to work with PLPT.

Upon motion by Member Brekhus second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board recommended to authorize the General Manager to execute the Return Flow Management Agreement between City of Reno, City of Sparks, Tahoe-Reno Industrial General Improvement District (TRIGID) and TMWA related to use of TMWA return flow resources and water management of water resources in connection with Reno and Sparks delivery of treated effluent to Reno Tahoe Industrial Center.

9. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING POSSIBLE APPROVAL OF WATER RIGHTS MANAGEMENT AGREEMENT BETWEEN THE TAHOE-RENO INDUSTRIAL GENERAL IMPROVEMENT DISTRICT (TRIGID), NEVADA DEPARTMENT OF TRANSPORTATION (NDOT) AND TMWA RELATED TO MANAGEMENT OF

WATER RESOURCES IN CONNECTION WITH RENO AND SPARKS DELIVERY
OF TREATED EFFLUENT TO RENO TAHOE INDUSTRIAL CENTER

Mr. Enloe presented the agreement with TRIGID, TMWA and the Nevada Department of Transportation (NDOT). NDOT owns water rights which they have not proven title to and are willing to provide up to 2,200 AF of water rights for the RFMA and to be managed by TMWA. NDOT has been quick to work with and they have already signed the agreement.

Upon motion by Member Duerr second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved to authorize the General Manager to execute the Water Rights Management Agreement between the Tahoe-Reno Industrial General Improvement District (TRIGID), Nevada Department of Transportation (NDOT) and TMWA related to management of water resources in connection with Reno and Sparks delivery of treated effluent to Reno Tahoe Industrial Center.

10. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF
REGARDING THE METER RETROFIT FUND PROGRAM AND POSSIBLE
FUTURE AMENDMENT TO METER RETROFIT FEE UNDER TMWA RULE
7THERE WAS NO PUBLIC COMMENT.

Mr. Zimmerman stated the Board directed staff to reserve the current amount in the meter fund for future retrofits for the reason the fee was collected and to go back to the TMWA's Standing Advisory Committee to identify specific uses for projects put under the broad category of drought resiliency or water resource sustainability. As of April 30th, there is about \$3.9 million in the retrofit fund; the fee will continue to be collected until it has officially changed.

Discussion followed regarding whether the fees applied to residential properties only (fees are applied to new or expanded service all customer classes); consider incorporating case studies of what other utilities have done and how this compares to other TMWA fees (this can be incorporated into the analysis as part of the review process and presented to the respective organizations during the public process); the possibility of rolling the meter retrofit fee into area/connection fees (it would not be beneficial since some projects benefit the entire system instead of area-by-area); consider ending the meter retrofit fee program and start another program when there is a need (staff considered this option, but the original purpose of the retrofit program was for conservation. This is still the case, but converting it to a much broader purpose); and future meter retrofits would end up costing more than what the yield would be.

Upon motion by Member Brekhus second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved staff to move forward with proposals to broaden the fee purpose for drought resiliency and water resources sustainability, proceed with the public process and present to the Board their final recommendation.

Vice Chair Hartung suggested hearing agenda items #11 and #12 together for sake of time. Mr. Pagni confirmed that is acceptable.

11. STATUS REPORT ON EXTENSION OF THE TMWA WATER SYSTEM INTO THE VERDI AREA

12. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING STATUS OF NEGOTIATIONS AND APPROVAL OF REVISED TERMS OF AGREEMENT WITH WEST RENO WATER COMPANY FOR THE ACQUISITION OF THE WEST RENO WATER SYSTEM, AND UPDATE ON STATUS AND POSSIBLE DIRECTION TO STAFF REGARDING ANCILLARY AGREEMENT WITH BCH GAMING RENO AND AGREEMENT WITH BT SOUTH LLC AND RENO LAND DEVELOPMENT RELATED TO WEST RENO WATER SYSTEM AND FACILITIES ACQUISITION

Scott Estes, TMWA Engineering Director, provided a status update: portions of the Verdi water supply facilities have been constructed; construction of the Verdi Main Extension has been delayed due to lack of easements through the River Oaks subdivision; the Washoe County School District has applied for a Drinking Water State Revolving Fund (DWSRF) principle forgiveness loan to extend a water main to the Verdi Elementary School (which will be expanded); and the West Reno Water Company acquisition agreement continues to be reviewed and revised by both parties.

Mr. Enloe informed the Board, since the initial presentation of agreement five months ago, that the agreement with West Reno Water Company, as well as the casing acquisition agreement, are both signed. Mr. Foree added the agreements were signed today.

Member Duerr stated the Meridian 120 project has not been approved due to the condition in the City of Reno code that required the use of surface water and if conjunctive use of surface and groundwater meet the condition. Mr. Enloe replied that it was brought to TMWA staff's attention, but it is now up to the City of Reno to determine what the condition means and to inform staff.

Member Brekhus said the issue is the infrastructure project that can allow development to occur. She requested TMWA staff's expertise and assistance as the City of Reno staff is taxed and have not been able to address the financing special assessment district concept.

Mr. Enloe stated TMWA wants reaffirmation of the acquisition agreement with changes to costs which are now TMWA's cost burden, which can be recouped in connection fees. The other unknown is the Public Utilities Commission (PUC) costs, which have yet to be determined.

Mr. Pagni added costs must be agreed upon during due diligence, and if not, TMWA can terminate the agreement.

Vice Chair Hartung wants to ensure TMWA current rate payers are not adversely impacted.

Upon motion by Member Duerr second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved the revised terms of agreement with West Reno Water Company for the acquisition of the West Reno water system, and the ancillary agreement with BCH Gaming Reno and agreement with BT South LLC and Reno Land Development related to West Reno water system and facilities acquisition.

14. GENERAL MANAGER'S REPORT

Mr. Foree reported that TMWA's hydro generation revenue has broken a new record, \$3.65 million, \$100,000 over the previous record and we still have six weeks until year end. He thanked the Board for being very supportive of the hydro generation facilities and commended the hydro crew on a great job.

Vice Chair Hartung said no other organization in the region has an outside revenue source like this.

Mr. Nielson added they anticipate reaching \$3.75 million by fiscal year end.

Mr. Foree also informed the Board of the TMWA Annual Summer BBQ on Saturday, July 14th and recommended to cancel the July 18th Board meeting.

15. PUBLIC COMMENT

There was no public comment.

16. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

17. ADJOURNMENT

With no further discussion, Vice Chair Hartung adjourned the meeting at 11:55 a.m.

Approved by the TMWA Board of Directors in session on August 15, 2018.

Sonia Folsom, Recording Secretary

****Chair Martini was present for agenda items 1, 2, 4, 6 and 13 only.***

***** Alternate Member Dahir was present for agenda items 3, 5, thru 17 only.***

******Member Lucey was present for agenda items 1 thru 15 only.***



June 20, 2018

Mark Foree, General Manager
Truckee Meadows Water Authority
1355 Capital Boulevard
Reno, NV 89502

RE: Resignation, Chairman of the Board of Directors

Dear Mark,

Please accept this correspondence as my formal resignation as Chairman of the Board of Directors of the Truckee Meadows Water Authority.

Rest assured that I have enjoyed the time I have spent as Chairman and Director of TMWA over the past 13 years., with four of those as Chairman of the Board.

I would like to thank the past and present Board of Directors, the great management team and most of all – the terrific employees that allow TMWA to operate as the well-oiled machine that it is.

With warm regards,

A handwritten signature in black ink, appearing to read "Geno R. Martini". The signature is fluid and cursive, with a long horizontal stroke at the end.

Geno R. Martini,
Mayor

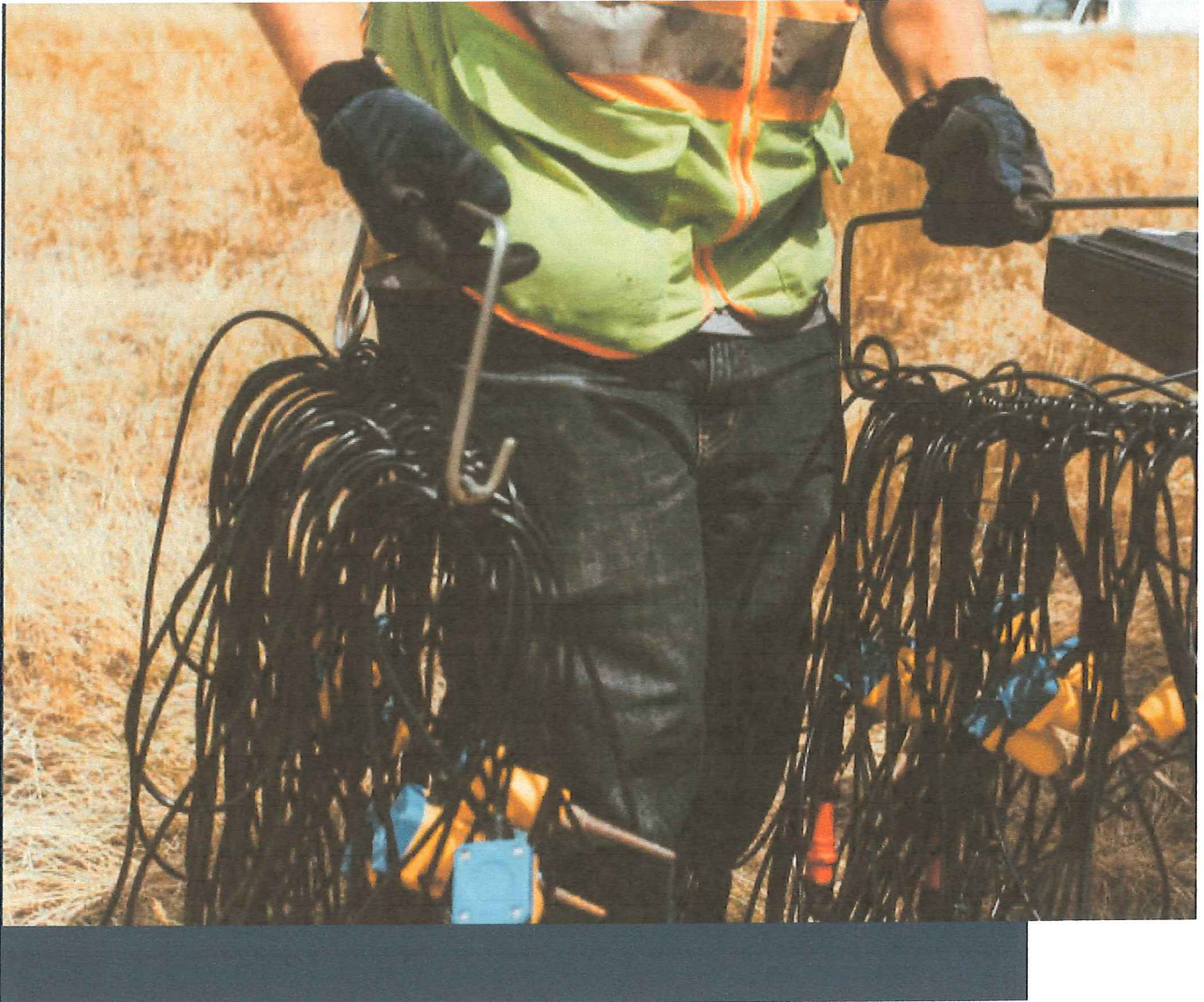
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Water Authority, Board of Directors



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Tracy Grauberger is 🤔 feeling curious.

June 11 at 1:21pm

We noticed a few trucks along the Lemmon Valley dirt extension at American Flat, so we stopped and asked what they were working on. The company is called Bird Seismic and they have been contracted to map the underground aquifer in that area for future development. They couldn't give us any juicy details, so not sure if this is part of an environmental impact study or they are just looking to suck all the water from the neighbors.
