

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE DECEMBER 7, 2021
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Tuesday December 7, 2021, at the Sparks Council Chambers. Chair Hartung called the meeting to order at 2:01 p.m.

1. ROLL CALL

Members Present: Paul Anderson, Jenny Brekhus, Kristopher Dahir, Naomi Duerr, Vaughn Hartung, and Neoma Jardon. Member Duerr participated via remote technology.

Member Absent: Alexis Hill

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Karl Katt, TMWA Standing Advisory Committee Member.

3. PUBLIC COMMENT

There was no public comment.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS

There were no Board comments.

5. APPROVAL OF THE AGENDA

Chair Hartung suggested hearing items 10.A and 10. B concurrently and 12 and 13 concurrently.

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

6. APPROVAL OF THE MINUTES OF THE OCTOBER 20, 2021 MEETING

Upon motion by Member Anderson, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the October 20, 2021 minutes.

7. DISCUSSION AND ACTION ON ADOPTION OF RESOLUTION NO. 298: A RESOLUTION TO APPROVE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT(ACFR) FOR FISCAL YEAR ENDED JUNE 30, 2021

Matt Bowman, TMWA Financial Controller, acknowledged TMWA staff Sophie Cardinal, Principal Accountant, who facilitated the majority of the audit with Eide Bailly, and Sandra Tozi, Senior Financial Analyst, and Sonia Folsom Executive Assistant, on their contribution in the statistical section. Mr. Bowman presented the updated ACFR with no audit findings. He also presented a preliminary example of TMWA's first Popular Annual Financial Report (PAFR) which is a user-friendly version of the ACFR for the general public and will be submitted to Government Finance Officers Association (GFOA) by December 31, 2021. The PAFR will be presented to the Board in January.

Upon motion by Member Dahir, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 298: A resolution to approve the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2021.

8. PRESENTATION OF FINANCIAL PERFORMANCE FOR FIRST QUARTER FISCAL YEAR 2022

Mr. Bowman presented the financial performance for first quarter fiscal year 2022: change in net position was \$4.0m (18%) higher than budget; operating revenue was \$0.8m (2%) higher than budget which was driven primarily by higher water sales and other operating sales, but offset by lower hydroelectric sales; water sales was higher by \$0.5m (1%); total operating expenses were \$1.0m (4%) lower than budget; non-operating expenses were \$0.4m higher than budgeted; capital contributions were \$2.5m higher than budget, driven primarily by higher developer infrastructure contributions and higher developer facility charges; and total cash on hand was \$230.4m or \$0.8m higher than at the beginning of the fiscal year.

Member Anderson thanked Mr. Bowman and appreciated the quality of the report and data presented.

9. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE APPROVAL OF AN INTERLOCAL AGREEMENT (ILA) BETWEEN TMWA AND CITY OF RENO ON CONSTRUCTION AND OPERATION OF THE AMERICAN FLAT ADVANCED PURIFIED WATER DEMONSTRATION FACILITY

Stef Morris, TMWA Water Resources Manager, presented the report which includes the terms, and recommended to the Board to authorize the ILA with City of Reno ("Reno"), which was approved by Reno City Council at their November 10th meeting, and is consistent with the cost allocation presented by Mr. Bowman at last month's Board meeting.

Member Brekhus expressed her concerns about TMWA entering into this ILA with Reno regarding Reno's stagnant rate structure and connection fees, ability of debt allocation and payment of debt, the sewer

shed affiliated with this project, and inquired of the connection between the water being sold by TMWA and the Vidler water system.

Chair Hartung stated that TMWA staff are not in a position to answer Member Brekhus' questions related to Reno's financial situation.

Mr. Bowman agreed that TMWA needs to have confidence with its partners, which they do, but the question of whether either party has the ability to pay will be confirmed at a later time.

Member Duerr stated, in an effort to expand underground storage, she voted in support of this ILA at Reno City Council and confirmed the construction cost of the transmission main approved at Reno City Council. Ms. Morris replied yes.

Chair Hartung inquired, to Member Brekhus' point, about how this relates to Vidler water, expressing concern that TMWA and the A+ water would be in direct competition. John Enloe, TMWA Director of Natural Resources, replied staff has had initial discussions with Vidler Water (Vidler), and stated that TMWA would not be in direct competition, rather complementary to their project. In the ILA, nothing is finalized yet, staff has contemplated a combination of resources: For example, if water rights were required for a project, two-thirds could be supplied by Vidler water and one-third from TMWA's A+ water, which would be sold at the same price as Vidler and the revenue from the A+ water sold would be split between TMWA and City of Reno, 40 and 60 percent respectively. No decisions have been made at this time and discussions are ongoing.

Mark Foree, TMWA General Manager, added TMWA would only need to modify Rule 7, water rights dedication, in order to implement the combination of resources required for dedication that Mr. Enloe described.

Member Brekhus asked about the reservoir for \$90m at Red Rock, it not being part of the cost-share and only Reno would be responsible for paying for it, and that Reno Sparks Indian Colony is exploring options to send water to Hungry Valley. Mr. Enloe replied TMWA has not been part of the discussions between Reno Sparks Indian Colony and Reno, and Reno's first priority is the American Flat project, and its second priority is the Red Rock reservoir and expansion of the purple pipe system.

Upon motion by Member Duerr, second by Member Dahir, which motion duly carried by five to one with Member Brekhus dissenting, the Board approved the Interlocal Agreement between TMWA and City of Reno on construction and operation of the American Flat Advanced Purified Water Demonstration Facility.

10. PUBLIC HEARING ON RATE AMENDMENTS

A. INTRODUCTION AND FIRST READING OF AMENDMENTS TO TMWA RATE SCHEDULE WSF – WATER SYSTEM FACILITY CHARGES REVISING AREA FEE, SUPPLY AND TREATMENT, AND STORAGE UNIT COSTS

B. INTRODUCTION AND FIRST READING OF AMENDMENTS TO TMWA RATE SCHEDULE BSF – BUSINESS SERVICES FEES

Chairman Hartung opened the hearings on Items 10A and 10B concurrently. Danny Rotter, TMWA Engineering Manager, and Michele Sullivan, TMWA Chief Financial Officer, presented the public outreach schedule and proposed revisions to TMWA's Rate Schedule WSF charges, revising area fee, supply and treatment, and storage unit costs and BSF amendments. Mr. Rotter explained both fees apply to new business projects that require developers to apply for new or expanded water service, and do not affect costs or rates to existing customers, and the last time they were updated was in 2018.

Vice Chair Dahir inquired why staff is increasing rates at this level and thereby increasing the cost of housing. Ms. Sullivan replied that in 2018, prior to the fees increasing, about \$90m had been advanced to construct infrastructure required for future growth. Since 2018, the amount owed by developers to TMWA for this growth has decreased to about \$40-50m; part of the calculation is the limited amount per gallons per minute (GPM) in an area and the fees need to cover the cost of building the expansion. Mr. Foree added there are two very separate funding mechanisms: one is to pay for water service on a monthly basis for existing customers and the second is cost of infrastructure for new development; they can't be intertwined because of Board policy of non-cross subsidization and that growth pays for growth.

Member Brekhus said it is a good model, TMWA calibrates rates to the CIP in a periodic manner, compared to that of the Reno sewer fund, which has not been increased, even on a Consumer Price Index (CPI) basis.

Member Jardon reiterated that growth pays for growth, but what they consistently hear at Reno is that they need to put in infrastructure before anything is built; today's decision is moving in the direction of having infrastructure in place so TMWA is prepared for any development related to growth.

C. PUBLIC COMMENT

There was no public comment.

Upon motion by Member Brekhus, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved to refer to a second reading of amendments to TMWA Rate Schedule WSF – Water System Facility Charges revising area fee, supply and treatment, and storage unit costs.

Upon motion by Member Brekhus, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved to refer to a second reading of amendments to TMWA Rate Schedule BSF – Business Services Fees.

CLOSE PUBLIC HEARING

11. PRESENTATION OF TRUCKEE RIVER FUND ACTIVITIES FOR CALENDAR YEAR 2021

Sonia Folsom, TMWA Executive Assistant, presented the staff report.

Vice Chair Dahir inquired what reason(s) a project would not get approved for funding. Ms. Folsom replied a few reasons could be that it doesn't fall under any of the priorities, or the project was downstream of TMWA's service area.

12. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE APPOINTMENT OF JON COMBS TO THE STANDING ADVISORY COMMITTEE (SAC) TO FILL THE WHOLESALE CUSTOMER REPRESENTATIVE ALTERNATE POSITION FOR TERM BEGINNING JANUARY 1, 2022 TO DECEMBER 31, 2023

13. 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, 2021, SUCH APPOINTMENTS TO BE MADE FOR NEW TERMS FROM JANUARY 1, 2022 TO DECEMBER 31, 2023 FROM THE FOLLOWING LIST OF CANDIDATES: (1) CHRIS MELTON, PRIMARY REPRESENTATIVE, WHOLESALE CUSTOMER; (2) JONNIE PULLMAN, ALTERNATE REPRESENTATIVE, MULTI-FAMILY CUSTOMER; (3) JOHN KRMPOTIC, ALTERNATE REPRESENTATIVE, COMMERCIAL CUSTOMER; (4) COLIN HAYES, PRIMARY REPRESENTATIVE, BANN; (5) JIM SMITH, ALTERNATE REPRESENTATIVE, BANN; (6) KRISTINE BROWN CALIGER, PRIMARY REPRESENTATIVE, RENO-SPARKS CHAMBER; AND (7) ANN SILVER, ALTERNATE REPRESENTATIVE, RENO-SPARKS CHAMBER

Chair Hartung opened items #12 and 13 concurrently and Ms. Folsom presented the staff reports for agenda items #12 and #13 concurrently.

Upon motion by Member Duerr, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the appointment of Jon Combs to the Standing Advisory Committee (SAC) to fill the wholesale customer representative alternate position for term beginning January 1, 2022 to December 31, 2023.

Upon motion by Member Duerr, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2021, such appointments to be made for new terms from January 1, 2022 to December 31, 2023, as follows: (1) Chris Melton, primary representative, wholesale customer; (2) Jonnie Pullman, alternate representative, multi-family customer; (3) John Krmpotic, alternate representative, commercial customer; (4) Colin Hayes, primary representative, BANN; (5) Jim Smith, alternate representative, BANN; (6) Kristine Brown Caliger, primary representative,

Reno-Sparks Chamber; and (7) Ann Silver, alternate representative, Reno-Sparks Chamber.

14. DISCUSSION AND ACTION ON SCHEDULING REGULAR BOARD MEETING DATES AND TIMES FOR THE CALENDAR YEAR 2022

Ms. Folsom presented the proposed meeting dates and times for calendar year 2022.

Upon motion by Member Jardon, second by Member Anderson, which motion duly carried by unanimous consent of the members present, the Board approved the Board meeting dates and times for the calendar year 2022.

15. GENERAL MANAGER'S REPORT

Mr. Foree reported that there is a weather system coming over the next couple of weeks with hopes that it will positively impact our water supply and snowpack. Mr. Foree added that Western Urban Water Coalition (WUWC), which TMWA is a member of, filed an amicus brief requesting the 9th Circuit to rehear the panel's decision on the California River Watch v. City of Vacaville; staff is monitoring the case. Ms. Morris added that a final decision from the court will likely not be made until January or February.

16. PUBLIC COMMENT

There was no public comment.

17. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Duerr asked Mr. Foree to review the article she sent him regarding climate change and impact on snowpack levels and to see if there are other articles related to the topic.

Chair Hartung wished everyone a Happy Holidays.

18. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 3:29 p.m.

Approved by the TMWA Board of Directors in session on January 19, 2022.

Sonia Folsom, Board Clerk.