

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE MARCH 16, 2022
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, March 16, 2022, at Sparks Council Chambers. Chair Hartung called the meeting to order at 10:14 a.m.

1. ROLL CALL

Members Present: Jenny Brekhus, Naomi Duerr, Vaughn Hartung, Alexis Hill, and Neoma Jardon.

Members Absent: Paul Anderson and Kristopher Dahir.

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Lydia Teel, TMWA Emerging Resources Program Administrator.

3. PUBLIC COMMENT

There was no public comment.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS

There were no Board comments.

5. APPROVAL OF THE AGENDA

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

6. APPROVAL OF THE MINUTES OF THE FEBRUARY 16, 2022 MEETING

Upon motion by Member Hill, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the February 16, 2022 minutes.

7. UPDATE ON GENERAL MANAGER RECRUITMENT, DISCUSSION AND DIRECTION TO STAFF REGARDING INTERVIEW PROCESS, INTERVIEW DATE, AND CANDIDATE SELECTION PROCESS

Jessica Atkinson, TMWA Human Resources Manager, thanked Stefanie Morris, TMWA Water Resources Manager, who has experience in executive recruitment processes, for her support. Ms. Atkinson reported the application period (paid and unpaid advertising) was open for a month and closed on February 28, 2022. Of the 22 applications received, 10 applicants had prior utility management experience and received a supplemental questionnaire; eight submitted the questionnaire by the deadline. Based on the results, five candidates have been considered, and are willing, to move forward with the interview process. Staff is recommending the next Board meeting, April 20, 2022 as the interview date and the candidate selection procedure.

Board Members discussed possibly beginning the April 20 meeting earlier and to only have this item on the agenda (a resolution to approve recommendation for federal grant funding must be on the April agenda), moving the background check ahead of the interviews (possible, but the candidates would need to authorize a background check), the possibility for the Board to provide their top two candidates (ultimately decided that since there were only five candidates the Board would pick their top choice), the survey be expanded from one question to a series of questions and comments to allow for more input, but would need to put it in the motion to make the change, and if TMWA has a nepotism policy (yes, TMWA has a nepotism policy).

Member Brekhuis inquired if any of the candidates were internal applicants, and if so, expressed reluctance about staff guiding the recruitment, even though she supported the motion. Especially since the last Board meeting, she (and most likely all Board Members) received an email from Michele Sullivan, former Chief Financial Officer, who expressed concerns about personnel issues. Ms. Atkinson replied yes, there is an internal candidate and Lucas Foletta, TMWA General Counsel, interjected and cautioned Member Brekhuis not to discuss this matter publicly since there are noticing requirements associated with discussing personnel matters, as well as the fact that employment is not within the scope of the Board's authority. Member Brekhuis countered that the Board discusses emails they receive, and they could vote to refrain her from speaking on this matter, which is on recruitment, and the issues Ms. Sullivan brought forward are applicable, and requested an investigation into the matter and to have an adequate background check prior to moving forward since it could favor, or disfavor, the internal candidate. Member Brekhuis also expressed concern this was not included in the packet for public comment.

Member Hill concurred and recommended that TMWA go through a culture study done by a third party. Mr. Foletta stated this item is not agendaized to discuss the potential climate study. Member Hill suggested otherwise because it could delay the process, as it is important for the new general manager to understand the climate, and is part of the recruitment.

Chair Hartung said it is acceptable to make changes, but expressed concern since they do not have representation from City of Sparks today, and inquired about the drop dead date to move forward with the process. Ms. Atkinson replied there is no drop dead date, but once candidates are engaged, they would prefer to move ahead sooner rather than later and provided May 18th as an alternate date.

Member Jardon recalled the Board had discussed having a survey sent to all staff as part of the process, and stated there was no need to delay the process, unless there was another path to discuss. She would like to have as much overlap as possible. Ms. Atkinson noted staff's recommendation is to email the

survey via Survey Monkey to employees asking them to identify attributes and experience they would like to see in their next General Manager and Ms. Morris added the survey question is in the packet.

Member Brekhus stated that conducting the employee survey at this time in the recruitment process is flawed, it needs to be done while crafting the candidate profile, and not be guided by internal staff since they would most likely report to the internal candidate. She expressed concern about the background checks and if the information raised in the few months prior to Ms. Sullivan's departure is not vetted, it could prove problematic. Mr. Foletta stated this is beyond the scope of the agenda and the statutes are very clear, certain people being referenced have rights, this item has not been agendaized for today.

Member Jardon disagreed with Member Brekhus about the process being flawed, acknowledging that the results could lead to a more in-depth survey, stating she has had a long career in human resources, and this is the time to conduct the survey. Member Jardon added she has great respect for Ms. Atkinson and team, and trust they will provide information that is received with the anonymity of the results.

Member Hill agreed and addressed when she received a survey as an employee, she was hesitant to fill it out based on suspicion and would feel more confident in going forward with a culture study since it is conducted by an outside agency and encouraged the Board to approve. She noted she reached out to staff regarding the climate study, but has not received a follow-up.

Member Brekhus inquired if the Board will receive the parameters for the questions that can be asked during the interview and would they be able to ask their own questions. Ms. Atkinson replied yes, there will be recommended questions, a guide will be provided of questions not to ask, and recommended similar questions to be asked across all candidates for consistency.

Member Jardon agreed and stated she did not like the assertion that general counsel is interjecting for any other reason than to keep the organization from a potential human resources or open meeting law violation, appreciated Mr. Foletta in doing so, and suggesting otherwise is inappropriate.

Member Duerr considered a motion that would include a background check prior to the interviews, in-house survey, an independent climate study that would guide them in the selection process, provide their top choice for discussion and bring it back to the Board at the May 18, 2022 meeting. Mr. Foletta stressed that the Board not to take action on the climate study as it relates to issues that have arisen recently regarding TMWA personnel and is not part of the agenda today. Member Duerr explained that her motion has to do with it being the right time to do the study and has nothing to do with the comments made regarding the personnel situation.

At this time, the Board discussed the unnecessary urgency to hold the interviews in May, the importance of discussing the climate study at the next meeting (to identify the scope, third party consultants, and timeline), how to understand the protocol for the Board to address internal issues and allegations, and how they can be given the opportunity to examine those concerns, and to consider starting the process anew with an outside recruiter.

Member Brekhus said she is pleased with management and thinks TMWA is a well-run organization in the region, but would not be supporting the motion. She also expressed concern for the candidates watching today and hinted it may impede their desire to continue with the process. Member Duerr said she has been the candidate on both sides, it did not affect her interest, and is part of the process.

Upon motion by Member Duerr, second by Member Jardon, which motion duly carried four to one with Member Brekhus dissenting, the Board approved to conduct the background check of the candidates prior to being interviewed, email the in-house survey, and Board Members will select and identify one candidate after the interviews, but prior to deliberation.

Chair Hartung opened agenda items #8 and #9 simultaneously.

8. DISCUSSION AND ACTION CONFIRMING GENERAL MANAGER'S APPOINTMENT OF MATT BOWMAN AS A TRUSTEE TO FILL THE REMAINING TERM OF MICHELE SULLIVAN TO THE §115 POST-RETIREMENT MEDICAL PLAN & TRUST ENDING ON DECEMBER 31, 2022

9. DISCUSSION AND ACTION CONFIRMING GENERAL MANAGER'S APPOINTMENT OF MATT BOWMAN AS A TRUSTEE TO FILL THE REMAINING TERM OF MICHELE SULLIVAN TO THE §501-C-9 POST-RETIREMENT MEDICAL PLAN & TRUST ENDING ON DECEMBER 31, 2022

Ms. Atkinson presented the staff reports.

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 Matt Bowman as a trustee to fill the remaining term of Michele Sullivan to the §115 Post-Retirement Medical Plan & Trust ending on December 31, 2022.

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 Matt Bowman as a trustee to fill the remaining term of Michele Sullivan to the §501-c-9 Post-Retirement Medical Plan & Trust ending on December 31, 2022.

10. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Supervisor, presented the water supply update: Lake Tahoe is approximately 0.90 feet above the rim; February was the second significantly dry month in a row; the Truckee Basin snowpack is currently about 80% of normal; despite the decline in runoff forecast, the most recent model runs project normal Truckee River flows through the first week of November; overall groundwater status is good with positive trends; currently there is about 48k acre feet (AF) in upstream storage and it is projected that we will have over 65k AF by end of the summer; and TMWA has recharged about 40,000 AF since 1993.

Member Duerr asked if there is additional capacity to fill TMWA's privately owned storage and suggested Mr. Hauck include the percent of current storage as well as total storage capacity. Mr. Hauck replied yes,

once runoff occurs, Independence and Donner Lakes will fill this year, and he can add that detail, but it changes from month to month.

Member Brekhus asked how much water that has been recharged since 1993 been used. Mr. Hauck said almost zero, but we have been pumping water that we have a right to use and added if the Board wanted an update on groundwater, it would be better presented by TMWA's hydrogeologists. Member Brekhus thought that would be a good presentation to discuss how dry years affect the recharge in the valley.

11. DISCUSSION AND POSSIBLE ACTION ON ADOPTION OF RESOLUTION NO. 301: A RESOLUTION TO APPROVE FUNDING FOR ONE OR MORE OF THE PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS (RESOLUTION MAY REFLECT ACTION TAKEN IN ONE OR MORE VOTES ON RECOMMENDED PROJECTS)

Sonia Folsom, TMWA Executive Assistant, presented the staff report and projects recommended for their approval. John Enloe, TMWA Director of Natural Resources, informed the Board that project #260, Carson District Forest Ambassador Project, was withdrawn due to lack of funding available and TMWA staff has considered a funding opportunity by reducing the amount given to the Truckee River Fund for FY2023, by \$50k to fund this program as it is important to protecting the water supply close to the Mt. Rose Water Treatment Plant.

Upon motion by Member Jardon, second by Member Hill, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 301: A resolution to approve funding for one or more of the projects recommended by the Truckee River Fund Advisory Committee and an authorization for the Community Foundation to fund such projects from Fund proceeds.

12. DISCUSSION AND POSSIBLE ACTION TO ENTER INTO A FUNDING AGREEMENT WITH THE NATIONAL FOREST FOUNDATION FOR THE LADY BUG PROJECT FUELS REDUCTION PROJECT ABOVE STAMPEDE RESERVOIR

Ms. Morris presented the scope of the Lady Bug pilot project, which is a priority to protect TMWA's water resources. Staff is requesting a total of \$500k (about 13% of project costs) over the next two years to fund the pilot project to fill a funding gap.

Member Brekhus asked about the frequency of fire burn in the area and appreciated the maps. Ms. Morris replied the fire risk is based on the probability over the past 60 years.

Chair Hartung praised staff and team on conducting the pilot project due to constituents' concerns related to fires in the area.

Member Hill commended staff for looking into climate change issues and water supply which is a concern expressed by her constituents.

Upon motion by Member Hill, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved entering into a funding agreement with the National Forest Foundation for the Lady Bug Project fuels reduction project above Stampede Reservoir.

13. DISCUSSION AND POSSIBLE ACTION ON THE TMWA TENTATIVE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2023 AND DRAFT CAPITAL IMPROVEMENT PLAN (CIP) FOR FISCAL YEARS 2023 THROUGH 2027

Matt Bowman, TMWA Chief Financial Officer, and Danny Rotter, TMWA Engineering Manager, presented the tentative budget for FY 2023 and the draft FY2023-27 CIP. Mr. Bowman reported the significant increase in capital contributions is the City of Reno contribution for the American Flat project. The water sales model assumes the scheduled rate increases in May 2022 and 2023 as well as an increase in service connections of about 1.5% and an average weather year, a 10.5% projected increase in the salaries and wages category due in large part to additional headcount, an increase in prices of supplies specifically for fuel and chemicals, a 3.4% decrease in interest expense, Fitch upgraded TMWA from AA to AAA on our debt, and a significant increase in developer contributions. A slight change to the tentative budget in May will be the grants line item; President Biden signed the FY22 Omnibus which includes \$3M for the American Flat project, and will be shared 70% and 30% between City of Reno and TMWA, respectively. Mr. Rotter reported that infrastructure projects have increased and will significantly increase in the next eight years, in order to meet demand, and infrastructure requirements, and an increased focus on major rehabilitation projects and mitigating risk.

Chair Hartung inquired if tanks and infrastructure account for growth, does TMWA pay or place conditions on developers, and if TMWA has a special assessment district (SADs). Mr. Rotter replied developers pay for anything driven by growth and development, and added no, TMWA is not a legislative governing body which is required in order to have SADs, which typically go through either the cities or county.

Chair Hartung suggested that an agenda item be brought back for consideration to discuss a mechanism for TMWA to have SADs and inquired if there are multiple developers, how does TMWA handle the separate contributions. Mr. Rotter replied from a regional perspective, the majority is handled by the WSF, connection fees, and any balance would be funded by developers.

Member Hill agreed with Chair Hartung and requested a list of CIP projects related to conservation.

Member Brekhus noted the development contributions have increased, higher than she is comfortable with, expressed apprehension about tanks becoming stranded asset, inquired about if the 10% increase in salaries included retirement payouts or severance, and said would endorse, not necessarily a SAD discussion, but rather understanding the methodology and collaboration with others. Mr. Bowman replied contributions are comparable to 2021, this budget will not impact customer rates, the funding plan presented to the Board in October is more aggressive in terms of projections, and added there are no retirement or severance dollars in the budget.

Member Duerr concurred with Member Brekhus and would like to have a discussion regarding when things will be built and in relation to approval of tentative maps and timing, as well as the SAD concept.

Upon motion by Member Brekhus, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the Tentative Budget for the Fiscal Year ending June 30, 2023 and Draft Capital Improvement Plan for Fiscal Years 2023 through 2027.

14. DISCUSSION AND POSSIBLE ACTION ON ADOPTION OF RESOLUTION NO. 302: A RESOLUTION APPROVING TRANSFER OF OWNERSHIP OF 35,814 SF OF SURPLUS LAND (APN 012-391-02) TO THE RENO-SPARKS INDIAN COLONY FOR NO CONSIDERATION

Ms. Morris and Heather Edmunson, TMWA Land Agent, presented the staff report.

Chair Hartung inquired if TMWA staff would be able to access TMWA facilities. Ms. Edmunson replied they would be able to access the easement on the other side, but there is nothing on this parcel that has any TMWA infrastructure.

Upon motion by Member Duerr, second by Member Hill, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 302: A resolution approving transfer of ownership of 35,814 sf of surplus land (APN 012-391-02) to the Reno-Sparks Indian Colony for no consideration.

15. INFORMATIONAL REPORT ON ONEWATER NEVADA PALOMINO FARMS FEASIBILITY STUDY

Lydia Teel, TMWA Emerging Resources Coordinator, and Mr. Enloe presented a brief update on the feasibility study and noted that the results will be presented at the May Board meeting. Mr. Enloe added that they are pleased to report Palomino Farms is a favorable site. Ms. Teel reported on the public engagement process which is a large part of being transparent and said Robert Charpentier, TMWA's Communications Specialist, created a website to address questions and provide information on the feasibility study, TMWA staff and partners have held a series of public meetings, and have volunteers for domestic well owners to sample their wells during the modelling efforts; it has been positive thus far.

Chair Hartung inquired if the existing effluent pipelines in the area are new and what is the water quality. Mr. Enloe replied the pipelines have capacity without making any adjustments, except for a pipeline to make the connection, and there is naturally occurring nitrates similar to Fish Springs. The project has the potential to store approximately 45k AF, essentially an underground Boca Reservoir.

Member Brekhus noted she is looking forward to the results and inquired about the cost for land acquisition and appraisals. Mr. Enloe replied staff would present the feasibility study results in May.

16. DISCUSSION AND POSSIBLE AUTHORIZATION TO ENTER INTO FIRST AMENDMENT TO JOINT FUNDING AGREEMENT WITH THE STATE OF NEVADA, WASHOE COUNTY, AND THE CITIES OF RENO, SPARKS, AND FERNLEY TO FUND NEVADA'S SHARE OF THE FEDERAL WATER MASTER'S ANNUAL TRUCKEE RIVER OPERATING AGREEMENT EXPENSES FOR 2022, 2023, AND 2024

Mr. Hauck recapped the Board had entered into a joint funding agreement for TROA in 2019 and presented the first amendment for years 2022, 2023 and 2024.

Chair Hartung inquired what the cost would be for TMWA. Mr. Hauck replied it would be \$370k, \$380k and \$400k for the three years, respectively.

Upon motion by Member Brekhus, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved to enter into First Amendment to Joint Funding Agreement with the State of Nevada, Washoe County, and the Cities of Reno, Sparks, and Fernley to fund Nevada's share of the Federal Water Master's annual Truckee River Operating Agreement expenses for 2022, 2023, and 2024.

17. GENERAL MANAGER'S REPORT

Mr. Foree congratulated staff on the Fitch credit rating upgrade from AA to AAA, a first in TMWA's 20 year history, and acknowledged staff and TMWA's federal lobbyists hard work on the \$3M federal grant.

Member Brekhus requested for TMWA include an outline of staging operations on large private areas for residents to understand projects occurring in their neighborhoods.

18. PUBLIC COMMENT

Mr. Enloe informed the Board of the WaterReuse conference in San Antonio, Texas at the beginning of March and requested the Board to challenge their respective staff to understand reclamation facilities will be the future of water source for the community. Mr. Enloe added that water recycling is conservation and quoted an excerpt from a letter of support for the USBR Title XVI grant for American Flat written by Mauricia Baca, Nevada State Director for The Nature Conservancy:

"Finding solutions to improve water security is important for ensuring the availability of this precious resource for nature and people to avoid situations like dry wells, reduced river flows and the decimation of critical habitats and species. By using highly treated wastewater to recharge the groundwater aquifer, this project provides an innovative approach to improve groundwater availability without placing added pressure on limited water supplies."

19. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Hill requested a climate study take place in parallel during the General Manager recruitment process and be put on the next agenda for discussion, and inquired what is the proper process for the Board to understand issues brought up by staff, and how these issues are to be dealt with by the Board.

Member Duerr supported Member Hill's request.

Chair Hartung inquired about the scope of a climate study: what other agencies have done; depth of the study; how long it would take and the need to have a discussion.

Member Brekhus asked about the discussion regarding legal services. Mr. Foree replied it will be brought to the Board at the May meeting.

20. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 12:51 p.m.

Approved by the TMWA Board of Directors in session on Wednesday, April 20, 2022.

Sonia Folsom, Board Clerk.