

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE SEPTEMBER 21, 2022
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, September 21, 2022, at Sparks Council Chambers. Chair Hartung called the meeting to order at 10:00 a.m.

1. ROLL CALL

Directors Present: Paul Anderson, Jenny Brekhus, Kristopher Dahir, *Naomi Duerr, Vaughn Hartung, and Alexis Hill.

A quorum was present.

****Director Duerr left the meeting at 12:06p.m. and virtually attended from 12:10p.m. to adjournment.***

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Neoma Jardon, former TMWA Board Director.

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 Director Hill, second by Director Dahir, which motion duly carried by unanimous consent of the Directors present, the Board approved the agenda.

6. APPROVAL OF THE MINUTES OF THE JULY 26, 2022 MEETING

Upon motion by Director Duerr, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board approved the July 26, 2022 minutes.

7. RECOGNITION OF DIRECTOR NEOMA JARDON FOR HER YEARS OF SERVICE ON THE TMWA BOARD OF DIRECTORS

Chair Hartung expressed his gratitude to Ms. Jardon for being a voice of reason and calm throughout her 10 years serving on the TMWA Board of Directors.

The Board voiced similar sentiments for Ms. Jardon's contribution and professionalism over the years and look forward to working with her in her new position as the Executive Director of the Downtown Reno Partnership.

Mark Foree, TMWA General Manager, agreed it was a pleasure to work with her, she was always very supportive of staff, had the customer's best interests in mind, and congratulated her on her new role.

Ms. Jardon thanked the Board and said it was an honor of her lifetime to serve the public for 10 years and a pleasure to work with TMWA professionals and the Board, especially the incredible work with the most precious resource, water. Recognized the staff for their work on the ground.

8. DISCUSSION AND ACTION ON RESOLUTION NO. 307: A RESOLUTION TO RENAME CONE PEAK TO SUE'S PEAK IN MEMORY OF SUE OLDHAM

Stefanie Morris, TMWA Director of Legal & Regulatory Affairs, said it was an honor to present the resolution for Board consideration. Ms. Morris stated she had the pleasure of working with Ms. Oldham over the years and highlighted many attributes, including but not limited to the fact, that she was a leader in the community, a mentor, and passionate about securing water resources for the region, who also played a crucial role in negotiations leading up to the adoption of the Truckee River Operating Agreement (TROA), and she was one of the first 100 women admitted to the Nevada Bar.

Steven Oldham, Ms. Oldham's husband, expressed appreciation to the Board for honoring Ms. Oldham's legacy with their support in renaming Cone's Peak to Sue's Peak, especially since they both enjoyed the view of the peak from their home over the years.

The Board expressed their sympathies and condolences upon hearing of Ms. Oldham's passing, many of whom had the pleasure of working with her over the years and understood how passionate she was in securing TROA for the region, and those who did not, knew of her reputation.

Director Brekhus asked if the peak was in California. Mr. Oldham replied no, it is in Nevada and Ms. Morris confirmed it is in the Humboldt-Toiyabe National Forest.

Mr. Foree added he worked with Ms. Oldham for over 30 years and said if not for her, they would still be negotiating TROA and had assisted him, regarding water rights and grants, to secure the agreement.

Vice Chair Dahir offered, if additional support was needed, to bring this item to the Sparks City Council for consideration as well. Mr. Oldham appreciated the offer and informed the Board that he had started this process with the Pyramid Lake Paiute Tribe (PLPT), who are very supportive of this, adding the more local support the better.

Ms. Morris added TMWA supports the name change of the peak but is not part of the process to do so, and staff can update the Board on the process.

Upon motion by Director Duerr, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board adopted

Resolution No. 307: A Resolution to support renaming Cone Peak to Sue's Peak in memory of Sue Oldham.

9. PRESENTATION OF PRELIMINARY FISCAL YEAR 2022 UNAUDITED FINANCIAL PERFORMANCE

Matt Bowman, TMWA Chief Financial Officer, informed the Board that water sales were very close to budget, (\$500k, or 1%, under budget); started to see impacts from inflation, most notably, in power charges; interest rates are increasing, which impacts TMWA's investment return, but not debt which is at a fixed rate; continued to see high levels of connection fee contributions from developers; had a \$9m positive change in net position; and operating expenses were \$6.6m under budget.

Director Brekhus inquired if TMWA still had any commercial paper would it be advantageous or disadvantageous, if staff could provide an analysis of the different developer contributions in the respective areas to have a better understanding; in relation to GASB, how TMWA records and tracks liabilities, depreciation and maintenance costs. Mr. Bowman replied TMWA no longer has commercial paper and if so, it would've been disadvantageous. He added that developer contributed assets are recognized as capital assets and developer contribution (revenue).

Director Hill asked why the water resource sustainability program was budgeted so low. Mr. Bowman replied it used to be the water meter retrofit fund, which is a percent of development, and it is hard to predict and so they tend to be conservative.

Vice Chair Dahir requested staff, considering the current economic situation of increasing inflation and reconvening of rate increases, that they consider other options to ensure we continue to provide water without charging more than necessary.

Chair Hartung agreed and said, considering the increase in power costs, he was very happy about the Orr Ditch Hydro project at Chalk Bluff and urged staff to consider alternative options to offset costs.

10. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING TMWA OMBUDSMAN POSITION, STAFF RECOMMENDATION TO ENGAGE KIM MAZERES TO FILL THE POSITION, AND POSSIBLE DIRECTION TO STAFF AND AUTHORIZATION FOR GENERAL MANAGER TO ENTER INTO A CONTRACT TO ENGAGE KIM MAZERES AS TMWA OMBUDSMAN ON THE CONDITIONS DESCRIBED IN THE STAFF REPORT

Mr. Bowman presented the staff report and staff recommendation for Board consideration.

Members of the Board agreed the Ombudsman has been effective in addressing and resolving disputes, who has a knowledge and understanding of the organization, and Ms. Mazeres is perfect for the position.

Director Hill asked Ms. Mazeres, after she's spent time in the position, to present any changes to policies or improvements to the Board, to ensure the Board is responsive to any issues.

Upon motion by Director Duerr, second by Director Hill, which motion duly carried by unanimous consent of the Directors present, the Board approved authorization for General Manager to enter into a contract to engage Kim Mazeres as TMWA ombudsman on the conditions described in the staff report.

11. DISCUSSION AND ACTION ON RESOLUTION NO. 308: A RESOLUTION TO APPROVE FUNDING FOR THE PROJECTS RECOMMENDED BY THE TRUCKEE RIVER FUND ADVISORY COMMITTEE AND AN AUTHORIZATION FOR THE COMMUNITY FOUNDATION TO FUND SUCH PROJECTS FROM FUND PROCEEDS

Sonia Folsom, TMWA Executive Assistant, presented the resolution for Board consideration.

Vice Chair Dahir inquired about the project that was not approved. Ms. Folsom replied the Truckee Meadows Parks Foundation, was asking for almost \$87k for signage at the Rosewood Nature Study Area.

Director Duerr added extra support for the Brodhead Park restoration since it is part of the City of Reno Parks & Recreation Master Plan, where one of the recommendations is to create a park, which includes about 10-12 parks, in the 11-mile stretch of the river corridor, and Brodhead Park is one of them.

Upon motion by Director Duerr, second by Director Dahir, which motion duly carried by unanimous consent of the Directors present, the Board adopted Resolution No. 308: A resolution to approve funding for the projects recommended by the Truckee River Fund Advisory Committee, as listed in the staff report, and an authorization for the Community Foundation to fund such projects from Fund proceeds.

12. PRESENTATION OF GENERAL MANAGER PERFORMANCE FOR CONTRACT YEAR 2021/2022

Mr. Foree informed the Board that the accomplishments focus on expanding reclaim use and the A+ Demonstration Project, secured an agreement with City of Reno at American Flat, completed the Mt. Rose Water Treatment Plant, which will help continue to stabilize the groundwater table, and in the process of obtaining permits for another 27 wells for active groundwater recharge. Mr. Foree added that none of the credit goes to him, rather the staff that work so well, and fortunate in having talented staff that think outside of the box to accomplish so much.

13. RECOGNITION OF MARK FOREE FOR HIS YEARS OF SERVICE TO TMWA AS GENERAL MANAGER

Chair Hartung recited the many accomplishments of Mr. Foree starting with Watersource Consulting Engineers in 1980, joining Sierra Pacific Power Company in 1985 and moving up to Water Distribution & Maintenance Manager and then Water Planning & Engineering Manager. In 2001, when TMWA was formed he was hired as Planning & Engineering Manager, then promoted to Director of Operations and

finally, upon the departure of Lori Williams as General Manager in 2008, where the Board appointed him as interim General Manager and formally General Manager in 2009.

The Board thanked and commended Mr. Foree for his leadership, steady and calm approach with the organization, where the performance and stability is evident, and instilling a culture that makes TMWA successful. Mr. Foree will be missed.

John Zimmerman, TMWA's incoming General Manager, thanked Mr. Foree for his friendship and mentorship over the years, acknowledged he has dedicated his life work to the community, and over the last few months especially, always looked out for what is best for TMWA.

Danny Rotter, TMWA Director of Engineering, shared that Mr. Foree sets an example of acknowledging staff when things are going well, provide staff the freedom and support to get the work done, and does not hesitate to jump in when things are not going well.

Andy Gebhardt, TMWA Director of Distribution, Maintenance & Hydro Generation, said he has worked with Mr. Foree for 30 years, and worked well together despite him not being an engineer. He is fortunate to consider him a very great friend.

Chair Hartung read into the record public comment provided by TMWA's former General Counsel, Michael Pagni.

Mr. Foree thanked everyone for their kind words, he worked with Mr. Oldham during the sales process of forming TMWA, and everyone can all agree that it was the best thing that the community got TMWA and its water resources; from that point on the Board has been fantastic for TMWA over the years; the structure allows for the organization to be nimble and responsive to customers and accomplish things quickly; the Board has supported them in salary and benefits and because of their support, are able to recruit the best-of-the-best; and appreciated the Board's work over the years and their support.

14. GENERAL MANAGER'S REPORT

Director Brekhus inquired about the storms in August and the impact up at Mt. Rose-Galena. Mr. Foree said the storms impacted the Whites Creek watershed, damaging it in areas creating a tremendous amount of sediment, but not the water treatment plant. However, the plant is currently offline to make some minor improvements.

Director Brekhus requested an update on the Mt. Rose Water Treatment Plant at a future meeting.

15. PUBLIC COMMENT

There was no public comment.

16. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Vice Chair Dahir requested a status update on the Orr Ditch Hydro Power Plant at a future meeting.

Chair Hartung called for a recess at 11:16 a.m.

Chair Hartung reconvened the meeting at 11:23 a.m.

17. HEARING ON APPEAL BY ST. JAMES'S VILLAGE, INC. OF DECISION OF HEARING OFFICER IN CHALLENGE OF WATER AUTHORITY DISCOVERY INVOLVING CONSTRUCTION AND DEDICATION OF WATER DISTRIBUTION FACILITIES FOR UNIMPROVED LOTS IN THE ST. JAMES'S VILLAGE DEVELOPMENT NEAR JOY LAKE ROAD AND LOCATED IN AREA 15 OF TMWA'S SERVICE TERRITORY (ANNEXATION 1H- 2C; PLL #21-8275)

Paul Lipparelli, TMWA Special Counsel, provided an overview of the guidelines and processes to the Board based on TMWA's Rule 8 prior to hearing the appeal by St. James Village.

Director Brekhus disclosed her husband, Armando Ornelas Jr., City of Sparks Director of Community Services supervises o Michael Drinkwater, Treatment Plant Manager, who is married to Bonnie Drinkwater. Ms. Drinkwater served as the Hearing Officer for TMWA during an earlier stage of the proceeding. Director Brekhus stated she has not discussed this issue, item #17, with her husband, Mr. Ornelas, Mr. Drinkwater, or Ms. Drinkwater nor did she have any involvement in the hiring of Ms. Drinkwater. As result, she does not have, a conflict of interest in participating in the discussion and action on item #17.

Chair Hartung disclosed that he was contacted early on by the applicant's representative, Argentum Group. He informed Argentum Group that the TMWA Board is acting in a quasi-judicial capacity and he did not have any conversations about this item

Both St. James Village and TMWA were given an initial time of 15 minutes each to present their evidence, stopping the time to allow for a question-and-answer period. Chair Hartung allowed each side an additional 5 minutes.

After closing arguments, the Board deliberated.

The appeal hearing was transcribed by a certified court report.

Upon motion by Director Brekhus, second by Director Dahir, which motion duly carried by unanimous consent of the Directors present, the Board affirm the Hearing Officer's decision in its entirety because it was not in error, not arbitrary and based on substantial evidence in the record that was in turn delivered to the Board; also like to make findings by the body with respect to the reversion of acreage the Board acknowledges it occurred but did not find it of any support to appeal claims; 2. The discovery process was not flawed and the determination that the 7 in-fill lots were not part of it because the owners that did not sign ownership affidavits is a determination of the body; 3. TMWA did not overstep authority in the discovery process in taking over state engineer office powers.

18. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 1:17 p.m.

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

Sonia Folsom, Board Clerk.

****Director Duerr was virtually present for part of agenda item 17 thru 18 only.***