

TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE APRIL 17, 2013
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, April 17, 2013, at Sparks Council Chambers, 745 Fourth Street, Sparks, Nevada. Chairman Carrigan called the meeting to order at 10:01 a.m.

1. ROLL CALL

Members Present: Mike Carrigan, Mike Cate, Vaughn Hartung, Neoma Jardon, and Geno Martini.

Members Absent: Kitty Jung and Sharon Zadra. A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Martini.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE MARCH 20, 2013 MINUTES

Upon motion by Member Hartung, second by Vice Chairman Cate, which motion duly carried by unanimous consent of the members present, the Board approved the March 20, 2013 minutes.

6. DISCUSSION AND ACTION ON NEW APPOINTMENTS TO THE STANDING ADVISORY COMMITTEE (SAC)

Kim Mazeres reported that there are vacancies on the TMWA Standing Advisory Committee (SAC) and provided a brief history of this committee. The SAC was created in 2005 and is comprised of twelve primary members and twelve alternates representing all customer classes from throughout TMWA's service area. Residential, commercial and multi-family customers are represented on the SAC. There are three openings for residential customers, one designated for a senior citizen, and it is for these vacancies which we advertised for replacements. An additional resignation from the multi-family category was recently received; however, after a review of these applications, none were from the multi-family category. There were a total of fifteen

applicants for the three open positions; one applicant was disqualified as she was not a TMWA customer. A second applicant withdrew his application just before the board packets were sent to print, and he is still included on the list with the words “withdrawn” on his information. Thirteen applicants remain, several of whom are in attendance today. Based on a review of the applications, staff placed three candidates on a “short list” as having the most relevant experience: Rebecca Allured, Mike Pidlychak, and Karl Katt. Ms. Mazeres stated that she was extremely impressed by the qualifications and experience from the entire group of applicants and noted that it would be very difficult to decide with such an impressive group.

Chairman Carrigan then recognized member of the public and SAC applicant Ken McNeil who gave a brief biography of his relevant experience. Mr. McNeil, a retired firefighter and former member of the San Antonio Water Board, stated his desire to bring his experience and his support of water conservation to the SAC.

Jerry Wager, member of the public and SAC applicant, then addressed the Board. He stated that he had recently retired with over 30 years of water management experience including with the Government of Guam, the Ohio Environmental Protection Agency (EPA) and the Ohio Department of Natural Resources. His primary experience was in water management and watershed protection. He also formed the first bacterial protection program in Guam. He is a new resident to Reno with a strong desire to contribute to the community.

Chairman Carrigan thanked the applicants for volunteering to serve and expressed the hope that if any were not selected that they apply again when there are openings in the future.

Member Jardon asked about the diversity of the Committee; Ms. Mazeres replied that currently the SAC has fairly good representation, with the exception of a few outlying areas.

Member Hartung expressed the desire to expand the number of open positions so as not to lose out on any of the excellent candidates represented.

Upon motion by Member Martini and second by Member Hartung, which motion carried by unanimous consent of the members present, the Board voted to accept the staff recommendation and appoint Rebecca Allured, Karl Katt and Mike Pidlychak to the TMWA Standing Advisory Committee and also to add as secondary alternates Jerry Wager and Ken McNeil.

7. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING 2013 LEGISLATIVE ACTIVITIES AND CURRENT BILLS AND DISCUSSION

John Erwin presented an updated report on the current Legislative activity in the 2013 session. He noted that anything in grey on the report could be disregarded as those were bills that were technically “dead.” Mike Pagni, TMWA Legal Counsel, mentioned that those “dead” bills would continue to be monitored and the Board would be notified in the event that any of them were reconsidered. He also mentioned the addition of one new bill SB123 which they would be

asking for guidance on. Steve Walker, TMWA Lobbyist and Mr. Pagni, then gave updates on the following bills:

AB150 – staff recommendation of “Watch”

AB169 – staff recommendation of “Oppose”

AB283 – staff recommendation of “Not Support”

AB396 – staff recommendation of “Not Support”

SB74 – staff recommendation of “Not Support”

SB171 – staff recommendation of “Watch”

SB232 – staff recommendation of “Watch”

Upon motion by Member Hartung, second by Member Jardon, which motion carried unanimously by the members present, the Board accepted staff recommendations on AB150, AB169, AB283, AB396, SB74, SB171, and SB232 and added a recommendation of “Watch” to SB123.

8. DISCUSSION AND ACTION ON APPOINTMENT OF FOUR TRUSTEES TO THE POST RETIREMENT MEDICAL PLAN AND TRUST

Mark Foree presented a request for action, which is required every two years, to appoint or reappoint employees to the Board of Trustees of the TMWA Post Retirement Medical Plan and Trust. Current Trustees are Jeff Tissier, Juan Esparza, representing TMWA Management, Professional, Administrative and Technical (MPAT) employees, and Mike Nevarez and Steve Enos, representing the IBEW Local Union #1245 bargaining unit employees. Staff recommendation is to reappoint them for an additional two years.

Upon motion by Member Hartung, second by Vice Chairman Cate, which motion carried unanimously by the members present, the Board accepted staff recommendation and reappointed Jeff Tissier, Juan Esparza, Mike Nevarez and Steve Enos as trustees of the TMWA Post Retirement Medical Plan and Trust for a two year term beginning January 1, 2013.

9. REQUEST FOR BOARD APPROVAL OF THE TENTATIVE BUDGET FOR TMWA, AND DRAFT CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2014-2018

Jeff Tissier presented the tentative budget for Fiscal Year 2014 and the preliminary five-year Capital Improvement Plan (CIP) for Fiscal Years 2014-2018 for Board input prior to the public hearing on the budget which will occur on May 16, 2013. He stated that the budget had been

filed with the State of Nevada prior to its deadline on April 15, 2013. The tentative budget and CIP will be presented to the Standing Advisory Committee at their next scheduled meeting on May 7, 2013.

Expected water sales are in the range of \$74 million, with approximately 66 percent of sales from residential customers, and 23 percent of sales from commercial and irrigation customers. Hydroelectric revenues are expected to decrease significantly next year due to decreased river flows. Operating expenses are budgeted at \$38 million for next year, with \$12.7 million or 33 percent of that in wages and salaries. A two percent negotiated wage increase is incorporated into the budget; this increase was approved last year. An increase of three positions was requested as over strength positions to allow for training for declared retirements. Chairman Carrigan noted that 33 percent of total operating expenses are a commendable amount of spending on wages and salaries in comparison to many other organizations.

\$5.9 million is budgeted for Benefits, one half of that is to meet mandatory contributions to the Public Employee Retirement System.

In services and supplies, the budget is \$19.3 million, 26 percent of this total is for power costs, which are expected to continue to increase yearly due to the exhaustion of NV Energy's deferred energy adjustment account which had historically provided credits on TMWA's bills. There is an expectation that electric generation fuel will increase going forward. Of the total \$19.3 million to be spent on services and supplies, 16 percent or \$3.1 million is budgeted for outsourcing of customer care to Vertex, 8 percent or \$1.6 million goes to purchase of water treatment chemicals used at the plants, and \$1 million is budgeted for the Truckee River Fund, which includes partial funding of the Desert Research Institute's (DRI) Cloud Seeding Program, per previous Board direction.

Investment income is expected to be approximately \$2.2 million with interest rates as high as 5.5 percent on certain investments. The rest of the cash reserves are making less than one percent since, as maturities have occurred, reinvestment rates of return have decreased significantly. Annually, approximately \$31.5 million is transferred to the bond trustee to fund annual principle and semi-annual interest payments on outstanding bonds. Due to extremely low rates on short term investments TMWA barely makes an investment income on this substantial amount of deposits.

In the Debt Management category, interest expense will continue to reduce each year as TMWA continues to pay more principal and less interest. Currently there are \$68 million in short term notes outstanding. Liquidity facilities that support the Tax Exempt Commercial Paper (TECP) will expire on June 8, 2014, so staff expects to bring to the Board some potential alternatives to the current TECP program or present a request to preserve the current program, as it has been very favorable in the past and is a natural hedge against low returns on investments.

Spending on construction projects and outlays are expected to be approximately \$20 million, focused in four areas: \$7.3 million on distribution improvements to ensure a reliable water supply; improvements to the Glendale Water Treatment Plant, including moving the control

room to the second floor to improve security; improvements in plant operating software to modernize telemetry and system control' and rehabilitation of wells.

Member Hartung inquired about the DRI cloud seeding program and asked if TMWA had been pursuing any other investors. He expressed interest in helping DRI in finding additional sponsorships and volunteered to assist if needed. Mr. Tissier said he would contact DRI to reach out to Commissioner Hartung to solicit his assistance.

Chairman Carrigan complimented Mr. Tissier on the readability of the budget and stated that he appreciated how easy it was to understand.

Upon motion by Member Hartung and second by Member Jardon, the Board unanimously voted to approve the Tentative Budget for TMWA and Draft Capital Improvement Plan for Fiscal Years 2014 through 2018.

10. PRESENTATION OF TMWA COMMUNITY OUTREACH VIDEO

Robert Charpentier, TMWA Communications Specialist, presented a video from the series "TMWA at Work." The video outlined the recently completed improvements to the Highland Canal. It features Juan Esparza, TMWA Principal Engineer, detailing the process and explaining that the project will increase reliability and significantly reduce electric costs related to raw water supply to the Chalk Bluff Water Treatment Plant.

Member Jardon asked on which media platforms the video is available, and was advised that it is being formatted to be available on Washoe County public access as well as on TMWA's Facebook and YouTube sites. Member Jardon suggested that a condensed version might be made available for public media sites, such as YouTube.

11. GENERAL MANAGER'S REPORT

Mr. Foree presented the General Manager's report to the Board. This included an update on the current snowpack which is at 60 percent of average in the Truckee River Basin. He advised that normal river flows are expected for the remainder of the calendar year.

Mr. Foree recognized the contribution of retiring Executive Assistant and Board Secretary, Corinne Cassell. He thanked Ms. Cassell for her eight years of service as an exemplary employee. Ms. Cassell was then called forward to speak, and she expressed her gratitude to the Board and to TMWA for the opportunity to serve.

12. PUBLIC COMMENT

There was no public comment.

13. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

14. ADJOURNMENT

With no further discussion, Chairman Carrigan adjourned the meeting at 10:53 a.m.

Approved by the TMWA Board of Directors in session on _____.

Respectfully submitted,

Cara Rives, Recording Secretary

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