

TRUCKEE MEADOWS WATER AUTHORITY  
**DRAFT** MINUTES OF THE DECEMBER 15, 2010  
MEETING OF THE BOARD OF DIRECTORS

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The Board of Directors met on Wednesday, December 15, 2010, at Sparks Council Chambers, Legislative Building, 745 Fourth Street, Sparks, Nevada. Chairman Carrigan called the meeting to order at 10:01 a.m.

1. ROLL CALL

Members Present: Dave Aiazzi, Mike Carrigan, Bob Cashell, Mike Cate and Bob Larkin. A quorum was present.

2. PLEDGE OF ALLEGIANCE

Led by Member Larkin.

3. APPROVAL OF THE AGENDA

**Upon motion by Vice Chairman Aiazzi, second by Member Cashell, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.**

4. PUBLIC COMMENT

There was no public comment.

5. APPROVAL OF THE NOVEMBER 17, 2010 MINUTES

**Upon motion by Member Larkin, second by Member Cate, which motion duly carried by unanimous consent of the members present, the Board approved the November 17, 2010 minutes.**

6. FIRST READING TO MODIFY TMWA'S RULE 5 TO CLARIFY APPLICABILITY OF SCHEDULE WATER SYSTEM FACILITIES CHARGES (WSF) REFUNDS AND CREDITS AS PROVIDED FOR IN THE RULE

John Erwin referred to the redline of TMWA's Rule 5 for the suggested revisions to clarify how refunds will be treated on water service agreements depending on whether or not they are over \$50,000. The second reading and public hearing will be held on January 19, 2011. Vice Chairman Aiazzi asked Mr. Erwin to clarify the revisions. Mr. Erwin said that that if a project is terminated and the Schedule WSF fee paid by the Applicant is under \$50,000, TMWA will refund the money. If the Schedule WSF fee paid by the Applicant is over \$50,000, a credit is established. This process helps reduce TMWA's exposure of refunding monies collected against investments in facilities after the facilities have been constructed for an applicants' project(s).

**Upon motion by Vice Chairman Aiazzi, second by Member**

**Cashell, which motion duly carried by unanimous consent of the members present, the Board accepted the first reading to modify TMWA's Rule 5 to clarify applicability of Schedule Water System Facilities Charges (WSF) refunds and credits as provided for in the Rule.**

7. REQUEST FOR BOARD ADOPTION OF RESOLUTION NO. 168 APPROVING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2010 AND DISCUSSION OF FINANCIAL PERFORMANCE

Jeff Tissier reported that by statute, TMWA is required to conclude the audit for FY2010 before November 30, 2010, and submit the audit report to the state not later than six months after the close of the fiscal year. The financial results for 2010 were mixed. Even though the budget did not reflect the rate increase that was adopted in June, 2009, expected water revenues were not generated due to cool and rainy weather conditions and economic conditions, although revenues from hydroelectric generation offset some of that negative water sales variance. However, due to diligent efforts by staff, operating expenses were \$3.6 million under budget, which more than offset the decrease in water sales. Spending is back to FY2007 levels and staff is continuing to cut costs wherever possible. The current low interest rates affects investment returns as well as our interest expense; but the variable rate note program helps mitigate the interest rate risks of TMWA's investment portfolio. The year ended with \$49 million in unrestricted cash which will assist TMWA in funding operations and capital spending into the future. The Board had no questions.

Mr. Tissier introduced Kristen Burgess, Partner, and Cindy Vance, Audit Manager, with Kafoury Armstrong and Company (Kafoury). Ms. Burgess reported that TMWA conformed to all significant statutory constraints on its financial administration during the year. She reported the audit was conducted in accordance with generally accepted auditing standards. Kafoury issued an unqualified opinion that TMWA's financial statements were fairly presented in all material respects in accordance with general accepted accounting principles. Kafoury did not find any illegal acts that occurred intentionally in TMWA operations. Kafoury tested internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grant agreements and did not identify any material weaknesses in TMWA's internal controls. Ms. Burgess noted a new standard applied to TMWA this year with respect to GASB 51 on the concept of Intangible Assets. As a result, the 2009 financial information was restated to reflect and capitalize an intangible asset (the storage capacity in upstream federal reservoirs for the purposes of drought protection) in the amount of \$451,996. Other than GASB 51, there were no new accounting policies or significant changes in TMWA's financial reporting policies. Kafoury evaluated key estimates of depreciation, the valuation of developer dedicated and contributed assets, and GASB45 accrued liability in connection with Post-Employment benefits and determined that all statements appeared reasonable. No significant audit adjustments or any material journal entries were made. Kafoury was not aware of any Nevada Revised Statute (NRS) violations.

Cindy Vance reported in accordance with the Government Auditing Standards, Kafoury issued a

report on internal control over financial reporting and compliance. As TMWA expended over \$500,000 of federal awards, a single audit of major federal award programs in compliance with those awards was completed. This compliance audit is more detailed than the financial audit to ensure all compliance requirements are met. TMWA expended approximately \$3,372,000 of federal funds during FY2010. Kafoury audited two major programs: 1) Provide Water to At-Risk Natural Desert Terminal Lakes (TROA) and 2) Capitalization Grants for Drinking Water State Revolving Funds – Mogul Bypass Siphon Project. There was one finding in association with the compliance requirement for an unallowed cost which management has taken steps to rectify. Ms. Vance said there was no consultation with other accountants throughout the year. No major issues were discussed as a condition to Kafoury being retained and there were no issues or difficulties with management or staff during the audit.

Member Larkin commended Mr. Tissier and his finance staff for a job well done.

**Upon motion by Member Larkin, second by Member Cate, which motion carried by unanimous consent of the members present, the Board adopted Resolution No. 168 approving the Comprehensive Annual Financial Report for FY2010.**

**8. REQUEST FOR BOARD AUTHORIZATION FOR THE GENERAL MANAGER TO RENEW THE LEGAL SERVICES CONTRACT FOR SUSAN L. OLDHAM FOR PROVISION OF LEGAL SERVICES RELATED TO THE TRUCKEE RIVER OPERATING AGREEMENT FOR THE CALENDAR YEAR 2011**

Chairman Carrigan noted that Ms. Oldham's contract amount had been reduced by 12% over the last contract.

**Upon motion by Member Vice Chairman Aiazzi, second by Member Cashell, which motion carried by unanimous consent of the members present, the Board authorized the General Manager to renew the legal services contract for Susan L. Oldham for Calendar Year 2011.**

**9. REPORT REGARDING OMBUDSMAN ACTIVITIES FROM DECEMBER 2009 THROUGH NOVEMBER 2010, REQUEST FOR BOARD DIRECTION AND POSSIBLE AUTHORIZATION FOR THE GENERAL MANAGER TO RENEW THE OMBUDSMAN CONTRACT WITH JOANNE STRALLA**

Kim Mazeres referred to the report as being very self-explanatory. She introduced Ms. Stralla and asked for any questions. Chairman Carrigan thanked Ms. Stralla for her hard work during the past year.

**Upon motion by Member Vice Chairman Aiazzi, second by Member Cashell, which motion carried by unanimous consent of the members present, the Board accepted the report and authorized the General Manager to renew the Ombudsman Contract with Joanne Stralla.**

10. REQUEST FOR BOARD APPROVAL OF REAPPOINTMENTS TO THE STANDING ADVISORY COMMITTEE OF MEMBERS WHOSE TERM EXPIRES DECEMBER 31, 2010

Lora Richards reported there are a number of vacancies that have occurred over the past year on the Standing Advisory Committee. Staff is recruiting to fill those vacant spots. The Northern Nevada Water Planning Commission has reappointed Barry Winzeler and George Ball as their members. Chairman Carrigan commended the members of the Standing Advisory Committee for a wonderful job over the past year.

**Upon motion by Member Larkin, second by Member Cate, which motion carried by unanimous consent of the members present, the Board approved the reappointments to the Standing Advisory Committee of members whose term expires December 31, 2010.**

11. GENERAL MANAGER'S REPORT

Mark Foree reported that snow pack was at 160% for this time of year with more snow on the way!

12. PUBLIC COMMENT

There were no public comments.

13. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no board comments.

14. ADJOURNMENT

With no further business to discuss, Chairman Carrigan adjourned the meeting at 10:24 a.m.

Approved by the TMWA Board of Directors in session on \_\_\_\_\_.

Respectfully submitted,

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Corinne Cassell, Recording Secretary