

TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE SEPTEMBER 19, 2012
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, September 19, 2012, at Sparks Council Chambers, Legislative Building, 745 Fourth Street, Sparks, Nevada. Chairman Carrigan called the meeting to order at 10:02 a.m.

1. ROLL CALL

Members Present: Dave Aiazzi, Mike Carrigan, Bob Cashell, Kitty Jung, Bob Larkin, and Geno Martini. Members Absent: Mike Cate. A quorum was present.

2. PLEDGE OF ALLEGIANCE

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 Cashell, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

5. APPROVAL OF THE JUNE 20, 2012 MINUTES

Upon motion by Member Martini, second by Member Cashell, which motion duly carried by unanimous consent of the members present, the Board approved the June 20, 2012 minutes.

6. DISCUSSION AND ACTION ON PARTICIPATION IN OUT-OF-COURT SETTLEMENT BETWEEN WACHOVIA AND WELLS FARGO AND VARIOUS STATE ATTORNEYS GENERAL AND ACCEPTANCE OF SETTLEMENT PAYMENT TO TMWA

Jeff Tissier referred to the staff report which summarized the proposed settlement with Wachovia N.A. regarding alleged violations of state and federal law; specifically, that Wachovia N.A. participated in an illegal scheme with other brokers to artificially suppress rates/yields paid to bond issuers for their own pecuniary gain. Staff recommended acceptance of the settlement of \$23,803.82

because for TMWA to pursue legal action against these banks individually would not be cost-effective. Legal Counsel Mike Pagni added that by accepting this settlement TMWA waives any potential claims against Wachovia N.A. for potential illegal actions by Wachovia N.A. during the period from January 1, 1998 through December 31, 2004. This settlement is similar to those presented in the settlement with Bank of American approved by the Board in January, 2012.

Upon motion by Member Aiazzi, second by Member Cashell, which motion duly carried by unanimous consent of the members present, the Board approved participation in an out-of-court-settlement between Wachovia N.A. and various State Attorneys General and accepted the settlement payment of \$23,803.82 to TMWA

7. PRESENTATION OF PROPOSED PROJECTS AND DISCUSSION AND ACTION ON RESOLUTION NO. 188: 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

Ron Penrose presented seven projects that had been approved by the Truckee River Fund Advisors (Advisors) for funding approval. These included:

- Independence Lake Woody Fuels Reduction for Fire Resilience which will reduce the risk of catastrophic fire and erosion/sediment deposition into the lake;
- Coldstream Canyon Floodplain Restoration – Phase 2 which will reduce sediment loading on the Truckee River thus providing a direct benefit to water quality upstream of TMWA’s water treatment plant intakes;
- Washoe County Sheriff’s Office Community Work Program- Pollution and Weed Control which supports clean-up activities along the Truckee River utilizing inmate crews, also providing a direct water quality benefit to TMWA;
- Mount Rose Noxious Weed Monitoring and Treatment within the Hunter Creek drainage area which supports invasive weed control in the Truckee River Watershed and helps to preserve raw water quality to TMWA treatment facilities;
- Sierra Nevada Journeys Watershed Education Initiative which supports continued development of watershed education targeting K-8th grade students in Northern Nevada increasing public awareness of the critical nature of the watershed;
- Truckee River Clean-up Day which is an annual clean-up day in our community which provides water quality benefits to TMWA through the removal of potential contaminants upstream of TMWA treatment plant intakes; and,
- Truckee Regional Aquatic Invasive Species Prevention Program which will support voluntary watercraft inspections at Donner Lake and Boca, Stampede and Prosser Creek Reservoirs to “prevent” the spread of aquatic invasive species into these water bodies and the Truckee River system.

Upon motion by Member Aiazzi, second by Member Larkin,

which motion duly carried by unanimous consent of the members present, the Board adopted Resolution 188: 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

8. PRESENTATION ON AQUATIC INVASIVE SPECIES IN REGARD TO LAKE TAHOE AND THE TRUCKEE RIVER WATERSHED

Ron Penrose presented this informational item in response to recent newspaper accounts of the Aquatic Invasive Species (AIS) issue and speculation that TMWA needed to become more involved. The information Mr. Penrose presented made it clear that TMWA has been totally engaged in regional efforts to prevent the introduction of AIS, any plant, invertebrate or fish that is introduced into a water body – examples are: Quagga Mussels, Eurasian Milfoil, Zebra Mussels and Asian Clams. AIS can be introduced into the water supply by attaching themselves to a water craft. AIS are disruptive and destructive to the biology and chemistry of water bodies and can pose severe impacts to the recreational, water supply, economic and environmental uses of water bodies. Asian Clams have been found in Lake Tahoe; Eurasian Milfoil has fouled the waters of the Tahoe Keys; and Quagga Mussels have been found in the Lahontan Reservoir. The further spread of AIS could have serious economic impact on TMWA, particularly our hydroelectric and water treatment facilities. TMWA, through the Truckee River Fund (Fund), is involved and has provided funding for a program to prevent spreading of AIS that includes mandatory boat inspection at Tahoe and voluntary inspection at all other reservoirs and lakes on the upper Truckee River system. TMWA, through the Fund, has also funded many research and science projects on the prevention of AIS.

9 GENERAL MANAGER'S REPORT

Mark Foree reported on the outstanding efforts of TMWA staff in a record-breaking hydroelectric generation and revenue performance in FY2012. 52 million kilowatt hours of electricity were produced which was 13% more than the previous record set in FY2011 and production of that electricity earned \$3.52 million in revenue or 14% more revenue than the previous record, also set in FY2011. TMWA produced 15% more power than was used in the entire water system operation! To produce such outstanding results takes a real team effort and Mr. Foree commended Pat Nielson, Manager of Distribution Maintenance and Generation and the hydroelectric crew and distribution operations team for keeping the hydroelectric plants running the entire year, including ice fighting in the winter. To further validate this extraordinary feat, TMWA will receive the Outstanding Energy Management Award from the California-Nevada Section of the American Water Works Association at its fall conference in San Diego. This award recognizes a utility for its commitment to make efficient use of energy a main priority. He also recognized Paul Miller, Manager of Water Operations and Quality and the water treatment and distribution operations and maintenance team and Scott Estes, Director of Engineering and the planning and engineering team for their outstanding energy management efforts.

Mr. Foree invited all Board members to attend the Open House at the Glendale water treatment plant to view the recently remodeled and expanded offices and new lab facilities.

10. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Jung said she was asked by the Board of County Commissioners (BCC) to request the TMWA Board to place an item on its agenda, or if it doesn't need to be agendized, to direct TMWA staff to work with South Truckee Meadows General Improvement District (STMGID) on negotiations of some of the rates and fees that are being proposed should STMGID stay on their own vs. merging with Washoe County. She asked if Mr. Cohen could speak on this matter. Chairman Carrigan asked Mr. Cohen to speak.

Steve Cohen, Chairman of STMGID Local Managing Board (LMB), said he would like direction from the TMWA Board to have TMWA staff discuss and work out agreements as part of the current study to determine the feasibility of a merger of STMGID and Washoe County Department of Water Resources or for STMGID as a stand-alone agency.

Chairman Carrigan said he thought this item would have to be agendized as the Board could not direct staff to do anything without first having a discussion on the matter. He said he was not exactly sure, though, what TMWA had to do with STMGID. Mr. Cohen replied that DWR, who is currently managing STMGID, will be going away very shortly. When Chairman Carrigan asked if Mr. Cohen wanted TMWA to manage STMGID, Mr. Cohen replied that was not what he wanted; he wanted to discuss options of redundancy in systems and agreements so there aren't duplicate systems when STMGID is separated from DWR.

Chairman Carrigan again asked for clarification as to what Mr. Cohen wanted TMWA to do, asking "Don't you need to work that out with the Washoe County Board of County Commissioners before we talk to you?"

Member Aiazzi said to clarify this matter, it might be appropriate to agendize an update on the merger between TMWA and DWR. He thought one of the requirements was that the County solve their STMGID problem prior to a merger. He said he understood from something he heard at a different meeting that the County is subsidizing STMGID by a couple hundred thousand dollars a year. He also asked that the report include an update on where Washoe County is with the issue of other agreements/contracts that needed to be resolved prior to any merger. He said that Mr. Cohen made a statement that assumed that DWR and TMWA would be merging soon; but was not sure that is the correct word because until the County solves those two problems, he didn't think soon was here.

The Board requested an be placed on the October agenda: a status report on the merger of Washoe County Department of Water Resources water utility into TMWA including a status report on Washoe County's feasibility review of merging or segregating STMGID.

11. PUBLIC COMMENT

There was no public comment.

12. ADJOURNMENT

With no further discussion, Chairman Carrigan adjourned the meeting at 10:22 a.m.

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

Respectfully submitted,

Corinne Cassell, Recording Secretary

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