



STANDING ADVISORY COMMITTEE

*DRAFT MINUTES*

January 8, 2013

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The Standing Advisory Committee met at Truckee Meadows Water Authority in the Independence Room, 1355 Capital Blvd., Reno, Nevada. Chairman McGuire called the meeting to order at 3:01 p.m.

1. ROLL CALL

Members and Voting Alternates Present: Robert Chambers, Harry Culbert, Colin Hayes, Rosemary Menard, Denise Jacobsen, Jim Maass, Neil McGuire, Jonnie Pullman, Ron Turner, Alternates Present: Paul Rose, Fred Schmidt, Bruce Gescheider, Jim Smith

Staff Present: Corinne Cassell, Robert Charpentier, Amanda Duncan, Brent Eisert, John Erwin, Scott Estes, Mark Foree, Pat Nielson, Shawn Stoddard, Jeff Tissier, and Legal Counsel Debbie Leonard

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

**Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the agenda.**

4. APPROVAL OF THE MINUTES OF THE DECEMBER 4, 2012 MEETING

**Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the minutes of the December 4, 2012 meeting.**

5. STATUS REPORT ON THE MERGER OF SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) AND WASHOE COUNTY DEPARTMENT OF WATER RESOURCES (DWR) WATER UTILITY

Dwayne Smith, Washoe County Community Services, said there are been no new developments in the last month. He introduced Gary Tavernetti, a member of the STMGID Board. Rosemary Menard gave a brief history: Approximately 18 months ago, Washoe County recommended a merger of STMGID and DWR prior to the merger of TMWA and DWR. Meetings were held regarding that proposed merger and the STMGID Local Managing Board voted to not recommend the merger but instead requested that a feasibility study be conducted to see if it was feasible for STMGID to stand as its own utility. That recommendation from the STMGID Local Managing Board (LMB) was presented to the STMGID Board of Trustees (BOT), which is also the Washoe County Board of County Commissioners (BCC), and the feasibility study was completed, which anticipated a high cost (\$10-15 million in improvements) to separate the systems. The LMB also requested that the BOT responsibility be transferred from the BCC to the LMB. On December 11, 2012, the BCC approved an ordinance moving the BOT responsibility from the BCC to the LMB. STMGID is now an independent agency with DWR as its contracted service provider.

Mr. Foree said that on December 12, 2012, STMGID presented a term sheet to the TMWA Board with STMGID's proposed terms for a merger with TMWA concurrent with the merger between TMWA and DWR. The TMWA Board directed TMWA staff to work with STMGID staff to try to develop a final agreement to be presented to the TMWA Board for discussion and possible action at a future meeting. A discovery meeting between TMWA and STMGID to discuss STMGID concerns and issues was scheduled for January 11.

Mr. Gescheider voiced his concern about a lack of information surrounding this issue. Mr. Turner said that all information was available to the public and that STMGID did a lot of work on the merger and came up with the term sheet strongly in favor of STMGID, which STMGID had presented to the TMWA Board. Ms. Jacobson asked about STMGID, DWR and TMWA rates. Mr. Maass said that any discussion by the SAC on the merger between STMGID and TMWA was premature at this point in time as no meeting or discussion had even taken place between the two entities.

6. STATUS REPORT ON THE MERGER OF THE WASHOE COUNTY DEPARTMENT OF WATER RESOURCES WATER UTILITY FUNCTIONS (DWR) INTO TMWA

Mr. Foree said that work has not stopped on the merger of DWR and TMWA. Work continues to identify ways to modify Washoe County ordinances and fee structures to be consistent with TMWA rules.

7. UPDATE ON IMPLEMENTATION OF THE SECOND PHASE OF THE TMWA RATE ADJUSTMENT

Mr. Erwin stated that on December 12, 2012, staff presented to the Board the Committee's recommendation that Phase 2 of the rate adjustment be implemented as planned. The Board opted to delay implementation of Phase 2 until February 2014. Among the reasons for the delay were current economic conditions and the fact that TMWA's financial condition could handle a

delay due to stronger-than-expected fall water sales and current cash levels. Mr. Foree added that he felt the Committee's recommendation that the Board implement the scheduled Phase 2 rate increase effective the first billing cycle in February 2013 was crucial to having the Board set a "date certain" of February 2014 for the second phase implementation. He felt that without that recommendation the Board could have delayed the implementation indefinitely or brought it back for further discussion a year from now. Mr. Foree said the Committee would not have to review TMWA's financial standing for the Phase 2 implementation again; however, the Committee and the Board would still have to review TMWA's financial standing prior to the implementation of Phase 3.

7. PRESENTATION OF THE AUDITED COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR Fiscal Year 2012

Mr. Tissier said Kafoury, Armstrong & Co. (Kafoury) issued an unqualified (or clean) opinion. There were no issues to report and no formal or informal findings. TMWA's financial performance for FY2012 was very good. Operating expenses continue to be managed to the best of staff's ability. Cash reserves have increased because of defeasance of debt and effective utilization of the Tax-Exempt Commercial Paper Program. Mr. Tissier noted of special interest was the change in debt structure since 2003 and the first attempt to show debt per capita. Chairman McGuire commented that the debt ratio of 1.52 was very positive. Mr. Tissier agreed, saying this keeps TMWA's AA rating and positions TMWA moving forward with debt restructuring plans. Ms. Pullman congratulated Mr. Tissier and his staff for the good report stating it is highly unusual for a government entity or any business to have an unqualified report with no findings. Mr. Tissier acknowledged the compliment saying his staff did a great job considering that as the audit took place TMWA was implementing a new accounting, human resources and financial reporting system. The new accounting system will digitize all paperwork and will improve efficiency and the timeliness of reports.

11. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING AGENDA ITEMS FOR FUTURE MEETINGS

**Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee set the date of the next meeting as Tuesday, March 5, 2013 at 3 p.m. unless staff has something that must be discussed and then a meeting would be held on Tuesday, February 5, 2013, and requested the following items be placed on the agenda:**

- 1. Update on merger of STMGID and TMWA**
- 2. Update on merger of DWR into TMWA**
- 3. Water Supply Update**
- 4. First half FY2013 financial report**
- 5. Status Report on the 2013 Nevada Legislative Session**

Mr. Gescheider expressed his concern that waiting two months to discuss the STMGID issues was too long to wait. The Committee asked if staff could send the Committee an update on discussions with STMGID. Ms. Leonard said that TMWA chief counsel, Mike Pagni, would determine the appropriateness and timing of any update between Committee meetings. Mr. Maass commented that the TMWA Board was the body that needed the update, not the Committee, and wasn't sure a written update was appropriate.

12. STAFF ITEMS

Brent Eisert, TMWA Supervisor of Hydro/Diesel Generation & Property Maintenance, gave a power point presentation on the special work done in November 2012 to repair the gates at the dam at Independence Lake. The presentation was well received and the Committee complimented Mr. Eisert and the TMWA staff on a job well done.

13. COMMITTEE ITEMS

Ms. Cassell gave greetings from former member Susan Ralphe who said she had enjoyed working with everyone on the Committee and that it was only due to health reasons that she had tendered her resignation to the Committee.

14. PUBLIC COMMENT

Mr. Roger Edwards, a member of the Golden Valley Homeowners Association (GVHOA) voiced his concerns on how the merger between TMWA and DWR would affect the GVHOA. He asked that GVHOA water and water rights be kept separate as the merger is worked out with DWR. Mr. Menard addressed his concerns.

15. ADJOURNMENT

With no further items for discussion, Chairman McGuire adjourned the meeting at 4:45 p.m.

Approved by the Standing Advisory Commission in session on \_\_\_\_\_ .

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Corinne Cassell, Recording Secretary