



STANDING ADVISORY COMMITTEE
DRAFT MINUTES
March 5, 2013

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: George Ball, Robert Chambers, Harry Culbert, Bruce Gescheider, Colin Hayes, Jim Maass, Neil McGuire, Jonnie Pullman and Ron Turner
Alternates Present: Mike Heffner and Jim Smith

Staff Present: Corinne Cassell, Robert Charpentier, John Erwin, Scott Estes, Bill Hauck, Cara Rives, 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 JANUARY 8, 2013 MEETING

Upon motion duly made and seconded, and carried by unanimous consent of the members present, the Committee approved the minutes of the January 8, 2013 meeting.

5. STATUS REPORT ON THE PROPOSED MERGER OF SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) INTO TMWA

Jeff Tissier reported that Mark Foree was attending a joint meeting of the Nevada Senate and Assembly's Natural Resources Committee to give a presentation about TMWA and could not be

in attendance. He stated that TMWA had made several data requests through South Truckee Meadows General Improvement District (STMGID) representatives for information to complete the due diligence on the STMGID system and update information previously collected several years ago. John Erwin and Paul Miller have drafted an initial Phase 1 report covering the initial assessment of condition of assets, water quality and other operating information, even though all information had not been received from Washoe County Department of Water Resources (DWR). Mr. Tissier said that a meeting is scheduled for March 6, 2013 with a representative and the attorney for STMGID to review the status of those requests, and until that occurs “we are in a stand down position.”

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

Ed Griffith, Member of the Golden Valley Homeowners Association (GVHOA), requested information on the merger of TMWA and DWR and asked that the concerns of the GVHOA be considered at the time of the merger.

Mr. Tissier stated, for background, that the process on the merger started four years ago, and reassured Mr. Griffith that the GVHOA residents have not been forgotten. He said that, at present, the merger is pending but at a standstill. It is considered in hiatus because there are three major elements that must be satisfied before the merger can go forward. These three elements are that Washoe County had to retain certain contingencies with certain agreements (this has been satisfied); had to establish a Washoe County bond bank (this was completed in September 2012); and had to decide what to do with STMGID, which is contractually operated by DWR, but stands as a separate legal entity. TMWA staff is currently working on due diligence with the representatives of STMGID to determine if it’s feasible for STMGID to merge with DWR and TMWA at a future date, making it a three-party merger. If it is found to be feasible, the three boards would need to meet to discuss whether or not to move forward. If there is an affirmative vote, then the transition elements of the merger will proceed, of which GVHOA is a part. No detail work on the GVHOA recharge project has yet been done, although TMWA is aware of what is going on. But for now all merger activities are suspended until the STMGID issue is resolved.

7. UPDATE ON THE WATER SUPPLY

Bill Hauck, TMWA Senior Hydrologist, gave a report on the current water supply. He stated that it’s been a very varied year; beginning at 200 percent over average and now down to 77 percent of average. January and February have been the two driest January and February’s on record, but the situation is still much better than last year when the snow pack was 35 percent of average. The supply outlook is not too bad, with good soil moisture and adequate upstream storage. The upstream storage is a large factor on why the supply is still healthy. Based on the most recent model runs, the Truckee River should have normal river flows for the remainder of the year. A few really good storms in the next month could bring the snow pack over the average. The

question was asked if another dry winter next year could cause the water supply to be in critical condition, and Mr. Hauck stated that TMWA is currently stable and has the water resources to handle a 9-year drought.

8. PRESENTATION OF THE FIRST HALF FY2013 FINANCIAL REPORT

Mr. Tissier presented a report that stated TMWA's financial performance was very good for the six months ending December 31, 2012. Total operating revenues were 8.8 percent or \$4.1 million greater than budget and operating spending was 2.4 percent or \$0.4 million over the operating spending budget. He reported that it has been a record-setting year for the hydroelectric facilities with sales ahead of budget. Operating expenses were slightly higher than expected due to unexpected work on the Independence Lake project, legal expenses related to a contractor lawsuit, and a larger than normal amount of water leaks caused by frozen pipes during the very cold weather in December. Benefits are under budget, services and supplies were slightly over budget, and investment income is stable. He reported unrestricted cash of \$65.8 million, which puts TMWA in a very strong financial situation. TMWA has just undergone a Standard and Poor's review this week which went very well, and he expects that the rating will be "AA minus" or "stable outlook" or better. Rate increases have been decided on but deferred for next year and were already passed by the Board; with the support of the SAC.

9 STATUS REPORT ON THE 2013 NEVADA LEGISLATIVE SESSION

Mr. Erwin referred to the staff report on the legislative items which are of interest to TMWA. He said the Board of Directors had formed a Subcommittee consisting of the Chairman and Vice Chairman that will meet weekly to deal with legislation on a timelier basis if necessary. At present, the Assembly has approximately 209 pending bills and the Senate has approximately 206 pending bills. In a normal legislative year the number of bills will increase to over 800 per house.

Mr. Erwin said Mr. Foree is making a presentation, along with other water purveyors, to a joint meeting of the Assembly and Senate Natural Resources Committees today. The presentation will give new members of the Legislature information about TMWA's background, customer satisfaction survey results, facilities, water rights process for new development, water resource/drought planning, and merger project status. After this presentation, it is expected there will be more water bills introduced.

At the Legislative Subcommittee meeting on February 15, 2013, Mr. Mike Pagni, TMWA legal counsel, and Steve Walker, TMWA lobbyist, gave details on all the items which were of interest or could be of interest to TMWA. TMWA is currently watching many of the bills that deal with employee relations, collective bargaining, public records and public works.

10. 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, April 2, 2013, at 3 p.m. 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 Projection Update**
- 4. Projection to Year-End Financial report and tentative budget**
- 5. Status Report on the 2013 Nevada Legislative Session**
- 6. Update on Customer Water Use Projection**

11. STAFF ITEMS

An introduction was made of Cara Rives who will be replacing Corinne Cassell, who is retiring in May. The announcement was made that Amanda Duncan would no longer be the SAC Liaison, and that Ms. Rives would take over those duties effective immediately. Mr. Erwin thanked Ms. Duncan for her hard work and commented that she had done an exceptional job in that role.

12. COMMITTEE ITEMS

Chairman McGuire announced that Denise Jacobsen has resigned her position on the SAC and that her position was now vacant.

13. PUBLIC COMMENT

There was no public comment.

14. ADJOURNMENT

With no further items for discussion, Chairman McGuire adjourned the meeting at 4:07 p.m.

Approved by the Standing Advisory Commission in session on _____ .

Cara Rives, Recording Secretary