

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE OCTOBER 17, 2012
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, October 17, 2012, at Truckee Meadows Water Authority, 1355 Capital Blvd., Reno, Nevada. Chairman Carrigan called the meeting to order at 10:00 a.m.

1. ROLL CALL

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

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Vice Chairman Cate.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE SEPTEMBER 19, 2012 MINUTES

Upon motion by Member Larkin, second by Member Martini, which motion duly carried by unanimous consent of the members present, the Board approved the September 19, 2012 minutes.

6. PRESENTATION OF TMWA'S FY2012 CUSTOMER SATISFACTION STUDY

Sara Hart, Director of Research for InfoSearch International, presented the results of the FY2012 Customer Satisfaction Survey. InfoSearch has surveyed TMWA customers for the past eleven years, assessing customers' overall level of satisfaction and attitudes toward water-related issues, including water quality, sufficiency, security and customer service. The telephone survey is conducted on an on-going basis throughout the year. The total sample is 500: 400 residential and 100 commercial customers.

To summarize overall customer satisfaction, there has been a high level of customer satisfaction which has been stable over time. Since 2008, the favorable ratings have been at 85 percent or higher.

In 2012 and for the second year in a row, 89 percent of residential respondents provided favorable ratings in overall satisfaction. Customer comments include, “I’m very happy with TMWA’s service” and “The water here is a good quality.” Overall satisfaction among commercial respondents also remained stable for the second year in a row at 88 percent.

When compared to the national benchmarks, TMWA’s score was comparable to the national benchmark for providing affordable, reasonably priced water. TMWA scored higher than the national average on the other seven benchmarked measures: maintaining an adequate water supply, providing water that is safe to drink, providing water that looks and tastes good, caring about customers, responding to service problems quickly, keeping people informed about water, and using public input in decisions. Ms. Hart noted that all 10 performance measures had a mean of 7.8 or higher on a scale from 0 to 10 (with 10 being the highest).

Ms. Hart commented that one of TMWA’s formally established communication initiatives had been to increase awareness for opportunities for public input. That seemed to be paying off because since 2005 there has been a steady increase in this indicator. In terms of communication initiatives, there may be opportunities to increase customer awareness of value, of TMWA’s not-for-profit status, and of the number of days per week for watering.

Member Jung commented that it might be prudent to change the wording “Corporate” Goals to another designation if TMWA does in fact want to be known as a not-for-profit entity, which could help with messaging.

Ms. Hart ended her presentation by stating that TMWA has done a great job at increasing awareness of water quality, doing so in spite of the false study by Environmental Working Group. FY2012 was the highest rated year for rating drinking water quality as either excellent or good.

7. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FY2012

- Mark Foree presented the goals and objectives results for FY2011 as outlined in the staff report, stating that overall the results were very good and complimented staff on their hard work and dedication in achieving these results. All goals and objectives were met with the preventable vehicle accident goal being met for the first time. The five-year funding plan was updated coincident with the budget preparation and the Fitch ratings review. Fitch reaffirmed TMWA’s credit ratings of AA- and removed the negative watch which had been in effect since 2010. TMWA was also able to successfully substitute the liquidity facility from Lloyds TSB Bank to Wells Fargo and JP Morgan, a joint venture.
- Mr. Foree reviewed the financial performance for FY2012 with a number of graphs depicting year-over-year performance. He said that in 2011 Reno experienced a hot summer and warm fall with a very mild winter, followed by a warm spring in 2012. The summer of 2011 was the third warmest on record and September of 2011 was one of the warmest, if not the warmest, on record. This resulted in an increase in water sales revenue of approximately \$5 million, \$4 million due to weather-related demands and \$1 million due to the rate increase that went into effect in February of 2012. There was also an increase of 9 percent in water production.

- Operating expenses were approximately \$1 million higher than FY2011; although still between expenses incurred in FY2005 and FY2006. Salaries and benefits have been flat for about five years. The majority of savings were in the utilities and power expense category, mostly due to energy management. It was an extraordinary year in hydroelectric generation: 52 million kWh of power generated while electrical use throughout the entire operation was 45 million kWh of power. This is now two consecutive years in which more power was generated than was used by the authority.
- Member Aiazzi asked about treatment costs being higher than the previous year. Paul Miller, Manager, Water Operations and Quality, said that the components in treatment costs are the costs of chemicals, power and labor. Although power and chemical costs have been reduced, labor costs have increased. Mr. Foree explained this is mainly transferring costs that were in capital expenditures to operations. Mr. Tissier added that this is a good investment as proven by the gains made in energy management. Mr. Tissier also explained that as capital spending drops, operations must absorb more administration expenses that would otherwise have been allocated to construction.

Mr. Foree identified the following cost containment measures which added up to \$1.1 million:

- Customer Service did not replace vacated customer service positions or filled them with lesser paying positions.
- A joint effort by Engineering and Water Operators to fine-tune energy management saved \$500,000 and resulted in TMWA receiving the outstanding energy management award from American Water Works Association CA-NV Section in October 2012.
- Finance reduced interest expense by approximately \$550,000 through the defeasance of \$11.7 million in 2001 bonds by issuing a comparable amount of commercial paper; the interest rate on the bonds was slightly above 5% and the interest rate on the commercial paper was 0.19%.

8. PRESENTATION OF PROPOSED TMWA GOALS AND OBJECTIVES FOR FY2013, DISCUSSION AND POSSIBLE DIRECTION TO STAFF

Mr. Foree said that all goals remain the same except the following:

Corporate: Financial

- Add two new corporate financial goals: 1) “Successful implementation of new accounting, human resources, and financial reporting systems to significantly reduce manual tasks” using new cost effective, cutting edge technology; and 2) “If refinancing opportunities present themselves, take advantage of them.” These will primarily be used to derive savings on the 2005 bonds that are callable in 2015.

Departmental: Customer Service

- Lower the customer service “average call handle” goal from 4 minutes, 45 seconds to 4 minutes, 30 seconds.
- Lower the customer service “non-weather related monthly average estimates on all meter reads” goal from 25 to 12. Member Jung asked for clarification of this item. Mr. Tissier noted that meters are normally read electronically. Weather-related issues lead to the inability to read meters mostly due to snow events; non-weather related meter reads are due to the meter being blocked so the read cannot be read

electronically. The water bill will reflect that estimated usage and this is usually corrected the following month.

Departmental: Natural Resources

- Add three new natural resources department goals: 1) “Complete Orr Ditch hearings on motion to amend the Orr Ditch Decree and appeal of Nevada State Engineer Order 6035”; 2) “Respond to California Water Resource Board draft order changing California reservoir permits / licenses”; and 3) “Deploy Computerized records management system integrating with other TMWA information systems.”

Member Jung asked if it saves money when customers pay their bills on line. Mr. Tissier said it does save some money in printing costs. He said that Customer Service and Finance are looking into initiating a Request for Performance (RFP) after the conversion to a new billing system to ascertain if better rates from the banks are available for even greater savings. Member Jung asked if there was a goal on the issue of three-day-a-week watering and Mr. Foree said that while there is no specific goal, marketing efforts will continue on this issue.

Upon motion by Member Larkin, second by Member Jung, which motion duly carried by unanimous consent of the members present, the Board accepted the new goals as presented.

9. PRESENTATION OF TMWA’S UNAUDITED FY2012 FINANCIAL PERFORMANCE AND REQUIRED AUDIT COMMUNICATION TO THE TMWA BOARD

Mr. Tissier added that TMWA had excellent financial performance in FY2012. There had been continual erosion to the operating revenue stream during the past four years and staff responded by significantly cutting costs. Operating expenses were slightly higher than budgeted due to some one-time, unforeseen and uncontrollable expenses. Significant legal expenses were incurred due to having to defend egregious claim by a construction contractor. The increase in cash reserves was due to defeasance of some 2001 Bonds. These reserves will be used for future expenses, capital spending, and to pay off \$11.4 million in commercial paper in December. Member Larkin asked if there were any issues with bond holders that might affect staff’s recommendation on the next phase of the rate increase. Mr. Tissier replied that there weren’t any issues with bond holders at this time. He said staff will review the First Quarter FY2013 financial performance and will provide additional information related to future rate adjustments to the Board for consideration at its December 2012 meeting.

10. PRESENTATION OF PRELIMINARY ANALYSIS OF TMWA’S FINANCIAL POSITION IN REGARD TO THE IMPLEMENTATION OF SECOND PHASE OF RATE ADJUSTMENT (SCHEDULED TO GO INTO EFFECT IN FEBRUARY, 2013) APPROVED BY THE BOARD IN JANUARY, 2012

Mr. Erwin referred to the staff report which outlined the findings that at its January 18, 2012 meetings, the Board approved and adopted rate adjustments to commence in February 2012. The first phase was implemented and staff is now reviewing financial data prior to commencement of

implementation of Phase 2. Mr. Erwin referred to the information on the memo prepared by Shawn Stoddard regarding the 2012 weather profile. He said that water production was 9% higher FY2012 over FY2011 and that FY2012 was an anomaly in terms of a weather year and asked the question, "is this the new normal?" Staff is cautious at this point in terms of moving away from TMWA current planning assumptions. One graph shows the annual production compared with revenue of water sales and that water use is very sensitive to weather. Another gives a comparison showing revenue and usage and also revenue requirements.

Member Larkin asked what is staff going to present to the Board in December on this issue. Mr. Tissier said staff will present the audited CAFR and the first quarter FY2013 financial results comparative year-over-year and against budget. He said there are no concerns from credit ratings agencies because the negative watch was removed and TMWA is considered stable. Mr. Larkin expressed his concern with a rate increase as there is a large balance in unrestricted cash. Mr. Tissier said that he plans to use part of the unrestricted cash to buy down commercial paper which leads into a broader discussion on an ultimate plan to de-lever TMWA as TMWA still has \$79.4 million in outstanding short term notes and about \$440 million in fixed rate bonds.

Member Larkin said he thought staff's approach is sound but wanted to make sure the rate increase is justified and prudent. He added that it is important for staff to talk to labor as it is important to have them as partners.

Member Aiazzi asked what the next increase is expected to generate. Mr. Tissier said about \$2.3 million. Member Aiazzi said that TMWA made \$5 million more in FY2012 than anticipated. Mr. Tissier stated that was due to less than expected rehabilitative capital spending, which was projected at \$16 million and actual spending was under \$12 million. Member Aiazzi asked if the rate increase couldn't be postponed for a year due to the unexpected savings. Mr. Tissier said that was a point well taken; however, another thing for the Board's consideration is TMWA's debt management practices. Principal and interest payment on debt accounts for 40 percent of the cost of serving customers or revenue requirement. So TMWA must consider the question of whether to use excess cash flow to buy down the short term notes because there is no meaningful return on investments, or saving excess cash to call fixed rate bonds in 2015.

There were no other questions.

11. UPDATE, DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING THE MERGER OF WASHOE COUNTY DEPARTMENT OF WATER RESOURCES (DWR) WATER UTILITY INTO TMWA, AND WASHOE COUNTY'S FEASIBILITY REVIEW OF MERGING OR SEGREGATING THE SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) SYSTEM PRIOR TO THE TMWA/DWR MERGER

Mark Foree began with a history of the merger, stating that the Nevada legislature passed the Western Regional Water Commission Act in 2007. One of the requirements in that act was for public water purveyors within the planning area to evaluate consolidation as a possible way to improve water resource management, reduce costs and improve efficiencies. Shortly after that Act was passed, TMWA and Washoe County Department of Water Resources (DWR) embarked on an initial evaluation of consolidation and after about a year, the initial evaluation concluded

that a merger of the two largest utilities in the planning area could result in improved management of water resources, more efficient use of existing infrastructure, better service to customers through coordinated rules of service and fees services, long-term efficiencies and economies of scale. An interlocal agreement was entered and for the last two and a half years, staff has been working on due diligence activities. He asked Jeff Tissier, TMWA's project manager, to talk about the current status and the remaining items and schedule.

Mr. Tissier said that the due diligence process that helped to financially model a combined water utility with this analysis was completed last year. The model needs to be refreshed but it did indicate that merging DWR into TMWA could be achieved. A critical juncture has been reached and it is time for a decision to be made on the merger. If the decision is made to go forward with the merger, there are still a number of various tasks that have to be completed to successfully effect the merger. These items would be handled concurrently and could take up to eight months to complete. Among the tasks are: to work with the investment banks to defease the DWR publicly-issued debt related to the water division for TMWA to assume; to work through the operational challenges; and, to obtain agreement with the union on the labor aspects of the merger.

Mr. Tissier talked about the three major conditions the TMWA Board required be completed in order to reach a successful merger. The first was that certain developer agreements would be retained and managed by Washoe County since TMWA could not assume those agreements. He had been advised that Washoe County agreed to retain liability under the developer agreements after the merger. Member Larkin, also a Washoe County Commissioner, agreed that the Board of County Commissioners (BCC) had taken affirmative action on that issue. The second was the establishment of the Washoe County Bond Bank to refinance Washoe County debt. He said the Bond Bank had been established, although if Tax Exempt Commercial Paper (TECP) could be issued to defease Washoe County's debt, the Washoe County Bond Bank would not be needed. The third issue was the disposition of South Truckee Meadows General Improvement District (STMGID).

Member Larkin began the discussion on the status of the disposition of STMGID by saying that the BCC is also the STMGID Board of Trustees (BOT). At the last joint meeting of BCC and STMGID, STMGID requested the TMWA Board provide input on whether TMWA would provide STMGID without wholesale water service "if STMGID was a standalone system." The BOT was still evaluating whether STMGID would be segregated as a standalone system or be merged with DWR prior to the TMWA/DWR merger.

Chairman Carrigan asked who was going to make that decision. Member Larkin replied that the BCC and the BOT had to make that decision as that was their fiduciary responsibility. Mr. Larkin indicated that question is currently under discussion and should be for decided sometime in November or December, 2012.

Member Jung added that she would ask the Board if they would direct staff to talk to STMGID so that STMGID can make their cost projections and analysis to give their people a full picture.

During the discussion, Chairman Carrigan made it clear that he did not want TMWA to get in middle of that discussion or decision as it was not TMWA's to make. Chairman Carrigan

expressed concern that he did not want TMWA to be blamed in any way if at the upcoming the legislative session, the Legislative Committee to Oversee the Western Regional Water Commission (Oversight Committee) asked why STMGID was not rolled into the merger, as one of their requirements was to look at resource management.

Chairman Carrigan said as far as he was concerned, TMWA could provide wholesale water to STMGID just like any other wholesale customer, but the question then becomes how much it is going to cost them. He said that TMWA wholesales water to Sun Valley General Improvement District (SVGID) and TMWA can wholesale water to STMGID.

Chairman Carrigan expressed his concern that the BCC and the BOT make the decision regarding the disposition of STMGID, whether as a standalone system or merged with DWR. He said this decision needed to be made in such a way as to not impede the larger merger between TMWA and DWR. He also wanted it understood that TMWA would not step in between the BCC and the BOT or become involved in the decision-making process: that decision was not TMWA's to make, it had to be made by the BCC and the BOT.

Member Larkin clarified the question as being that STMGID's desire was if the Board is interested in selling water to STMGID, then STMGID would like to see some direction from the TMWA Board to authorize staff to engage in at least a due diligence discussion.

Member Aiazzi expressed his concern about the BCC and STMGID asking staff to determine the price of wholesale water prior to any decision from the BCC and the BOT. He felt to involve TMWA staff at this point to review the various options of the DWR/STMGID issue in order to determine a price for wholesaling water would take too much time and be too costly. Member Martini asked how much time it would take to make that determination.

There was a discussion on the various options in the STMGID issue as presented in the staff report. Member Aiazzi asked about how rates would be charged. Rosemary Menard, Washoe County Department of Water Resources Director, said there had been a number of discussions on a variety of different options that relate to how rates would be charged and no decision has been made about any of those. She said that people are recognizing that STMGID has no debt, however, TMWA and DWR do have debt and that maybe action could be taken looking at ways to protect STMGID customers from having to pay the debt portion of DWR or TMWA's rates. Ms. Menard stated there are issues and legitimate interests on STMGID's side; there are sets of issues and legitimate interests on TMWA's side; there are sets of issues and legitimate interests on DWR's side.

Chairman Carrigan asked Mr. Tissier if TMWA had done an analysis on rates if TMWA/DWR merged. Discuss continued on whether different rate structures could be established, and Mr. Tissier said that that is something that needs to be looked at, as STMGID doesn't bring debt into the equation.

Member Aiazzi expressed his concern about the \$14 million cost to separate STMGID as an independent water utility. Ms. Menard explained that the major cost is not to upgrade STMGID's water system but to separate shared facilities. Washoe County South Truckee Meadows Water System and STMGID were created as one system, not two systems. There are shared water

tanks, shared pipelines and shared wells with STMGID water rights on County wells and County water rights on STMGID wells; the system was designed, constructed, and has been operated for many years as one system. In order to make STMGID a standalone system, that has to be unraveled.

Chairman Carrigan asked the question “From a water resource management point of view, why spend \$14 million to put in new tanks, new pipes and new facilities when you don’t need to?” He did not want to explain that decision to the Oversight Committee.

Member Larkin made the motion that the Board direct staff to work with STMGID staff and consultants to do due diligence on wholesaling water directly to STMGID which Member Jung seconded.

Chairman Carrigan called for discussion.

Member Aiazzi said he thought it was premature for TMWA staff to spend time on this issue. He said he read in the staff report that STMGID’s rate would double if they became a standalone system, and he would like to wait until STMGID voted to determine whether they would be willing to double their rates in order to form their own company before any discussion with TMWA staff.

Chairman Carrigan asked the maker of the motion to put in the caveat, “if the BCC votes to let STMGID become a standalone system” He said it would make sense if the BCC is going to vote on the question in November or December to not waste staff time on the question.

Member Larkin said he’d like to incorporate this as part of the BCC’s decision making process.

Member Martini asked what resources would be required. Mr. Tissier said that it would take some time and an analysis needed to be done from both an infrastructure standpoint and a water resource standpoint. A number of questions need to be answered such as: is there water behind the water rights as not all water rights have water behind them; how is the standalone system going to operate; what is the cost to operate a standalone system; what are the rates and what are the fees; what about debt financing; also what are the rates, estimated at an increase of 80 or 90 percent. It is a very complex task. Chairman Carrigan said this is STMGID’s not TMWA’s task.

Mr. Tissier said if it is properly and thoroughly analyzed, then TMWA can determine the pricing mechanism. Mr. Erwin added that using the term “sell water” is different from looking at STMGID’s potential operating plan to determine the impact on the operations to the combined entity or if STMGID is going to operate as a standalone system. That is very difficult. Chairman Carrigan asked to clarify why it is difficult and was it that difficult with SVGID. Mr. Erwin explained that supplying SVGID with water is simple because TMWA supplies all their water with two points of connection into Sun Valley. With STMGID, there is a mixture of supply and operating facilities between the entities. Mr. Erwin explained that you can’t answer the question of “selling water” to STMGID until STMGID determines how STMGID is going to operate their system. That will impact TMWA because TMWA can’t wholesale water until the source of production is known and what resources are going to be diverted out of the Truckee River.

STMGID has to develop an operating plan because how the system would be operated has a cost implication on wholesaling water.

Chairman Carrigan said this for STMGID to determine, not for TMWA to determine. Ms. Menard said DWR staff will do this and asked the Board to allow TMWA staff to interact with DWR and STMGID staff to talk about Mr. Tissier's term of "properly evaluated" and Mr. Erwin's intimations about linkages between systems in order for TMWA to feel satisfied with DWR's solution.

Chairman Carrigan remarked that again would be using TMWA staff on something that should be done by DWR and STMGID.

Member Larkin said that was not the motion. The motion was simply to allow TMWA staff to talk with STMGID and their consultants about selling water. He said the BCC and BOT just wanted a policy direction on whether or not TMWA would sell water to STMGID.

Member Jung said that doesn't help STMGID as STMGID needed to know a number.

Member Aiazzi replied that STMGID is not going to know the number until you do all this analysis. Member Larkin said that is the BCC and BOT job with STMGID. That was not the motion.

Chairman Carrigan asked for clarification on the motion

Member Cate asked if the TMWA Board is just being asked if in the future they will sell water to STMGID. Is that correct? That is all that would be. Both Member Aiazzi and Member Jung said that was not their understanding of the motion.

Chairman Carrigan asked Member Larkin to clarify his motion. Mr. Larkin clarified the motion was as "Is the TMWA Board interested in selling water to STMGID".

Member Larkin said he wanted a policy decision from the Board on selling water to STMGID. He added, if someone wanted some other specific motion to follow this on how TMWA staff is going to interface with STMGID, they let's do that too. But first, they have to know if TMWA is interested in selling water to them.

Chairman Carrigan said there is a motion on the floor and asked if the Board wanted to amend it or vote on it? Member Aiazzi said he moves to amend the motion to say "Will the TMWA Board entertain selling wholesale water to STMGID". Member Larkin agreed, and amended the motion as stated by Member Aiazzi. The amended motion was seconded by Member Jung

The motion carried unanimously.

Upon motion by Member Larkin, second by Member Jung, which motion duly carried by unanimous consent of the members present, the Board agreed to entertain selling wholesale water to STMGID.

Chairman Carrigan summarized the action by saying, the BCC wanted to know if TMWA would entertain selling water to STMGID and the answer is yes, we'll entertain it. How much is it going to cost? I don't know.

Member Aiazzi questioned if TMWA staff will still be spending time on the merger issue or will work be suspended until after the BCC makes a decision. He made a motion to suspend work on the merger issue until the BCC makes a decision on what they want to do with STMGID, explaining that TMWA staff cannot look at every option that's presented. Member Martini seconded the motion. Chairman Carrigan called for discussion.

Member Aiazzi explained that the reason he made the motion is that TMWA has to be able to bear down and really concentrate on an option that the BCC wants to do. If the BCC is going to make a decision in November or December, then work would only be postponed for the month or two it will take them to decide.

Member Jung asked if from a policy level the TMWA Board has to give direction to staff if other customers come to request service. Member Larkin said that STMGID is not just a customer, though, they are a purveyor and that's a big difference. Chairman Carrigan said if the customer is a water purveyor, the Board would have to give direction; similar to what happened with the Panther Valley issue. If, however, the customer was a developer that came in and bought water rights, the Board would not have to give direction. He added that STMGID is being treated equally with all other water purveyors.

Member Aiazzi clarified his position in that he was perfectly fine with whatever decision the BCC makes regarding STMGID, be it standalone or not. He said that is not TMWA's decision. However, for TMWA staff to spend time looking into every option on the STMGID issue would carry a cost and what further work needs to be done in the next two month other than us doing the County's work for them.

Chairman Carrigan said he was not going to support the motion because there is still work to be done on the TMWA/DWR merger and for that work to continue it doesn't matter what decision is made in the STMGID issue.

The motion failed with Members Carrigan, Cate, Jung and Larkin voting no.

12. STATUS REPORT ON TROA

Legal Counsel Mike Pagni said that all briefs had been submitted to the Court on the Orr Ditch Motion in August of 2012 and a decision is pending as to whether the Court will rule from the bench or require an evidentiary hearing. Mr. Erwin reported that the Nevada Change applications were appealed also to the same Court as the Orr Ditch Case, are fully briefed, and are pending a court decision from the same judge, same court, both change applications and the Orr Ditch Case. He also said that California State Water Resource Control Board had recently approved the licenses and permits for the operation of the California reservoirs for TMWA, the United States, Pyramid Lake and Washoe County Conservation District. This approval will feed back into the Orr decision matrix as well and is a tremendous step in terms of making progress toward

implementing TROA. The Truckee Carson Irrigation District (TCID) has a 30-day period to petition for re-consideration.

13 and 14. GENERAL MANAGER PERFORMANCE REVIEW CONTRACT FOR 2012
CONSIDERATION OF CONTRACT and GENERAL MANAGER PERFORMANCE
OBJECTIVE FOR 2013

Chairman Carrigan asked that items 13 and 14 be discussed simultaneously.

Prior to leaving the meeting, Member Larkin said he was pleased, as a member of the TMWA Board with Mr. Foree's performance and he would vote affirmative action.

Member Jung also had to leave but said that she supports Mr. Foree as well.

Member Aiazzi commented that everything was going well, he was happy with the way things were being run and that the General Manager and the entire staff of TMWA had done a fantastic job this year. He said that staff had kept TMWA financially fit and makes sure water is always available.

Member Martini agreed, saying that the transition from the previous general manager had gone seamlessly and Mr. Foree had done a tremendous job.

Vice Chairman Cate said he agreed with both the comments adding he felt Mr. Foree had done an outstanding job with saving money, as well as with safety issues. He said Mr. Foree should be rewarded for good achievements and made a motion to give Mr. Foree an increase in pay of 5 percent.

Chairman Carrigan said it is a pleasure to work with Mr. Foree who always keeps him informed on anything that happens in the organization. He agreed with Mr. Cate and suggested the motion include extension of contract for three years.

Member Aiazzi seconded the motion.

Chairman Carrigan confirmed that the motion was for a 5 percent raise and a three-year contract. He also asked if the motion included acceptance of the performance objectives for FY2013 as outlined in the staff report.

Vice Chairman Cate concurred and Member Aiazzi agreed that was the motion.

Chairman Carrigan asked if that was 5 percent overall, and Mr. Cate said it was.

Upon motion by Vice Chairman Cate, second by Member Aiazzi, which motion duly carried by unanimous consent of the members present, the Board approved a pay increase of 5 percent and a three-year contract for Mr. Foree and accepted his performance objectives for FY2013.

15 GENERAL MANAGER’S REPORT

Chairman Carrigan presented Member Aiazzi with a crystal decanter and plaque and thanked him for his 12 years of service as a member of the Board. Mr. Foree also recognized Member Aiazzi’s contribution to forming the Truckee River Fund with a picture from the Nevada Land Conservancy. Member Aiazzi responded by saying that when asked by the Reno Gazette-Journal what he considered his biggest accomplishment during his tenure as a Reno City Councilman, he said it was having a part in the community formation of the Truckee Meadows Water Authority.

16. PUBLIC COMMENT

There was no public comment.

17. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no board comments.

12. ADJOURNMENT

With no further discussion, Chairman Carrigan adjourned the meeting at 11:59 a.m.

Approved by the TMWA Board of Directors in session on December 12, 2012.

Respectfully submitted,

Corinne Cassell, Recording Secretary

*Members Larkin and Jung were present for items 6 through 12 only.