

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE JANUARY 21, 2015
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, January 21, 2015, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Chairman Martini called the meeting to order at 10:00 a.m.

1. ROLL CALL

Members Present: Jenny Brekhus, Naomi Duerr*, Vaughn Hartung, Jeanne Herman, Neoma Jardon, Geno Martini, and Ron Smith

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Brekhus.

3. PUBLIC COMMENT

There was no public comment.

4. WELCOME TO NEW BOARD MEMBERS

Chairman Martini welcomed Commissioner Jeanne Herman to the TMWA Board. Member Herman expressed her gratitude and pleasure about being appointed to the TMWA Board of Directors.

5. APPROVAL OF THE AGENDA

**Upon motion by Member Hartung, second by Member Smith,
which motion duly carried by unanimous consent of the
members present, the Board approved the agenda.**

6. APPROVAL OF THE DECEMBER 17, 2014 MINUTES

**Upon motion by Member Hartung second by Member Smith,
which motion duly carried by unanimous consent of the
members present, the Board approved the December 17, 2014
minutes.**

7. DISCUSSION AND ACTION ON NOMINATION AND ELECTION OF VICE CHAIR

TO FILL THE REMAINING TERM OF FORMER VICE CHAIR MIKE CATE

Chairman Martini requested from the Board a nomination to fill the remaining term of former Vice Chair Mike Cate.

Upon motion by Member Smith, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board elected Member Neoma Jardon as Vice Chair to fill the remaining term of former Vice Chair Mike Cate.

8. APPOINTMENTS OF TMWA'S REPRESENTATIVE(S) TO THE WESTERN REGIONAL WATER COMMISSION (WRWC)

Mark Foree, TMWA General Manager, stated that the TMWA Board is required to appoint a Washoe County representative to the WRWC, and since Commissioner Hartung is already appointed by Washoe County, it leaves only Member Herman to be appointed by TMWA to the WRWC.

Member Brekhus inquired why there is only one choice. Mr. Foree replied that it has to be a County representative appointed by TMWA. Member Brekhus added if it was the South Truckee Meadows General Improvement District (STMGID) seat that needs to be filled. Mr. Foree replied that filling the STMGID seat is the next agenda item.

Upon motion by Member Brekhus, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the appointment of Member Jeanne Herman to the Western Regional Water Commission for the remainder of the term ending March 31, 2015 and for the two-year term beginning April 1, 2015.

9. APPOINTMENT OF TRUSTEE TO THE WESTERN REGIONAL WATER COMMISSION (WRWC) TO FILL THE REMAINING TERM OF FORMER SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) TRUSTEE STEVE COHEN

Mr. Foree reported with the successful merger of STMGID into TMWA, as successor to STMGID, TMWA is required to appoint an elected official to the WRWC to fill the remaining term of former STMGID Chairman Steve Cohen. The appointee has to be an elected official, but does not need to be on the TMWA Board.

Member Brekhus inquired if all of the TMWA Board Members serve on the WRWC. Mr. Foree replied that all TMWA Board members are on the WRWC except for Councilmember Brekhus.

Discussion followed about a possible third appointment from the City of Reno to the WRWC.

Member Hartung recommended appointing Commissioner Bob Lucey because he represents the district that includes the prior STMGID customers. Chairman Martini agreed. Member Smith

inquired if that was a motion and Member Hartung replied yes, that is correct. Member Herman seconded the motion.

Chairman Martini asked if there was any discussion.

Member Brekhus commented that she understands the rationale and supports the motion; however the majority of the customers still remain in the City of Reno, but that it is a regional commission. Member Brekhus inquired if the statute would be reformed on how appointments are made because STMGID no longer exists. Mr. Foree replied that the statute does not need to be revised in regard to the STMGID successor, but deferred to TMWA Legal Counsel.

Michael Pagni, TMWA Legal Counsel, replied that the statute specifically includes successors to STMGID when it was originally drafted. It was part of the WRWC Act which contemplated the potential merger of STMGID and includes the language that the successor to STMGID has that appointment power. Member Brekhus confirmed that the TMWA Board has that authority.

Chairman Martini added that is how the WRWC started – to work towards consolidation.

Upon motion by Member Hartung, second by Member Herman which motion duly carried by unanimous consent of the members present, the Board approved the appointment of Washoe County Commissioner Bob Lucey to the Western Regional Water Commission for the remainder of the term ending March 31, 2015 and for the two-year term beginning April 1, 2015.

10. DISCUSSION AND ACTION CONFIRMING GENERAL MANAGER'S APPOINTMENT OF FOUR TRUSTEES TO THE § 115 POST-RETIREMENT MEDICAL PLAN & TRUST FOR A TWO-YEAR TERM FROM JANUARY 1, 2015 THROUGH DECEMBER 31, 2016

Mr. Foree reported that the §115 trust was set up for former Washoe County employees who are now employed by TMWA. He asked the Board to confirm the General Manager's appointment of: Jeff Tissier, Leonida Pouliot, Charles Atkinson, and George Gaynor.

Upon motion by Member Smith, second by Member Jardon, which motion carried unanimously by the members present, the Board confirmed General Manager's appointment of four trustees to the §115 Post-Retirement Medical Plan and Trust for a two-year term from January 1, 2015 through December 31, 2016.

11. REQUEST FOR BOARD DIRECTION TO ESTABLISH A LEGISLATIVE SUBCOMMITTEE AND ESTABLISH THE PROCESS TO REVIEW LEGISLATIVE ACTIVITIES

John Erwin, TMWA Natural Resources Director, reported that for every legislative session since

2005, staff has set up a Board Legislative Subcommittee and the practice has been that the Chairman, and another member of the Board, serve on the Legislative Subcommittee. Meetings were scheduled for each Friday at 3:00 PM with staff and TMWA lobbyists in attendance to brief the subcommittee and propose positions on proposed bills. The purpose of meeting weekly is to ensure issues that may arise between the regular monthly Board meetings are addressed in a timely manner. Mr. Erwin reviewed the process for the Legislative Subcommittee noting that staff pays particular attention to the water issues because of TMWA's expertise on the topic. Frequently, the Subcommittee meeting will be cancelled when no action is required or no issues need to be addressed.

Member Smith asked if TMWA's Chairman and Vice Chair can fill the positions on the TMWA Legislative Subcommittee. Member Jardon agreed to serve on the Legislative Subcommittee, but has a conflict with the proposed time. Mr. Erwin replied that staff can move the time to fit Member Jardon's schedule.

Member Jardon inquired if the reservoir release amounts and dates are dictated legislatively. Mr. Erwin replied no. Currently, there is no water to release from either Lake Tahoe or Boca Reservoir to make rates, but there is a natural flow. Mr. Pagni added that reservoir releases are established by a series of court decrees and the Truckee River Operating Agreement (TROA) and it would not go before the Nevada Legislature.

Upon motion by Member Jardon, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved establishing a Legislative Subcommittee for the 2015 legislative session, appointed the Chairman and Vice Chair to the Legislative Subcommittee and established the process to review legislative activities.

12. REPORT ON CONSUMMATION OF MERGERS OF SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT (STMGID) AND WASHOE COUNTY WATER UTILITY INTO TMWA

Jack Byrom, TMWA Consolidation Project Manager, briefly described the activities and tasks completed in the effort to finalize the consolidation of STMGID and Washoe County Water Utility into TMWA. Mr. Byrom commended everyone involved for their dedication, collaboration and hard work while continuing their day-to-day job duties. Specifically, Mr. Byrom congratulated Mr. Pagni for his enormous contribution in ensuring all the legal documents were drafted and filed in a timely manner as well as tracking all the tasks, required by all three entities, to be completed.

Chairman Martini applauded everyone a great job, congratulated everyone for taking on a herculean effort to merge different systems into one, and stated former Chairman Mike Carrigan would be very pleased. The dedication shown by all involved while working their full-time job is an indication of the hardworking, good employees at TMWA.

Member Smith also congratulated everyone, especially Mr. Byrom and Mr. Pagni.

Member Hartung asked if staff has received many complaints from former STMGID or Washoe County customers about the way TMWA bills their customers. Kim Mazeres, TMWA Director of Customer Relations, replied staff had sent out welcome letters to new customers and there was an issue with the new TMWA customer account numbers, but the issue was being handled by the call center. Another issue concerned the actual first bill sent to customers, where some customers were billed the base rate fee by both Washoe County and TMWA for a portion of December. That charge is being credited back to the customers on their February bill. Member Hartung stated he knew of the issues, but commented on how customer service staff stepped up and handled the situation well. Ms. Mazeres added that the staff at the call center stepped up and worked over-time to handle the customer calls in a timely fashion.

Member Hartung inquired as to how much water is being pumped from the Vidler Project. Scott Estes, TMWA Director of Engineering, replied approximately 800 gallons per minute (600 gallons per minute to Stead and 200 gallons per minute to Lemmon Valley) was the target for the demonstration period.

Member Brekhus inquired about the water pressure issue that occurred over the past weekend in the STMGID area and if it was due to the change in operations. Mr. Foree replied that operations had not changed and it was unrelated to the merger. The water pressure issue customers experienced was a failure of two different system pressure regulators. TMWA crews were dispatched, found the problems and repaired the pressure regulators.

Member Brekhus asked if they were STMGID regulators that failed which are now TMWA's responsibility. Mr. Foree replied they were former County regulators that failed.

Member Brekhus asked about the development agreements that need to be renegotiated and what subdivisions or planned communities were they for. Mr. Pagni replied that there were five or six agreements that the County entered into with developers that were still active and TMWA has three left to negotiate: South Meadows, Damonte Ranch and Bella Vista. Member Brekhus asked if these agreements will be presented to the Board for approval when renegotiated. Mr. Pagni replied no, that it is under the General Manager's authority because they did not pose any new financial obligations on TMWA.

Member Brekhus asked about the defeasing of the Washoe County water obligations with tax exempt commercial paper. Jeff Tissier, TMWA Chief Financial Officer, replied staff issued \$27 million in commercial paper and placed those maturities out to June. JP Morgan and Goldman Sachs each marketed half. The interest rate on these notes is 10 basis points. They ran a proforma fixed rate take out of County debt, \$26.1 million in publicly issued County water obligations. If this was not done, TMWA would have had to pay \$1.3 million in interest per year, but on the commercial paper notes; instead, they will pay \$14,000 for the first six months.

Member Brekhus inquired if JP Morgan and Goldman Sachs placed it privately and what happens when the notes mature in June. Mr. Tissier replied, yes and in June the notes will be put back and staff will remarket them. If the basis points remain low, staff will save approximately \$1.2 million, which we will apply those savings to buy down the notes.

Member Brekhus commented that the City of Reno used some auction rate securities and she is trying to understand the difference between auction rate securities and commercial paper. Mr. Tissier replied that in the auction rate market, they may not know who the counterparty is and it

is important to know who is on the other side of the transaction as well as the liquidity of that particular market.

13. PRESENTATION ON VISION, VALUES & BUSINESS OBJECTIVES

Mr. Foree explained that this has been a project, along with the pending consolidation, staff has been working on for the last two years. He explained the process by which staff conducted the review and formulation of a new vision, values and business objectives for TMWA. Mr. Foree stressed that it was an employee driven effort, not a management effort. Breakthrough Training, contracted locally, was offered to all TMWA employees on a voluntary basis and 60 percent of employees participated. The training sessions focused on team work and goal setting, as well as TMWA's culture.

Mr. Foree stated that a good measure of how we are doing and the effectiveness of our organizational culture can be seen in TMWA's customer satisfaction rating results. He explained to the new Board members that staff has hired an independent research firm to survey customer satisfaction for the last thirteen years. For the last two years, TMWA has reach a 93 percent overall customer satisfaction rating. Now with TMWA being a regional water provider and with new employees (both from the County and new hires) on board, it was important to set an expectation, a blue print, of how TMWA conducts business.

Ms. Mazeres provided an overview of TMWA's new Core Values which were the foundation that was used to update the vision statement and business objectives. Approximately a third of TMWA's employees, 40-60 employees, debated over what the core values would be. They started out with over 200 and were able to narrow it down to the following five core values using the acronym "P.R.I.D.E":

POSITIVE – Have a great attitude...be positive!

RESPECT – Care about others...show respect!

INTEGRITY – Do the right thing...demonstrate integrity!

DEDICATED – Commit to success...be dedicated!

EXCELLENCE – Pursue greatness...achieve excellence!

Ms. Mazeres mentioned that throughout the process, everyone who participated were extremely involved and are proud of what they do, the quality of service they provide, and to be part of the TMWA team.

Robert Charpentier, TMWA's Communication Specialist, presented the Vision video and new vision statement:

"To enhance the quality of life in the Truckee Meadows by delivering exceptional, customer-focused water services. "

Kim Mazeres presented TMWA's Business Objectives:

- Provide high quality service 24 hours a day, every day.
- Deliver high quality water in a cost effective manner.
- Plan, develop and implement solutions that increase efficiency and productivity.
- Maintain a safe and secure working environment.

- Provide the tools, training and environment to foster employee growth and achievement.
- Communicate effectively with the public, stakeholders and employees.
- Manage water resources and plan facilities to meet the community's water needs.

Mr. Foree thanked all the employees who participated in this process and it was a great experience for all and staff wanted to share it with the TMWA Board.

Member Jardon inquired about the average length of employment at TMWA. Mr. Foree replied that it may be approximately seven to eight years. Ms. Mazerer replied that the retention rate for the call center is about four to five years, which is very good. Member Jardon explained since she has over 20 years in the Human Resources, she can appreciate the value of employees and they are any organizations' most valuable resource. Member Jardon respects management for obtaining employee input and inquired if staff considered entering into the "Best Place to Work" awards. Ms. Mazerer replied they have discussed it but have not entered as of yet.

Member Brekhus stated she did not see any mention regarding being entrusted with the responsibility of dealing with a non-renewable, limited supply resource and that decisions made today are also made for customers in the future. Ms. Mazerer replied that for employees it underpins everything they do. Mr. Foree replied that it is indicated in the last business objective.

Mr. Charpentier added that on the vision statement, there was plenty of discussion around improving the quality of life in the Truckee Meadows.

Member Duerr complimented staff on a vision statement well done. It speaks to the importance on quality of water and life. Member Duerr commented on the issues with water pressure customers experienced this past holiday weekend and the promptness with which staff responded to the emergency speaks to staff's commitment to quality service and commitment to customer service.

Chairman Martini welcomed Councilwoman Duerr from the City of Reno to the TMWA Board of Directors. Member Duerr expressed her delight to be on the Board, especially at a time when they are faced with challenges such as drought and growth.

** Member Duerr arrived at 10:41 a.m.*

14. GENERAL MANAGER'S REPORT

Mr. Foree referred to Member Brekhus's request for staff to present the Ombudman's Scope of Work, Exhibit A. The Scope of Work (*Attachment E*) is in the General Manager's report. Mr. Foree also referred to the request by Member Brekhus for staff to provide examples of how different multi-unit properties are billed (*Attachment F*). Mr. Foree also mentioned staff has provided TMWA jackets to be given to Board members – the same jackets that were given to all employees in the welcome celebration for former Washoe County staff coming to TMWA.

Member Brekhus thanked staff for providing the reports and inquired about the water production in 2014. Mr. Foree replied that even with conservation efforts, the warm weather in late fall increased water consumption ending 2014 to 99 percent of 2013 usage.

Member Brekhus referred to the TMWA Capital Improvement Plan (CIP) and inquired if it was possible to rebuild the hydroelectric plants while they were offline due to low river flows. Mr.

Foree replied staff has plenty of ongoing projects on the hydroelectric plants on a routine basis, to rebuild flumes, and other small projects in the budget. With the low river flows, it is a good time to do some of these projects when the hydroelectric plants are offline.

Member Hartung asked about service orders in December, particularly the hanging of 48 hour notices for the elderly or disabled. He asked if TMWA has a program for the elderly or disabled to help them pay their bills. Ms. Mazeres replied that staff works diligently with the elderly and disabled and it is also outlined in their rules. She further explained everything they do to work with this customer group. Member Hartung asked what customers' options are if they did not have any money to pay their water bill. Ms. Mazeres replied they have customers who have payment arrangements and we will continue to work with customers. TMWA does not have a 'forgiveness' option as for customer bills, the Board approved a policy to not allow cross-subsidization in 2001. TMWA does not have a fund like that of NV Energy that they can use in such instances. Ms. Mazeres added if a customer cannot pay at all, they refer customers to "2-1-1" which is a statewide program they can call to gain assistance.

15. RECOGNITION OF DEPARTING BOARD MEMBER

Mr. Foree recognized, in absentia the service of departing Member Kitty Jung who has served on the Board for the last three years and presented an award for her outstanding support of and contribution to TMWA.

16. PUBLIC COMMENT

Mr. Brent Tyler, a member of the Washoe Storey Conservation Board, commented that they are a good resource that has not been utilized in the past and they are willing to work together on best water practices.

17. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Jardon asked for a presentation from staff related to the reservoirs, including if there is any flexibility on dates of release as well as volume, in order to avoid a low river flow in the future.

Member Hartung stated that since there are new board members, he requested they continue the conversation they started last year with respect to conservation efforts, how TMWA can work with respective staffs to review how industrial and commercial properties are landscaped, and revisit the developmental agreements in order to give them the option to change to landscaping to what is more drought tolerant. He believes this will benefit the region in a number of ways, especially to save water. He also requested that all three entities work together to provide information on NRS 116 about Homeowners Associations (HOA) who believe they can coerce residents into having a certain type of landscaping where they truly cannot.

Member Brekhus agreed that there needs to be short-term and long-term conservation program discussions. If they are looking at yet another dry year, she asked that any action the Board may

ask of customers be put on the agenda sooner. Member Brekhus asked Mr. Foree when it was asked of customers to conserve last year. Mr. Foree replied that staff was meeting internally for several months before they called for the 10 percent conservation and the request was made for August 1st. Member Brekhus asked if staff can present to Board when discussions are happening so there is a level of public awareness.

Member Brekhus referred to the Press Clips included in the General Manager's report. She inquired about water transfers and if TMWA has any policies related to water transfers within the region of water and if TMWA has a role in participating in the adjudication when it goes through the State Engineers office.

18. ADJOURNMENT

With no further discussion, Chairman Martini adjourned the meeting at 11:12 a.m.

Approved by the TMWA Board of Directors in session on March 18, 2015.

Respectfully submitted,
Sonia Folsom, Recording Secretary

*** Member Duerr was present for items 13 through 18 only.**