

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE APRIL 15, 2015
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, April 15, 2015, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Chairman Martini called the meeting to order at 10:09 a.m.

1. ROLL CALL

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

Member Absent: Neoma Jardon

A quorum was present.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Duerr.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

Member Hartung requested to move agenda item #12 to be heard after agenda item #5.

Member Brekhus stated agenda item #12B is very involved to which she has many questions for staff and requested to delay the first reading to the next board meeting and have staff provide a different framework.

Chair Martini informed Member Brekhus that this is a first reading of the proposed amendments to the Water Services Facility Charges, and she has plenty of opportunity to direct staff to include answers to her questions at the second reading on May 21.

Member Brekhus disagreed stating she was uncomfortable with moving forward since there has not been a clear policy direction regarding these proposed amendments. She reiterated she has addressed her concerns to delay this agenda item, but if the Board decides to move forward, she will raise her questions during the agenda item.

Chair Martini reiterated that the majority of the questions are brought forth at the First Reading and conversation occurs at the second reading.

Member Brekhus asked Michael Pagni, TMWA Legal Counsel, regarding the 30-day schedule between the first and second readings. Mr. Pagni replied the second readings are conducted at the next meeting and that generally TMWA looks to the notice procedures under Chapter 318, of the Nevada Revised Statutes for guidance on noticing and therefore, adequate notice can be provided to hold a second reading on May 21.

Chair Martini restated the motion to move agenda item #12 after #5.

Member Duerr added if items #13 and #10 can be heard after #12.

Chair Martini restated the Board will hear agenda items #12 A, public comment, #12 C, #12B, #13 and #10.

Upon motion by Member Hartung, second by Member Duerr, which motion duly carried five to one with Member Brekhus dissenting, the Board approved hearing Agenda Items #12A, #12C, #12B, #13, and #10 after Agenda Item #5.

5. APPROVAL OF THE MARCH 18, 2015 MINUTES

Member Duerr requested additional language to clarify her points made regarding annual water use and the changed metered rate implementation date.

Upon motion by Member Hartung, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved the March 18, 2015 minutes, including the amendments.

12. PUBLIC HEARING ON RATE AND RULE AMENDMENTS

A. PUBLIC COMMENT

Rich Balestreri, representing Silver Crest Homes, provided public comment regarding agenda item #12B. Mr. Balestreri stated their project, Monte Vista, has been affected by the water situation in the area and they are in the final stages of development. Since his last request for discovery was denied in January, he has worked with staff and has found a solution that has worked well. He is on his second extension for their tentative map and urged the Board to adopt the proposed rate and rule amendments.

Member Brekhuis requested clarification with the development. Mr. Balestreri replied it is Mount Rose Estates, but they refer to it as Monte Vista on Callahan Ranch Road.

Member Brekhuis asked since the discovery was denied if that meant will-serves were denied as well. Mr. Balestreri replied no and he mentioned there are a number of interested parties who attended the public workshop who are in support of the amendments.

C. RATE AMENDMENT, INTRODUCTION: INTRODUCTION AND FIRST READING OF AMENDMENTS TO CUSTOMER RATE SCHEDULES RESIDENTIAL METERED WATER SERVICE (RMWS), RESIDENTIAL FLAT-RATE WATER SERVICE (RFWS), SMALL UNIT FLAT-RATE SERVICE (SUFR), MULTIPLE-UNIT RESIDENTIAL FLAT-RATE SERVICE (MRFS), MULTIPLE-UNIT RESIDENTIAL AND IRRIGATION SERVICE (MRIS), FORMER STMGID RATE RESIDENTIAL UNMETERED SERVICE FOR RESIDENTIAL AND IRRIGATION SERVICE (RFWG), AND FORMER WASHOE COUNTY RATE RESIDENTIAL UNMETERED SERVICE FOR RESIDENTIAL (RFWD) IN CONNECTION WITH SWITCHING FLAT-RATE BILLED WATERS SERVICES TO METERED BILLING

John Erwin, TMWA Director of Natural Resources, and Kim Mazeres, TMWA Director of Customer Relations, presented on this agenda item.

Mr. Erwin referred to the staff report and the rate tariff pages, which change only the applicability section in each schedule in order to coincide with Board direction, which was to initiate billing of the current flat-rate billed services to metered billing effective October 1.

Member Hartung stated the TMWA Board included South Truckee Meadows General Improvement District (STMGID) as part of the flat-rate conversion. However, throughout the negotiations with STMGID as part of the consolidation, STMGID flat-rate customers were promised they would retain their current flat-rate. He accepted the responsibility of this oversight by everyone involved and stated it should be honored recognizing there are still rules that can effect conversion. He expressed his hope the Board will honor the bond of what was promised.

Chair Martini agreed with Member Hartung. He said he received a letter from a former STMGID customer and told them they will honor their promise.

Member Duerr stated after the last meeting she heard from former STMGID customers and followed up with Mark Foree, TMWA General Manager, to review the documents. She recommended a review of the contract.

Member Hartung asked Mr. Pagni for direction in making a motion to remove STMGID as part of the conversion. Mr. Pagni replied the motion would be to refer introduction of first reading of

amendments for final adoption with the exception of proposed amendments of the former STMGID rate.

Member Duerr asked what changes would appear on pages 7 and 8. Mr. Erwin replied that both pages will be excluded.

Member Smith confirmed this is the first reading to approve the first reading with the motion to remove STMGID at the 2nd reading when the Board will approve it.

Member Hartung apologized for his oversight to the STMGID rate-payers. He assumed responsibility as he was deeply involved in the process.

Public Comment

Sharalyn Barney, from Lemmon Valley, expressed her gratification to the Board for honoring their promise made regarding STMGID flat-rate customers. Ms. Barney stated she experienced a similar situation many years ago when Washoe County (the “County”) put in meters. The County promised their customers they would not be forced to a metered rate, rather it would happen through attrition, voluntarily, or by exceeding the maximum amount. She asked the Board to honor that promise as well for the former County customers and others in the area who are in the same situation.

Carol Cooke, former STMGID customer, thanked the Board for honoring their agreement.

Chair Martini thanked Ms. Cooke and encouraged her to attend the Second Reading in May.

Member Hartung commented on Ms. Barney’s point about the County promising the customers 40 years ago. He stated there is a difference and questioned if there was any documentation.

Ms. Barney stated it was a public meeting. Member Hartung asked if staff can look into the minutes and the comments made at that time regarding the County flat-rate customers.

Ms. Barney asked if there is no documentation does it void the promise.

Member Brekhus confirmed her support of the flat-rate conversion, but does not think it prudent to research records by former entities rather they need to realize decisions were made for better use of resources. She pointed out resources have failed in some areas and need to be mindful moving forward and decisions made in the past may not be relevant today due to growth and environmental changes. She recognized former STMGID customers’ situation is unique.

Mr. Pagni stated it may be helpful given some of the discussion to direct staff whether it is the entire amendments proposed or exclude the STMGID rates.

Ms. Barney responded to Member Brekhus’ comment and reiterated it was the County, not a dissolved entity, that put in the meters and they should honor that promise.

Upon motion by Member Hartung, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board directed staff to refer amendments to customer Rate Schedules Residential Metered Water Service (RMWS), Residential Flat-Rate Water Service (RFWS), Small Unit Flat-Rate Service (SUFR), Multiple-Unit Residential Flat-Rate Service (MRFS), Multiple-Unit Residential and Irrigation Service (MRIS), Former STMGID Rate Residential Unmetered Service for Residential and Irrigation Service (RFWG), and Former Washoe County Rate Residential Unmetered Service for Residential (RFWD) in connection with switching Flat-Rate billed waters services to metered billing for a second reading with the exception of the proposed amendments of the Former STMGID Rate Residential Unmetered Service for Residential and Irrigation Service (RFWG).

B. RATE AMENDMENT, INTRODUCTION: INTRODUCTION AND FIRST READING OF AMENDMENTS TO TMWA RATE SCHEDULE WATER SYSTEM FACILITY CHARGES (WSF) FOR CHARGE AREAS 14 AND 15

Scott Estes, TMWA Director of Engineering, provided detailed background and information regarding the situation in Areas 14 and 15 located on the Mt. Rose-Galena fan area. Staff's recommendation is to construct a small treatment plant to divert and treat surface water from Whites Creek and Thomas Creek to provide a more reliable and diversified supply for growth in the area. In order to accomplish this, TMWA will have to purchase additional creek water rights. Additionally, two other "new" facility costs have been added to the Area 15 fee, which are costs associated with the purchase of Callamont well capacity and proposed oversizing of the STMGID conjunctive use facilities. Also, several improvement costs that were previously allocated to Area 14 have been moved to Area 15 as part of the proposed boundary line adjustment that reflects which areas would actually benefit from the proposed improvements. Finally, as part of the public process, staff conducted a public workshop on April 13 at which time concern was expressed about the increased facility charges, as well as concern about inadequate supply to the area. TMWA staff has a follow-up meeting with the Builders Association of Northern Nevada (BANN) on April 23.

Member Brekhus understood what Mr. Estes presented about the implications of the merger with the County and STMGID. However, it was always represented there would not be any cost or burden to the whole system. Now, post-merger, she has heard there are significant needs that have to be addressed in that area.

Discussion followed between Member Brekhus, Mr. Estes, Mr. Erwin and John Enloe, TMWA Operational Strategies Manager, which addressed her concerns regarding the proposed rate amendments for new construction, boundary changes to Charge Areas 14 and 15, water supply, sustainability, growth in the region, development and over commitment, oversizing, and capital improvement projects in association with the Water Resource Plan and the Water Facility Plan.

Member Duerr asked if the new developments are shown in this map. Mr. Enloe replied no, but the facilities detailed in the Arrowcreek – Mt Rose Facility Charge Area will provide 2,300 gallons per minute of new capacity for “growth” and the approved tentative maps associated with that demand would consume about two-thirds of that capacity leaving approximately 800 gallons per minute of capacity for the 1,600 acres of developable land in the area.

Mr. Enloe addressed Member Brekhus’ question regarding whether these proposed facilities were new that TMWA was proposing. Mr. Enloe confirmed that it was not a new idea rather the County adopted the STMGID facility plan in 2002 which included both an upper and lower treatment plant. The upper treatment plant was intended to provide recharge water in the area and to strengthen the groundwater supply because as it currently stands the groundwater resources cannot support the potential development in the area. He further explained the purpose and differences between STMGID conjunctive use oversizing, which could provide more water for growth in the area, and the Arrowcreek Parkway Phase I and II facilities, which address the issues concerning existing customers and would be paid with funds that were transferred to TMWA as part of the merger.

Member Brekhus expressed her concern that conserved water would be used for new growth. Mr. Enloe stated the water to be used in Area 15 is groundwater and creek water that would be provided by new development for new commitments to serve.

Member Duerr praised staff for addressing this issue and creating a plan to support the area. She inquired how much water is being used in this area, how much creek water TMWA will acquire, confirmed the proposed rates for Area 15 would triple, and expressed her concern over who would pay these fees. Mr. Estes replied the available water supply is 5,625 gallons per minute. Mr. Erwin confirmed the rates would apply to growth or new services and do not affect existing customers. Mr. Foree confirmed the rates for new construction would double in Area 15 and this applies only to the facility charges not to regular monthly customer rates.

Discussion ensued between Member Duerr and Mr. Enloe about which residents are on domestic wells and which are connected to municipal wells.

Member Duerr noted there was a public workshop on April 13 and there is a BANN meeting on April 23. Since there were many questions, she would like to receive input from BANN.

Chair Martini reiterated this is the First Reading and there is plenty of opportunity to make comments.

Member Brekhus inquired when impact fees were paid, and were the proposed residential units in the unincorporated area calculated as identified by the Regional Water Planning Agency. Mr. Enloe replied no because they had just received the information from Regional Planning.

Member Brekhus added tentative maps expire and new ones appear and they need to consider the overall plan in providing water to this area for growth. Also, other issues arise with the conditions set by SB185 which is mandating the cities to provide fire services to this area.

Member Hartung asked for point of order and to stay on topic with water facility charges.

Member Brekhus indicated she thinks this discussion is very consistent in relation to water which has to be consistent with the Regional Plan.

Chair Martini asked Mr. Pagni if the Board has shifted off topic. Mr. Pagni replied that is correct and reiterated the item is the introduction of a water facility charge. Mr. Pagni made one clarification: these are not impact fees; they are a separate type of fee – a connection fee.

Member Brekhus repeated that a connection fee is for capital, but the long-term connection costs of more costly systems are commitments toward growth.

Member Brekhus asked if the proposed facilities would be amending the adopted Water Facility Plan (WFP), if the STMGID Capacity Improvement Phase 1 and 2 identified in the adopted 2010 facility plan is part of the agenda, and if she can find these improvements in the WFP or the Water Resource Plan (WRP). Mr. Estes replied no, the water treatment plant is a new item, the South Truckee Meadows Capacity Improvement Phase 1 and 2 are future improvements to increase capacity to the Double Diamond area, and neither the water treatment plant nor the proposed conjunctive use facilities are in either the WFP or WRP. Staff will be updating the WFP in the next year so the new items will be taken into account at that time.

Mr. Foree added that the improvements are included in the 5-year Capital Improvement Plan (CIP) which was presented to the Board at the last meeting. Staff is required to update TMWA's 5-year CIP every year and they update their WFP as well, but less often. Member Brekhus confirmed all the improvements are included in the CIP. Mr. Foree replied yes.

Member Brekhus stated she thinks staff is making policy, not following policy, or conflicting with policy as they move toward this action. Mr. Foree stated that the policy was established in the merger and TMWA took on service areas that were served by the County and TMWA is planning in those areas now.

Public Comment

Kathy Bowling, Callahan Ranch area, confirmed one of her concerns was conjunctive use and it appears TMWA is addressing that issue and following through on their promise to the residents to maintain the groundwater in the area. Ms. Bowling agreed that they need to look at the whole situation regarding growth and in order to do so they need to build the facilities for conjunctive use to keep the aquifers viable and it is a good suggestion to use creek water.

Mr. Pagni stated a motion is needed to refer this to a second reading.

Member Duerr expressed her concern not many people know or understand this item, if there has been appropriate public outreach, and asked Mr. Pagni if the second reading must be held on May 21st. Mr. Pagni replied it is the discretion of the motion made today, but his preference would be to refer it to the next TMWA Board meeting. Mr. Pagni replied the public process applies to both agenda items 12B and 12C. Regarding rate amendments, staff publishes public notices in the newspaper in advance, conducts public workshops which are also published in the newspaper, and then publishes again for the second reading.

Member Duerr asked if it can be included in the bills. Mr. Pagni replied this charge does not apply to existing customers, rather is a connection fee that applies to new development only.

Member Brekhus remarked she is not comfortable moving forward with this action. She requested from staff options to show the funds that were brought over from the County and STMGID to repair the issues, the solution to the problem, cost to serve new development, and how much would be gained from the new rate schedule based upon the five-year projections. She summarized it would be practical to inform the rest of TMWA rate-payers what they propose to do since the community is going through an unprecedented drought cycle.

Member Duerr confirmed with Chair Martini that staff would bring additional information at the second reading in order to have further discussion; she would be willing to support this motion.

Chair Martini agreed it is normal to ask these questions and have this discussion at the First Reading and to ask for what they want to see at the Second Reading. He pointed out Mr. Foree is making note of what is being mentioned and asked for by the Board.

Upon motion by Member Hartung, second by Member Smith, which motion duly carried five to one with Member Brekhus dissenting, the Board directed staff to refer amendments to TMWA Rate Schedule Water System Facility Charges (WSF) for Charge Areas 14 and 15 for a second reading.

13. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING CONSIDERATION OF SPECIAL RATES OR PROGRAMS FOR LOW-INCOME AND/OR SENIOR CITIZEN CUSTOMERS

Mr. Erwin reported on this agenda item. He stated this topic has previously been presented to the Board on several occasions as a result of questions coming from various interest groups, including veterans and low-income housing. This topic was also explored by the Standing Advisory Committee (SAC) with recommendations in 2003-04 and 2009 and 2012.

Member Duerr stated she had requested this due to a number of customer inquiries and thanked staff for providing a very informative report. She addressed the memo written by Mr. Pagni and

was appreciative of the background information. At this time she did not think it applicable for staff to reach out to seniors. She asked to revisit this topic if issues arose in the future. She stated it was great and thanked the Board again for delaying the flat-rate implementation date to October 1.

Chair Martini agreed it can be an item that can be reconsidered in the future.

Upon motion by Member Duerr, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board accepted the report regarding consideration of special rates or programs for low-income and/or senior citizen customers.

10. PRESENTATION, DISCUSSION AND POSSIBLE ACTION ON THE TMWA TENTATIVE BUDGET FOR FISCAL YEAR 2016, AND DRAFT CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2016 THROUGH 2020

Jeff Tissier, TMWA Chief Financial Officer, presented this agenda item. Mr. Tissier stated this has been presented to the Standing Advisory Committee (SAC) and they recommended to the TMWA Board this be approved as the budget as well as the five year CIP. He mentioned the SAC would like to see the conversion of the flat-rate customers to metered billing occur June 1, 2015, not October 1, 2015. The reasons for this recommendation are to save water this summer due to the drought and minimize the adverse revenue impact to TMWA because October 1 will have a greater impact than estimated.

Mr. Tissier noted the projected operating revenues were based on average demands which have since been trimmed back due to the 10 percent request for conservation and limited hydro revenues in FY2016, which staff expects no generation in the first half and are optimistic there will be generation in the second half of FY2016. He added operating expenses have also been impacted by the drought such as the need to increase treatment chemical costs to ensure taste and odor levels remain low, increased conservation spending from \$500,000 to \$730,000 to provide for greater communication, and expanded conservation staff to serve the larger service territory during the summer. He noted the detail listing of all the services and supply expenses for Member Duerr.

Mr. Tissier reported the new Capital Improvement Plan (CIP) will show a comparable amount with the largest project being the North Valley's Integration, as well as some redemption, in outstanding commercial paper which was used to defease Washoe County water obligations and planned paying down the principal because the old Washoe County debt was not going to be paid down until July 2023.

The proposed facilities identified in the 5-year CIP will bring surface water to the south and expand conjunctive use, including providing aquifer storage and recovery expansions. These

projects were always considered during the merger, and in the last five years, have been an active discussion during due diligence. Mr. Tissier remarked this is the benefit of the merger – better resource management. TMWA puts water behind water rights.

Mr. Tissier answered Member Brekhus' question regarding cash that is available. He reiterated due to the merger, \$15.7 million in unrestricted treasury was transferred from STMGID to TMWA, of that amount two-thirds will be spent over the next 5 years to fund projects discussed in the CIP. \$33.6 million was brought over from the County and another \$2 million will soon come over after they pay off expenses they occurred in the first six months of FY2015. TMWA's unrestricted treasury is approximately \$90 million which is sufficient to fund the projects in the CIP and leave at least \$55 – \$60 million remaining in 2020.

Mr. Tissier added that he and Mr. Foree went to San Francisco to meet with the three credit agencies from New York. They provide an independent review of TMWA's financial projections, and they asked pointed questions regarding drought and the merger. The credit rating agencies were previously unaware of how the region prepares for drought and manages resources; they thought TMWA's drought planning was the poster child of the western United States. The credit rating agencies reaffirmed our AA, AA- ratings. S&P changed TMWA from stable to positive and will likely re-rate TMWA up when they go back for another refunding next year. These ratings are a testament to their position of what staff has accomplished, especially during the drought and after the merger.

Mr. Tissier mentioned TMWA's Water Revenue Refunding Bonds, Series 2015A. He stated Citi Group and JP Morgan sold \$28.7 million in bonds, which defeased \$33 million in outstanding principal, with an immediate reduction of \$4.3 million in principal as well as another \$2.3 million in interest expense over the remaining 20 years, which equates to \$315,000 gross savings per year – 14 percent net present value return.

Chair Martini was extremely impressed with the financial management and staff. Having worked in the banking business, he stated TMWA's a very impressive company; the employees and how it functions is incredible and a testament to the management.

Mr. Tissier thanked the Chair and stated TMWA is outstanding in its planning efforts.

Member Hartung asked if STMGID assets were shown in the CIP and if it was part of the \$33 million brought over. Mr. Tissier replied no, the money brought over from STMGID was \$15.7million and the \$33 million was brought over from the County.

Member Brekhus inquired if the \$15 million State Revolving Fund (SRF) loan is the debt TMWA will have this year, if it is paid for by developer fees, is the money in the bank, what the lifespan of the debt was, how it is structured and what happens if there are no funds. Mr. Tissier replied yes, the SRF loan is the debt for FY2016 which is paid for by developers, it is not currently in the bank, the lifespan of the debt is 20 years, and no, the payments do not have to occur every year. Finally, Mr. Tissier addressed the issue of who pays if there are not enough

developer fees in the bank. He stipulated TMWA has to demonstrate to the State of Nevada, State Treasurers Office and Nevada Department of Environmental Protection (NDEP) that they are financially viable to pay off the loan whether or not growth occurs. TMWA is bringing resources to serve existing customers during the drought and improve their water supply.

Member Brekhuis referred to the CIP. Specifically, the Mt. Rose Surface Water Treatment Plant, which is a \$9 million project and asked if it was to be funded by developer fees. Mr. Tissier replied yes; however, the main purpose for the plant is to address drought and supply. He repeated TMWA can still pay for the facility and bring other water resources to the existing community even if growth never occurs, which was a policy decision set by the Board many years ago and it has benefited TMWA substantially.

Member Brekhuis confirmed building the facilities is to serve growth versus maintaining infrastructure, and if the \$9 million is not paid by developer fees it is then paid for by the rate payers. Mr. Tissier replied if that scenario occurred then it would be supported by the rate payers.

Member Brekhuis asked if the best location is at the top of the mountain. Mr. Tissier replied yes, as it is closer to the source as well as reducing the operating costs because then money is not spent pumping water uphill to customers from a lower treatment plant.

Discussion continued between Member Brekhuis and Mr. Tissier regarding the different projects in the 2013-2017 CIP versus the 2016-2020 CIP. Mr. Tissier stated the projects in the proposed 2106-2020 CIP are new due to the merger and if the merger did not occur the situation would have persisted and TMWA is addressing and fixing the issues.

Member Duerr thanked Mr. Tissier for the specific line items outlined in the staff report. She requested for a list of the professional services for TMWA, what was in the miscellaneous expense. Mr. Tissier replied they spend \$3.6 million on the Vertex contract and of the \$1.1 million in miscellaneous \$850,000 is reserved for the Truckee River Fund (TRF). She requested Mr. Tissier to email her the list.

Member Hartung asked Mr. Pagni what type of motion he would like from the Board. Mr. Pagni replied they need a motion to approve the FY2016 tentative budget and draft 2016-2020 CIP.

Member Brekhuis addressed an issue with the cloud-seeding program and its efficacy. A number of her constituents have complained of being physically affected by the program. She stated she would like to see the \$210,000 moved into conservation and used for demonstration projects, such as how to cut down on turf and move toward xeriscape.

Mr. Erwin replied with respect to landscape retrofit, TMWA has an annual budget in the conservation program of approximately \$150,000 which historically been used to work with the school districts and public entities to convert turf to less water intensive landscape. They have remaining funds this year and next year to do such projects as she is suggesting. Member Brekhuis stressed it needs to be done for residential homeowners, parkways and older areas

where trees are dying. Chair Martini asked if this can be discussed at the budget hearing and during the budget process they can decide where to use those funds.

Mr. Tissier added the Desert Research Institute (DRI) funding for the cloud seeding program was a policy decision by the Board. Member Brekhus asked to have a discussion in the future.

Chair Martini replied they will discuss it during the approval of the budget.

Member Duerr added she had requested an agenda item for a conservation program previously.

Upon motion by Member Hartung, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved the TMWA Tentative Budget for Fiscal Year 2016, and draft Capital Improvement Plan for Fiscal Years 2016 through 2020.

Member Brekhus stated she will support the motion, but has concerns under the CIP for the projects and improvements set on rates yet adopted.

**Member Brekhus and Member Duerr left at 11:57 a.m.*

8. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING 2015 LEGISLATIVE ACTIVITIES AND CURRENT BILLS

Mr. Erwin and Steve Walker, TMWA Lobbyist, presented on this agenda item. Mr. Erwin stated the Board has an updated report on the legislative bills TMWA is tracking, and staff is not recommending any changes to the positions the Board has adopted since the last meeting. In the report there were 'greyed' out bills which did not pass the April 10 deadline. Mr. Walker added of the bills TMWA is monitoring, 9 Assembly Bills and 10 Senate Bills did not pass. He stated there is another deadline on Tuesday, April 21 and more bills will be lost at that time. Mr. Walker addressed two bills, AB 106 and AB 332, which, even with amendments, TMWA still has concerns but no change in current position is recommended at this time.

Upon motion by Member Hartung, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board accepted staff recommendations on all bills.

Mr. Erwin requested the Board hear agenda item #7 next considering there were a few TMWA staff members waiting for this to be heard.

7. PRESENTATION OF THE PRESIDENT'S AWARD FROM THE PARTNERSHIP FOR SAFE WATER

Paul Miller, TMWA Water Operations & Quality Manager, announced this award is reflective of the people that work for TMWA and requested the Board to recognize the excellent performance from these individuals. Mr. Miller introduced Will Raymond, Travis Bunkowsky, Mike Nevarez, Brian Luckzow and Tim Flannigan who are part of a team that operate the facilities every hour of the day, every day of the year. The whole team worked hard to achieve the highest level of recognition in the industry; it is indicative of the best that a utility can do to achieve this and it is a meaningful award.

The Board recognized and applauded TMWA staff who worked hard to achieve this award for TMWA.

Member Hartung inquired if it was true that fewer than two percent of the utilities in the country achieve this award. Mr. Miller replied that is true for the Directors Award. This is the Presidents Award and even fewer receive it. To date only 18 utilities have received this recognition.

9. DISCUSSION AND POSSIBLE ACTION ON APPOINTMENT OF A SECOND ALTERNATE MEMBER TO THE TMWA LEGISLATIVE SUBCOMMITTEE

Mr. Erwin presented this agenda item. He stated Member Duerr had requested at the last meeting to have the Board appoint a second alternate to the TMWA Legislative Subcommittee.

Upon motion by Member Hartung, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved the appointment of Member Duerr as a second alternate member to the TMWA Legislative Subcommittee.

11. REQUEST FOR BOARD TO AMEND THE MAY 16, 2013 INTERLOCAL AGREEMENT FOR THE ACQUISITION OF WATER QUALITY WATER RIGHTS BETWEEN TMWA AND THE WESTERN REGIONAL WATER COMMISSION

Mr. Erwin requested the Board to approve the amendment to the existing Interlocal Agreement (ILA) between TMWA and Western Regional Water Commission (WRWC) for the acquisition of water quality water rights on behalf of Reno, Sparks and Washoe County in furtherance of the implementation of TROA.

Upon motion by Member Smith, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved to amend the May 16, 2014 Interlocal Agreement between TMWA and the Western

Regional Water Commission for the acquisition of water quality water rights on behalf of Reno, Sparks and Washoe County.

6. PRESENTATION ON THE TRUCKEE BASIN STUDY

Shawn Stoddard, TMWA Senior Resource Economist, Ph.D, introduced Arlan Nickel and Jeff Payne from the U.S. Bureau of Reclamation (USBR).

Mr. Nickel indicated they have been participating with TMWA and three other agencies in the development of the Truckee Basin Study (the “Study”). The Study is an effort to take a long look at what’s happening with potential climate change impacts on water supply and demand in the Truckee Basin.

Mr. Nickel and Mr. Payne provided an overview of the Truckee Basin Study – specifically, changes in the snowpack, timing and quantity of runoff, and groundwater recharge and discharge, as well as assessing any increase in demand for water and rates of reservoir evaporation.

Member Hartung asked if the temperature changes will affect the conifers in the Sierra. Mr. Neckel replied they are unable to determine the impacts at this time, but they are working with forest service.

Member Smith asked if the precipitation that occurred recently added about four billion gallons to Lake Tahoe. Mr. Payne replied that is possible and the actual accessible storage is what is above the natural rim and below the flood maximum.

Mr. Payne reported on projections on the range of potential lake elevations at Lake Tahoe which shows the climate is changing every year and indicated the climate projections are operating outside the bounds of historic range.

Mr. Payne mentioned they held a few public workshops with partner agencies and stakeholders to discuss adaptation strategies and options to mitigate any negative impacts of climate change. The suggestions were organized into 28 specific options which were grouped into:

1. Institutional Change – change laws or legal framework that governs water supply
2. Supply Augmentation – Getting more water
3. Demand Management – Asking a different water user community to get by with less

Member Hartung inquired if Mr. Payne was referring to both above and below ground water storage. Mr. Payne replied for the purposes of their investigation, he is referring to both. Further discussion revolved around the benefits of below ground storage, the impacts of seismic activity, and greater investigation to determine the different benefits between surface and groundwater storage and the respective locations.

Member Hartung asked there is some affect at Lake Tahoe and it may be logical to raise the dam one foot. Mr. Payne replied that may be a possibility, but there is still the issue of evaporation.

Mr. Nickel concluded this is a draft of the Study which is being reviewed. They will provide a briefing with the regional director and reclamation office in Denver which manages the Basin Study program and final step will be to present to the Commissioner of Reclamation. He suggested to the Board to consider the next steps, specific analysis and implementation of activities for adaptation strategies, as a follow-up with the Truckee Basin Study because they play a key role in the Truckee Meadows area.

Member Smith asked if this is based on the warming aspect and if there are any changes to warming -- slow or accelerate – would the projections change as well. Mr. Nickel replied yes and they would have to revisit their projections, but it includes a wide range of potential changes in precipitation and warming conditions.

Member Smith stated there was a potential location for a reservoir in Verdi, Nevada many years ago and asked if there were other locations identified. They replied no, they have not, but rather it would be a follow-on activity with TMWA or other agencies involved.

14. GENERAL MANAGER'S REPORT

Mr. Foree had no further comment.

15. PUBLIC COMMENT

There was no public comment.

16. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no board comments.

17. ADJOURNMENT

With no further discussion, Chairman Martini adjourned the meeting at 12:35 p.m.

Approved by the TMWA Board of Directors in session on May 21, 2015.

Respectfully submitted,
Sonia Folsom, Recording Secretary