

**Summary of Joint Meeting between
Board of County Commissioners and TMWA Board
October 27, 2009**

TMWA Board members met with Board of County Commission (BCC) members on October 27, 2009 to discuss the key terms of the proposed Inter-Local Agreement (ILA). The ILA between the agencies will provide a framework for integration and a road map to working together.

Although the ILA is still a "work in progress," staff from both agencies collaborated to develop the staff report for the meeting that provided an overview of the ILA key provisions. Included were:

- Statements of intent that address a range of issues related to the process and the needs of each party were included in the ILA.
- Financial policies.
- Provisions related to the transition management plan, due diligence process, and development of an operations contract.
- Alignment of Washoe County Ordinances and TMWA Rules.
- Indemnity and allocation of risk during different phases of the process; and
- Provisions related to terminating the ILA, default by either party, and the right of parties to address problems that might arise in the future.
- Included in the statements of intent were the conditions that must be satisfied in order for full consolidation to occur:
- TMWA's Joint Powers Agreement (JPA) will be amended to allocate one additional permanent seat to Washoe County. With this change the TMWA Board of Director's will be comprised of three (3) City of Reno members, two (2) City of Sparks members and two (2) Washoe County members. The amended JPA will become effective upon adoption by each member agency and approval by the Attorney General of Nevada.
- Defeasance of ("refinancing of debt") or removal of legal restrictions, contained in outstanding TMWA and DWR obligations that would prohibit either entity from transferring real property assets, a requirement of full consolidation.
- Proof that consolidating would not impair or otherwise contravene either party's ability to comply with its bond covenants or responsibilities to bond holders.
- Proof that consolidation would not impair the consolidated entity's ability to borrow funds for future projects on favorable and cost-effective terms; and
- DWR's resolution of issues related to inter-fund borrowing between water and sewer accounts.

Based upon the input of both the TMWA Board and the BCC, staff has been directed to continue drafting the final version of the ILA. It is anticipated that the final ILA will be reviewed and hopefully approved at a joint meeting of the TMWA Board and the BCC set for December 9.

Boards review proposed modifications to TMWA's existing JPA

One of the conditions for full consolidation is the revision of the governance provisions of the JPA that created TMWA to provide additional representation for Washoe County on TMWA's Board. At the Joint Boards Meeting on September 8, the BCC and the TMWA Board directed staff to develop amendments to the TMWA JPA to permanently allocate the 7th at-large rotating seat on the TMWA Board to the County.

In addition, TMWA staff worked with their Technical Advisory Committee, which is made up of three representatives of each of TMWA's Member Agencies; Reno, Sparks and Washoe County, to develop other amendments intended to generally update the agreement and make it consistent with TMWA's bond covenant requirements.

Amendments to TMWA's JPA require the action of each of the Member Agency Governing Boards.

The BCC asked to have the proposed JPA change added to its November 10th meeting agenda, and subsequently approved the proposed changes to the JPA at that meeting.

Reno and Sparks will be separately agendaizing this item for action during the next couple of months as well. Once all three Member Agency Governing Boards have approved, the JPA must be submitted to the State Attorney General for approval.