

**BOARD OF COUNTY COMMISSIONERS
WASHOE COUNTY, NEVADA**

WEDNESDAY

11:00 A.M.

MARCH 19, 2014

PRESENT:

David Humke, Chairman
Bonnie Weber, Vice Chairperson
Marsha Berkgigler, Commissioner
Vaughn Hartung, Commissioner
Kitty Jung, Commissioner

Nancy Parent, County Clerk
John Slaughter, County Manager
Paul Lipparelli, Legal Counsel

The Washoe County Board of Commissioners convened at 11:05 a.m. in concurrent session with the Truckee Meadows Water Authority (TMWA) in the Sparks City Council Chambers, 745 Fourth Street, Sparks, Nevada. Following the Pledge of Allegiance to the flag of our Country, the Clerks called the roll and the Board conducted the following business:

14-224 AGENDA ITEM 4 – PUBLIC COMMENT

Agenda Subject: “Public Comment. Comment heard under this item will be limited to three minutes per person and may pertain to matters both on and off the Commission agenda. The Commission will also hear public comment during individual action items, with comment limited to three minutes per person. Comments are to be made to the Commission and Truckee Meadows Water Authority Board of Directors (TMWA) as a whole.”

Roger Edwards spoke on the Golden Valley ReCharge program. He requested Golden Valley residents have a larger voice regarding the management of the Recharge program after the merger.

14-225 AGENDA ITEM 5

Agenda Subject: “Approval of the agenda.”

There was no public comment on this item.

On motion by Commissioner Hartung, seconded by Commissioner Jung, which motion duly carried, it was ordered that Agenda Item 5 be approved.

Agenda Subject: “Background and status of water utility merger under January 29, 2010 Interlocal Agreement Governing the Merger of the Washoe County Department of Water Resources Water Utility Into the Truckee Meadows Water Authority-Dave Solaro, Washoe County and Mark Foree, TMWA.”

Dave Solaro, Community Services Director, explained that the Western Regional Water Commission (WRWC) Act of 2007 required public water purveyors in the local planning area to evaluate consolidation as a possible way to improve management of water resources, improve efficiency and reduce costs. During 2008/09, he said an initial consolidation evaluation was undertaken by the Truckee Meadows Water Authority (TMWA) and the Washoe County Department of Water Resources (DWR), the two largest water purveyors in the planning area. The conclusion of the evaluation was that consolidation could result in achieving the following objectives:

- Improved management and use of water resources
- More efficient infrastructure utilization and development
- Better service to customers due to coordinated rules of service and fees
- Long-term efficiencies and economics of scale

As a result, Mr. Solaro said the WRWC recommended that TMWA and DWR pursue consolidation. In December of 2009, the Board’s entered into an Interlocal Agreement to pursue that consolidation. The TMWA and Washoe County Interlocal Agreement recognized several legal and financial conditions that needed to be satisfied before the financial implementation of the merger could proceed. He said those conditions included the modification of the TMWA Cooperative Agreement, defeasance of certain DWR bond financing, exploring options with respect to the STMGID system, and mitigation or removal of certain conditions to permit the consummation of the merger in a manner that would not result in a breach of any TMWA borrowing covenants. He indicated that many of those conditions had been resolved and it was now time to move forward with the consolidation of the two water utilities.

Mark Foree, TMWA General Manager, commended staff from the County and TMWA for conducting due diligence over the past three years. He said the main focus in 2013 was regarding STMGID’s merger directly into TMWA concurrent with the DWR merger. An Interlocal Agreement was entered into by STMGID and TMWA on December 11, 2013 approving the merger of the STMGID water system into TMWA, concurrent with the merger of the Washoe County system into TMWA.

Mr. Foree remarked that the primary guiding principle throughout the analysis had been that consolidation needed to be completed in a way that would be financially feasible, the merger would produce results acceptable to the capital markets, and had no adverse financial impact on any customer group. He explained that staff had been monitoring the refinancing of the County’s water debt over the last three years, which was required for the merger, but stated there was now an economical way to

manage that debt. With all those items being accomplished, he said it cleared the way to move toward the mergers implementation phase with a target completion date of December 31, 2014.

There was no action taken or public comment on this item.

14-227 AGENDA ITEM 7

Agenda Subject: “Presentation of updated financial analysis of consolidated water utility - Five Year Financial Projection-Jeff Tissier, TMWA and Dave Solaro, Washoe County.”

Jeff Tissier, Truckee Meadows Water Authority (TMWA) Chief Financial Officer, said an exhaustive, five-year projection had been conducted. He indicated that the merger was financially viable, would be beneficial to all customers and produced a financial metric acceptable to the capital markets to cost effectively defease Washoe County’s debt, and for TMWA to assume those obligations. He stated there had been approval to move forward with the Bank of Tokyo supporting TMWA’s Commercial Paper (CP) program and said the interest rates on that CP were 700 hundredths of a percent. There was now an opportunity to scale that liquidity facility even higher to take out the fixed-rate debt of the County related to the water utility. Mr. Tissier said the savings demonstrated a net value savings of 17 percent on very conservative assumptions.

There was no action taken or public comment on this item.

14-228 AGENDA ITEM 8

Agenda Subject: “Presentation of remaining procedures to implement Merger, including Transition Plan and Implementation Schedule, and Request for approval to implement the Transition Plan to merge Washoe County’s Water Utility into TMWA concurrently with the merger of the South Truckee Meadows General Improvement District into TMWA-Jeff Tissier, TMWA, Dave Solaro, Washoe County and TMWA and Washoe County staffs. (For possible action)”

Dave Solaro, Community Services Director, explained that there were action plans in place by the County and the Truckee Meadows Water Authority (TMWA).

Jeff Tissier, TMWA Chief Financial Officer, added that staffs would meet to combine the action plans with an estimated timeline for implementation of nine months. He said the largest elements were human resources related, bringing employees over to TMWA, porting customers into the TMWA billing system, which was an extensive process, and bringing system control information into the treatment plants in order to operate the entire water system remotely from the main treatment plant.

Commissioner Weber asked if there would be any involvement with the Golden Valley ReCharge program. Mr. Solaro replied that the Golden Valley ReCharge program had been identified as a task in the County's action plan. He said staff would meet with those residents to determine the best options in moving forward for the ReCharge program.

There was no public comment on this item.

For the Truckee Meadows Water Authority (TMWA), on motion by Member Zadra, seconded by Member Hartung, which motion duly carried with Member Jardon absent, it was ordered that the Transition Plan to merge Washoe County and TMWA be implemented.

For Washoe County, on motion by Commissioner Jung, seconded by Commissioner Berkgigler, which motion duly carried, it was ordered that the Transition Plan to merge Washoe County and TMWA be implemented.

14-229 AGENDA ITEM 9

Agenda Subject: "Discussion and direction on recommendation that the Board of County Commissioners nominate and TMWA select two current Washoe County customers to become interim members of TMWA's Standing Advisory Committee-Kim Mazeres, TMWA and Dave Solaro, Washoe County. (For possible action)"

Kim Mazeres, Truckee Meadows Water Authority (TMWA) Customer Relations Director, explained that TMWA staff thought it prudent to add Washoe County customers to the TMWA Standing Advisory Committee, which was the Committee that oversees rates, and reviews budgets and the conservation programs.

Commissioner Weber asked if the appointees would fill the vacant seats or would these be two additional positions. Ms. Mazeres replied that these would be two new positions to the TMWA Standing Advisory Committee. She said an offer for another position would also be made to the South Truckee Meadows General Improvement District (STMGID). The positions would be in place until consolidation and, at that point, it would be determined how they adjusted to the existing group. She clarified it would be one additional member from STMGID and two additional members from the County to serve until the consolidation was completed and then those positions would be folded into the existing 12 seat Committee.

Michael Pagni, TMWA Legal Counsel, said an action item was needed from the TMWA Board to create those two new positions on the TMWA Standing Advisory Committee and then the County could fill those seats.

Dave Solaro, Community Services Director, stated that the County Commission was not agendized to appoint those two positions. He said that item would be placed on a future Board agenda.

Mr. Pagni explained that TMWA staff needed direction from the TMWA Board on whether to bring forward a recommendation to create those new positions.

Commissioner Jung stated that the agenda subject asked for discussion and direction that the Board of County Commissioners nominate, and TMWA select two current Washoe County customers to become interim members of TMWA's Standing Advisory Committee, but there was nothing listed that had TMWA directing their staff. Mr. Pagni clarified that direction to staff was being sought on whether or not to bring forward an item to create those positions on the TMWA Standing Advisory Committee to a future TMWA meeting.

Commissioner Jung felt that the agenda item was not written in the best manner. However, she would give direction, as a TMWA Board member, to create the two positions, but noted that a position for STMGID was not listed. Mr. Pagni stated that staff was seeking direction to create the two County positions.

TMWA Chairman Carrigan said he would place this item on the next TMWA Board meeting to avoid any further confusion.

Commissioner Weber requested County staff place this item on a future agenda.

There was no action taken or public comment on this item.

14-230 AGENDA ITEM 10 – PUBLIC COMMENT

Agenda Subject: “Public Comment. Comment heard under this item will be limited to three minutes per person and may pertain to matters both on and off the Commission agenda. The Commission will also hear public comment during individual action items, with comment limited to three minutes per person. Comments are to be made to the Commission and Truckee Meadows Water Authority Board of Directors (TMWA) as a whole.”

Kathy Bowling presented a map that showed several domestic wells in the Callahan Ranch area, which was placed on file with the Clerk. She said a long process occurred in Callahan Ranch to reach mitigation agreements for domestic well owners. She was concerned if those agreements would be honored by the Truckee Meadows Water Authority (TMWA) after the merge, and if the same pumping numbers would remain in place.

Eric Sheets echoed the sentiments of the previous speaker. He wanted to ensure that the outstanding agreements would be honored and remain in place by TMWA after the merger.

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11:29 a.m. There being no further business to discuss, on motion by Commissioner Hartung, seconded by Commissioner Jung, which motion duly carried, the meeting was adjourned.

DAVID E. HUMKE, Chairman
Washoe County Commission

ATTEST:

NANCY PARENT, County Clerk and
Clerk of the Board of County Commissioners

*Minutes Prepared by:
Stacy Gonzales, Deputy County Clerk*