

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE MAY 19, 2022
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Thursday, May 19, 2022, at Sparks Council Chambers. Chair Hartung called the meeting to order at 9:30 a.m.

1. ROLL CALL

Directors Present: Paul Anderson, Jenny Brekhus, Naomi Duerr, Vaughn Hartung, *Alexis Hill, **Neoma Jardon, and Alternate Ed Lawson.

Director Absent: Kristopher Dahir

A quorum was present.

**Directors Hill and Jardon attended virtually via Zoom.*

***Director Jardon arrived at 10:58 am and left at 11:09 am.*

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Director Anderson.

3. PUBLIC COMMENT

There was no public comment.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS

There were no Board comments.

5. APPROVAL OF THE AGENDA

Upon motion by Director Duerr, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board approved the agenda.

6. APPROVAL OF THE MINUTES OF THE APRIL 20, 2022 MEETING

Upon motion by Director Duerr, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board approved the April 20, 2022 minutes.

*Attorney-client conference (Board will receive information in closed session)

Chair Hartung recessed at 9:32 a.m.

Chair Hartung reconvened the meeting at 10:56 a.m.

7. PRESENTATION OF FISCAL YEAR 2022 Q3 YEAR TO DATE FINANCIAL RESULTS

Matt Bowman, TMWA Chief Financial Officer, presented the third quarter fiscal year 2022 financial results.

The Board discussed connection fees keeping up with development costs, operational costs as it relates to Mt. Rose Water Treatment Plant, TMWA's hydroelectric power generated sold to NV Energy through the power purchase agreement, and new (or proposed) development not affecting current customers.

8. PUBLIC HEARING ON ADOPTION OF BUDGET

A. DISCUSSION, AND ACTION ON REQUEST FOR ADOPTION OF RESOLUTION NO. 304: A RESOLUTION TO ADOPT THE FINAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2023 AND THE 2023-2027 FIVE-YEAR CAPITAL IMPROVEMENT PLAN (CIP)

Mr. Bowman and Sandra Tozi, TMWA Financial Analyst, presented the staff report of the proposed final FY2023 Budget and FY2023-27 CIP. Mr. Bowman thanked Ms. Tozi and Danny Rotter, TMWA Engineering Manager, for their hard work in putting together the CIP, and thanked Sophie Cardinal, TMWA Financial Controller, in her assistance on the operating budget.

Ms. Tozi addressed a new section in the introduction, conservation projects, per Director Hill's request at the March meeting; the final capital spend increased \$27m from the 5-yr CIP total; the changes were related to the Advanced Purified Water Facility at American Flat (American Flat) (\$17m) and for treatment plant improvements (\$5.3m Orr Ditch Pump Station rehab and \$2.3m to the Longley Plant HV Wells 3&4); updated construction estimates which show an increase of \$10.2m in customer rate projects, two significant projects, American Flat and AMI, not reliant on internal staff, and if these projects were removed, then the cost in the CIP would be similar to past CIPs.

At this time the Board thanked staff for a great report and discussed Orr Ditch Hydro construction (beginning in fall 2022 and anticipated power generation in fall 2023) and river access for recreational users (no change to existing infrastructure in the river), inquired if the City of Reno contribution to the American Flat project was included and the cost incurred thus far (yes, less than \$5m has been spent), and potentially include the amount of water saved due to capital investments.

B. PUBLIC COMMENT — LIMITED TO NO MORE THAN THREE MINUTES PER SPEAKER*

There was no public comment.

CLOSE PUBLIC HEARING

Upon motion by Director Duerr, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board adopted Resolution No. 304: A resolution to adopt the final budget for the Fiscal Year ending June 30, 2023 and the 2023-2027 Five-Year Capital Improvement Plan.

9. DISCUSSION AND POSSIBLE ACTION REGARDING PALOMINO FARMS FEASIBILITY STUDY AND REQUEST FOR BOARD DIRECTION

Director Duerr disclosed she serves on the Lake Ditch Board with Michael Benjamin, who is one of the owners of Palomino Farms, and she does not have any financial ties to Mr. Benjamin other than serving on the board of a not-for-profit corporation. Lucas Foletta, TMWA General Counsel, asked Director Duerr to confirm that her relationship with Mr. Benjamin would not compromise or bias her judgment on this matter, and she confirmed that to be the case.

John Zimmerman, TMWA Assistant General Manager, added that Palomino Farms LLC is one of the two companies involved in the feasibility project and Mr. Benjamin is part of the Palomino Farms LLC.

John Enloe, TMWA Natural Resources Director, presented the results of the feasibility study . Stefanie Morris, TMWA Water Resources Manager, added staff has begun to identify and assess the types of permits needed for the project to be implemented.

The Board engaged in a lengthy discussion regarding the necessity of additional underground storage (the total storage capacity is about 45,000 acre feet, and the perennial yield is about 1,200 acre feet for the project area), complexity of permitting, discussions with the Tribe, issues with City of Reno's connection charges (dated 2014), and methodology for the appraisal and investment expectations. There was also a discussion about leasing versus purchasing the land (about 1,500 acres), and a request for staff to review other communities paying for underground storage.

Ms. Morris noted she has reached out to the Tribe's attorney prior to the meeting to explain the concept and again to discuss the findings and study. Mr. Zimmerman added Mervin Wright, Pyramid Lake Paiute Tribe (the "Tribe") who sits on the Northern Nevada Water Planning Commission (NNWPC) is aware this item was on the agenda today and the NNWPC was updated as well. Ms. Morris added the discussion points addressed by the Board today (cost of purchasing the property, permitting issues, and the cost split between the different partners (TMWA/Reno/Sparks/Washoe County) investing in the project), should the Board approve staff moving forward, would be addressed in a future agreement and proposal for the option agreement.

Director Brekhus reiterated her concerns about City of Reno's outdated connection fees, which need to be addressed for new growth, appreciated staff communicating with Mr. Wright, and stated she would not be supporting the motion.

Upon motion by Director Anderson, second by Director Duerr, which motion duly carried five to one with Director Brekhus dissenting, the Board approved staff recommendations in moving forward with the feasibility study and for staff to provide quarterly updates to the Board.

10. GENERAL MANAGER'S REPORT

Mr. Foree reported that TMWA had its 3rd annual Smart About Water Day at Lazy 5 Regional Park in Spanish Springs which was well attended.

11. PUBLIC COMMENT

There was no public comment.

12. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Chair Hartung also mentioned Smart About Water day on May 7th, more public at the park than another time and commended staff on their efforts.

13. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 12:20 p.m.

Approved by the TMWA Board of Directors in session on Wednesday, June 15, 2022.

Sonia Folsom, Board Clerk.

*****Director Jardon was present for agenda items 7 and part of 8 only.***