

**BOARD OF TRUSTEES
SOUTH TRUCKEE MEADOWS GENERAL IMPROVEMENT DISTRICT
WASHOE COUNTY, NEVADA**

TUESDAY

10:00 A.M.

DECEMBER 8, 2009

PRESENT:

David Humke, Chairman

Bonnie Weber, Trustee

John Breternitz, Trustee

Bob Larkin, Trustee

Kitty Jung, Trustee

Amy Harvey, County Clerk

John Berkich, Assistant County Manager

Melanie Foster, Legal Counsel

Dwayne Smith, Acting Sr. Licensed Engineer

The Board convened at 12:07 p.m. in regular session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada, and conducted the following business:

09-66STM AGENDA ITEM 2 – PUBLIC COMMENT

Agenda Subject: “Public Comment. Comment heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Commission agenda. The Trustees will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Trustees as a whole.”

There was no response to the call for public comment.

09-67STM AGENDA ITEM 3

Agenda Subject: “Approve minutes for the Board of Trustees meeting of November 10, 2009.”

There was no public comment on this item.

On motion by Trustee Breternitz, seconded by Trustee Weber, which motion duly carried, Chairman Humke ordered that Agenda Item 3 be approved.

09-68STM AGENDA ITEM 4

Agenda Subject: “Approve and authorize the Chairman to execute a Water Rights Lease to lease 120.0 acre-feet of water rights from STMGID to Washoe County in

the amount of \$47,205.60 (annual revenue for STMGID) for use in the Golden Valley Recharge Project.”

Trustee Jung inquired about the Golden Valley Property Owners Association (POA) request concerning the annual automatic increase and if a response was included in this report. Dwayne Smith, Acting Sr. Licensed Engineer, replied the POA made public comment during a recent Local Managing Board (LMB) meeting. He said at that LMB meeting the staff report and the agreement were reviewed and recommendations were made. He said those recommendations were suggested to be carried forward to the Trustees meeting including the 3 percent annual increase. Mr. Smith explained the 3 percent annual increase was contained in the original lease and was perpetuated in this lease.

Trustee Weber stated she attended the Golden Valley POA meeting where it was requested of the Department of Water Resources (DWR) to look into the issue. Trustee Jung asked if DWR proposed this change or provided feedback to the South Truckee Meadows General Improvement District (STMGID) as to the feasibility of the automatic 3 percent increase in these economic times. Mr. Smith indicated this was a perpetuation of the lease; however, he was not certain of the conversations that occurred.

Trustee Jung asked if there were any legal or timing issues if this were pulled and fully investigated. Mr. Smith explained the existing lease agreement was set to expire at the end of the year. He said the plan was to bring this before the Trustees and then bring the agreement before the Board of County Commissioners (BCC) in January 2010. Trustee Jung asked if it were possible to move forward so the water recharge was not affected, but with the caveat that this come back when all of the issues had been fully explored. Melanie Foster, Legal Counsel, indicated the Trustees had the authority to change the terms and to remove the provision for the automatic 3 percent extension. She said if after fully vetted staff felt that was an important point it could be brought forward at a later date. However, there was not a provision in the lease, modeled on the existing lease that allowed for an automatic month-to-month continuation. She explained if it were not approved by the end of the month the lease would end.

Trustee Jung suggested the automatic 3 percent increase for this year be removed. She stated the Golden Valley POA did not ask for this consideration every year and questioned if a reprieve this year could be possible. Mr. Smith suggested this go back to the LMB to direct staff to identify more specific opportunities and options. Ms. Foster explained there was a 60-day notice provision for those renewals and suggested approving the new lease either for a short-term to allow staff to return to the LMB or with the removal of the offending language.

Steve Cohen, LMB Chairman, commented this was heard at the LMB meeting in November 2009 with a review of the rate study earlier in the year. He stated since there were costs to be met rates had been raised and felt that 3 percent was more than fair to continue with the contract. Mr. Cohen said the contract was with Washoe County; however, at this meeting it was being acted upon by the Board of Trustees for

STMGID, then return to the BCC in January 2010. He said the LMB heard from the Golden Valley POA, but noted it was the wrong meeting to make those comments, which should be during the BCC meeting. Mr. Cohen reiterated the LMB felt the 3 percent was fair and noted STMGID's cost had risen more than 3 percent.

Chairman Humke stated the Board had to be fair to the business of STMGID. Mr. Smith clarified it was an annual contract with an extension of two years as an option. Chairman Humke suggested foregoing the 3 percent for 90 days to promote negotiations. Mr. Smith stated that would give staff time to generate additional information for the Trustees and the LMB.

Trustee Breternitz remarked it was important to know there was a state of concern and to have documentation in stating the cost of operations had increased enough to justify the automatic increase. He requested the numbers behind the increase.

There was no public comment on this item.

On motion by Trustee Jung, seconded by Trustee Weber, which motion duly carried, it was ordered that a temporary lease agreement for 90 days be approved, striking the language of an automatic 3 percent increase, and to hear within those 90 days from staff and the LMB the justification of an automatic 3 percent increase for the contract this year.

09-69STM AGENDA ITEM 5

Agenda Subject: "Recommendation to the STMGID Board of Trustees to reject all bids received, or approve bid award to Boart Longyear in the amount of \$177,075.00 for constructing STMGID Well 12 exploratory test well; and if awarded, authorize the Chairman to execute the contract documents, and authorize the Acting Manager, Resources, Planning and Management Division to issue the Notice to Proceed."

There was no public comment on this item.

On motion by Trustee Breternitz, seconded by Trustee Jung, which motion duly carried, it was ordered that all bids be rejected.

09-70STM MANAGEMENT REPORTS - OCTOBER 2009

Agenda Subject: "Management Report"

- (a) Customer Water Usage Report – October 2009**
- (b) Work Order Summary – October 2009**
- (c) Financial Report – October 2009**
- (d) Minutes of Local Managing Board regular meeting of September 28, 2009**

The report was acknowledged.

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

09-71STM AGENDA ITEM 7

Agenda Subject: “Trustees, LMB, and Staff Comments (limited to announcements, requests for information, statements relating to items not on the agenda or issues for future agendas.)”

Steve Cohen, Local Managing Board Chairman, announced there was a STMGID and Board of County Commission joint meeting scheduled for January 12, 2010.

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ADJOURNMENT

12:23 p.m. On motion by Trustee Weber, seconded by Trustee Breternitz, which motion duly carried, Chairman Humke ordered that the meeting be adjourned.

DAVID HUMKE, Chairman
South Truckee Meadows General
Improvement District

ATTEST:

AMY HARVEY, County Clerk and
Ex-Officio Secretary, South Truckee
Meadows General Improvement District

*Minutes Prepared By:
Stacy Gonzales
Deputy County Clerk*