

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

TUESDAY

11:00 A.M.

JUNE 26, 2012

PRESENT:

Robert Larkin, Chairman
Bonnie Weber, Vice Chairperson
John Breternitz, Trustee
Kitty Jung, Trustee
David Humke, Trustee

Nancy Parent, Chief Deputy Clerk
Katy Simon, County Manager
Paul Lipparelli, Legal Counsel
Dwayne Smith, Acting Sr. Licensed Engineer

The Board convened at 11:22 a.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:

12-13STM AGENDA ITEM 2

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 STMGID Board of Trustees 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.”

Robert Hardenbrook voiced his opposition to the proposed merger of the South Truckee Meadows General Improvement District (STMGID) and the Department of Water Resources (DWR). He remarked that the merger would be a financial burden to the STMGID customers.

12-14STM AGENDA ITEM 3

Agenda Subject: “Presentation of the summary report prepared by Good Standing Outreach, Inc. of the May 3, 2012 public hearing held to inform the STMGID customers of specific elements of the proposed merger of STMGID with the Washoe County Department of Water Resources.”

Steve Cohen, Local Managing Board (LMB) Chairman, stated that the LMB was directed during a joint meeting held in March 2012 to conduct a public meeting for STMGID customers. He indicated that all aspects for the merger were

discussed at the public meeting where the public overwhelmingly opposed the merger. He indicated that Good Standing Outreach, Inc. was hired to prepare the summary report, which was presented to the LMB and now being forwarded to the Board of Trustees.

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

12-15STM AGENDA ITEM 4

Agenda Subject: “Discussion and possible acceptance of the STMGID LMB’s recommendation not to merge the STMGID with the Washoe County Department of Water Resources and, if accepted, possible direction to the STMGID LMB to initiate the process of evaluating the possible establishment of the STMGID as an independent water utility, including the drafting of consultant and service agreements necessary to develop the analysis and a feasibility plan as an independent water utility, which agreement(s) shall be presented to the Board of Trustees for consideration no later than July 10, 2012.”

In response to the call for public comment, Malachy Horan, Steering Committee representative, conducted a presentation, which was placed on file with the Clerk. The presentation included a review of the consultant’s study, key infrastructure facts, General Improvement District (GID) cost comparisons, and key financial facts impacting fairness to combine STMGID and what would be needed from the Board of Trustees. The Steering Committee was requesting the authorization and funding for an independent third party contractor, agreement that DWR provide support to allow a plan for separation from DWR, and authorization to include a communication plan for billing, which was paramount to effectiveness.

Bill Maggiora stated that he was opposed to the merger. He questioned why the County Commissioners were still the Board of Trustees for STMGID.

Jerry Gamroth thanked the STMGID customers who went door-to-door in a communications effort. He said constructive research had been conducted with other GID’s in order to maintain serving clean, safe water from a viable GID. He respectively asked the Board to offer expenditures for objective engineering and financial studies to move forward with a mandate that the analyses were without bias, prejudice or conflicts of interest.

Bart Hooley stated that the LMB had the ability to produce a stand-alone GID and to continue to successfully operate the system.

Arlene Grier spoke on the quality of water when she first moved into the area. She said there was so much Arsenic and Boron in the well water that residents had to haul water in plastic containers from Davis Creek. She pleaded to keep their water, their wells, and their water quality under the control of STMGID.

Robert Acheson stated his opposition to the proposed merger.

Ted Short requested the Board back the LMB and not merge STMGID with DWR. He said the money and assets acquired by STMGID were all acquired by taxpayers and ratepayers.

Steve Cohen, LMB Chairman, said the LMB had heard the customer's comments and, as their elected representatives, were approaching the Board of Trustees to recommend the merger of STMGID and DWR not occur.

Trustee Humke commented that public speakers gave a history of how the County entered into assisting STMGID to manage their affairs. He said the history was important, but emphasized that the County did not take people's money or use that money inappropriately. Trustee Humke requested Mr. Horan continue with his remarks.

Mr. Horan said the key was how to move forward to plan this effectively and efficiently with agreed measurements and milestones to ensure that current and future Trustees understood the risks, the costs and the engineering issues. He hoped to move in a parallel formation in forming a stand-alone utility. He said July 10th was mentioned as returning to the Board of Trustees with a plan to move forward. Between July 11th and July 15th, Mr. Horan said contractors would be engaged in order to provide a detailed implementation plan for a stand-alone utility and conduct due diligence for water rights, engineering, legal issues and a 10-year outlook. He noted that November 15th was the anticipated date to present the completed implementation plan to the Board of Trustees. Another key issue for implementation was having the systems remain parallel with a two to three month joint operation ensuring a safe and efficient program.

Trustee Humke stated that the July 10th date was proposed from DWR. He asked if it were possible to meet those benchmark dates. Mr. Horan explained that there had to be a measurable timeline to reach completion.

Dwayne Smith, Acting Sr. Licensed Engineer, clarified that staff presented STMGID an opportunity to develop a process in order to return in November and make a recommendation to the Board of Trustees on whether to move forward or not with a stand-alone utility. He said during the July 10th meeting, staff would come forward with the scope of work, particular subcontractors, and technical and communication consultants that STMGID may need in order to affect this process.

Chairman Larkin stated that the July 10th date was a target date for an update, with July 24th being an alternate target date. Mr. Smith replied that was correct.

Trustee Breternitz inquired if the cost for services for contractors would be submitted. Mr. Smith replied it was anticipated that the time schedule would be met, and to return on July 10th to establish a maximum dollar amount. Additionally, a contract would be submitted to the Purchasing Department and would be developed with a scope of work specific to enable STMGID the ability to have a stand-alone utility with a cost not to exceed \$100,000 per occurrence. He explained that the LMB was given authority

to enter into professional service contracts by an ordinance adopted several years ago. Also requested would be for the Board of Trustees to direct the Purchasing Manager the authority to execute contracts under \$100,000. Trustee Breternitz asked if there would be assurance that the individual contracts would not be changed ordered over \$100,000. Mr. Smith replied that clear scopes of services would be defined to eliminate those types of occurrences. If it was something necessary outside that scope of services and exceeded \$100,000, it would come before the Board of Trustees.

Trustee Weber suggested allowing the LMB an additional week and then returning on July 24th with an update. Chairman Cohen said the timeframe given to the LMB from DWR was November 13, 2012 for STMGID to either merge or form a stand-alone utility. Chairman Larkin suggested the LMB return on July 10th, but if more time was needed, return on July 24th.

After hearing the process and the composition, Trustee Breternitz said it was important to have quality versus numbers thrown on a schedule. He said it was important to work through the process quickly, but the LMB needed the faith and trust that they would make the determination for timing.

Trustee Humke stated there had been some divergence between the LMB and a significant group of their constituents; however, there had been more convergence recently, which was good for the ultimate goal and the timeline.

Trustee Humke moved to remain with the July 10, 2012 deadline, with flexibility, and authorize the LMB to seek contracts to bring back in order to begin performance of those contracts so they could make the decision regarding the direction of the future of the STMGID service operation and bring that back to the Board of Trustees. Trustee Breternitz seconded the motion.

Mr. Smith asked if the motion included the recommendation to acknowledge the LMB's recommendation to not merge with DWR. Trustee Humke stated that was correct. The seconder agreed.

Rew Goodenow, Board of Trustees Legal Counsel, indicated that the motion was in order. He requested the minutes reflect the resolution precisely as read by Trustee Humke and not as referenced on the agenda. He said the limiting language in the agenda referred to "independent water utility," and he took that to mean a variety of options and not used as a term of art, as "independent water utility" may be used in the sense as listed in NRS to include the consideration of a stand-alone GID separate from the Board of Trustees.

Trustee Humke adopted and incorporated that legal advice as if made in the motion directly. The seconder agreed.

On call for the question, the motion passed on a 5 to 0 vote.

12-16STM AGENDA ITEM 5

Agenda Subject: “Discussion and possible direction to the LMB to modify the STMGID Board of Trustees’ contract with Mr. Rew Goodenow of Parsons, Behle and Latimer to expand the scope of work for additional legal services associated with the evaluation process for the possible establishment of the STMGID as an independent water utility, scope of work and agreement to be presented for consideration to the Board of Trustees no later than July 10, 2012.

Trustee Breternitz asked if this proposal should be included in the information presented to the Board of Trustees on July 10, 2012. Dwayne Smith, Acting Sr. Licensed Engineer, explained that the Board would have the original contract with the scope of work and the expanded contract to review on July 10, 2012.

Chairman Larkin felt this was premature and should be considered on July 10, 2012. Rew Goodenow, Board of Trustees Legal Counsel, stated that his contract was a “do not to exceed \$50,000” and noted approximately \$28,000 had been expended. He said the contract was limited to services in connection with the proposed plan to merge, but he was satisfied to continue his work for the Board until or past July 10, 2012 if needed.

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

12-17STM AGENDA ITEM 6

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 STMGID Board of Trustees 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.

12-18STM 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.)”

Trustee Humke expressed thanks for the efficiency on some items being presented.

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12:16 p.m. There being no further business to come before the Board, on motion by Trustee Breternitz, seconded by Trustee Weber, which motion duly carried, the meeting was adjourned.

ROBERT M. LARKIN, 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*