

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

TUESDAY

1:00 P.M.

OCTOBER 23, 2012

PRESENT:

Bob Larkin, Board of Trustees, Chairman
Bonnie Weber, Board of Trustees, Vice Chairperson
John Breternitz, Board of Trustees, Trustee
David Humke, Board of Trustees, Trustee

Steve Cohen, Local Managing Board, Chairman
Gerald Schumacher, Local Managing Board, Vice Chairman
E. Sue Saunders, Local Managing Board, Secretary
Gary Tavernetti, Local Managing Board, Member

ABSENT:

Kitty Jung, Board of Trustees, Trustee
Ellen Allman, Local Managing Board, Member

The Board of Trustees and the Local Managing Board convened at 1:20 p.m. in joint session in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada. Also present were Washoe County Chief Deputy Clerk Nancy Parent; Washoe County Manager Katy Simon; Washoe County Legal Counsel Paul Lipparelli; Pete Simeoni, Local Managing Board Legal Counsel; and Rod Savini, Gray and Associates. The Chief Deputy Clerk called the roll and the Boards conducted the following business:

12-50STM 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 Joint Meeting agenda. The Board will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Board as a whole.”

Ron Penrose discussed the reason the South Truckee Meadows Improvement District (STMGID) was created, and the reasons he believed there was no longer a reason for STMGID to continue to exist as a standalone entity. A copy of Mr. Penrose’s letter to the STMGID Board of Trustees containing the comments he made was placed on file with the Clerk.

Rew Goodenow, STMGID Legal Counsel, noted this was a joint meeting and he asked the Chairman to convene the Local Managing Board (LMB). Chairman Larkin convened the LMB. Nancy Parent, Chief Deputy Clerk, called the role and noted the LMB had a quorum.

12-51STM AGENDA ITEM 3

Agenda Subject: “Presentation by the STMGID LMB on STMGID History.”

Trustee Breternitz said when the history of the South Truckee Meadows General Improvement District (STMGID) was presented on October 9, 2012, there were some differences in how the Department of Water Resources (DWR) and STMGID viewed STMGID’s history. He asked those differences be highlighted during the Local Managing Board’s (LMB’s) presentation.

Gerald Schumacher, LMB Vice Chairman, reviewed the concerns, which were shown on page 32 of the PowerPoint presentation presented at the October 9, 2012 meeting of the LMB and the Board of Trustees (BOT). He said there was no competition for the limited water resources when STMGID was created, because the developments mentioned during the presentation did not exist. He stated STMGID actually aided in the development of the area by leasing groundwater rights to the developer, and the parties were well aware that the water purveyor, Sierra Pacific, was able to supply any needed water. He said the presenter also inferred there was an appetite by the stakeholders for the merger of STMGID with other purveyors, which was not true on the part of STMGID.

Vice Chairman Schumacher said page 19 referred to the merger of STMGID and DWR and the supposed overrun of \$400,000 in administrative costs. He stated the budget would have been augmented to handle that overrun if there had been one.

Vice Chairman Schumacher stated Item 6 shown on page 32, the County requiring future annexation to STMGID, totally befuddled him. He stated he did not understand how that could ever happen, because people could not be forced to annex into STMGID.

Vice Chairman Schumacher believed the presentation did not give credit where credit was due. He advised the LMB had worked hard throughout its history to be fiscally responsible and to administer STMGID efficiently, and STMGID had never faced any crisis like those seen with other water systems. He stated there had never been a boil-water order, the arsenic and boron problems had been resolved, and STMGID supplied high-quality water at a fair price. He said all of STMGID’s bond obligations had been met, no debt had been incurred since 2003, and the infrastructure had been maintained. He stated based on all of that, it was easy to understand why people were irritated with the possibility of STMGID being done in.

Trustee Weber stated she had many questions because she did not have the document Vice Chairman Schumacher was referring to in front of her to look at. Vice Chairman Schumacher said it was presented October 9, 2012. Trustee Weber agreed, but felt it would have been helpful to have known that it would be referred to today. Vice Chairman Schumacher said he would send an e-mail to the Trustees summarizing his comments if that would help.

Staff provided copies of the October 9th presentation to the Board. A copy was placed on file with the Clerk.

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

12-52STM AGENDA ITEM 4

Agenda Subject: “Status report on the progress of the STMGID Feasibility Study for the possible establishment of an independent water utility, including a stand-alone system with savings option.”

Rod Savini, Gray and Associates, discussed the items already completed for the South Truckee Meadows General Improvement District’s (STMGID’s) Feasibility Study. He stated the final analysis of the standalone alternative was being completed and engineering was completing the refinement of the infrastructure improvement plan, the operations and maintenance plan, and the 20-year Capital Improvement Plan (CIP). He said two versions of the CIP were being done: STMGID as a fully autonomous organization and STMGID as a contract-operated organization. He said the costs and the revenue analysis were being refined for the standalone option.

Mr. Savini stated the Department of Water Resources (DWR) presented two preliminary standalone alternatives, STMGID Compact and STMGID South, to the Local Managing Board (LMB) on October 4, 2012. He said another merger option was mentioned, but specifics were not provided at that time. He stated the Truckee Meadows Water Authority’s (TMWA’s) Board indicated the alternatives did conform to the merger criteria. He said the Feasibility Team went to the LMB on October 18, 2012 with the schedule impacts and the additional cost requirements to analyze the two alternatives, but no action was taken by the LMB. He said Joe Howard, DWR Acting Resources Planning & Management Manager, stated those alternatives were no longer active and presented another bifurcated STMGID alternative and also mentioned DWR was going back and looking at an additional merger alternative. He stated because of these events, the LMB did not direct any of the alternatives be included in the Feasibility Study criteria, but did request the Feasibility Team provide all of the alternatives to the ratepayers.

Mr. Savini said there would be a presentation of DWR’s alternatives later in the meeting, and those alternatives were presented to the LMB on October 18, 2012. He stated a revised schedule was developed and presented to the LMB last Thursday. He said revising the schedule was necessary due to the need to look at the alternatives for possible inclusion in the Feasibility Study and due to the desire that the ratepayers be

made aware of all of the alternatives. He said the Feasibility Team was primarily looking at getting approval for the content of the packet that would be provided to the ratepayers. He said the Feasibility Study would contain the STMGID standalone alternative, the alternative with savings, the original merger proposal, and the latest merger proposal; and would be included in the report to the LMB on November 1, 2012. He said the report was originally scheduled to be presented to the LMB on October 18, 2012, but the other alternatives came up. He said the packet to the ratepayers was to have been approved on November 4, 2012, so they would arrive at the STMGID customers' mailboxes on November 15th and 16th. He stated the two open houses were rescheduled from October 23rd and October 25th to November 26th and November 27th. He said the results of the preference choices mailed to the customers would be presented to the LMB on November 28th. He stated a LMB meeting was scheduled for December 6th regarding the Feasibility Study and the LMB's recommendation to the Board of Trustees (BOT) would be on December 11, 2012. He said the LMB would be considering the Feasibility Study from November 1 through December 6, 2012 and it would also be provided to the BOT during that same timeframe. He stated that was the schedule recommended to the LMB regarding the completion of the Feasibility Study and the inclusion of all of the alternatives, which pushed the dates back by a month.

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

12-53STM AGENDA ITEM 5

Agenda Subject: "Discussion of results of Truckee Meadows Water Authority Board of Directors meeting held October 17, 2012."

Chairman Larkin stated at the last meeting, the South Truckee Meadows General Improvement District (STMGID) Board of Trustees (BOT) and the Board of County Commissioners (BCC) agreed to take to the Truckee Meadows Water Authority (TMWA) a discussion on selling water. He said at TMWA's annual goal setting meeting last Wednesday, he offered a motion suggesting to set as policy whether TMWA would sell water to STMGID, and the vote was affirmative; but it did not direct TMWA's staff to begin negotiations due to TMWA's requirement the BOT first needed to decide STMGID's status. He stated there had been a spirited discussion, but the ultimate disposition was it did not make a difference to TMWA whether STMGID was a standalone entity or was included in the Department of Water Resources (DWR), but TMWA wanted a decision one way or the other. Rew Goodenow, South Truckee Meadows General Improvement District (STMGID) Legal Counsel, said that was also his understanding of what occurred. Steve Cohen, STMGID Local Managing Board (LMB) Chairman, agreed it was clear TMWA wanted the County to decide what was going to happen with STMGID before TMWA would talk with STMGID.

Trustee Breternitz said he was interested in knowing when the BOT would have a final recommendation from the LMB on what they preferred. Chairman Cohen replied the target had been November 13, 2012. He said since some other merger options were brought forward so late in the process, he wanted to make sure they were considered

as part of the public outreach and more time was needed to make sure they were included. He stated during a later agenda item, he would propose delaying the date of the LMB's recommendation from November 13, 2012 to December 11, 2012.

Trustee Breternitz stated hearing the LMB's recommendation at the November meeting would allow the BOT to take action at the December meeting. He said he was concerned about the decompression of the schedule and what affect the delay would have on DWR's merger with TMWA. Chairman Larkin said that discussion would be part of Agenda Item 7.

Trustee Humke asked what affect the upcoming election would have on the LMB. Chairman Cohen said the LMB currently had four open seats, one of which was for a half term. He stated six or seven people were on the ballot, three of which were current LMB members. Trustee Humke asked if the members ran for a specific seat. Chairman Cohen said he understood the highest vote getters would be seated, and the new members would be sworn in at the first BCC meeting in January 2013.

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

12-54STM AGENDA ITEM 6

Agenda Subject: "Department of Water Resources (DWR) alternatives proposed to STMGID LMB on October 18, 2012, and discussion of LMB action taken at the October 18, 2012 LMB on DWR proposed additional alternatives for the future of STMGID."

Rew Goodenow, South Truckee Meadows General Improvement District (STMGID) Legal Counsel, said he wanted the Chairman's blessing to speak with the Truckee Meadows Water Authority about the "STMGID Merger Debt Offset Rate Option" handout, which was placed on file with the Clerk. Chairman Larkin said Mr. Goodenow had already been advised he could talk to anyone he needed to.

Mr. Goodenow said the handout was the result of a discussion between the professionals retained to assist in this matter, and represented the topics of discussion for the proposed merger between STMGID and Washoe County and ultimately the Truckee Meadows Water Authority (TMWA). He explained what had been missing was the direct connection between STMGID and TMWA, which this effort was seeking to initiate.

Mr. Goodenow said the first bullet point of the attached Summary, "STMGID customers pay TMWA rates less the debt component," was in response to complaints heard throughout the public-input process that TMWA's rates were higher than STMGID's rates, and why would STMGID enter into an agreement where its rates would go up. He stated one of the factors cited for the disproportionate rate structure was due to TMWA having debt, which STMGID did not have. He said the idea would be to adjust the rates being charged, so STMGID's customers would not pay for TMWA's debt.

Mr. Goodenow said the second, third and fourth bullet points all related to the concept that STMGID had been frugal with its money and had fairly large amounts of restricted and unrestricted cash. He stated STMGID's customers wanted to be sure those funds did not go away during the merger and would be used to benefit the STMGID system going forward. He said those items were intended to address that concern with the restricted cash being used for its intended purpose. He advised direct contact with TMWA was being sought, so they could be ensured a binding commitment would be made. He said secondly the unrestricted cash, net of reserves, and the funds generated by the sale of STMGID's assets and lease income would be used only for repair, replacement, and rehabilitation projects and any contingent liabilities affecting the STMGID system. Finally, STMGID would continue to fund 100 percent of the depreciation with the funds placed in a system account, since STMGID would not be responsible for rehabilitation projects once the cash funds were exhausted. He said this was important because, if the merger was approved, STMGID would go away and there would be a new system. He explained that was why the description "system" was used rather than describing some of the bullet points as "STMGID."

Mr. Goodenow said the fifth bullet point, "only post-merger system debt would be added into rates," was self explanatory given his earlier description of the proposed rate structure. He said when the rates would adjust for a particular customer, was identified in the fifth bullet point of the Summary.

Mr. Goodenow said there needed to be a discussion on how connection fees were handled by TMWA, because there was a difference in how TMWA and STMGID handled them. He advised TMWA would have the authority to manage all water resources. He said the County was currently managing the STMGID system under contract and someone would have to manage the new system going forward, which would be TMWA.

Mr. Goodenow said the above terms would have to be included in a merger agreement. He stated he understood there was an existing agreement with TMWA and the item for discussion was the explicit inclusion of STMGID within the terms of that agreement, which would allow STMGID to become a party to the agreement. He said that would allow STMGID to fully control its own destiny and to enforce the terms of the agreement. He reiterated the bullet points were topics for discussion with TMWA's representatives.

Trustee Breternitz said he supported having the discussion with TMWA, but he believed an internal discussion should include what would happen if TMWA said no. Mr. Goodenow believed the intent was to merge the systems of TMWA and the Department of Water Resources (DWR), which could not proceed without resolution of the STMGID situation whether it stood alone or was merged. He said the studies showed standing up completely separate systems did not make financial sense for the consumers. He stated it appeared the alternative would be to merge all of the systems and operate them together, but STMGID's customers opposed the merger as originally proposed. He

said another approach would be to continue to operate STMGID as a separate system and to use the systems jointly. He stated it would require cooperation, which was not always easy because it would require Interlocal Agreements between the entities and ultimately an agreement with TMWA. He said if the merger was not achievable because it became apparent to this body it did not make sense or because of citizen protests, it would be necessary for the purposes of moving the merger forward to work out the Interlocal Agreements.

Trustee Breternitz said he understood 51 percent of a General Improvement District's (GID's) members had to support the proposal to assume debt. He asked if that number was not reached, would it void the ability of DWR to merge with TMWA. Paul Lipparelli, Washoe County Legal Counsel, believed Trustee Breternitz was remembering a provision relating to the ability of property owners within a district to affectively protest a merger of the district into the County. He said there was a process that contemplated the ways property owners could register their protests. He felt Trustee Breternitz was also asking if action on the part of STMGID could prevent Washoe County's efforts to merge and that answer was no. He said Washoe County could merge with TMWA provided TMWA was satisfied the conditions of the merger were in TMWA's interests. He advised thus far, TMWA had obviously noted there was the issue of STMGID's future. He said while STMGID could not legally prevent the merger, the other side had to be willing to go forward with it. Mr. Goodenow said he and Mr. Lipparelli were on the same page.

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

12-55STM AGENDA ITEM 7

Agenda Subject: "Presentation by the LMB and discussion with the Board of Trustees and LMB regarding developing STMGID as a stand-alone water utility and possible direction to the LMB and STMGID consultant team."

Steve Cohen, South Truckee Meadows General Improvement District (STMGID) Local Managing Board (LMB) Chairman, said the Feasibility Study showed a standalone system could be done, but doing so would cost money; and the LMB did not want to give the citizens just that choice. He said yesterday a new merger proposal surfaced, which the LMB would like to get set in stone so it could be presented to the citizens as another option for consideration. He stated it would be possible to make a decision by November 13th, but the ability to have the open houses and to obtain public comment would be lost in addition to cutting off any possible discussions with TMWA. He stated adding a couple of weeks to obtain public input, would allow the LMB to make its recommendation to the Board of Trustees (BOT) on December 11, 2012.

Chairman Cohen said another reason for the delay was the election, because he did not believe the new Boards would want to start this all over again. He advised he and Ellen Allman had been meeting with Department of Water Resources (DWR) staff and legal counsel to work out an agreement, which would be presented to

the full LMB at their next meeting. He said hopefully a viable option could be firmed up, which could be presented to the public during the open houses.

Chairman Larkin asked how many people running for the vacant seats on the LMB were unfamiliar with this issue. Chairman Cohen said he was pretty sure they were aware of the situation. Chairman Larkin stated he was not unsympathetic to obtaining public input, but he was personally not willing to change the November 13th date. He stated it would be one more thing getting in the way of moving this process forward. He guaranteed another option would come in and there would be a request to delay things another month to look at that new option. He stated this was a dynamic process and other options could come in and, if one came in on November 13th, it should be considered because the best decision possible should be made. He said he was not opposed to scheduling another meeting for the final disposition if one was needed. He said he was not sure pushing the schedule back would add anything positive to the overall process.

Chairman Cohen said the mailings to STMGID's customers were being prepared to go out on Thursday. He stated the four options could be presented on November 13, 2012, but they would have to be presented to the LMB on November 1 for the LMB to make their recommendation to the BOT on November 13th. He stated that meant the recommendation would have to be made without the public input because there would not have been enough time to receive the responses to the mailings. Chairman Larkin said he was not sure that scenario was correct. He stated the LMB could meet on November 1st, but make the recommendation on November 13th at a joint meeting of the LMB and the BOT. He said he had not heard a convincing argument for slipping the schedule. Chairman Cohen stated the only reason he was asking for the delay was for public outreach. Chairman Larkin believed there would be significant public outreach by November 13th but, if that was not the case, that might be an argument for granting a delay.

Trustee Breternitz said the one thing not being considered in sewing up this deal was there needed to be some sort of conceptual agreement with TMWA. Chairman Larkin stated TMWA made it very clear the BOT and the BCC had to proceed that request to TMWA with a decision regarding what would be done with STMGID.

Trustee Weber said the public should be able hear this information and moving the public meetings to November 26th would be unfair.

Trustee Humke stated four possibilities had been identified. He asked if the "STMGID Merger Debt Offset Rate Option" handout had gone out to the public. Chairman Cohen replied it was just developed yesterday morning. He said his fear was the protests would come into play if a decision was made on November 13th before any public input was received. Trustee Humke asked if the two standalone options had been presented to the public. Chairman Cohen said at one of the LMB meetings it was decided the full standalone option was not viable, and the Feasibility Team was directed to look for other options. He said one of the options explored was to share emergency

connections, which would eliminate having to build a second well next to an existing well. He stated that option came to be called the “Standalone with Savings” option, which would cost \$8.5 million to create a standalone system that would still be interconnected for emergencies. Trustee Humke asked if that was predicated on a wholesale purchase of water. Chairman Cohen replied it would have to be. He said currently the agreement with DWR was for an exchange of water at certain times of the year. He stated for all of the years the Division of Service Agreement had been in place, neither DWR nor STMGID had written a check because they had been able to balance the water usage. He said that option was no longer on the table because TMWA would not buy water, which meant STMGID would have to buy water wholesale from TMWA to create the standalone.

Commissioner Humke asked if there would be another true standalone option where STMGID would operate as an individual entity, which might be predicated on transferring STMGID’s assets to TMWA and buying back water at wholesale costs. Chairman Cohen said the LMB had been told by DWR that the Interlocal Agreement option was not on the table. He stated the LMB could only push so hard, and at some point the LMB just had to move forward with the options it had. He said the LMB was always open to other options and, even though this was what was available now, everything was subject to change. He said the newest option was what the LMB had been looking for a year ago. He stated part of the process was to get the public involved, which was all the LMB was trying to do, so the LMB could make a decision based on that input. Trustee Humke asked if there was any vehicle to get additional options that citizens might suggest to the public. Chairman Cohen said the public spoke at all of the LMB meetings and there was a representative from a public group at the weekly meetings. He stated the public had not been left out, but it was a small group of people who were actively involved. He said there were approximately 3,700 STMGID customers, and he believed only 10 percent were aware of what was happening. He said he did not believe that was an acceptable number, and he would like to see at least 50 percent involvement. Trustee Humke said after going door-to-door, he could vouch for the fact that many STMGID customers thought they were TMWA customers.

Trustee Humke asked what staff assisted STMGID in presenting information to the public. Chairman Cohen replied Good Standing was STMGID’s communication representative. He said they would be putting together a couple of open houses and a factsheet regarding what would happen with each option. He stated the factsheet would be mailed to STMGID’s customers and would be presented at the open houses. Trustee Humke said he meant technical staff. Chairman Cohen said that was the contractors along with input from DWR. He said DWR was working two sides of the same issue, and it was hard to negotiate with someone who held all of the cards.

Trustee Humke said DWR staff asked for more time at the last LMB meeting, and he asked if that was why the new open house dates of November 26th and 27th were proposed. Chairman Cohen said DWR staff indicated no other options were available. He stated the option presented Thursday night was to remove the west part of STMGID, which was comprised of Saddlehorn, Field Creek, Rolling Hills, and government lots, and condense STMGID to the east, which included Curti Ranch and

some others. He said that would make STMGID smaller in customers and in area. He stated his first thought was it was an issue of divide and conquer, because he did not believe it was in the right spirit of negotiations to make STMGID smaller. He said the LMB voted 4-1 to not include that option in the Feasibility Study. He stated the November to December dates would not have worked if the vote had been to include it, because it could have taken weeks to study that option. He said he was not trying to stop additional input from being accepted, but he personally felt making STMGID smaller was not a good option.

Trustee Humke said Chairman Cohen gave him a copy of a mailing received from a citizen group regarding a protest using Nevada Revised Statute (NRS) 318. He asked what affect that protest would have if it was successful. Chairman Cohen said he understood according to NRS 318, the merger of STMGID into DWR, or any other entity, could be stopped by 51 percent of the customers voting no. He said that action would take the merger off the table and would mean going back to discuss the Interlocal Agreement or standalone options. Trustee Humke asked if such a protest might be a successful. Mr. Goodenow said he was unaware of any prior published decision related to this section of the statute. He stated a protest procedure was afforded by the statute, and he understood efforts were underway to organize such a protest. He said he had not reviewed those efforts, and any statements he made would be off the cuff and would not be a position. He said he understood the affect of the statute in light of a successful protest would be the merger could not go forward between STMGID and Washoe County. Trustee Humke asked if that could represent a trolling so negotiations could take place. Mr. Goodenow said premised upon the belief that the agreement between Washoe County and TMWA required the resolution of the STMGID issue, it seemed that would present a trolling period during which time people would have to figure it out.

Trustee Humke said he was informed an ordinance draft to transfer the BOT responsibilities from the Board of County Commissioners (BCC) to the LMB had been requested. Paul Lipparelli, Washoe County Legal Counsel, explained there was a draft ready if a first reading was requested to be held on November 13, 2012. He said it would help if staff knew what the ordinance should say. Trustee Humke said it should address the transfer of the BOT's responsibilities from the BCC to the LMB. Chairman Larkin said the agenda item was styled for the Board to provide direction regarding STMGID, and he asked what the LMB wanted to do. He said the LMB represented the people in STMGID's service area and, if the LMB wanted to stand up as the Trustees, the LMB needed to tell the BOT that. He said the second question was what form of entity the Trustees would manage. Trustee Breternitz said if the STMGID's customers chose to not go along with a merger, the LMB becoming the BOT would give STMGID the mechanism to figure out how the standalone would survive and how becoming a standalone would be effectuated from a practical standpoint; and he felt this was a good time to contemplate having the LMB become the BOT.

Chairman Cohen advised the LMB had wanted to become STMGID's BOT for the last 10 years. He stated he supported having the first reading on November

13th and the second reading on December 11th. He said that would eliminate the LMB having to make the recommendation to the current BOT, because the LMB as the Trustees would make the decision regarding STMGID's future. He said if the LMB were to recommend a merger, the second reading would not have to happen because it would not matter at that point. Chairman Larkin said this was coming to a conclusion and part of that was deciding whether or not to move forward with the LMB becoming the BOT. He stated if action was taken to say the intent was to standup STMGID as a separate entity, it would solve the issue with the TMWA Board's policy direction. Rosemary Menard, Community Services Director, said TMWA specified a number of conditions and, depending on the form of the standalone, there could be some impacts to County costs, Treasury, rate impacts and so on. She advised it would have to be determined if the County could live with those impacts on the County's customers.

Trustee Humke said if a draft ordinance was ready for the first reading, he asked if it could be declared an emergency item so the second reading and adoption could also occur. Mr. Lipparelli stated there was no provision to permit a first and second reading at the same meeting. He said that was done with bond ordinances, where there was express authority to do so, or for an emergency, which meant some sort of calamity or natural disaster had occurred. He stated if the BOT was interested in asking the BCC to approve an ordinance appointing new Trustees, doing that would leave in place the Interlocal Agreement between STMGID and the County for the provision of administrative services, so nothing would change immediately.

Mr. Lipparelli advised it might be necessary for the agendas in that timeframe to contemplate the appointment of lawyers for STMGID, because by default the District Attorney's (DA's) Office would be the lawyers for the new STMGID Board's regular dealings. He said it should be anticipated whether the new Board would want to continue that arrangement or if they would want lawyers of their own for all of their affairs. Chairman Larkin said STMGID hired a lawyer. Mr. Lipparelli replied he was hired to work on the merger, but the DA's Office remained STMGID's legal counsel for matters other than the merger.

Trustee Weber said she was concerned about the election, because it could result in four new LMB members. She felt the new Board should be able to have some conversation about moving forward with LMB becoming the BOT. Trustee Breternitz said that would move the first reading of the ordinance to January or February 2013, since the new Board members would not take office until the first part of January. He stated if the ordinance process was initiated with the first reading on November 13th and finished with the second reading on December 11th, there would still be other things to be resolved; but at least the ordinance would be taken care of. He said if the LMB voted to do the merger, then it would be fine. Chairman Larkin said it would be moot. Trustee Breternitz said doing the ordinance would save time in the long run, and it made perfect sense to do it while other things were happening in the background.

Chairman Cohen advised three of the existing LMB members were on the ballot, so most likely it would be a partial new Board. He said he would be out of town on November 13th, and he did not know if there would be a quorum of the LMB.

Gerald Schumacher, LMB Vice Chairman, requested the ordinance state eligible candidates for the BOT must be owner-occupants of a property within STMGID's boundaries. He asked for clarification on what direction had been given regarding drafting the ordinance. Chairman Larkin advised no direction had been given to the DA's Office.

There was no public comment on this item.

Chairman Larkin summarized there was a request for an ordinance to be brought before the BCC on November 13, 2012 relating to standing up an independent STMGID BOT. Mr. Lipparelli replied that was what he heard, and Pete Simeoni, STMGID's legal counsel, prepared a draft ordinance, which contemplated taking the existing LMB members and appointing them to seats on the new BOT. Mr. Goodenow said that was exactly what he understood to be the intent of the BOT.

Chairman Larkin said there was a request from the LMB regarding time, and he sensed there was a split on the Board regarding granting that extension. He stated the second reading of the ordinance in December would give the LMB/Trustees the ability to complete their open houses, so they would have sufficient information on whether to make a recommendation to this BOT about merging or becoming a standalone. He asked if that was Chairman Cohen's understanding as well. Chairman Cohen replied it was. He said if the LMB became the Trustees on December 11, 2012, they could do the mailings and the open houses, which would focus on the four options on the table even though two of them were not viable. Chairman Larkin asked if Chairman Cohen would be opposed to having the first reading on November 13, 2012. Chairman Cohen said not at all, because the LMB had been hoping for that for a long time. Chairman Larkin asked if the LMB would have a quorum on November 13th. Chairman Cohen replied he was not sure, but he would be out of town. Chairman Larkin asked if Rod Savini, Gray and Associates, would be prepared to make a presentation on the Feasibility Study on November 13th. Chairman Cohen said Mr. Savini would be making the presentation regarding the Feasibility to the LMB on November 1, 2012. Chairman Larkin said any changes to the ordinance would have to be made at the first reading on November 13, 2012.

Trustee Weber said she was having a hard time with this because she felt it was being pushed through so quickly but, if that was what the LMB wanted, she would support it.

Trustee Breternitz said he was fine with the direction given to staff. Trustee Humke agreed a timeline had been established, and he did not believe a motion was necessary.

12-56STM AGENDA ITEM 8

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

Ted Short said he was disappointed because there had been a timeline gun held to everybody’s head, and he knew the Local Managing Board (LMB) and their consultants had been working diligently to come up with ways to obtain public input. He stated the two sessions scheduled for this week had to be cancelled because of the lateness of the Department of Water Resources (DWR) proposal. He said he would appreciate it if that information became public knowledge so people could look at it. He believed there would be overwhelming support for an independent standalone District.

Malachy Horan said the proposal by DWR could add value for STMGID’s ratepayers, and it needed to be reviewed. He stated there were issues, which appeared to be negative, with the bullet points in the “STMGID Merger Debt Offset Rate Option” handout. He said if there was a vote on November 13th, it did not allow for a lot negotiation time; and there should not be a vote until the issues were understood. He asked if it would be the current LBM members who would sit on the new Board of Trustees (BOT) or the members elected during the upcoming election.

12-57STM AGENDA ITEM 9

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. (No discussion among Trustees or LMB will take place on this item.)”

There were no Trustee or Board member comments.

* * * * *

3:13 p.m. There being no further business to come before the Board, the meeting was adjourned without opposition.

ATTEST:

ROBERT M. LARKIN, Chairman
South Truckee Meadows General
Improvement District

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

ATTEST:

STEVE COHEN, Chairman
Local Managing Board
South Truckee Meadows General
Improvement District

E. SUE SAUNDERS, Secretary
Local Managing Board
South Truckee Meadows General
Improvement District

*Minutes Prepared by:
Jan Frazzetta, Deputy Clerk*