

BOARD OF COUNTY COMMISSIONERS, WASHOE COUNTY, NEVADA
SPECIAL MEETING

SATURDAY

2:40 P.M.

JANUARY 13, 2001

PRESENT:

Jim Shaw, Chairman
Pete Sferrazza, Vice-Chairman
Joanne Bond, Commissioner
Ted Short, Commissioner
Jim Galloway, Commissioner

Amy Harvey, County Clerk
Katy Singlaub, County Manager
Paul Lipparelli, Legal Counsel

The Board met in special session in the Council Chambers of Reno City Hall, 490 South Central Street, Reno, Nevada. The Clerk called the roll, and the Board conducted the following business:

AGENDA

In accordance with the Open Meeting Law, on motion by Commissioner Bond, seconded by Commissioner Short, which motion duly carried, Chairman Shaw ordered that the agenda for the January 13, 2001, special meeting be approved.

PUBLIC COMMENTS

Sam Dehne, Reno citizen, expressed his continued concern about additional cargo flights at the airport.

David Farside, area resident, commented that the County should take a leadership role and appoint someone to act as a consumer advocate for this process. He expressed his concern about mandatory water meters.

Commissioner Galloway agreed it would be beneficial to have someone appointed in a consumer advocacy role.

01-48A **INTERLOCAL AGREEMENT – COST ASSESSMENT –**
TRUCKEE MEADOWS WATER AUTHORITY

John Sherman, Washoe County Finance Director, stated Truckee Meadows Water Authority (TMWA) made two revisions to the interlocal agreement previously given to the Board. He advised the changes were to include legal expenses and all out-of-pocket expenses, which would be repaid to the local jurisdictions through revenue.

Commissioner Sferrazza asked why this agreement had to be approved today when actual numbers have not been provided to the Board on the cost. Mr. Sherman explained TMWA does not have a budget; therefore, they cannot make any out-of-pocket payments. The County and the City of Reno will act as agents and hire these individuals and pay their out-of-pocket costs. He said the funds being expended for these costs will be included in the bond issue and will be reimbursed from the revenue.

Paul Lipparelli, Legal Counsel, said TMWA requested the entities commit the money and resources necessary to complete this purchase. He said the sellers want to have the resources in place to ensure completion of this transaction and is one of the principle reasons the members of TMWA are being asked to independently ratify the agreement. Commissioner Sferrazza said he does not represent the sellers; he represent the ratepayers. He does not want the seller dictating anything to the Board that the public has not had adequate time to address.

On motion by Commissioner Sferrazza, seconded by Commissioner Bond, which motion duly carried, it was ordered that the interlocal agreement, with the amended language, for Washoe County and the City of Reno to bear an assessment by the Truckee Meadows Water Authority ("TMWA") for the costs of advisors, consultants and attorneys from the time of signing the asset purchase agreement to closing, in an amount not to exceed \$800,000, be approved.

01-48B RESOLUTION – ASSESSMENT LEVY – TRUCKEE MEADOWS WATER AUTHORITY

In response to Commissioner Sferrazza's inquiry, John Sherman, Finance Director, said the Asset Purchase Agreement is an acquisition of assets that have been detailed in schedules and are warranty representations from the seller that those assets do, in fact, exist in the condition that they were inspected. He advised since this transaction does not involve buying cash or accounts receivable, the element of fraud or embezzlement basically have no place to exist. Mr. Sherman said the assets detailed in the schedules are a claim that they exist in a way necessary to operate the business. If they do not, that would be a misrepresentation, and there is an indemnification clause in the agreement that allows TMWA money damages.

Commissioner Sferrazza inquired about the difference in break up costs between Sierra Pacific Resources and TMWA. Mr. Sherman responded that Sierra Pacific Resources requested significant monetary damages to ensure consummation of the purchase.

Commissioner Sferrazza inquired about the reasons Sierra Pacific Resources could break up the agreement. Bill Isaef, City of Sparks, said if the agreement is approved by Sierra Pacific Resources' Board of Directors and signed by all of the parties, it would be a binding legal contract for sale of the assets of the company to TMWA. He noted the agreement is subject to certain closing and financing conditions if TMWA were to walk away from this purchase. Mr. Isaef assured the Board that this is not a general

“we can walk for any reason” type of provision. Mr. Sherman clarified that within ten days after the approval of the asset purchase agreement by Sierra Pacific Resources’ Board of Directors, TMWA has to file with the NPUC to start the process.

Commissioner Galloway said the only other way Sierra Pacific Resources could elect to walk away from this agreement is if TMWA could not pay the purchase price. Mr. Isaef provided the circumstances, from Article 11, that Sierra Pacific Resources could walk away from the Asset Purchase Agreement.

Commissioner Sferrazza expressed his concern about the instability of the interest rates. He said if the purchase is delayed, the interest rates could change for selling the bonds. Mr. Sherman outlined the specific dates for consummating the assets purchase agreement.

On motion by Commissioner Bond, seconded by Commissioner Short, which motion duly carried with Commissioner Sferrazza abstaining, it was ordered that the following resolution be adopted and Chairman Shaw be authorized to execute:

A RESOLUTION APPROVING THE LEVY OF AN ASSESSMENT AGAINST MEMBERS OF THE TRUCKEE MEADOWS WATER AUTHORITY; AND PROVIDING OTHER MATTERS PROPERLY RELATED THERETO

WHEREAS, the Truckee Meadows Water Authority (“TMWA”) has levied an assessment upon its members; and

WHEREAS, such assessment is effective only if it is approved by the governing body of each member of TMWA; and

WHEREAS, it is the desire of the Washoe County Board of County Commissioners to so approve the assessment.

NOW THEREFORE, BE IT RESOLVED BY THE WASHOE COUNTY BOARD OF COUNTY COMMISSIONERS:

Section 1. The assessments made in the Resolution adopted by TMWA on January 13, 2001, approving the form of an Asset Purchase Agreement and making such assessments, be and the same hereby are approved pursuant to Section 17(b)(iv) of the Cooperative Agreement creating the Authority.

Section 2. This approval is irrevocable and unamendable after it becomes effective once TMWA and Sierra Pacific Power Company have each executed the Asset Purchase Agreement.

Section 3. This Resolution shall be in full force and effect upon its passage and approval and the passage and approval of a similar resolution approving the assessments by each of the other two members of the Authority.

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There being no further business to come before the Board, the meeting adjourned at 3:10 p.m.

James M. Shaw, Chairman
Washoe County Commission

ATTEST: AMY HARVEY, County Clerk

Minutes Prepared By:
Jeraldine Magee, Deputy Clerk