

## **§501-c-9 Post-Retirement Medical Plan & Trust**

*A single employer plan sponsored by  
Truckee Meadows Water Authority*

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### **AGENDA**

#### **§501-c-9 Post-Retirement Medical Plan & Trust**

**Tuesday, May 16, 2017 at 1:00 p.m.**

**Truckee Meadows Water Authority**

**Independence Room**

**1355 Capital Boulevard, Reno, NV 89502**

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1. Roll call\*
2. Public comment — limited to no more than three minutes per speaker\*
3. Approval of the agenda **(For Possible Action)**
4. Approval of the February 21, 2017 minutes **(For Possible Action)**
5. Update on draft of plan document revision regarding coverages — Gus Rossi **(For Possible Action)**
6. Discussion and action on signing § 501-c-9 Post-Retirement Medical Trust Board of Trustees Annual Pledge of Personal Commitment/Disclosure Form-Rosalinda Rodriguez **(For Possible Action)**
7. Presentation of the Revised Budget for Calendar Year 2017—Michele Sullivan **(For Possible Action)**
8. Review of RBIF fees—Michele Sullivan
9. Trustee comments and requests for future agenda items\*
10. Public comment — limited to no more than three minutes per speaker\*
11. Adjournment **(For Possible Action)**

#### **NOTES:**

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), Reno City Hall (1 E. First St., Reno), Sparks City Hall (431 Prater Way, Sparks), Sparks Justice Court (1675 E. Prater Way, Sparks), Washoe County Courthouse (75 Court St., Reno), Washoe County Central Library (301 South Center St., Reno), Washoe County Administration (1001 East Ninth St., Reno), and at <http://www.tnwa.com>.
2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call 834-8002 before the meeting date.
3. The Board may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
4. Asterisks (\*) denote non-action items.
5. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.

**Post-Retirement Medical Plan & Trust**

*A single employer plan sponsored by  
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**DRAFT February 21, 2017 MINUTES**

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The meeting of the TMWA Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Tuesday, February 21, 2017 in the Truckee Meadows Water Authority Independence Room, 1355 Capital Blvd., Reno, Nevada.

Michele Sullivan, Chairman, called the meeting to order at 1:03 p.m.

1. ROLL CALL AND DETERMINATION OF PRESENCE OF A QUORUM.

A quorum was present.

Voting Members Present:

Michele Sullivan  
Michael Nevarez  
Juan Esparza

Voting Members Absent

Steve Enos

Members Present

Jessica Atkinson  
Rosalinda Rodriguez  
Gus Rossi

Members Absent:

Pat Waite

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the agenda.**

4. APPROVAL OF THE November 22, 2016 MINUTES



**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the November 22, 2016 minutes.**

**7. UPDATE ON INTERPRETATION AND CLARIFICATION OF TRUST CREDIT QUESTIONS**

**Can the Trust credits be used to request reimbursements for other health related expenses such as co-pays?**

Mr. Rossi advised that he reviewed the original application for Exempt Status in the plan and the Form 1024, and said from his interpretation of the documents it is to be specifically used for premium reimbursements. If co-pays and other health related expenses are to be offered under the Plan, then the Plan and collective bargaining agreement would need to be amended and approved by the IRS.

**Are dental and vision premiums reimbursable if the retiree is not on one of the health plans offered by TMWA?**

Mr. Rossi does not see any prohibition for dental and vision premiums being reimbursed.

**Can Trust credits be used towards spouse premiums if the retiree is not on one of the health plans offered by TMWA?**

Mr. Rossi restated that he believes the intent of the plan allows for reimbursement on premiums only, but reimbursement should not be given to individuals whose premiums are being paid on a pre-tax basis such as a cafeteria based plan in which the contributions are treated as pre-tax employer contributions. Mr. Rossi recommended this be clarified in the plan document. He believes that it isn't clear to what and who can be reimbursed.

**Upon motion made and approved unanimously, the trustees accepted Gus Rossi's recommendation to clarify the reimbursement process. It was requested that Mr. Rossi, draft and present verbiage to clarify the premium reimbursement rules, and to also include a disclaimer to clarify what are eligible expenses that can be reimbursed.**

**8. REVIEW OF THE FY2017 ACTUARIAL REPORT THAT DETAILS TMWA ANNUAL REQUIRED CONTRIBUTIONS**

Ms. Sullivan advised that the account went from over funded status to underfunded at \$8.9 million. At 86% it is still a healthy trust, but this increases the Annual Required Contribution (ARC) from \$244,429 to \$445,063. This increase in the ARC, is attributed to

the 20% increase in health care premiums experienced in 2016. Ms. Sullivan advised that the discount rate used is at 6% which is a good conservative rate.

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the FY2017 Actuarial Report.**

9. PRESENTATION OF THE BUDGET FOR CALENDAR YEAR 2017

Ms. Sullivan advised that the ARC will need to be funded, and being that we have the advance notice of retiree's it is simple to calculate administrative costs and predict ahead of time.

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the Budget for calendar year 2017.**

10. REVIEW OF THE RETIREMENT BENEFITS INVESTMENT FUND (RBIF) PERFORMANCE AND STATUS

Ms. Sullivan advised the RBIF is where the bulk of the money is invested. Ms. Sullivan stated that there is about 20% in the International stocks, 30% in U.S. bonds and about 50% in other U.S. Stocks. The fiscal year return for 3 years is 5%. Since inception it is almost 6%.

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the RBIF performance and status.**

11. TRUSTEE COMMENTS AND REQUEST FOR FUTURE AGENDA ITEMS

Juan Esparza requested to know what the RBIF fees are. Ms. Sullivan advised she would look over the agreement and follow up.

12. PUBLIC COMMENT

There was no public comment.

13. ADJOURNMENT

With no further business to discuss, Chairman Sullivan adjourned the meeting at 1:36 p.m.

Minutes were approved by the Trustees in session on \_\_\_\_\_.



Respectfully Submitted,

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Rosalinda Rodriguez, Recording Secretary



## STAFF REPORT

**TO:** Board of Trustees of the §501-c-9 Post-Retirement Medical Plan & Trust  
**FROM:** Jessica Atkinson, TMWA Human Resources Administrator  
**DATE:** May 12, 2017  
**SUBJECT:** **Update on draft of plan document revision regarding coverages (For Possible Action)**

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### Recommendation

Trustees provide comments, feedback and final edits to the attached draft revised VEBA plan document and direct legal to bring back a final document (in redline and final form) to the PRMPT's August 15, 2017, trustee meeting for approval and adoption.

\*Please note – If approved and adopted during the August 15, 2017 PRPMT meeting, final approval and adoption is subject to TMWA Board approval.

### Discussion

TMWA staff recommends that the Board of Trustees review the recommended changes to the attached draft revised VEBA plan document and discuss legal's recommendations (redline and proposed final versions attached.)

### Background

The VEBA plan document was originally established effective January 1, 2006 and restated/amended in 2009 and again in 2011 but upon further review it was determined and recommended that additional revisions be put in place.

Although a number of the changes were administrative in nature (grammar, correct references, etc.) other revisions include:

- Clarifying definitions in the plan document
- Clarifying the circumstances in which a Participant may request and receive reimbursements from the trust



**TRUCKEE MEADOWS WATER AUTHORITY  
POST-RETIREMENT MEDICAL AND LIFE INSURANCE PLAN & TRUST  
(AS RESTATED ON ~~AUGUST 23, 2011~~, 2017)**

**ARTICLE 1. INTRODUCTION**

**1.1 Purpose of Plan.**

The Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust was originally established effective January 1, 2006. The Plan was subsequently amended and restated in its entirety ~~in accordance with the resolution of the TMWA Board of Trustees (Resolution No. 141) adopted on January 21, 2009, to incorporate the provisions of NRS 287.017, added to the Nevada Revised Statutes in 2007 and August 23, 2011.~~ The Plan is now being amended and restated to ~~incorporate the payment of group life insurance premiums as a benefit offered under the Plan and to make such other~~certain changes to the Plan ~~which are deemed necessary by the Trustees.~~ The purpose of this Plan is to provide Participants ~~a benefit and their Dependents with benefits~~ to assist with the payment of premiums for post-retirement ~~medical~~health coverage and post-retirement group life insurance coverage. The Plan, as amended and restated, hereafter reads as follows.

**1.2 Plan Status.**

The benefits offered under this Plan are intended to qualify as (i) accident and health plan benefits under section 105 and 106 of the Code and the corresponding Treasury regulations, and (ii) as group term life insurance benefits under section 79 of the Code and the corresponding Treasury regulations. The benefits provided under this Plan ~~shall be~~are funded through the Plan which qualifies as a voluntary employees' beneficiary association under Code section 501(c)(9). Pursuant to a determination letter from the Internal Revenue Service dated May 25, 2007, the Plan is exempt from Federal income tax under Code section 501(c)(9). The Plan may be amended or terminated as provided in Article 9.1. ~~Capitalized terms are defined. Unless the context indicates otherwise, capitalized terms used in this Plan are to have the meanings set forth~~ in Article 2.

## ARTICLE 2. DEFINITIONS

### 2.1 Code.

"Code" means the Internal Revenue Code of 1986, as amended. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

### 2.2 CBA

"CBA" means a collective bargaining agreement entered into between TMWA and IBEW, as amended from time to time, which among other things, establishes the amount of the Post-Retirement Benefits for those employees of TMWA who are covered by the CBA.

### 2.3 Dependent.

"Dependent" shall have the same meaning as set forth in the ~~Group Health PlanPlans~~ and/or the Group Life Insurance ~~PlanPlans~~, as the case may be, that provide coverage to the Participants and Dependents under this Plan.

### ~~2.34~~ Eligible Retiree.

"Eligible Retiree" means any MPAT Employee or IBEW 1245 Employee who has separated from service from TMWA after attaining age 55 and has completed at least ten (10) Years of Service as defined in Section 2.18-: provided, however, the term "Eligible Retiree" shall not include any retiree or former employee of TMWA that is entitled to receive benefits under "The Truckee Meadows Water Authority OPEB Trust Fund."

### ~~2.4~~ Employer.

"Employer" means Truckee Meadows Water Authority.

### 2.5 ~~Group Health PlanPlans~~ and Group life Insurance ~~PlanPlans~~.

"Group Health Plan" means(s) mean (i) the ~~current~~ group policies or plans maintained/offered by TMWA from time to time that provide ~~group health~~ medical, dental, and/or vision coverage to the Participants and Dependents, and (ii) individual policies or plans that are

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procured by a Participant that provide medical, dental, and/or vision coverage to Participants and/or their Dependents, (iii) Medicare and Medicare Supplemental Plans that provide coverage for Participants and/or their Dependents, and (iv) the group policies or plans offered by the employer of a spouse of a Participant that provide medical, dental, and/or vision coverage to Participants and/or their Dependents. Notwithstanding anything contained in this Section 2.5 to the contrary, the term "Health Plans" shall not include a group policy or plan offered by the employer of a Participant's spouse to the extent that the premiums are paid by the employer on a "pre-tax" basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a "Cafeteria Plan").

"Group Life Insurance Plan~~-(s)~~" means the ~~current~~ group policies or plans ~~maintained~~offered by TMWA from ~~time to~~ time that provide group life insurance coverage to the Participants and Dependents.

2.6 Highly Compensated Employee.

"Highly Compensated Employee" means, for purposes of determining discrimination, a Participant who is described in ~~section~~sections 414(q) and 105 of the Code and the corresponding Treasury regulations ~~under section 414(q) of the Code~~thereto.

2.7- IBEW.

"IBEW" means the Local Union 1245 of the International Brotherhood of Electrical Workers.

2.8 IBEW 1245 Employees.

"IBEW 1245 Employees" includes all of the following classes of employees:

(a) "IBEW Transfer Employees" ~~means~~mean former employees of Sierra who transferred to TMWA from Sierra on June 11, 2001, who are covered by the "Agreement Concerning Compliance with Letter of Understanding" between TMWA and Local Union 1245 of the International Brotherhood of Electrical Workers, together with the attachments thereto. A true and correct copy of the above referenced Agreement Concerning Compliance with Letter of

Understanding, together with the attachments thereto, is attached to this Plan as Appendix "A;"

(b) "IBEW Transfer Employees Receiving Sierra Plan Benefits" means former employees of Sierra who transferred to TMWA from Sierra on June 11, 2001, who are covered by the "Agreement Concerning Compliance with Letter of Understanding" between TMWA and Local Union 1245 of the International Brotherhood of Electrical Workers, who elected to retire under the Sierra Plan;

(c) "Other IBEW Employees" means employees hired by TMWA who are covered by ~~the Agreement between Truckee Meadows Water Authority and Local Union 1245 of the International Brotherhood of Electrical Workers including certain Letters of Agreement and Letters of Understanding, and/or are covered under a collective bargaining agreement between TMWA and IBEW that provides for post-retirement health care and/or group life insurance benefits~~ a CBA that provides for Post-Retirement Benefits under this Plan.

## 2.9 MPAT Employees.

"MPAT Employees" includes all of the following classes of employees:

(a) ~~(a)~~ "MPAT Transfer Employees" means former management, professional, administrative and technical employees of Sierra who were hired by ~~the Employer~~ TMWA pursuant to the Purchase Agreement and transferred to TMWA from Sierra on June 11, 2001. MPAT Transfer Employees shall also include the three MPAT Employees listed on Appendix "B" attached hereto who did not transfer to TMWA from Sierra on June 11, 2001, but who received offers of employment from TMWA entitling them to receive credit for their Years of Service accrued under the Sierra Plan for all relevant purposes under this Plan;

~~(a)~~(b) "MPAT Transfer Employees Receiving Sierra Plan Benefits" means former management, professional, administrative and technical employees of Sierra who were hired by ~~the Employer~~ TMWA pursuant to the Purchase Agreement, transferred to TMWA from Sierra on June 11, 2001, and who elected to retire under the Sierra Plan;

~~(b)~~(c) "Other MPAT Employees" means full-time management, professional, administrative and technical employees hired by TMWA who are not listed in clauses (a) or (b)

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above of this Section 2.9, other than an employee who is entitled to receive benefits under "The Truckee Meadows Water Authority OPEB Trust Fund."

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2.10 ~~(RESERVED)~~

~~2.11~~ NRS and NAC.

"NRS" means the Nevada Revised Statutes, as amended from time to time, and "NAC" means the Nevada Administrative Code, as amended from time to time.

~~2.12~~ Participant.

"Participant" means an Eligible Retiree who has elected to participate in the Plan pursuant to section 3.1.

~~2.13~~ Permanent Waiver.

"Permanent Waiver" means the execution by a Participant or ~~eligible employee~~ Eligible Retiree of a written instrument, in a form approved by the Trustees, delivered to the Trustees, whereby a Participant or ~~eligible employee~~ Eligible Retiree elects to waive his or her right to receive ~~benefits~~ Post-Retirement Benefits under the term of this Plan. If a Participant or ~~eligible employee~~ Eligible Retiree executes and delivers a Permanent Waiver to the Trustees, such waiver shall be irrevocable, and the Participant or ~~eligible employee~~ Eligible Retiree shall be precluded from participating in this Plan as the effective date of the Permanent Waiver and such waiver shall apply to all future Plan Years following the effective date of the Permanent Waiver.

~~2.14~~ Plan.

"Plan" means the Truckee Meadows Water Authority Post-Retirement Medical and Life Insurance Plan & Trust, which is set forth in this document.

~~2.15~~ Plan Year.

"Plan Year" means the calendar year.

2.15 Post-Retirement Benefits.

"Post-Retirement Benefits" mean and are limited to the premiums required to be paid by

this Plan, either directly or by reimbursement, for coverage of a Participant and/or his or her Dependents under (i) a Health Plan and/or (ii) Group Life Insurance Plan. The actual amount of Post-Retirement Benefits payable by this Plan on behalf of a particular Participant and his or her Dependents are described in further detail in Sections 4.1.1 through 4.1.5 and article 5. below. Post-Retirement Benefits are not to include the reimbursement of any co-payments, deductibles, out of pocket medical, dental, and/or vision expenses or other similar charges.

2.16- Purchase Agreement.

"Purchase Agreement" means the "Asset Purchase Agreement between Sierra Pacific Power Company, as Seller, and ~~Truckee Meadows Water Authority~~ TMWA, as Purchaser."

2.17- Retirement Date.

"Retirement Date" means the date elected by an employee, who is eligible to participate in this Plan, ~~as at~~ his or her retirement date from TMWA, in accordance with the procedures established by the Trustees from time to time.

2.18- Service or Years of Service.

"Service" or "Years of Service" means:

- (a) "For IBEW Transfer Employees and MPAT Transfer Employees."

"Service" or "Years of Service" includes all years of service earned and accumulated as an employee of TMWA and all years of service earned and accumulated under the Sierra Plan in accordance with the terms of the Sierra Plan.

(b) "For IBEW Transfer Employees Receiving Sierra Plan Benefits," "Other IBEW Employees," "MPAT Transfer Employees Receiving Sierra Plan Benefits" and "Other MPAT Employees." "Service" or "Years of Service" includes all years of service as an employee of TMWA.

(c) "For MPAT and IBEW Employees hired by TMWA." "Service or Years of Service" includes all years of service accumulated as an employee of TMWA



For purposes of clauses (a) ~~and~~, (b), and (c) above, a Year of Service will be earned and accumulated by an employee, classified by TMWA as a regular (non-temporary and non-provisional) full or part-time employee, who works continuously without a break in service. The Years of Service will be calculated at the time of separation from service from TMWA retroactively for all periods of continuous regular employment. No period as a temporary, non-benefited employee will qualify towards periods of Year of Service. Years of Service shall be recognized only for periods of paid employment. Therefore, the only periods of unpaid leave of absence that shall be recognized are those required by current or future State and Federal laws, such as The Uniformed Services Employment and Reemployment Rights Act (USERRA). Furthermore, breaks in service shall not be included in Years of Service; however, Years of Service earned prior to a break in service shall be aggregated with Years of Service worked after the break in service.

2.19 Years of Service, Adjusted PRMPT.

The "Adjusted PRMPT Years of Service" shall be calculated by adding each "Year of Service." Years of Service will be prorated for periods in which an employee worked less than full time (as defined by the Collective Bargaining Agreement or TMWA policy). Refer to ArticleSection 4.17 of this document for further information.

2.20- Sierra.

"Sierra" means the Sierra Pacific Power Company, now known as NV Energy.

2.21 Sierra Plan.

"Sierra Plan" means the Sierra Pacific Resources Post-Retirement Medical Plan.

2.22 Trust.

"Trust" means the Trust established and set forth in this document.

2.23 Trustees and Trustee.

"Trustees" means the trustees appointed pursuant to Article 8 whose duties include the administration of the Plan, and "Trustee" means any one (1) of the Trustees.

## 2.24 TMWA.

"TMWA" means the Truckee Meadows Water Authority, a local government agency within the meaning of NRS 354.474.

### ARTICLE 3. ELIGIBILITY AND PARTICIPATION

#### 3.1 Eligibility and Commencement of Coverage.

Each Eligible Retiree shall be eligible to become a Participant in the Plan upon the later of (i) the date ~~of his or her separation~~ the Eligible Employee separates from service from TMWA, or (ii) the date the Eligible Retiree applies for ~~benefits~~ Post-Retirement Benefits under this Plan, either individually or together with his or her Dependents, in the time and manner specified by the Trustees. Notwithstanding the preceding sentence, if an Eligible Retiree either retired from Sierra or terminated employment from Sierra prior to being hired by TMWA (e.g., the Eligible Retiree did not transfer employment from Sierra to TMWA pursuant to the Purchase Agreement) and elected to receive post-retirement medical benefits from the Sierra Plan, the Eligible Retiree will not be eligible to become a Participant unless at the time of separation from service from TMWA, the Eligible Retiree (i) earned ten years of service as an employee ~~of~~with TMWA; (ii) attained age 55; and (iii) applies for ~~benefits~~Post-Retirement Benefits under this Plan in the time and manner specified by the Trustees. If an Eligible Retiree defers, ~~but does~~ not permanently ~~waives~~waive, coverage under this Plan at the time of separation of service from TMWA, the Eligible Retiree may apply for benefits under this Plan (i) during any subsequent open enrollment period under a Health Plan, or (ii) following an event ~~as defined in the Groupa~~ Health Plan) that allows an Eligible Retiree to ~~apply for benefits~~select coverage under ~~this~~the Health Plan at a time other than during the open enrollment period.-

#### 3.2 Termination of Participation.

A Participant shall cease to be covered under this Plan on the earliest of the following dates: ~~-(i) the date of the~~ Participant's death; (ii) the date the Participant's ~~post-retirement health coverage and life insurance coverage is~~Post-Retirement Benefits are cancelled due to the execution of a Permanent Waiver by the Participant; (iii) ~~due to the~~ date that Participant's ~~non-~~



~~payment of~~ fails to pay his or her share of the premiums ~~or costs for coverage under a Health Plan and Group Life Insurance Plan;~~ (iv) the date that a Participant is no longer covered under a Health Plan or Group Life Insurance Plan, or (iv) the date this Plan is terminated. If a Participant's participation in the Plan is terminated by reason of failing to pay his or her share of premiums, the Participant may reenroll in the Plan during any subsequent open enrollment period, but only if the Participant has remitted to the Plan all delinquent premiums prior to the first day of the commencement of coverage.

#### ARTICLE 4. ~~————~~ POST-RETIREMENT BENEFITS

##### 4.1 Post-Retirement Health Benefits-In General.

~~A Participant shall be eligible to participate in the health~~ If permitted by this Plan and the terms of the applicable Health Plan, a Participant may elect coverage ~~options offered by TMWA under a particular Health Plan,~~ and a Participant may enroll his or her Dependents in ~~the health coverage options offered by TMWA, if permitted by the applicable Group Health Plan.~~ Monetary benefits ~~such Health Plan.~~ Post-Retirement Benefits earned by a Participant under this Plan shall be used to either reimburse or pay directly ~~all or a portion the Plan's share~~ of the total premiums ~~or costs~~ assessed for ~~health coverage such coverage under the Health Plan,~~ as specified by the terms of this Plan (See Sections 4.1.1 through 4.1.4 below for the calculation of the amount of the Post-Retirement Benefits to which a Participant and his or her Dependents, ~~as specified by the terms of this Plan. Portions of health coverage are entitled to).~~ Those portions of the premiums ~~or costs~~ that are not required to be paid by this Plan shall be the sole responsibility of, and paid by, the Participant. A Participant who does not pay his or her portion of the premiums ~~or costs~~ for ~~health coverage under a Health Plan~~ in the time and manner specified by the Trustees shall forfeit all rights ~~for to~~ his or her coverage under the ~~Group~~ Health Plan. The Trustees shall from time to time adopt policies pertaining to the timing and the manner in which Participants and their Dependents ~~of Participants~~ are to pay their share of the health coverage premiums ~~and costs. In accordance with for the current policy of coverage elected.~~ If the Trustees, ~~the entire health care adopt a policy in which all~~ premiums ~~and costs attributable for coverage under a Health Plan are~~ to ~~the health care coverage chosen by the Participant will be~~

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paid by the Plan, ~~and the the Participant and Dependents of a~~ Participant ~~is required to shall~~ reimburse the Plan for ~~his or her share of the premiums and costs attributable to the health care coverage chosen by the Participant. To the extent that the Trustees require the Participants and Dependents to pay their share of the health care premiums and costs directly to the Plan, rather than to the Group Health Plan, then such~~ their share of the total premiums that are required to be paid by them, and the Plan's policies and procedures shall specify the due dates in which the Participant and ~~for the Participant's~~ Dependents are required to remit their share of such ~~health care~~ premiums ~~and costs~~ to the Plan. Copies of the policies and procedures adopted by the Trustees from time to time are to be provided to each Participant and each Dependent of a Participant.

#### 4.1.1 Transfer of Employees between IBEW and MPAT.

If an employee transfers from employment as an IBEW 1245 Employee to employment as an MPAT Employee (or vice versa), the employee's ~~health care benefits at retirement~~ Post-Retirement Benefits under this Plan at his or her Retirement Date shall be calculated as if the employee was employed in his or her most recent employment classification for his or her entire period of service with TMWA and/or Sierra. Notwithstanding the above, if the employee was an IBEW Transferred Employee or an MPAT Transferred Employee, such employee shall continue to be treated as either an IBEW Transfer Employee or an MPAT Transferred Employee at his or her ~~retirement~~ Retirement Date for purposes of calculating Years of Service (as defined in Section 2.4819 herein) under this Plan.

#### 4.1.2 Specific Health Benefits for MPAT Employees

An Employee who was an MPAT Employee and is an Eligible Retiree at his or her Retirement Date may participate in the ~~health coverage options~~ Health Plans that are made available to active ~~Employees~~ employees of ~~the Employer~~ TMWA or ~~any other health insurance plan~~ Health Plans described in Section 2.5 above. A Participant who is an MPAT Employee shall receive Post-Retirement Benefits based upon an annual credit ~~toward the~~ that is to be applied towards the total annual ~~premium~~ premiums charged for his or her chosen ~~health~~ Health

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Plan coverage ~~option~~which is to be based upon the Participant's Years of Service as described below. The annual credit shall be calculated as follows:

**Participant's Age  
(Each Month) on  
Birthday during the  
Relevant Plan Year  
for the Applicable  
Monthly Request  
for Coverage**

**Annual  
Credit  
Calculation**

Age 55 through 64

\$235 x "Adjusted PRMPT Years of Service"  
(up to 30 years)

Age 65 and above

\$105 x "Adjusted PRMPT Years of Service"  
(up to 35 years)

The total annual credit shall be reduced by 5% for each full year (with proration for fractional months) that the Eligible Retiree is under age 62 as of the date he or she requests coverage under this Plan. (the "Penalized Benefit"). If an Eligible Retiree participates in the Plan and receives a Penalized Benefit at the time of his or her initial participation in the Plan, then such Penalized Benefit is to continue in effect permanently, regardless of whether coverage is continuous. The annual credit shall be provided in the time and manner specified by the Trustees. In

order to be eligible ~~for the above health benefits, Participants who are to~~ participate in a Health Plan offered by TMWA, when a Participant described in this Section attains age 65 or older during the relevant Plan Year ~~he or she~~ must enroll in and pay the total cost of Medicare Part "B" or Medicare Part "C" coverage. Unless the Plan pays the Participant's share of premiums directly to the Health Plan which the Participant elects coverage under, the Participant shall pay ~~for the health insurance coverage his or her share of such premiums to the Health Plan~~ and shall be reimbursed by the Plan to the maximum amount specified

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above. See Section 4.1.6 for reimbursement procedures.

Example of Calculation of Annual Credit:

Assume a MPAT Employee retires at age 55 with 15 Adjusted PRMPT Years of Service.” His or her annual ~~credit~~ Post Retirement Benefits that may be used towards his or her ~~health insurance~~ coverage under a Health Plan would be as follows:

Before Age 65:

Step 1: Calculate maximum annual benefit.  $\$235 \times 15$  “Adjusted PRMPT Years of Service” = \$3,525.

Step 2: Calculate the reduction percentage.  $5\% \times 7$  (years between age 62 and age 55) = 35%

Step 3: Calculate the reduction amount.  $\$3,525 \times 35\% = \$1,233.75$

Step 4: Reduce the maximum benefit by the reduction amount to obtain the annual credit.  $\$3,525$ . (step 1) -  $\$1,233.75$  (step 3) =  $\$2,291.25$  annual credit

After the participant reaches age 65, repeat the steps above by substituting \$105 for \$235 in step 1. Result =  $\$1,575$  (step 1) -  $\$551.25$  (step 3) =  $\$1,023.75$  annual credit

4.1.3 Specific Health Benefits for all IBEW 1245 Employees Hired on or after January 1, 1998 and for “IBEW Transfer Employees Receiving Sierra Plan Benefits” hired before January 1, 1998.

All IBEW 1245 Employees hired on or after January 1, 1998, and “IBEW Transfer Employees Receiving Sierra Plan Benefits” hired before January 1, 1998, ~~may participate in the health~~ are entitled to receive Post-Retirement Benefits for coverage ~~options~~ under Health Plans made available to active ~~Employees~~ employees of ~~the Employer~~ TMWA or ~~any private health insurance plan as allowed by the NRS. In addition, such Participant~~ other Health Plans described in Section 2.5 above. For those Participants described in this Section 4.1.3, he or she will receive Post-Retirement Benefits in an amount equal to the following lifetime lump-sum credit which will be applied toward the annual ~~premium~~ premiums charged for his or her ~~chosen health~~



coverage ~~option~~under a Health Plan: \$1,250 for each Adjusted PRMPT Year of Service. ~~The ParticipantPlan shall be entitled to use the entire premium costamount of health coverage~~the above referenced lifetime lump-sum credit to pay the entire premiums for the coverage elected under a Health Plan for the Participant and his or her Dependents until the lifetime lump-sum credit is exhausted. ~~At that point, the Participant may elect to continue health coverage throughunder the Health Plan and this~~ Plan; provided, however, that the Participant is to be responsible for ~~suchthe total~~ premiums of such coverage at the rate and terms established for COBRA coverage ~~and eligible duration~~ under the ~~Group~~-Health Plan in which the Participant has elected ~~health~~ coverage. Unless otherwise specified by the Trustees, the Plan shall pay the entire ~~premium or costs charged~~premiums for a Participant's chosen ~~health~~ coverage ~~option~~under a Health Plan, provided that the Participant ~~reimburses~~must reimburse the Plan for the Participant's share of such premiums ~~and costs until such~~after the time that the lifetime lump sum credit is exhausted in accordance with the policies and procedures adopted from time to time by the Trustees.

4.1.4 Specific Benefits for IBEW Transfer Employees Hired by Sierra before January 1, 1998.

(a) At Least Age 55 and Under Age 65.

A Participant who was an IBEW Transfer Employee, was hired by Sierra before January 1, 1998 and is at least age 55 and under age 65 on ~~the date that he~~his or she requests her Retirement Date, is entitled to receive Post-Retirement Benefits only for coverage under ~~this a Health Plan, is eligible to participate in the same health coverage plans as that is offered by TMWA to its~~ active employees ~~of the Employer~~ until the Plan Year in which the Participant attains age 65. During the Plan Year in which the Participant attains age 65 and later Plan Years, the Participant is eligible to ~~participate in the health plans~~receive Post-Retirement Benefits for coverage under Health Plans offered by ~~the Employer~~TMWA to ~~its~~ active employees ~~of the Employer~~, a Medicare Supplement Plan or a Medicare Risk Contract. However, during the Plan Year in which the Participant attains age 65 and later Plan Years, the Participant must enroll in and pay the total cost of Medicare Part "B" or Medicare Part "C" coverage, in accordance with Medicare

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enrollment criteria, in order to be eligible for the ~~benefits~~Post-Retirement Benefits under this paragraph. ~~In addition, such Participant will~~Section. For those Participants described in this ~~Section, they are entitled to~~ receive Post-Retirement Benefits equal to an annual credit (as described below) which is to be used toward the annual ~~premium or costs~~premiums charged for ~~his or her chosen health~~the Participant's coverage option~~chosen under a particular Health Plan~~ (including the coverage ~~cost~~ for his or her Dependents~~).~~). The annual credit referenced herein is to be determined as follows:

- (1) 80% of the total annual premium ~~or for~~ coverage ~~costs~~under a Health Plan, less
- (2) 4% of the total annual premium ~~or for such~~ coverage ~~costs~~, multiplied by the difference between:
  - (A) 20, minus
  - (B) the Participant's number of Years of Service (not to exceed 20).

Unless otherwise specified by the Trustees, the Plan shall pay the entire annual premium ~~or costs~~ charged for a Participant's ~~chosen health~~ coverage ~~option~~under a Health Plan, provided that the Participant ~~reimburses~~must reimburse the Plan for the Participant's share of such premiums ~~and costs~~(i.e., those premiums in excess of the annual credit available to the Participant) in accordance with the policies and procedures adopted from time to time by the Trustees. ~~Each~~In this regard, each Participant shall be responsible for reimbursing the Plan for the difference between (i) the amount determined under clauses (1) and (2) above and (ii) 100% of the total premium ~~or charged for~~ coverage ~~costs attributable to the health coverage option~~ chosen by the Participant: under a Health Plan.

- (b) Age 65 and over.

A Participant who was an IBEW Transfer Employee, was hired by Sierra before January 1, 1998 and is age 65 or over on the date that he or she requests coverage under this Plan, is eligible to ~~participate in the health plans~~receive Post-Retirement Benefits under Health Plans offered by ~~the Employer~~TMWA to ~~its~~ active employees ~~of the Employer~~, a Medicare Supplement Plan or a

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Medicare Risk Contract. ~~In addition, such Participant~~ For those Participants described in this Section, they will receive Post-Retirement Benefits equal to an annual credit that shall be applied toward the annual ~~premium or costs~~premiums charged for ~~his or her chosen health the~~ coverage ~~option~~elected under the Health Plan (including the premiums for coverage ~~costs~~elected for his or her Dependents). The annual credit referenced in the preceding sentence is to be determined as follows:

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- (1) 85% of the total annual ~~premium or~~premiums for coverage ~~costs~~under a Health Plan, less
- (2) 4% of the total annual premium ~~or for such~~ coverage ~~costs~~, multiplied by the difference between:

(A) 20, minus

(B) the Participant's number of Years of Service (not to exceed 20).

The 85% in clause (1) above shall be 100% for a Participant who elects to participate in ~~the~~ Medicare Risk Contract. In order to be eligible for the benefits under this ~~paragraph~~section, the Participant must enroll in and pay the entire cost of Medicare Part "B" or Medicare Part "C" coverage. Unless otherwise specified by the Trustees, the Plan shall pay the entire annual premium ~~or costs~~ charged for a Participant's ~~chosen health~~ coverage ~~option~~under a Health Plan, provided that the Participant ~~reimburses~~must reimburse the Plan for the Participant's share of such premiums ~~and costs~~(i.e., those premiums in excess of the annual credit available to the Participant) in accordance with the policies and procedures adopted from time to time by the Trustees. ~~Each~~In this regard, each Participant described in this Section shall be responsible for reimbursing the Plan for the difference between (i) the amount determined under clauses (1) and (2) above and (ii) 100% of the total premium ~~or charged for~~ coverage ~~costs~~chosen by the Participant under a Health Plan.

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#### 4.1.5 Surviving Spouse Death Benefits.

The surviving spouse of any deceased Participant, either individually or together with the

Participant's other Dependents who were covered by the Health Plan on the Participant's date of death, may continue receiving ~~health~~ coverage under the Health Plan for three years after the death of the Participant, ~~beginning~~. Such coverage is to begin on the first day of the month following the month of the Participant's death. The Trust will pay a portion of the premiums ~~or costs for the health coverage plan~~ under the Health Plan for the first year after the Participant's death by computing ~~benefits~~ Post-Retirement Benefits under this Plan as if the surviving spouse was the Participant. All terms applicable to the Participant in the year of his or her death shall apply to the surviving spouse during the first year following the Participant's death. For the final two years of the three year period following the death of a Participant, the surviving spouse shall be eligible for coverage under ~~health care option~~ Health Plans that ~~covered the deceased Participant~~. was eligible to participate in under the terms of this Plan. If the surviving spouse elects to continue to receive ~~health~~ coverage under a ~~Group~~ Health Plan during the final two years of the three year period following the death of a Participant, then the surviving spouse will be obligated to pay for the total premiums ~~or costs of such coverage and eligible duration~~ at the rate established for COBRA coverage under the ~~Group~~ Health Plan providing coverage to the surviving spouse and eligible Dependents.

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#### 4.1.6 Procedures for Payment of Benefits.

In the event that a Participant and/or his or her Dependents is entitled to receive ~~benefits~~ Post-Retirement Benefits under the terms of the Plan for health care coverage, in order to receive such benefits from the Plan, the Participant and/or his or her Dependents must submit proof of ~~health insurance~~ coverage under a Health Plan and proof of the payment of premiums in the time and manner specified by the Trustees. Participants who are age 65 or older during the relevant Plan Year must also submit proof of enrollment in and proof of payment of premiums for Medicare Part "B" or Medicare Part "C" coverage. Post-Retirement Benefits shall be made in a time and manner specified by the Trustees upon receipt of proof of coverage and payment of premiums.

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#### 4.1.7 Reduction in Annual and Lump Sum Credits.



Notwithstanding anything contained in this Plan to the contrary, the annual and lifetime lump sum credits shall be computed as indicated in the applicable sections.

The ~~credit~~credits (\$235, \$105 or \$1,250) shall be multiplied by the Adjusted PRMPT Years of Service. The Adjusted PRMPT Years of Service shall be calculated by adding each Year of Service. Years of Service will be prorated for periods in which an employee worked less than full time (as defined by the Collective Bargaining Agreement or TMWA policy).

Examples of the Reduced Credits are below:

Example #1: Assume that at the time an employee separates from TMWA service at the age of 65 after has attaining 10 Years of Service as an MPAT employee, meets all other requirements to participate in this Plan, and elects to participate in the Plan. Assume further, that during the initial five years of ~~their~~his or her 10 Years of Service the employee was full time while during the last five years of employment ~~they~~he or she worked part time. ~~They~~Such employee would be eligible to receive Post-Retirement Benefits equal to an annual credit of \$105 x 7.5 Adjusted PRMPT Years of Service [5 years of full time service plus five years at part time (50%)] = \$787.50 Annual Credit

Example #2: Assume that at the time an employee separates from TMWA service at the age of 59 after has attaining 18 Years of Service as a post January 1998 IBEW employee, meets all other requirements to participate in this Plan, and elects to participate in the Plan. Assume further, that during the initial eight years of ~~their~~his or her 18 Years of Service the employee was part time while during the last 10 years of employment ~~they~~he or she worked full time. ~~They~~Such employee would be eligible to receive Post-Retirement Benefits equal to a lifetime lump sum credit of \$1,250 x 14 Adjusted PRMPT Years of Service [8 years of part time service (50%) plus 10 years of full time] = \$17,500 Lifetime Lump sum Credit.

Example #3: Assume that at the time an employee separates from TMWA service at the age of 65 after has attaining 10 Years of Service as an MPAT employee, meets all other

requirements to participate in this Plan, and elects to participate in the Plan. Assume further, that during the initial five years of their 10 Years of Service the employee was full time while during the last five years of employment ~~they~~he or she worked three-quarters time (75%). ~~They~~Such employee would be eligible to receive Post-Retirement Benefits equal to an annual credit of  $\$105 \times 8.75$  Adjusted PRMPT Years of Service [5 years of full time service plus five years at three-quarters (75%)] = \$918.75 Annual Credit.

#### 4.2 Life Insurance Benefits.

A Participant, who is covered under ~~a Collective Bargaining Agreement with TMWA (the "CBA"); the CBA~~ shall be eligible to participate in the group life insurance options required to be offered to such Participant under the CBA, as amended from time to time. A Participant, who is not covered by a CBA, shall be eligible to participate in the group life insurance options offered by TMWA to the Participant as set forth in the policies and resolutions adopted by TMWA from time to time. A Participant may elect group life insurance coverage for his or her Dependents under the Group Life Insurance Plans offered by TMWA if such coverage is permitted by the applicable plan. If a Participant elects group life insurance coverage, then this Plan shall pay for ~~all or a portion of the premiums~~Post-Retirement Benefits for ~~such~~ coverage under a Group Life Insurance Plan equal to those amounts set forth in accordance with the terms and conditions of the CBA (for Participants covered by the CBA) or TMWA's policies and resolutions (for Participants not covered by a CBA). ~~Portions~~Those portions of life insurance premiums for coverage ~~premiums or costs~~under a Group Life Insurance Plan that are not paid by this Plan shall be paid by the Participant. A Participant who does not pay his or her share of the premiums or costs for life insurance coverage in the time and manner specified by the Trustees shall forfeit all rights to the life insurance coverage elected by the Participant. The Trustees shall from time to time adopt policies pertaining to the timing and the manner in which Participants and Dependents of Participants are to pay their share of the life insurance premiums ~~and costs for coverage under a Group Life Insurance Plan~~. Until such time as the Trustees adopt a different policy, the entire life insurance premiums and costs



attributable to the ~~life insurance~~ coverage chosen by the Participant under a Group Life Insurance Plan will be paid by the Plan, and the Participant will be required to reimburse the Plan for his or her share of the premiums ~~and costs~~ attributable to ~~the life insurance~~ such coverage chosen that is not paid by the ~~Participant Plan~~. To the extent that the Trustees require the Participants and Dependents to pay their share of the life insurance ~~coverage and costs~~ premiums directly to the Plan, rather than to the insurance carrier providing such coverage, then such policies and procedures shall specify the due dates in which the Participant and/or Dependents are required to remit their share of such life insurance premiums ~~and costs~~ to the Plan. Copies of the policies and procedures adopted by the Trustees from time to time are to be provided to each Participant and each Dependent of a Participant.

#### **ARTICLE 5. COBRA CONTINUATION OF COVERAGE**

To the extent required by COBRA, a Participant and his or her Spouse and/or Dependents, as applicable, whose coverage terminates under the Group Health Plan because of a qualifying event described in COBRA (and who is a qualified beneficiary as defined under COBRA), shall be given the opportunity to continue on a self-pay basis the same coverage that he or she had under the Group Medical Plan the day before the qualifying event for the periods prescribed by COBRA. Such continuation coverage shall be subject to all conditions and limitations under COBRA. Notwithstanding anything contained in this paragraph to the contrary, if this Plan, the CBA covering a Participant, or the policies and resolutions adopted by TMWA, provide for benefits in excess of those offered under COBRA, then the provisions of this Plan, the CBA, or TMWA's policies and resolutions shall govern. Contributions for COBRA coverage, not otherwise required to be paid from this Plan shall be paid to the Plan by the individual entitled to receive COBRA continuation coverage in accordance with the policies and procedures adopted by the Trustees of the Plan from time to time.

#### **ARTICLE 6. HIPAA COMPLIANCE**

##### **6.1 General.**

Members of ~~the Employer's~~ TMWA's workforce or the Trustees may, from time to time,

have access to protected health information ("PHI") of Plan Participants for administrative functions of the Plan. The Health Insurance Portability and Accountability Act of 1996, ("HIPAA"), and the regulations issued thereunder at 45 C.F.R. Parts 160 and 164 (the "HIPAA regulations"), as amended from time to time, impose privacy obligations on the Plan and restrict the disclosure of PHI. ~~The Employer~~TMWA and the Trustees shall have access to PHI from the Plan only as permitted under this Article 6 or as otherwise required or permitted by HIPAA or other applicable law. HIPAA and the corresponding regulations were modified by the Health Information Technology for Economic and Clinical Health Act ("HITECH Act"), the statutory provisions of which are incorporated herein by reference. All capitalized terms within this Article 6 not otherwise defined in the Plan shall have the meaning provided under HIPAA.

#### 6.2 Definition of PHI.

Protected health information or PHI means information that is created or received by the Plan and relates to the past, present, or future physical or mental health or condition of a Participant; the provision of health care to a Participant; or the past, present, or future payment for the provision of health care to a Participant; and that identifies the Participant or for which there is a reasonable basis to believe the information can be used to identify the Participant. Protected health information includes information of persons living or deceased.

#### 6.3 Uses and Disclosures of PHI.

The Plan may disclose a Plan Participant's PHI to ~~the Employer~~TMWA or the Trustees (or to ~~the Employer~~TMWA or the Trustees' agent) to the fullest extent permitted by the HIPAA regulations (but not in a manner inconsistent with 45 C.F.R. § 164.404(f)), including but not limited to:

##### (a) Enrollment-Disenrollment Information.

The Plan may disclose to ~~the Employer~~TMWA or the Trustees information on whether the individual is participating in the Plan, or is enrolled in or has disenrolled in the Plan.

##### (b) Summary Health Information.



The Plan may disclose Summary Health Information to ~~the EmployerTMWA~~ or the Trustees, provided ~~the EmployerTMWA~~ or the Trustees requests the Summary Health Information for the purpose of (a) obtaining premium bids from health plans for providing health insurance coverage under the Plan; or (b) modifying, amending, or terminating the Plan. "Summary Health Information" means: information that (a) summarizes the claims history, claims expenses or type of claims experienced by individuals for whom a plan sponsor had provided health benefits under the Plan; and (b) from which the information described at 45 C.F.R. § 164.514(b)(2)(i) has been deleted, except that the geographic information described in 45 C.F.R. § 164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit zip code.

(c) Plan Administrative Purpose

The Plan may disclose PHI to ~~the EmployerTMWA~~ or the Trustees, provided ~~the EmployerTMWA~~ or the Trustees use or disclose such PHI only for Plan administration purposes. "Plan administration purposes" means administration functions performed by ~~the EmployerTMWA~~ or the Trustees on behalf of the Plan; such as quality assurance, claims processing, auditing, and monitoring. Plan administration functions do not include functions performed by ~~the EmployerTMWA~~ or the Trustees in connection with any other benefit or benefit plan of ~~the EmployerTMWA~~ or the Trustees, and do not include any employment-related functions. Notwithstanding the provisions of this Plan to the contrary, in no event shall ~~the EmployerTMWA~~ or Trustees be permitted to use or disclose PHI in a manner that is inconsistent with 45 CFR § 164.504(f).

6.4 Restriction on Plan Disclosure to ~~the EmployerTMWA~~.

Neither the Plan nor any of its business associates will disclose PHI to ~~the EmployerTMWA~~ or the Trustees except upon the Plan's receipt of ~~the Employer'sTMWA's~~ certification that the Plan has been amended to incorporate the provisions under Section 6.5, except as otherwise permitted or required by law. Execution of the Plan document by ~~the EmployerTMWA~~ will serve as the required certification.

6.5 Privacy Agreements of ~~the EmployerTMWA~~/Trustees.

As a condition for obtaining PHI from the Plan and its business associates, ~~the EmployerTMWA~~ or the Trustees agree it will:

(a) Not use or further disclose such PHI other than as permitted by this Section 6.5, as permitted by 45 C.F.R. § 164.508, 45 C.F.R. § 164.512, and other sections of the HIPAA regulations, or as required by law;

(b) Ensure that any of its agents, including a subcontractor, to whom it provides PHI received from the Plan agree to the same restrictions and conditions that apply to ~~the EmployerTMWA~~ or the Trustees with respect to such information;

(c) Not use or disclose the PHI for employment-related actions and decisions or connection with any other benefit or employee benefit plan of ~~the EmployerTMWA~~;

(d) Report to the Plan any use or disclosure of the PHI that is inconsistent with permitted disclosures that ~~the EmployerTMWA~~ or the Trustees becomes aware;

(e) Make the PHI of a particular Participant available for purposes of the Participant's requests for inspection, copying, and amendment, and carry out such requests in accordance with HIPAA regulation 45 C.F.R. §§ 164.524 and 164.526;

(f) Make the PHI of a particular Participant available for purposes of a required accounting of disclosures by ~~the EmployerTMWA~~ or the Trustees pursuant to the Participant's request for such an accounting in accordance with HIPAA regulation 45 C.F.R. § 164.528;

(g) Make ~~the Employer'sTMWA's~~ and Trustees' internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the U.S. Department of Health and Human Services for purposes of determining compliance by the Plan with HIPAA;

(h) If feasible, return or destroy all PHI received from the Plan that ~~the EmployerTMWA~~ or the Trustees still maintain in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if



such return or destruction is not feasible, ~~the EmployerTMWA~~ or the Trustees agree to limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

(i) Ensure that there is adequate separation between the Plan and ~~the EmployerTMWA~~ or the Trustees by implementing the terms of Section 6.6.

~~The EmployerTMWA~~ and Trustees further agree that if they create, receive, maintain, or transmit any electronic PHI (other than enrollment/disenrollment information and Summary Health Information, which are not subject to these restrictions) on behalf of the Plan, they will implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic PHI, and they will ensure that any agents (including subcontractors) to whom they provide such electronic PHI agree to implement reasonable and appropriate security measures to protect the information. ~~The EmployerTMWA~~ and Trustees will report to the General Manager any security incident of which they become aware.

6.6 Separation between Plan and ~~the EmployerTMWA~~ or the Trustees.

6.6.1 Employees with Access to PHI.

The following employees or other individuals under the control of ~~the EmployerTMWA~~ or the Trustees are the only individuals that may access PHI received from the Plan: chief financial officer, general manager, IBEW business representatives, Trustees, human resources representatives, accounting staff, payroll staff, and information systems staff.

6.6.2 Use Limited to Plan Administration.

The access to and use of PHI by the individuals described in Section 6.6(a), above, is limited to Plan Administration functions as defined in HIPAA regulation 45 C.F.R. § 164.504(a) that are performed by ~~the EmployerTMWA~~ or the Trustees for the Plan.

Mechanism for Resolving Noncompliance

6.6.3. If ~~the EmployerTMWA~~ or the Trustees, or person(s) responsible for monitoring compliance, determines that any person described in Section 6.6(a), above, has violated any of the restrictions of this Section 6.6, then such individual shall be disciplined in

accordance with the policies of ~~the Employer~~TMWA or the Trustees established for purposes of privacy compliance, up to and including permanent dismissal from the Board of Trustees. ~~The Employer~~TMWA or the Trustees shall arrange to maintain records of such violations along with the persons involved, as well as disciplinary and corrective measures taken with respect to each incident.

#### **ARTICLE 7. ADMINISTRATION OF PLAN**

##### **7.1 Administration.**

The Trustees shall administer the Plan subject to applicable requirements of law, including without limitation, the provisions contained in NRS Sections 287.015 and 287.017 and the corresponding administrative regulations of the NAC adopted from time to time. For this purpose, the Trustees' power and sole discretion shall include, but shall not be limited to, the following authority, in addition to all other powers provided by this Plan:

- (a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan in good faith with such interpretation to be final and conclusive on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To appoint such attorneys, actuaries, accountants, consultants and other persons as may be required to assist in administering the Plan;
- (e) To allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan; and
- (f) To hold meetings in compliance with chapter 241 of NRS.

##### **7.2 Indemnification.**



To the extent permitted by applicable law, ~~the Employer~~TMWA shall indemnify the Trustees and each of its members individually against any and all claims, losses, damages and expenses, including legal fees and amounts paid in settlement with ~~the Employer's~~TMWA's approval, resulting from any action or failure to act in connection with the administration of the Plan if such action or inaction is not covered by the statutory immunity given to public employees under Nevada Revised Statutes section 41, except when the same is determined to be attributable to the gross negligence or willful misconduct of such person.

#### **ARTICLE 8. TRUST PROVISIONS**

##### **8.1 Appointment, Qualification and Terms of Trustees.**

The Trust shall be administered by the Trustees. ~~The Employer~~TMWA and ~~the~~ Trustees will comply with the provisions of NRS 287.015 and 287.017, together with the corresponding provisions of the NAC, concerning the selection of the Trustees and the administration of the Plan. ~~The Employer~~TMWA shall appoint four individuals who shall serve as Trustees, two members of TMWA management, one whom shall be the Chief Financial Officer, and two IBEW representatives. The two Trustees who are appointed from TMWA management are to be appointed by ~~the Employer~~TMWA at the direction of the General Manager of ~~the Employer~~TMWA. The two Trustees who are appointed from IBEW are to be appointed by ~~the Employer~~TMWA at the direction of IBEW Local 1245. At all times, equal numbers of TMWA management and IBEW representatives shall serve as Trustees of the Plan. In appointing the Trustees, ~~the Employer~~TMWA shall insure that the Trustees satisfy the requirements of NRS 287.017 and the corresponding provisions of the NAC. Notwithstanding anything contained in this Plan to the contrary, no person is to serve as a Trustee if the person has a substantial financial interest in the ownership or negotiation of the securities or other financial instruments in which the assets of the trust are invested, or if the person is a member of the governing body of ~~the Employer~~TMWA. The term of each person serving as a Trustee shall be for a period of two years. However, a person who has served as a Trustee for a term of two years may be reappointed to serve additional two year terms.

## 8.2 Meetings of the Trustees.

The Trustees shall meet quarterly or at the call of the Chairman when business is presented. The Trustees shall not take action without a quorum. In order to have a quorum, at least three of the four members of the Board of Trustees must be present. The Trustees may take action by a majority decision of the quorum. The Trustees shall appoint a chairperson and a vice chairperson to serve two-year terms. One of these positions shall be held by a member of TMWA management and the other shall be held by an IBEW representative. The Trustees intend for the chairperson position to rotate between the two groups every two years so that if a member of TMWA management was the chairperson during one term, an IBEW representative will be the chairperson during the next term. However, if the group that is entitled to select a chairperson for the next term chooses to relinquish this right, then the Trustees may appoint the same chairperson to retain his or her position for the next term, or alternatively select a chairperson who is recommended by the group that has selected the current chairperson. The Trustees shall negotiate in good faith to reach a majority decision on matters that comes to a vote before the Trustees. If the Trustees are unable to reach a majority decision on an issue, the following rules apply:

(a) Within ten (10) calendar days, the Trustees will agree upon a neutral arbitrator to resolve the dispute. The Trustees shall choose an arbitrator by majority decision and consent to an arbitrator shall not be unreasonably withheld. If the Trustees cannot choose an arbitrator by majority decision with a reasonable period of time, the Trustees shall retain the American Arbitration Association to appoint an arbitrator;

(b) If all of the Trustees agree, the dispute may be submitted to a Board of Arbitration. The Board of Arbitration shall consist of the neutral arbitrator, one Trustee who is a member of TMWA management (appointed by the General Manager of TMWA)) and one Trustee who is a representative of IBEW (appointed by IBEW). The decision of the Board of Arbitration is final and binding;

(c) If all of the Trustees do not agree to submit the dispute to a Board of Arbitration, the neutral arbitrator shall make final and binding decision regarding the resolution of the dispute;

(d) A statement of the matter in dispute shall be presented in writing to the Board of



Arbitration or neutral arbitrator. If the Trustees cannot agree upon a joint statement of the matter in dispute, each group of Trustees shall prepare its own statement of the matter in dispute within (5) days after it is determined that the Trustees cannot agree upon a joint statement of the matter in dispute.

(e) The Board of Arbitration and neutral arbitrator are bound by the provisions of this Plan and Trust, any applicable collective bargaining agreement and applicable law in making a decision on the matter in dispute.

(f) The decision of the Board of Arbitration or neutral arbitrator shall be rendered in writing within ten (10) days after submission of the dispute for decision. The ten (10) day period may be extended by agreement of all of the Trustees. All other matters of procedure shall be decided by the neutral arbitrator. If the Board of Arbitration or the neutral arbitrator does not render a written decision within ten (10) days or the additional time granted by the Trustees, any Trustee may submit the dispute to a court of competent jurisdiction for decision.

(g) The costs and attorneys' fees incurred in connection with the foregoing shall be paid out of the Trust Fund, including reasonable compensation for the neutral arbitrator.

### 8.3 Assets Held by Trustees; Contributions.

#### (a) Receipt of Contributions.

The Trustees shall receive and deposit in the Trust any contributions paid to the Trustees in cash or such property that the Trustees deem is acceptable. The Trustees may appoint a custodian to receive and deposit contributions in the Trust on behalf of the Trustees. All assets held by the Trust and the earnings and income thereon shall be invested, reinvested and applied as provided in this Article 8 and the remainder of the Plan. All monies and other property held in the Trust are referred to as the "Trust Fund."

#### (b) Initial Funding.

A cash contribution shall be made to the Trust in an amount determined by ~~the Employer~~TMWA. Additionally, Sierra (now known as NV Energy) shall cause, and the Trust shall accept, a transfer of funds from a voluntary employee benefit association sponsored by Sierra that represents funds accumulated to pay ~~post-retirement~~Post-Retirement medical benefits for the IBEW 1245 Employees during their employment with Sierra.

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(c) Plan Contributions.

Subject to Section 8.6 (a) below, ~~the Employer~~TMWA shall annually contribute to the Trust an amount which ~~the Employer~~TMWA determines is necessary to fund the benefits due under this Plan pursuant to a qualified actuarial analysis performed in accordance with NRS sections 287.015 and 287.017 and generally accepted accounting principles. All contributions made to the Trust Fund are to be irrevocable.

(d) Source of Funds.

Any contributions by ~~the Employer~~TMWA shall be made out of its general assets.

8.4 Payment from Trust Fund.

The Trustees shall make payments from the Trust Fund as provided under the terms of the Plan.

8.5 Exclusive Benefit of Participants.

The Trustees shall hold, invest, reinvest, manage and administer the Trust Fund solely in the interest of Eligible Retirees, Participants and covered Dependents and for the exclusive purpose of providing ~~post-retirement benefits~~Post-Retirement Benefits to Participants and covered Dependents in accordance with the Plan and defraying the reasonable expenses of administering the Plan and Trust. At no time shall any part of the Trust Fund revert to or be recoverable by ~~the Employer~~TMWA, nor be used for or diverted to purposes other than the exclusive purpose of providing ~~post-retirement benefits~~Post-Retirement Benefits to Participants and Dependents and defraying the reasonable expenses of administering the Plan and Trust, and neither the Trust Fund nor the earning thereon shall inure to or for the benefit of any member of the Board of Trustees, except that a member of the Board of Trustees may be a beneficiary of the Trust Fund through participation in the Plan. The Trust Fund shall not be subject to the claims of any creditors of ~~the Employer~~TMWA, the administrator of any benefits offered under this plan, or the Participants and covered Dependents.

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#### 8.6 Investments.

##### (a) Funding Policy.

The Trustees shall, pursuant to the Plan, establish and carry out a funding and investment policy consistent with the purposes of the Plan and the requirements of applicable law. As part of the funding policy, the Trustees shall exercise its investment discretion so as to provide sufficient cash assets in an amount determined by the Trustees to be necessary to meet the liquidity requirements for the administration of the Plan and the payment of benefits. The funding policy may be amended pursuant to the discretion of the Trustees. If the Trustees elect to deposit a portion or all of the assets of the Trust Fund with the Retirement Benefits Investment Fund established pursuant to NRS 355.220, the funding and investment policy adopted by the Trustees with respect to these assets may be the same policy as that of the Retirement Benefits Investment Board of the Public Employees' Retirement System of Nevada.

##### (b) Investment by the Trustees.

The Trustees' discretion in investing and reinvesting the principal and income of the Trust Fund shall be subject to the funding and investment policy adopted by the Trustees in writing. The Trustees shall have the duty to act strictly in accordance with such funding and investment policy as amended. The Trustees may invest all or any portion of the Trust Fund in those investments authorized under NRS 287.017, including without limitation, the Retirement Benefits Investment Fund established pursuant to NRS 355.220 and any investment authorized under NRS 287.017(g)(2) or NRS 287.017(g)(3). If the Trust invests in any assets that are not permitted under applicable law, the assets shall be disposed of as promptly as is prudent under the circumstances.

#### 8.7 Trustees' Responsibilities.

The responsibilities of the Trustees shall be:

(a) To hold, invest and reinvest the assets in the Trust Fund, subject to the terms and conditions of the Plan and the funding policy;

(b) To revalue the assets held in the Trust Fund at fair market value annually and more often as necessary,

(c) To report the value of the Trust Fund as of each Plan Year to ~~the Employer~~TMWA; and

(d) To pay monies from the Trust Fund in accordance with the provisions in this Plan and at the discretion of the Trustees.

#### 8.8 Administration of the Trust Fund.

The Trustees shall have discretion in the administration of the assets held in the Trust Fund. This discretion includes the power of the Trustees to liquidate assets held in the Trust Fund to enable the Trustees to pay benefits in accordance with the terms of the Plan and to collect administrative fees from the assets held in the Trust Fund in accordance with section 8.11.

#### 8.9 ~~Power~~Powers of the Trustees.

Unless applicable law provides otherwise, the Trustees are expressly authorized, in carrying out its duties under this Plan, to:

(a) Purchase, or subscribe for, any securities or other property and to retain the same in the Trust;

(b) Sell, alter, improve, lease or otherwise dispose of any asset of the Trust Fund;

~~(e)~~ —Vote upon any stocks, bonds, or other securities; give general or special proxies or powers of attorney with or without power of substitution; exercise any conversion privileges, subscription

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(c) \_\_\_\_\_ rights, or other options, and to make any payments incidental thereto; oppose, consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, delegate discretionary powers, pay any assessments or charges in connections therewith, and generally exercise any of the powers of an owner with respect to stock, bonds, securities or other property held as part of the Trust Fund;

(d) Cause any securities or other property held as part of the Trust Fund to be registered in the Trustees' own name or in the name of one or more of the Trustees' nominees, and to hold any investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust Fund;

(e) {Intentionally Omitted}

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(f) Accept and retain for such time as the Trustees may deem advisable any securities or other property received or acquired by them as Trustees hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(g) Make, execute, acknowledge and deliver documents of transfer and conveyance and other instruments that may be necessary or appropriate to carry out the powers granted in this section;

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(h) Invest funds of the Trust Fund in overnight deposits or savings accounts bearing a reasonable rate of interest in a bank selected by the Trustees;

(i) Invest in Treasury Bills and other forms of United States government obligations;

(j) Except as expressly authorized herein, the Trustees are prohibited from selling or purchasing stock options. The Trustees are expressly authorized to write and sell call options under which the holder of the option has the right to purchase shares of stock held by the Trustees as part of the assets of this Trust, if such options are traded on and sold through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, which exchange has been authorized to provide a market for option contracts pursuant to rules promulgated under such Act so long as the Trustees hold sufficient stock in the assets of this Trust to meet the obligations under such option if exercised. In addition, the Trustees are expressly authorized to purchase and acquire call options for the purchase of shares of stock covered by such options if the options are traded on and purchased through a national securities exchange as described in the immediately preceding sentence, and so long as any such

option is purchased solely in a closing purchase transaction, meaning the purchase of an exchange traded call option the effect of which is to reduce or eliminate the obligations of the Trustees with respect to a stock option contract or contracts which it has previously written and sold in a transaction authorized under the immediately preceding sentence;

(k) Deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;

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(l) Deposit stocks or other securities held in the Trust Fund in any voting trust, with any protective or like committee, or with a trustee or depositories designated by any protective or like committee;

(m) Retain part interests in real property or in mortgages on real property, wherever situated, with the right to transfer title in their name as Trustee or in the name of a nominee, either alone or jointly with the holder or holders of other part interests in the property or their nominees;

(n) Delegate the management and operation of any part interest in any real property or mortgage to a manager or the holders) of a majority interest in such real property or mortgage on such real property;

(o) Sell real property or sell any mortgages on real property that it may retain in the Trust Fund;

(p) Carry out the decisions of a manager or holder(s) of a majority interest in real property with respect to the sale or mortgage of such real property or otherwise;

(q) Settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust or the Trust Fund;

(r) Commence or defend legal proceedings for or against the Trust;

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(s) Retain cash temporarily awaiting the payment of benefits or expenses, without liability for interest on the amount retained;

(t) Establish custodial arrangements as deemed necessary;



(u) Delegate all or some of these powers to an Investment Manager if (i) the Investment Manager is qualified as an investment manager under applicable law, and (ii) the Investment Manager acknowledges in writing that it is acting as a fiduciary with respect to the Plan and Trust, or to the Retirement Benefits Investment Fund of the Public Employees' Retirement System of Nevada by contract with the Retirement Benefits Investment Board.

(v) Employ suitable agents and counsel;

(w) Generally exercise any of the powers of an owner with respect to stock, other securities or property comprising the Trust Fund;

(x) Notwithstanding the above, the Trustees may not change the benefits provided to Participants and Dependents under the terms of the Plan, unless (1) the benefits of Participants and Dependents covered by a CBA are amended by the CBA, or (2) the benefits of Participants and Dependents not covered by a CBA are amended pursuant to the policies and resolutions of TMWA ; and

(y) Take all actions that the Trustees deem necessary to administer the Trust Fund and carry out the purposes of this Plan.

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#### 8.10 Administrative Expenses.

All costs and expenses incurred in connection with administration of the Plan and Trust that may properly be paid by the Trust shall be paid by the Trust,

#### 8.11 Trustee Compensation.

The Trustees shall not receive any compensation for the performance of their duties under this Plan.

#### 8.12 Records and Reports.

The Trustees shall keep, or hire a third party to keep, accurate and detailed accounts with respect to the Trust Fund, covering all investments, receipts, disbursements and other transactions under this Trust. The Trust Fund is to be administered in accordance with generally accepted accounting principles and actuarial studies applicable to the future provision of retirement benefits to the Eligible Retirees, Participants and Dependents of Participants. All accounts,

books and records shall be open to inspection by any person designated by ~~the Employer~~TMWA at all reasonable times. Within 120 days following the close of each Plan Year (and at other dates requested by ~~the Employer~~TMWA), the Trustees, or third party if directed by the Trustees, shall file with ~~the Employer~~TMWA a written report setting forth all investments, receipts, disbursements and other transactions involving the Trust Fund during the Plan Year or the part thereof for which the report is filed. The report shall contain a description of all securities sold, the net proceeds of sale (excluding accrued interest paid or received), and showing the securities and investments held at the end of such period and the cost of each item as carried on the books of the Trust. The Trustees, or third party if directed by the Trustees, also shall render such additional statements or reports to ~~the Employer~~TMWA as ~~the Employer~~TMWA may reasonably request. If the Trustees have elected to invest Trust assets in the Retirement Benefits Investment Fund of the Public Employees' Retirement System of Nevada, investment reporting requirements shall coincide with the reporting periods of the Public Employees' Retirement System of Nevada.

The Trustees shall annually submit a tentative budget to the governing board of TMWA for its consideration, approval and inclusion in the tentative and final budgets of TMWA. The tentative budget submitted by the Trustees to the governing board of TMWA must incorporate the amount of contributions that TMWA expects to make to the Trust Fund. The governing board of TMWA may modify the tentative budget submitted by the Trustees at its discretion. The Trustees shall cause the Trust Fund to be audited annually. The governing board of TMWA shall incorporate the results of the audit into the annual audit report of TMWA.

#### 8.13 Removal and Resignation of Trustees.

Any or both of the two Trustees representing TMWA management may be removed by written notice from ~~the Employer~~TMWA, except that the Chief Financial Officer must remain as a Trustee. Removal shall be effective 60 days after the individual Trustee receives such notice or certified copies of the resolutions, as appropriate. The Trustee may resign upon 60 days written notice to ~~the Employer~~TMWA. Upon the removal or resignation of a Trustee, ~~the Employer~~TMWA shall appoint a successor trustee or trustees. Each successor trustee shall agree



in writing to be bound by this Trust Agreement as amended.

Any or both of the two Trustees representing the IBEW may be removed by written notice from ~~the EmployerTMWA~~, but only if the officers of IBEW have directed ~~the EmployerTMWA~~ to remove one or both of the two Trustees representing the IBEW. Removal shall be effective 60 days after the individual Trustee receives such notice. The Trustee may resign upon 60 days written notice to IBEW. Upon the removal or resignation of a Trustee, ~~the EmployerTMWA~~, at the direction of the IBEW officers, shall appoint a successor trustee or trustees. Each successor trustee shall agree in writing to be bound by this Trust Agreement as amended.

Notwithstanding the above, ~~the EmployerTMWA~~ shall immediately remove any Trustee who has breached his or her fiduciary duty to the Plan or Trust, effective upon notification to the Trustee. ~~The EmployerTMWA~~ shall appoint a new Trustee as soon as administratively possible, in accordance with the procedure for appointing Trustees set forth in Section 8.1.

#### 8.14 Actions by ~~the EmployerTMWA~~.

Any action taken by ~~the EmployerTMWA~~ may be evidenced by a written instrument signed by an authorized agent of ~~the EmployerTMWA~~ or the Trustees. ~~The Employer TMWA~~ shall furnish the Trustees with instructions as to the agents who are authorized to sign such written instruments.

#### 8.15 Acceptance by Trustees.

Upon execution of this Plan, the Trustees hereby accept being named as Trustees under the terms of this Trust Agreement and agree to hold all property constituting the Trust Fund subject to all of the terms and conditions contained herein.

#### 8.16 Source of Funds.

The Trust shall constitute the sole source of funds that may be used to pay the welfare

benefits awarded under the Plan. Except as otherwise required by applicable law, ~~the EmployerTMWA~~ shall not be liable in any way or in any manner for any such benefits or payments beyond those monies held by the Trust.

#### 8.17 Trust Exemption.

The Trust has been issued a determination letter by the Internal Revenue Service, effective May 25, 2007, treating it as exempt from federal income taxes under section 501(c)(9) of the Code.

#### 8.18 Standards of Interpretation.

This Plan and Trust are designed and intended to comply with applicable law. The Trustees are vested with the power to interpret the Plan and Trust, and their interpretation, if not in conflict with plain meaning of the Plan and Trust or any applicable law or government regulation, shall be final and conclusive. The Trustees, and any entity or person approved by the Trustees, shall have the full discretionary authority to determine eligibility for benefits and to construe the terms of the Plan and Trust.

#### 8.19 Certain Prohibitions pertaining to the Trust.

Notwithstanding anything contained in this Plan to the contrary, the Trustees are precluded from exercising the following powers:

- (a) The power to borrow money;
- (b) The power to finance any debt of ~~the EmployerTMWA~~ or any other local government and the power to loan funds to ~~the EmployerTMWA~~ or to funds maintained by ~~the EmployerTMWA~~.

### ARTICLE 9. AMENDMENT AND TERMINATION OF PLAN

#### 9.1 Amendment and Termination.

~~The EmployerTMWA~~ reserves the right to amend or terminate the Plan and associated Trust, as to any group of Eligible Retirees, at any time, by a duly adopted resolution by ~~the EmployerTMWA~~. Upon termination of the Plan, the Trustees shall apply all the assets remaining



in the Trust in a uniform and non-discriminatory manner toward the provision of benefits for Participants. Notwithstanding anything contained in the Plan to the contrary, ~~the EmployerTMWA~~ is precluded from amending the Plan in any manner that would allow the assets of the Plan to inure or revert to ~~the EmployerTMWA~~.

#### ARTICLE 10. MISCELLANEOUS PROVISIONS

##### 10.1 Non-Discrimination.

~~The EmployerTMWA~~ intends that this Plan will not discriminate in favor of Highly Compensated Employees, as required by section 505(b) of the Code, in both coverage and benefits provided.

##### 10.2 Right to Payment.

The benefits paid to Participants and Dependents under Article 4 shall be paid out of the Trust pursuant to this Plan. Except with respect to the right to receive ~~post-retirement medical benefits and life insurance benefits~~ Post-Retirement Benefits under this Plan, no employee or any other person shall have any right, title or interest in or to the assets of the Trust, or in or to any Employer contributions made to the Trust, such contributions being made to and held in the Trust for the exclusive purpose of providing ~~post-retirement medical and life insurance benefits~~ Post-Retirement Benefits under the Plan and defraying administrative expenses under the Plan.

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##### 10.3 Information to Be Furnished.

Participants and Dependents shall provide the Trustees with information and evidence and shall sign documents as may reasonably be requested for the purpose of administration of the Plan.

##### 10.4 Limitation of Rights.

Neither the establishment of the Plan, any amendment thereof, nor the payment of any benefits, shall be construed as giving to any Eligible Retiree, Participant, Dependent or other

person any legal or equitable right against the Trustees or ~~the Employer~~TMWA, except as provided herein.

#### 10.5 Prohibition of Discrimination.

Any discretionary acts to be taken under the terms and provisions of this Plan by the Trustees shall be uniform in their nature and in their application to all those similarly situated, and no discretionary acts shall be taken that would be discriminatory under the provisions of the Code relating to accident and health plans and/or group life insurance plans. In applying the discrimination provisions of Code Section 105 and the corresponding Treasury Regulations thereto, to the extent permitted by applicable law, the plan(s) described herein for the benefit of the MPAT Employees are to be treated as a separate plan(s) from the plans for the benefit of the IBEW 1245 Employees.

#### 10.6 No Contract of Employment.

This Plan shall not be deemed to be a contract between ~~the Employer~~TMWA and any Eligible Retiree or other individual or to be a consideration or an inducement for the employment of any Eligible Retiree or other individual. Nothing contained in this Plan shall give any Eligible Retiree or other individual the right to be retained in the service of ~~the Employer~~TMWA.

#### 10.7 Incapacity.

If, in the opinion of the Trustees, any person becomes unable to handle properly any amounts payable to such person under the Plan, the Trustees may make any arrangement for payment on such person's behalf that it determines will be beneficial to such person, including payment to such person's guardian, conservator, spouse or other dependent.

#### 10.8 Governing Law.

This Plan shall be construed, administered and enforced according to the laws of Nevada and all applicable federal laws. If any provision of the Plan is inconsistent with the provisions of applicable federal, state or local law, then the provisions of federal, state or local law (as applicable) will prevail.



10.9 Coverage Options

The terms of the health and life insurance coverage option(s) chosen by the Participant shall govern the Participant's coverage and receipt of benefits under the health and life insurance coverage option(s). Should any term of this Plan conflict with any term of the Participant's chosen health or life insurance coverage option(s), the term of the health and life insurance coverage option(s) shall prevail except that such terms shall not apply to expand the amount of any benefit provided under this Plan.

10.10 Costs

The costs of administering the Plan shall be paid by the Trust Fund to the extent permitted by law. Any remaining administration costs shall be paid by ~~the Employer~~TMWA.

(Signatures to Follow)

Dated this ~~23<sup>rd</sup>~~ day of ~~August, 2011~~, 2017.

Board of Trustees

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Accepted and Approved By:

Truckee Meadows Water Authority

By: \_\_\_\_\_

Its: Chairman, Board of Directors



**TRUCKEE MEADOWS WATER AUTHORITY  
POST-RETIREMENT MEDICAL AND LIFE INSURANCE PLAN & TRUST  
(AS RESTATED ON \_\_\_\_\_, 2017)**

**ARTICLE 1. INTRODUCTION**

1.1 Purpose of Plan.

The Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust was originally established effective January 1, 2006. The Plan was subsequently amended and restated in its entirety on January 21, 2009, and August 23, 2011. The Plan is now being amended and restated to make certain changes to the Plan. The purpose of this Plan is to provide Participants and their Dependents with benefits to assist with the payment of premiums for post-retirement health coverage and post-retirement group life insurance coverage. The Plan, as amended and restated, hereafter reads as follows.

1.2 Plan Status.

The benefits offered under this Plan are intended to qualify as (i) accident and health plan benefits under section 105 and 106 of the Code and the corresponding Treasury regulations, and (ii) as group term life insurance benefits under section 79 of the Code and the corresponding Treasury regulations. The benefits provided under this Plan are funded through the Plan which qualifies as a voluntary employees' beneficiary association under Code section 501(c)(9). Pursuant to a determination letter from the Internal Revenue Service dated May 25, 2007, the Plan is exempt from Federal income tax under Code section 501(c)(9). The Plan may be amended or terminated as provided in Article 9.1. Unless the context indicates otherwise, capitalized terms used in this Plan are to have the meanings set forth in Article 2.

**ARTICLE 2. DEFINITIONS**

2.1 Code.

"Code" means the Internal Revenue Code of 1986, as amended. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any

legislation that amends, supplements or replaces such section or subsection.

## 2.2 CBA

“CBA” means a collective bargaining agreement entered into between TMWA and IBEW, as amended from time to time, which among other things, establishes the amount of the Post-Retirement Benefits for those employees of TMWA who are covered by the CBA.

## 2.3 Dependent.

"Dependent" shall have the same meaning as set forth in the Health Plans and/or the Group Life Insurance Plans, as the case may be, that provide coverage to the Participants and Dependents under this Plan.

## 2.4 Eligible Retiree.

"Eligible Retiree" means any MPAT Employee or IBEW 1245 Employee who has separated from service from TMWA after attaining age 55 and has completed at least ten (10) Years of Service as defined in Section 2.18; provided, however, the term “Eligible Retiree” shall not include any retiree or former employee of TMWA that is entitled to receive benefits under “The Truckee Meadows Water Authority OPEB Trust Fund.”

## 2.5 Health Plans and Group life Insurance Plans.

“Health Plan(s)” mean (i) the group policies or plans offered by TMWA from time to time that provide medical, dental, and/or vision coverage to Participants and Dependents, (ii) individual policies or plans that are procured by a Participant that provide medical, dental, and/or vision coverage to Participants and/or their Dependents, (iii) Medicare and Medicare Supplemental Plans that provide coverage for Participants and/or their Dependents, and (iv) the group policies or plans offered by the employer of a spouse of a Participant that provide medical, dental, and/or vision coverage to Participants and/or their Dependents. Notwithstanding anything contained in this Section 2.5 to the contrary, the term “Health Plans” shall not include a group policy or plan offered by the employer of a Participant’s spouse to the extent that the premiums are paid by the employer on a “pre-tax” basis, including, without limitation, a policy



or plan offered by an employer under a Code Section 125 plan (commonly referred to as a "Cafeteria Plan").

"Group Life Insurance Plan(s)" means the group policies or plans offered by TMWA from time that provide group life insurance coverage to the Participants and Dependents.

2.6 Highly Compensated Employee.

"Highly Compensated Employee" means, for purposes of determining discrimination, a Participant who is described in sections 414(q) and 105 of the Code and the corresponding Treasury regulations thereto.

2.7 IBEW.

"IBEW" means the Local Union 1245 of the International Brotherhood of Electrical Workers.

2.8 IBEW 1245 Employees.

"IBEW 1245 Employees" includes all of the following classes of employees:

(a) "IBEW Transfer Employees" mean former employees of Sierra who transferred to TMWA from Sierra on June 11, 2001, who are covered by the "Agreement Concerning Compliance with Letter of Understanding" between TMWA and Local Union 1245 of the International Brotherhood of Electrical Workers, together with the attachments thereto. A true and correct copy of the above referenced Agreement Concerning Compliance with Letter of Understanding, together with the attachments thereto, is attached to this Plan as Appendix "A;"

(b) "IBEW Transfer Employees Receiving Sierra Plan Benefits" means former employees of Sierra who transferred to TMWA from Sierra on June 11, 2001, who are covered by the "Agreement Concerning Compliance with Letter of Understanding" between TMWA and Local Union 1245 of the International Brotherhood of Electrical Workers, who elected to retire under the Sierra Plan;

(c) "Other IBEW Employees" means employees hired by TMWA who are covered by a CBA that provides for Post-Retirement Benefits under this Plan.

## 2.9 MPAT Employees.

"MPAT Employees" includes all of the following classes of employees:

(a) "MPAT Transfer Employees" means former management, professional, administrative and technical employees of Sierra who were hired by TMWA pursuant to the Purchase Agreement and transferred to TMWA from Sierra on June 11, 2001. MPAT Transfer Employees shall also include the three MPAT Employees listed on Appendix "B" attached hereto who did not transfer to TMWA from Sierra on June 11, 2001, but who received offers of employment from TMWA entitling them to receive credit for their Years of Service accrued under the Sierra Plan for all relevant purposes under this Plan;

(b) "MPAT Transfer Employees Receiving Sierra Plan Benefits" means former management, professional, administrative and technical employees of Sierra who were hired by TMWA pursuant to the Purchase Agreement, transferred to TMWA from Sierra on June 11, 2001, and who elected to retire under the Sierra Plan;

(c) "Other MPAT Employees" means full-time management, professional, administrative and technical employees hired by TMWA who are not listed in clauses (a) or (b) above of this Section 2.9, other than an employee who is entitled to receive benefits under "The Truckee Meadows Water Authority OPEB Trust Fund."

## 2.10 NRS and NAC.

"NRS" means the Nevada Revised Statutes, as amended from time to time, and "NAC" means the Nevada Administrative Code, as amended from time to time.

## 2.11 Participant.

"Participant" means an Eligible Retiree who has elected to participate in the Plan pursuant to section 3.1.

## 2.12 Permanent Waiver.

"Permanent Waiver" means the execution by a Participant or Eligible Retiree of a written instrument, in a form approved by the Trustees, delivered to the Trustees, whereby a Participant



or Eligible Retiree elects to waive his or her right to receive Post-Retirement Benefits under the term of this Plan. If a Participant or Eligible Retiree executes and delivers a Permanent Waiver to the Trustees, such waiver shall be irrevocable, and the Participant or Eligible Retiree shall be precluded from participating in this Plan as the effective date of the Permanent Waiver and such waiver shall apply to all future Plan Years following the effective date of the Permanent Waiver.

2.13 Plan.

"Plan" means the Truckee Meadows Water Authority Post-Retirement Medical and Life Insurance Plan & Trust, which is set forth in this document.

2.14 Plan Year.

"Plan Year" means the calendar year.

2.15 Post-Retirement Benefits.

"Post-Retirement Benefits" mean and are limited to the premiums required to be paid by this Plan, either directly or by reimbursement, for coverage of a Participant and/or his or her Dependents under (i) a Health Plan and/or (ii) Group Life Insurance Plan. The actual amount of Post-Retirement Benefits payable by this Plan on behalf of a particular Participant and his or her Dependents are described in further detail in Sections 4.1.1 through 4.1.5 and article 5. below. Post-Retirement Benefits are not to include the reimbursement of any co-payments, deductibles, out of pocket medical, dental, and/or vision expenses or other similar charges.

2.16 Purchase Agreement.

"Purchase Agreement" means the "Asset Purchase Agreement between Sierra Pacific Power Company, as Seller, and TMWA, as Purchaser."

2.17 Retirement Date.

"Retirement Date" means the date elected by an employee who is eligible to participate in this Plan, at his or her retirement date from TMWA, in accordance with the procedures established by the Trustees from time to time.

## 2.18 Service or Years of Service.

"Service" or "Years of Service" means:

(a) "For IBEW Transfer Employees and MPAT Transfer Employees."

"Service" or "Years of Service" includes all years of service earned and accumulated as an employee of TMWA and all years of service earned and accumulated under the Sierra Plan in accordance with the terms of the Sierra Plan.

(b) "For IBEW Transfer Employees Receiving Sierra Plan Benefits," "Other IBEW Employees," "MPAT Transfer Employees Receiving Sierra Plan Benefits" and "Other MPAT Employees." "Service" or "Years of Service" includes all years of service as an employee of TMWA.

(c) "For MPAT and IBEW Employees hired by TMWA." "Service or Years of Service" includes all years of service accumulated as an employee of TMWA

For purposes of clauses (a) , (b), and (c) above, a Year of Service will be earned and accumulated by an employee, classified by TMWA as a regular (non-temporary and non-provisional) full or part-time employee, who works continuously without a break in service. The Years of Service will be calculated at the time of separation from service from TMWA retroactively for all periods of continuous regular employment. No period as a temporary, non-benefited employee will qualify towards periods of Year of Service. Years of Service shall be recognized only for periods of paid employment. Therefore, the only periods of unpaid leave of absence that shall be recognized are those required by current or future State and Federal laws, such as The Uniformed Services Employment and Reemployment Rights Act (USERRA). Furthermore, breaks in service shall not be included in Years of Service; however, Years of Service earned prior to a break in service shall be aggregated with Years of Service worked after the break in service.

## 2.19 Years of Service, Adjusted PRMPT.

The "Adjusted PRMPT Years of Service" shall be calculated by adding each "Year of Service." Years of Service will be prorated for periods in which an employee worked less than



full time (as defined by the Collective Bargaining Agreement or TMWA policy). Refer to Section 4.17 of this document for further information.

2.20 Sierra.

"Sierra" means the Sierra Pacific Power Company, now known as NV Energy.

2.21 Sierra Plan.

"Sierra Plan" means the Sierra Pacific Resources Post-Retirement Medical Plan.

2.22 Trust.

"Trust" means the Trust established and set forth in this document.

2.23 Trustees and Trustee.

"Trustees" means the trustees appointed pursuant to Article 8 whose duties include the administration of the Plan, and "Trustee" means any one (1) of the Trustees.

2.24 TMWA.

"TMWA" means the Truckee Meadows Water Authority, a local government agency within the meaning of NRS 354.474.

### **ARTICLE 3. ELIGIBILITY AND PARTICIPATION**

3.1 Eligibility and Commencement of Coverage.

Each Eligible Retiree shall be eligible to become a Participant in the Plan upon the later of (i) the date the Eligible Employee separates from service from TMWA, or (ii) the date the Eligible Retiree applies for Post-Retirement Benefits under this Plan, either individually or together with his or her Dependents, in the time and manner specified by the Trustees. Notwithstanding the preceding sentence, if an Eligible Retiree either retired from Sierra or terminated employment from Sierra prior to being hired by TMWA (e.g., the Eligible Retiree did not transfer employment from Sierra to TMWA pursuant to the Purchase Agreement) and elected to receive post-retirement medical benefits from the Sierra Plan, the Eligible Retiree will not be eligible to become a Participant unless at the time of separation from service from TMWA, the

Eligible Retiree (i) earned ten years of service as an employee with TMWA; (ii) attained age 55; and (iii) applies for Post-Retirement Benefits under this Plan in the time and manner specified by the Trustees. If an Eligible Retiree defers, but does not permanently waive, coverage under this Plan at the time of separation of service from TMWA, the Eligible Retiree may apply for benefits under this Plan (i) during any subsequent open enrollment period under a Health Plan, or (ii) following an event defined in a Health Plan that allows an Eligible Retiree to elect coverage under the Health Plan at a time other than during the open enrollment period.

### 3.2 Termination of Participation.

A Participant shall cease to be covered under this Plan on the earliest of the following dates: (i) the date of the Participant's death; (ii) the date the Participant's Post-Retirement Benefits are cancelled due to the execution of a Permanent Waiver by the Participant; (iii) the date that Participant's fails to pay his or her share of the premiums for coverage under a Health Plan and Group Life Insurance Plan; (iv) the date that a Participant is no longer covered under a Health Plan or Group Life Insurance Plan, or (iv) the date this Plan is terminated. If a Participant's participation in the Plan is terminated by reason of failing to pay his or her share of premiums, the Participant may reenroll in the Plan during any subsequent open enrollment period, but only if the Participant has remitted to the Plan all delinquent premiums prior to the first day of the commencement of coverage.

## **ARTICLE 4. POST-RETIRMENT BENEFITS**

### 4.1 Post-Retirement Health Benefits-In General.

If permitted by this Plan and the terms of the applicable Health Plan, a Participant may elect coverage under a particular Health Plan, and a Participant may enroll his or her Dependents in such Health Plan. Post-Retirement Benefits earned by a Participant under this Plan shall be used to either reimburse or pay directly the Plan's share of the total premiums assessed for such coverage under the Health Plan, as specified by the terms of this Plan (See Sections 4.1.1 through 4.1.4 below for the calculation of the amount of the Post-Retirement Benefits to which a Participant and his or her Dependents are entitled to). Those portions of the premiums that are not



required to be paid by this Plan shall be the sole responsibility of, and paid by, the Participant. A Participant who does not pay his or her portion of the premiums for coverage under a Health Plan in the time and manner specified by the Trustees shall forfeit all rights to his or her coverage under the Health Plan. The Trustees shall from time to time adopt policies pertaining to the timing and the manner in which Participants and their Dependents are to pay their share of the health coverage premiums for the coverage elected. If the Trustees adopt a policy in which all premiums for coverage under a Health Plan are to be paid by the Plan, the Participant and Dependents of a Participant shall reimburse the Plan for their share of the total premiums that are required to be paid by them, and the Plan's policies and procedures shall specify the due dates in which the Participant and the Participant's Dependents are required to remit their share of such premiums to the Plan. Copies of the policies and procedures adopted by the Trustees from time to time are to be provided to each Participant and each Dependent of a Participant.

#### 4.1.1 Transfer of Employees between IBEW and MPAT.

If an employee transfers from employment as an IBEW 1245 Employee to employment as an MPAT Employee (or vice versa), the employee's Post-Retirement Benefits under this Plan at his or her Retirement Date shall be calculated as if the employee was employed in his or her most recent employment classification for his or her entire period of service with TMWA and/or Sierra. Notwithstanding the above, if the employee was an IBEW Transferred Employee or an MPAT Transferred Employee, such employee shall continue to be treated as either an IBEW Transfer Employee or an MPAT Transferred Employee at his or her Retirement Date for purposes of calculating Years of Service (as defined in Section 2.19 herein) under this Plan.

#### 4.1.2 Specific Health Benefits for MPAT Employees

An Employee who was an MPAT Employee and is an Eligible Retiree at his or her Retirement Date may participate in the Health Plans that are made available to active employees of TMWA or other Health Plans described in Section 2.5 above. A Participant who is an MPAT Employee shall receive Post-Retirement Benefits based upon an annual credit that is to be applied towards the total annual premiums charged for his or her chosen Health Plan coverage

which is to be based upon the Participant's Years of Service as described below. The annual credit shall be calculated as follows:

**Participant's Age  
(Each Month) on  
Birthday during the  
Relevant Plan Year  
for the Applicable  
Monthly Request  
for Coverage**

**Annual  
Credit  
Calculation**

Age 55 through 64

$\$235 \times \text{"Adjusted PRMPT Years of Service"}$   
(up to 30 years)

Age 65 and above

$\$105 \times \text{"Adjusted PRMPT Years of Service"}$   
(up to 35 years)

The total annual credit shall be reduced by 5% for each full year (with proration for fractional months) that the Eligible Retiree is under age 62 as of the date he or she requests coverage under this Plan. (the "Penalized Benefit"). If an Eligible Retiree participates in the Plan and receives a Penalized Benefit at the time of his or her initial participation in the Plan, then such Penalized Benefit is to continue in effect permanently, regardless of whether coverage is continuous. The annual credit shall be provided in the time and manner specified by the Trustees. In order to be eligible to participate in a Health Plan offered by TMWA, when a Participant described in this Section attains age 65 or older during the relevant Plan Year he or she must enroll in and pay the total cost of Medicare Part "B" or Medicare Part "C" coverage. Unless the Plan pays the Participant's share of premiums directly to the Health Plan which the Participant elects coverage under, the Participant shall pay his or her share of such premiums to the Health Plan and shall be reimbursed by the Plan to the maximum amount specified above. See Section 4.1.6 for reimbursement procedures.



#### Example of Calculation of Annual Credit:

Assume a MPAT Employee retires at age 55 with 15 Adjusted PRMPT Years of Service.” His or her annual Post Retirement Benefits that may be used towards his or her coverage under a Health Plan would be as follows:

Before Age 65:

Step 1: Calculate maximum annual benefit.  $\$235 \times 15$  “Adjusted PRMPT Years of Service” = \$3,525.

Step 2: Calculate the reduction percentage.  $5\% \times 7$  (years between age 62 and age 55) = 35%

Step 3: Calculate the reduction amount.  $\$3,525 \times 35\% = \$1,233.75$

Step 4: Reduce the maximum benefit by the reduction amount to obtain the annual credit.  $\$3,525. (\text{step 1}) - \$1,233.75 (\text{step 3}) = \$2,291.25$  annual credit

After the participant reaches age 65, repeat the steps above by substituting \$105 for \$235 in step 1. Result =  $\$1,575 (\text{step 1}) - \$551.25 (\text{step 3}) = \$1,023.75$  annual credit

4.1.3 Specific Health Benefits for all IBEW 1245 Employees Hired on or after January 1, 1998 and for “IBEW Transfer Employees Receiving Sierra Plan Benefits” hired before January 1, 1998.

All IBEW 1245 Employees hired on or after January 1, 1998, and “IBEW Transfer Employees Receiving Sierra Plan Benefits” hired before January 1, 1998, are entitled to receive Post-Retirement Benefits for coverage under Health Plans made available to active employees of TMWA or other Health Plans described in Section 2.5 above. For those Participants described in this Section 4.1.3, he or she will receive Post-Retirement Benefits in an amount equal to the following lifetime lump-sum credit which will be applied toward the annual premiums charged for his or her coverage under a Health Plan: \$1,250 for each Adjusted PRMPT Year of Service. The Plan shall use the amount of the above referenced lifetime lump-sum credit to pay the entire premiums for the coverage elected under a Health Plan for the Participant and his or her Dependents until the lifetime lump-sum credit is exhausted. At that point, the Participant may

elect to continue coverage under the Health Plan and this Plan; provided, however, that the Participant is to be responsible for the total premiums of such coverage at the rate and terms established for COBRA coverage under the Health Plan in which the Participant has elected coverage. Unless otherwise specified by the Trustees, the Plan shall pay the entire premiums for a Participant's chosen coverage under a Health Plan, provided that the Participant must reimburse the Plan for the Participant's share of such premiums after the time that the lifetime lump sum credit is exhausted in accordance with the policies and procedures adopted from time to time by the Trustees.

4.1.4 Specific Benefits for IBEW Transfer Employees Hired by Sierra before January 1, 1998.

(a) At Least Age 55 and Under Age 65.

A Participant who was an IBEW Transfer Employee, was hired by Sierra before January 1, 1998 and is at least age 55 and under age 65 on his or her Retirement Date, is entitled to receive Post-Retirement Benefits only for coverage under a Health Plan that is offered by TMWA to its active employees until the Plan Year in which the Participant attains age 65. During the Plan Year in which the Participant attains age 65 and later Plan Years, the Participant is eligible to receive Post-Retirement Benefits for coverage under Health Plans offered by TMWA to its active employees, a Medicare Supplement Plan or a Medicare Risk Contract. However, during the Plan Year in which the Participant attains age 65 and later Plan Years, the Participant must enroll in and pay the total cost of Medicare Part "B" or Medicare Part "C" coverage, in accordance with Medicare enrollment criteria, in order to be eligible for the Post-Retirement Benefits under this Section. For those Participants described in this Section, they are entitled to receive Post-Retirement Benefits equal to an annual credit (as described below) which is to be used toward the annual premiums charged for the Participant's coverage chosen under a particular Health Plan (including the coverage for his or her Dependents). The annual credit referenced herein is to be determined as follows:



- (1) 80% of the total annual premium for coverage under a Health Plan, less
- (2) 4% of the total annual premium for such coverage, multiplied by the difference between:
  - (A) 20, minus
  - (B) the Participant's number of Years of Service (not to exceed 20).

Unless otherwise specified by the Trustees, the Plan shall pay the entire annual premium charged for a Participant's coverage under a Health Plan, provided that the Participant must reimburse the Plan for the Participant's share of such premiums (i.e., those premiums in excess of the annual credit available to the Participant) in accordance with the policies and procedures adopted from time to time by the Trustees. In this regard, each Participant shall be responsible for reimbursing the Plan for the difference between (i) the amount determined under clauses (1) and (2) above and (ii) 100% of the total premium charged for coverage chosen by the Participant under a Health Plan.

(b) Age 65 and over.

A Participant who was an IBEW Transfer Employee, was hired by Sierra before January 1, 1998 and is age 65 or over on the date that he or she requests coverage under this Plan, is eligible to receive Post-Retirement Benefits under Health Plans offered by TMWA to its active employees, a Medicare Supplement Plan or a Medicare Risk Contract. For those Participants described in this Section, they will receive Post-Retirement Benefits equal to an annual credit that shall be applied toward the annual premiums charged for the coverage elected under the Health Plan (including the premiums for coverage elected for his or her Dependents). The annual credit referenced in the preceding sentence is to be determined as follows:

- (1) 85% of the total annual premiums for coverage under a Health Plan, less
- (2) 4% of the total annual premium for such coverage, multiplied by the difference between:

(A) 20, minus

(B) the Participant's number of Years of Service (not to exceed 20).

The 85% in clause (1) above shall be 100% for a Participant who elects to participate in a Medicare Risk Contract. In order to be eligible for the benefits under this section, the Participant must enroll in and pay the entire cost of Medicare Part "B" or Medicare Part "C" coverage. Unless otherwise specified by the Trustees, the Plan shall pay the entire annual premium charged for a Participant's coverage under a Health Plan, provided that the Participant must reimburse the Plan for the Participant's share of such premiums (i.e., those premiums in excess of the annual credit available to the Participant) in accordance with the policies and procedures adopted from time to time by the Trustees. In this regard, each Participant described in this Section shall be responsible for reimbursing the Plan for the difference between (i) the amount determined under clauses (1) and (2) above and (ii) 100% of the total premium charged for coverage chosen by the Participant under a Health Plan.

#### 4.1.5 Surviving Spouse Death Benefits.

The surviving spouse of any deceased Participant, either individually or together with the Participant's other Dependents who were covered by the Health Plan on the Participant's date of death, may continue receiving coverage under the Health Plan for three years after the death of the Participant. Such coverage is to begin on the first day of the month following the month of the Participant's death. The Trust will pay a portion of the premiums for coverage under the Health Plan for the first year after the Participant's death by computing Post-Retirement Benefits under this Plan as if the surviving spouse was the Participant. All terms applicable to the Participant in the year of his or her death shall apply to the surviving spouse during the first year following the Participant's death. For the final two years of the three year period following the death of a Participant, the surviving spouse shall be eligible for coverage under Health Plans that the Participant was eligible to participate in under the terms of this Plan. If the surviving spouse elects to continue to receive coverage under a Health Plan during the final two years of the three



year period following the death of a Participant, then the surviving spouse will be obligated to pay for the total premiums such coverage at the rate established for COBRA coverage under the Health Plan providing coverage to the surviving spouse and eligible Dependents.

#### 4.1.6 Procedures for Payment of Benefits.

In the event that a Participant and/or his or her Dependents is entitled to receive Post-Retirement Benefits under the terms of the Plan for health care coverage, in order to receive such benefits from the Plan, the Participant and/or his or her Dependents must submit proof of coverage under a Health Plan and proof of the payment of premiums in the time and manner specified by the Trustees. Participants who are age 65 or older during the relevant Plan Year must also submit proof of enrollment in and proof of payment of premiums for Medicare Part "B" or Medicare Part "C" coverage. Post-Retirement Benefits shall be made in a time and manner specified by the Trustees upon receipt of proof of coverage and payment of premiums.

#### 4.1.7 Reduction in Annual and Lump Sum Credits.

Notwithstanding anything contained in this Plan to the contrary, the annual and lifetime lump sum credits shall be computed as indicated in the applicable sections.

The credits (\$235, \$105 or \$1,250) shall be multiplied by the Adjusted PRMPT Years of Service. The Adjusted PRMPT Years of Service shall be calculated by adding each Year of Service. Years of Service will be prorated for periods in which an employee worked less than full time (as defined by the Collective Bargaining Agreement or TMWA policy).

#### Examples of the Reduced Credits are below:

Example #1: Assume that at the time an employee separates from TMWA service at the age of 65 after has attaining 10 Years of Service as an MPAT employee, meets all other requirements to participate in this Plan, and elects to participate in the Plan. Assume further, that during the initial five years of his or her 10 Years of Service the employee was full time while during the last five years of employment he or she worked part time. Such employee would be

eligible to receive Post-Retirement Benefits equal to an annual credit of  $\$105 \times 7.5$  Adjusted PRMPT Years of Service [5 years of full time service plus five years at part time (50%)] = \$787.50 Annual Credit

Example #2: Assume that at the time an employee separates from TMWA service at the age of 59 after has attaining 18 Years of Service as a post January 1998 IBEW employee, meets all other requirements to participate in this Plan, and elects to participate in the Plan. Assume further, that during the initial eight years of his or her 18 Years of Service the employee was part time while during the last 10 years of employment he or she worked full time. Such employee would be eligible to receive Post-Retirement Benefits equal to a lifetime lump sum credit of  $\$1,250 \times 14$  Adjusted PRMPT Years of Service [8 years of part time service (50%) plus 10 years of full time] = \$17,500 Lifetime Lump sum Credit.

Example #3: Assume that at the time an employee separates from TMWA service at the age of 65 after has attaining 10 Years of Service as an MPAT employee, meets all other requirements to participate in this Plan, and elects to participate in the Plan. Assume further, that during the initial five years of their 10 Years of Service the employee was full time while during the last five years of employment he or she worked three-quarters time (75%). Such employee would be eligible to receive Post-Retirement Benefits equal to an annual credit of  $\$105 \times 8.75$  Adjusted PRMPT Years of Service [5 years of full time service plus five years at three-quarters (75%)] = \$918.75 Annual Credit.

#### 4.2 Life Insurance Benefits.

A Participant, who is covered under the CBA shall be eligible to participate in the group life insurance options required to be offered to such Participant under the CBA, as amended from time to time. A Participant, who is not covered by a CBA, shall be eligible to participate in the group life insurance options offered by TMWA to the Participant as set forth in the policies and resolutions adopted by TMWA from time to time. A Participant may elect group life insurance coverage for his or her Dependents under the Group Life Insurance Plans offered



by TMWA if such coverage is permitted by the applicable plan. If a Participant elects group life insurance coverage, then this Plan shall pay for Post-Retirement Benefits for coverage under a Group Life Insurance Plan equal to those amounts set forth in the CBA (for Participants covered by the CBA) or TMWA's policies and resolutions (for Participants not covered by a CBA). Those portions of premiums for coverage under a Group Life Insurance Plan that are not paid by this Plan shall be paid by the Participant. A Participant who does not pay his or her share of the premiums or costs for life insurance coverage in the time and manner specified by the Trustees shall forfeit all rights to the life insurance coverage elected by the Participant. The Trustees shall from time to time adopt policies pertaining to the timing and the manner in which Participants and Dependents of Participants are to pay their share of the life insurance premiums for coverage under a Group Life Insurance Plan. Until such time as the Trustees adopt a different policy, the entire life insurance premiums and costs attributable to the coverage chosen by the Participant under a Group Life Insurance Plan will be paid by the Plan, and the Participant will be required to reimburse the Plan for his or her share of the premiums attributable to such coverage that is not paid by the Plan. To the extent that the Trustees require the Participants and Dependents to pay their share of the life insurance premiums directly to the Plan, rather than to the insurance carrier providing such coverage, then such policies and procedures shall specify the due dates in which the Participant and/or Dependents are required to remit their share of such life insurance premiums to the Plan. Copies of the policies and procedures adopted by the Trustees from time to time are to be provided to each Participant and each Dependent of a Participant.

#### **ARTICLE 5. COBRA CONTINUATION OF COVERAGE**

To the extent required by COBRA, a Participant and his or her Spouse and/or Dependents, as applicable, whose coverage terminates under the Group Health Plan because of a qualifying event described in COBRA (and who is a qualified beneficiary as defined under COBRA), shall be given the opportunity to continue on a self-pay basis the same coverage that he or she had under the Group Medical Plan the day before the qualifying event for the periods prescribed by COBRA. Such continuation coverage shall be subject to all conditions and

limitations under COBRA. Notwithstanding anything contained in this paragraph to the contrary, if this Plan, the CBA covering a Participant, or the policies and resolutions adopted by TMWA, provide for benefits in excess of those offered under COBRA, then the provisions of this Plan, the CBA, or TMWA's policies and resolutions shall govern. Contributions for COBRA coverage, not otherwise required to be paid from this Plan shall be paid to the Plan by the individual entitled to receive COBRA continuation coverage in accordance with the policies and procedures adopted by the Trustees of the Plan from time to time.

## **ARTICLE 6. HIPAA COMPLIANCE**

### **6.1 General.**

Members of TMWA's workforce or the Trustees may, from time to time, have access to protected health information ("PHI") of Plan Participants for administrative functions of the Plan. The Health Insurance Portability and Accountability Act of 1996, ("HIPAA"), and the regulations issued thereunder at 45 C.F.R. Parts 160 and 164 (the "HIPAA regulations"), as amended from time to time, impose privacy obligations on the Plan and restrict the disclosure of PHI. TMWA and the Trustees shall have access to PHI from the Plan only as permitted under this Article 6 or as otherwise required or permitted by HIPAA or other applicable law. HIPAA and the corresponding regulations were modified by the Health Information Technology for Economic and Clinical Health Act ("HITECH Act"), the statutory provisions of which are incorporated herein by reference. All capitalized terms within this Article 6 not otherwise defined in the Plan shall have the meaning provided under HIPAA.

### **6.2 Definition of PHI.**

Protected health information or PHI means information that is created or received by the Plan and relates to the past, present, or future physical or mental health or condition of a Participant; the provision of health care to a Participant; or the past, present, or future payment for the provision of health care to a Participant; and that identifies the Participant or for which there is a reasonable basis to believe the information can be used to identify the Participant. Protected health information includes information of persons living or deceased.



### 6.3 Uses and Disclosures of PHI.

The Plan may disclose a Plan Participant's PHI to TMWA or the Trustees (or to TMWA or the Trustees' agent) to the fullest extent permitted by the HIPAA regulations (but not in a manner inconsistent with 45 C.F.R. § 164.404(f)), including but not limited to:

(a) Enrollment-Disenrollment Information.

The Plan may disclose to TMWA or the Trustees information on whether the individual is participating in the Plan, or is enrolled in or has disenrolled in the Plan.

(b) Summary Health Information.

The Plan may disclose Summary Health Information to TMWA or the Trustees, provided TMWA or the Trustees requests the Summary Health Information for the purpose of (a) obtaining premium bids from health plans for providing health insurance coverage under the Plan; or (b) modifying, amending, or terminating the Plan. "Summary Health Information" means: information that (a) summarizes the claims history, claims expenses or type of claims experienced by individuals for whom a plan sponsor had provided health benefits under the Plan; and (b) from which the information described at 45 C.F.R. § 164.514(b)(2)(i) has been deleted, except that the geographic information described in 45 C.F.R. § 164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit zip code.

(c) Plan Administrative Purpose

The Plan may disclose PHI to TMWA or the Trustees, provided TMWA or the Trustees use or disclose such PHI only for Plan administration purposes. "Plan administration purposes" means administration functions performed by TMWA or the Trustees on behalf of the Plan; such as quality assurance, claims processing, auditing, and monitoring. Plan administration functions do not include functions performed by TMWA or the Trustees in connection with any other benefit or benefit plan of TMWA or the Trustees, and do not include any employment-related functions. Notwithstanding the provisions of this Plan to the contrary, in no event shall TMWA or Trustees be permitted to use or disclose PHI in a manner that is inconsistent with 45 CFR § 164.504(f).

#### 6.4 Restriction on Plan Disclosure to TMWA.

Neither the Plan nor any of its business associates will disclose PHI to TMWA or the Trustees except upon the Plan's receipt of TMWA's certification that the Plan has been amended to incorporate the provisions under Section 6.5, except as otherwise permitted or required by law. Execution of the Plan document by TMWA will serve as the required certification.

#### 6.5 Privacy Agreements of TMWA/Trustees.

As a condition for obtaining PHI from the Plan and its business associates, TMWA or the Trustees agree it will:

- (a) Not use or further disclose such PHI other than as permitted by this Section 6.5, as permitted by 45 C.F.R. § 164.508, 45 C.F.R. § 164.512, and other sections of the HIPAA regulations, or as required by law;
- (b) Ensure that any of its agents, including a subcontractor, to whom it provides PHI received from the Plan agree to the same restrictions and conditions that apply to TMWA or the Trustees with respect to such information;
- (c) Not use or disclose the PHI for employment-related actions and decisions or connection with any other benefit or employee benefit plan of TMWA;
- (d) Report to the Plan any use or disclosure of the PHI that is inconsistent with permitted disclosures that TMWA or the Trustees becomes aware;
- (e) Make the PHI of a particular Participant available for purposes of the Participant's requests for inspection, copying, and amendment, and carry out such requests in accordance with HIPAA regulation 45 C.F.R. §§ 164.524 and 164.526;
- (f) Make the PHI of a particular Participant available for purposes of a required accounting of disclosures by TMWA or the Trustees pursuant to the Participant's request for such an accounting in accordance with HIPAA regulation 45 C.F.R. § 164.528;
- (g) Make TMWA's and Trustees' internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the



U.S. Department of Health and Human Services for purposes of determining compliance by the Plan with HIPAA;

(h) If feasible, return or destroy all PHI received from the Plan that TMWA or the Trustees still maintain in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, TMWA or the Trustees agree to limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

(i) Ensure that there is adequate separation between the Plan and TMWA or the Trustees by implementing the terms of Section 6.6.

TMWA and Trustees further agree that if they create, receive, maintain, or transmit any electronic PHI (other than enrollment/disenrollment information and Summary Health Information, which are not subject to these restrictions) on behalf of the Plan, they will implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic PHI, and they will ensure that any agents (including subcontractors) to whom they provide such electronic PHI agree to implement reasonable and appropriate security measures to protect the information. TMWA and Trustees will report to the General Manager any security incident of which they become aware.

#### 6.6 Separation between Plan and TMWA or the Trustees.

##### 6.6.1 Employees with Access to PHI.

The following employees or other individuals under the control of TMWA or the Trustees are the only individuals that may access PHI received from the Plan: chief financial officer, general manager, IBEW business representatives, Trustees, human resources representatives, accounting staff, payroll staff, and information systems staff.

##### 6.6.2 Use Limited to Plan Administration.

The access to and use of PHI by the individuals described in Section 6.6(a), above, is limited to Plan Administration functions as defined in HIPAA regulation 45 C.F.R. § 164.504(a) that are performed by TMWA or the Trustees for the Plan.

#### Mechanism for Resolving Noncompliance

6.6.3. If TMWA or the Trustees, or person(s) responsible for monitoring compliance, determines that any person described in Section 6.6(a), above, has violated any of the restrictions of this Section 6.6, then such individual shall be disciplined in accordance with the policies of TMWA or the Trustees established for purposes of privacy compliance, up to and including permanent dismissal from the Board of Trustees. TMWA or the Trustees shall arrange to maintain records of such violations along with the persons involved, as well as disciplinary and corrective measures taken with respect to each incident.

## **ARTICLE 7. ADMINISTRATION OF PLAN**

### **7.1 Administration.**

The Trustees shall administer the Plan subject to applicable requirements of law, including without limitation, the provisions contained in NRS Sections 287.015 and 287.017 and the corresponding administrative regulations of the NAC adopted from time to time. For this purpose, the Trustees' power and sole discretion shall include, but shall not be limited to, the following authority, in addition to all other powers provided by this Plan:

- (a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan in good faith with such interpretation to be final and conclusive on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To appoint such attorneys, actuaries, accountants, consultants and other persons as may be required to assist in administering the Plan;
- (e) To allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan; and
- (f) To hold meetings in compliance with chapter 241 of NRS.

## 7.2 Indemnification.

To the extent permitted by applicable law, TMWA shall indemnify the Trustees and each of its members individually against any and all claims, losses, damages and expenses, including legal fees and amounts paid in settlement with TMWA's approval, resulting from any action or failure to act in connection with the administration of the Plan if such action or inaction is not covered by the statutory immunity given to public employees under Nevada Revised Statutes section 41, except when the same is determined to be attributable to the gross negligence or willful misconduct of such person.

## **ARTICLE 8. TRUST PROVISIONS**

### 8.1 Appointment, Qualification and Terms of Trustees.

The Trust shall be administered by the Trustees. TMWA and the Trustees will comply with the provisions of NRS 287.015 and 287.017, together with the corresponding provisions of the NAC, concerning the selection of the Trustees and the administration of the Plan. TMWA shall appoint four individuals who shall serve as Trustees, two members of TMWA management, one whom shall be the Chief Financial Officer, and two IBEW representatives. The two Trustees who are appointed from TMWA management are to be appointed by TMWA at the direction of the General Manager of TMWA. The two Trustees who are appointed from IBEW are to be appointed by TMWA at the direction of IBEW Local 1245. At all times, equal numbers of TMWA management and IBEW representatives shall serve as Trustees of the Plan. In appointing the Trustees, TMWA shall insure that the Trustees satisfy the requirements of NRS 287.017 and the corresponding provisions of the NAC. Notwithstanding anything contained in this Plan to the contrary, no person is to serve as a Trustee if the person has a substantial financial interest in the ownership or negotiation of the securities or other financial instruments in which the assets of the trust are invested, or if the person is a member of the governing body of TMWA. The term of each person serving as a Trustee shall be for a period of two years. However, a person who has served as a Trustee for a term of two years may be reappointed to serve additional two year terms.



## 8.2 Meetings of the Trustees.

The Trustees shall meet quarterly or at the call of the Chairman when business is presented. The Trustees shall not take action without a quorum. In order to have a quorum, at least three of the four members of the Board of Trustees must be present. The Trustees may take action by a majority decision of the quorum. The Trustees shall appoint a chairperson and a vice chairperson to serve two-year terms. One of these positions shall be held by a member of TMWA management and the other shall be held by an IBEW representative. The Trustees intend for the chairperson position to rotate between the two groups every two years so that if a member of TMWA management was the chairperson during one term, an IBEW representative will be the chairperson during the next term. However, if the group that is entitled to select a chairperson for the next term chooses to relinquish this right, then the Trustees may appoint the same chairperson to retain his or her position for the next term, or alternatively select a chairperson who is recommended by the group that has selected the current chairperson. The Trustees shall negotiate in good faith to reach a majority decision on matters that comes to a vote before the Trustees. If the Trustees are unable to reach a majority decision on an issue, the following rules apply:

(a) Within ten (10) calendar days, the Trustees will agree upon a neutral arbitrator to resolve the dispute. The Trustees shall choose an arbitrator by majority decision and consent to an arbitrator shall not be unreasonably withheld. If the Trustees cannot choose an arbitrator by majority decision with a reasonable period of time, the Trustees shall retain the American Arbitration Association to appoint an arbitrator;

(b) If all of the Trustees agree, the dispute may be submitted to a Board of Arbitration. The Board of Arbitration shall consist of the neutral arbitrator, one Trustee who is a member of TMWA management (appointed by the General Manager of TMWA)) and one Trustee who is a representative of IBEW (appointed by IBEW). The decision of the Board of Arbitration is final and binding;

(c) If all of the Trustees do not agree to submit the dispute to a Board of Arbitration, the neutral arbitrator shall make final and binding decision regarding the resolution of the dispute;

(d) A statement of the matter in dispute shall be presented in writing to the Board of

Arbitration or neutral arbitrator. If the Trustees cannot agree upon a joint statement of the matter in dispute, each group of Trustees shall prepare its own statement of the matter in dispute within (5) days after it is determined that the Trustees cannot agree upon a joint statement of the matter in dispute.

(e) The Board of Arbitration and neutral arbitrator are bound by the provisions of this Plan and Trust, any applicable collective bargaining agreement and applicable law in making a decision on the matter in dispute.

(f) The decision of the Board of Arbitration or neutral arbitrator shall be rendered in writing within ten (10) days after submission of the dispute for decision. The ten (10) day period may be extended by agreement of all of the Trustees. All other matters of procedure shall be decided by the neutral arbitrator. If the Board of Arbitration or the neutral arbitrator does not render a written decision within ten (10) days or the additional time granted by the Trustees, any Trustee may submit the dispute to a court of competent jurisdiction for decision.

(g) The costs and attorneys' fees incurred in connection with the foregoing shall be paid out of the Trust Fund, including reasonable compensation for the neutral arbitrator.

### 8.3 Assets Held by Trustees; Contributions.

#### (a) Receipt of Contributions.

The Trustees shall receive and deposit in the Trust any contributions paid to the Trustees in cash or such property that the Trustees deem is acceptable. The Trustees may appoint a custodian to receive and deposit contributions in the Trust on behalf of the Trustees. All assets held by the Trust and the earnings and income thereon shall be invested, reinvested and applied as provided in this Article 8 and the remainder of the Plan. All monies and other property held in the Trust are referred to as the "Trust Fund."

#### (b) Initial Funding.

A cash contribution shall be made to the Trust in an amount determined by TMWA. Additionally, Sierra (now known as NV Energy) shall cause, and the Trust shall accept, a transfer of funds from a voluntary employee benefit association sponsored by Sierra that represents funds accumulated to pay Post-Retirement medical benefits for the IBEW 1245 Employees during their employment with Sierra.

(c) Plan Contributions.

Subject to Section 8.6 (a) below, TMWA shall annually contribute to the Trust an amount which TMWA determines is necessary to fund the benefits due under this Plan pursuant to a qualified actuarial analysis performed in accordance with NRS sections 287.015 and 287.017 and generally accepted accounting principles. All contributions made to the Trust Fund are to be irrevocable.

(d) Source of Funds.

Any contributions by TMWA shall be made out of its general assets.

8.4 Payment from Trust Fund.

The Trustees shall make payments from the Trust Fund as provided under the terms of the Plan.

8.5 Exclusive Benefit of Participants.

The Trustees shall hold, invest, reinvest, manage and administer the Trust Fund solely in the interest of Eligible Retirees, Participants and covered Dependents and for the exclusive purpose of providing Post-Retirement Benefits to Participants and covered Dependents in accordance with the Plan and defraying the reasonable expenses of administering the Plan and Trust. At no time shall any part of the Trust Fund revert to or be recoverable by TMWA, nor be used for or diverted to purposes other than the exclusive purpose of providing Post-Retirement Benefits to Participants and Dependents and defraying the reasonable expenses of administering the Plan and Trust, and neither the Trust Fund nor the earning thereon shall inure to or for the benefit of any member of the Board of Trustees, except that a member of the Board of Trustees may be a beneficiary of the Trust Fund through participation in the Plan. The Trust Fund shall not be subject to the claims of any creditors of TMWA, the administrator of any benefits offered under this plan, or the Participants and covered Dependents.



## 8.6 Investments.

### (a) Funding Policy.

The Trustees shall, pursuant to the Plan, establish and carry out a funding and investment policy consistent with the purposes of the Plan and the requirements of applicable law. As part of the funding policy, the Trustees shall exercise its investment discretion so as to provide sufficient cash assets in an amount determined by the Trustees to be necessary to meet the liquidity requirements for the administration of the Plan and the payment of benefits. The funding policy may be amended pursuant to the discretion of the Trustees. If the Trustees elect to deposit a portion or all of the assets of the Trust Fund with the Retirement Benefits Investment Fund established pursuant to NRS 355.220, the funding and investment policy adopted by the Trustees with respect to these assets may be the same policy as that of the Retirement Benefits Investment Board of the Public Employees' Retirement System of Nevada.

### (b) Investment by the Trustees.

The Trustees' discretion in investing and reinvesting the principal and income of the Trust Fund shall be subject to the funding and investment policy adopted by the Trustees in writing. The Trustees shall have the duty to act strictly in accordance with such funding and investment policy as amended. The Trustees may invest all or any portion of the Trust Fund in those investments authorized under NRS 287.017, including without limitation, the Retirement Benefits Investment Fund established pursuant to NRS 355.220 and any investment authorized under NRS 287.017(g)(2) or NRS 287.017(g)(3). If the Trust invests in any assets that are not permitted under applicable law, the assets shall be disposed of as promptly as is prudent under the circumstances.

## 8.7 Trustees' Responsibilities.

The responsibilities of the Trustees shall be:

- (a) To hold, invest and reinvest the assets in the Trust Fund, subject to the terms and conditions of the Plan and the funding policy;
- (b) To revalue the assets held in the Trust Fund at fair market value annually and more often as necessary,

(c) To report the value of the Trust Fund as of each Plan Year to TMWA; and

(d) To pay monies from the Trust Fund in accordance with the provisions in this Plan and at the discretion of the Trustees.

#### 8.8 Administration of the Trust Fund.

The Trustees shall have discretion in the administration of the assets held in the Trust Fund. This discretion includes the power of the Trustees to liquidate assets held in the Trust Fund to enable the Trustees to pay benefits in accordance with the terms of the Plan and to collect administrative fees from the assets held in the Trust Fund in accordance with section 8.11.

#### 8.9 Powers of the Trustees.

Unless applicable law provides otherwise, the Trustees are expressly authorized, in carrying out its duties under this Plan, to:

(a) Purchase, or subscribe for, any securities or other property and to retain the same in the Trust;

(b) Sell, alter, improve, lease or otherwise dispose of any asset of the Trust Fund;

(c) Vote upon any stocks, bonds, or other securities; give general or special proxies or powers of attorney with or without power of substitution; exercise any conversion privileges, subscription rights, or other options, and to make any payments incidental thereto; oppose, consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, delegate discretionary powers, pay any assessments or charges in connections therewith, and generally exercise any of the powers of an owner with respect to stock, bonds, securities or other property held as part of the Trust Fund;

(d) Cause any securities or other property held as part of the Trust Fund to be registered in the Trustees' own name or in the name of one or more of the Trustees' nominees, and to hold any investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust Fund;

(e) {Intentionally Omitted}

(f) Accept and retain for such time as the Trustees may deem advisable any securities or other property received or acquired by them as Trustees hereunder, whether or not such securities or other

property would normally be purchased as investments hereunder;

(g) Make, execute, acknowledge and deliver documents of transfer and conveyance and other instruments that may be necessary or appropriate to carry out the powers granted in this section;

(h) Invest funds of the Trust Fund in overnight deposits or savings accounts bearing a reasonable rate of interest in a bank selected by the Trustees;

(i) Invest in Treasury Bills and other forms of United States government obligations;

(j) Except as expressly authorized herein, the Trustees are prohibited from selling or purchasing stock options. The Trustees are expressly authorized to write and sell call options under which the holder of the option has the right to purchase shares of stock held by the Trustees as part of the assets of this Trust, if such options are traded on and sold through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, which exchange has been authorized to provide a market for option contracts pursuant to rules promulgated under such Act so long as the Trustees hold sufficient stock in the assets of this Trust to meet the obligations under such option if exercised. In addition, the Trustees are expressly authorized to purchase and acquire call options for the purchase of shares of stock covered by such options if the options are traded on and purchased through a national securities exchange as described in the immediately preceding sentence, and so long as any such option is purchased solely in a closing purchase transaction, meaning the purchase of an exchange traded call option the effect of which is to reduce or eliminate the obligations of the Trustees with respect to a stock option contract or contracts which it has previously written and sold in a transaction authorized under the immediately preceding sentence;

(k) Deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;

(l) Deposit stocks or other securities held in the Trust Fund in any voting trust, with any protective or like committee, or with a trustee or depositories designated by any protective or like committee;

(m) Retain part interests in real property or in mortgages on real property, wherever situated, with the right to transfer title in their name as Trustee or in the name of a nominee, either alone or jointly with the holder or holders of other part interests in the property or



their nominees;

(n) Delegate the management and operation of any part interest in any real property or mortgage to a manager or the holders) of a majority interest in such real property or mortgage on such real property;

(o) Sell real property or sell any mortgages on real property that it may retain in the Trust Fund;

(p) Carry out the decisions of a manager or holder(s) of a majority interest in real property with respect to the sale or mortgage of such real property or otherwise;

(q) Settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust or the Trust Fund;

(r) Commence or defend legal proceedings for or against the Trust;

(s) Retain cash temporarily awaiting the payment of benefits or expenses, without liability for interest on the amount retained;

(t) Establish custodial arrangements as deemed necessary;

(u) Delegate all or some of these powers to an Investment Manager if (i) the Investment Manager is qualified as an investment manager under applicable law, and (ii) the Investment Manager acknowledges in writing that it is acting as a fiduciary with respect to the Plan and Trust, or to the Retirement Benefits Investment Fund of the Public Employees' Retirement System of Nevada by contract with the Retirement Benefits Investment Board.

(v) Employ suitable agents and counsel;

(w) Generally exercise any of the powers of an owner with respect to stock, other securities or property comprising the Trust Fund;

(x) Notwithstanding the above, the Trustees may not change the benefits provided to Participants and Dependents under the terms of the Plan, unless (1) the benefits of Participants and Dependents covered by a CBA are amended by the CBA, or (2) the benefits of Participants and Dependents not covered by a CBA are amended pursuant to the policies and resolutions of TMWA ; and

(y) Take all actions that the Trustees deem necessary to administer the Trust Fund and carry out the purposes of this Plan.

8.10 Administrative Expenses.

All costs and expenses incurred in connection with administration of the Plan and Trust that may properly be paid by the Trust shall be paid by the Trust,

8.11 Trustee Compensation.

The Trustees shall not receive any compensation for the performance of their duties under this Plan.

8.12 Records and Reports.

The Trustees shall keep, or hire a third party to keep, accurate and detailed accounts with respect to the Trust Fund, covering all investments, receipts, disbursements and other transactions under this Trust. The Trust Fund is to be administered in accordance with generally accepted accounting principles and actuarial studies applicable to the future provision of retirement benefits to the Eligible Retirees, Participants and Dependents of Participants. All accounts, books and records shall be open to inspection by any person designated by TMWA at all reasonable times. Within 120 days following the close of each Plan Year (and at other dates requested by TMWA), the Trustees, or third party if directed by the Trustees, shall file with TMWA a written report setting forth all investments, receipts, disbursements and other transactions involving the Trust Fund during the Plan Year or the part thereof for which the report is filed. The report shall contain a description of all securities sold, the net proceeds of sale (excluding accrued interest paid or received), and showing the securities and investments held at the end of such period and the cost of each item as carried on the books of the Trust. The Trustees, or third party if directed by the Trustees, also shall render such additional statements or reports to TMWA as TMWA may reasonably request. If the Trustees have elected to invest Trust assets in the Retirement Benefits Investment Fund of the Public Employees' Retirement System of Nevada, investment reporting requirements shall coincide with the reporting periods of the Public Employees' Retirement System of Nevada.

The Trustees shall annually submit a tentative budget to the governing board of TMWA for its consideration, approval and inclusion in the tentative and final budgets of TMWA. The tentative budget submitted by the Trustees to the governing board of TMWA must incorporate the amount of contributions that TMWA expects to make to the Trust Fund. The governing board of TMWA may modify the tentative budget submitted by the Trustees at its discretion. The Trustees shall cause the Trust Fund to be audited annually. The governing board of TMWA shall incorporate the results of the audit into the annual audit report of TMWA.

#### 8.13 Removal and Resignation of Trustees.

Any or both of the two Trustees representing TMWA management may be removed by written notice from TMWA, except that the Chief Financial Officer must remain as a Trustee. Removal shall be effective 60 days after the individual Trustee receives such notice or certified copies of the resolutions, as appropriate. The Trustee may resign upon 60 days written notice to TMWA. Upon the removal or resignation of a Trustee, TMWA shall appoint a successor trustee or trustees. Each successor trustee shall agree in writing to be bound by this Trust Agreement as amended.

Any or both of the two Trustees representing the IBEW may be removed by written notice from TMWA, but only if the officers of IBEW have directed TMWA to remove one or both of the two Trustees representing the IBEW. Removal shall be effective 60 days after the individual Trustee receives such notice. The Trustee may resign upon 60 days written notice to IBEW. Upon the removal or resignation of a Trustee, TMWA, at the direction of the IBEW officers, shall appoint a successor trustee or trustees. Each successor trustee shall agree in writing to be bound by this Trust Agreement as amended.

Notwithstanding the above, TMWA shall immediately remove any Trustee who has breached his or her fiduciary duty to the Plan or Trust, effective upon notification to the Trustee. TMWA shall appoint a new Trustee as soon as administratively possible, in accordance with the procedure for appointing Trustees set forth in Section 8.1.



#### 8.14 Actions by TMWA.

Any action taken by TMWA may be evidenced by a written instrument signed by an authorized agent of TMWA or the Trustees. TMWA shall furnish the Trustees with instructions as to the agents who are authorized to sign such written instruments.

#### 8.15 Acceptance by Trustees.

Upon execution of this Plan, the Trustees hereby accept being named as Trustees under the terms of this Trust Agreement and agree to hold all property constituting the Trust Fund subject to all of the terms and conditions contained herein.

#### 8.16 Source of Funds.

The Trust shall constitute the sole source of funds that may be used to pay the welfare benefits awarded under the Plan. Except as otherwise required by applicable law, TMWA shall not be liable in any way or in any manner for any such benefits or payments beyond those monies held by the Trust.

#### 8.17 Trust Exemption.

The Trust has been issued a determination letter by the Internal Revenue Service, effective May 25, 2007, treating it as exempt from federal income taxes under section 501(c)(9) of the Code.

#### 8.18 Standards of Interpretation.

This Plan and Trust are designed and intended to comply with applicable law. The Trustees are vested with the power to interpret the Plan and Trust, and their interpretation, if not in conflict with plain meaning of the Plan and Trust or any applicable law or government regulation, shall be final and conclusive. The Trustees, and any entity or person approved by the Trustees, shall have the full discretionary authority to determine eligibility for benefits and to construe the terms of the Plan and Trust.

#### 8.19 Certain Prohibitions pertaining to the Trust.

Notwithstanding anything contained in this Plan to the contrary, the Trustees are

precluded from exercising the following powers:

- (a) The power to borrow money;
- (b) The power to finance any debt of TMWA or any other local government and the power to loan funds to TMWA or to funds maintained by TMWA.

## **ARTICLE 9. AMENDMENT AND TERMINATION OF PLAN**

### **9.1 Amendment and Termination.**

TMWA reserves the right to amend or terminate the Plan and associated Trust, as to any group of Eligible Retirees, at any time, by a duly adopted resolution by TMWA. Upon termination of the Plan, the Trustees shall apply all the assets remaining in the Trust in a uniform and non-discriminatory manner toward the provision of benefits for Participants. Notwithstanding anything contained in the Plan to the contrary, TMWA is precluded from amending the Plan in any manner that would allow the assets of the Plan to inure or revert to TMWA.

## **ARTICLE 10. MISCELLANEOUS PROVISIONS**

### **10.1 Non-Discrimination.**

TMWA intends that this Plan will not discriminate in favor of Highly Compensated Employees, as required by section 505(b) of the Code, in both coverage and benefits provided.

### **10.2 Right to Payment.**

The benefits paid to Participants and Dependents under Article 4 shall be paid out of the Trust pursuant to this Plan. Except with respect to the right to receive Post-Retirement Benefits under this Plan, no employee or any other person shall have any right, title or interest in or to the assets of the Trust, or in or to any Employer contributions made to the Trust, such contributions being made to and held in the Trust for the exclusive purpose of providing Post-Retirement Benefits under the Plan and defraying administrative expenses under the Plan.

### 10.3 Information to Be Furnished.

Participants and Dependents shall provide the Trustees with information and evidence and shall sign documents as may reasonably be requested for the purpose of administration of the Plan.

### 10.4 Limitation of Rights.

Neither the establishment of the Plan, any amendment thereof, nor the payment of any benefits, shall be construed as giving to any Eligible Retiree, Participant, Dependent or other person any legal or equitable right against the Trustees or TMWA, except as provided herein.

### 10.5 Prohibition of Discrimination.

Any discretionary acts to be taken under the terms and provisions of this Plan by the Trustees shall be uniform in their nature and in their application to all those similarly situated, and no discretionary acts shall be taken that would be discriminatory under the provisions of the Code relating to accident and health plans and/or group life insurance plans. In applying the discrimination provisions of Code Section 105 and the corresponding Treasury Regulations thereto, to the extent permitted by applicable law, the plan(s) described herein for the benefit of the MPAT Employees are to be treated as a separate plan(s) from the plans for the benefit of the IBEW 1245 Employees.

### 10.6 No Contract of Employment.

This Plan shall not be deemed to be a contract between TMWA and any Eligible Retiree or other individual or to be a consideration or an inducement for the employment of any Eligible Retiree or other individual. Nothing contained in this Plan shall give any Eligible Retiree or other individual the right to be retained in the service of TMWA.

### 10.7 Incapacity.

If, in the opinion of the Trustees, any person becomes unable to handle properly any amounts payable to such person under the Plan, the Trustees may make any arrangement for payment on such person's behalf that it determines will be beneficial to such person, including



payment to such person's guardian, conservator, spouse or other dependent.

#### 10.8 Governing Law.

This Plan shall be construed, administered and enforced according to the laws of Nevada and all applicable federal laws. If any provision of the Plan is inconsistent with the provisions of applicable federal, state or local law, then the provisions of federal, state or local law (as applicable) will prevail.

#### 10.9 Coverage Options

The terms of the health and life insurance coverage option(s) chosen by the Participant shall govern the Participant's coverage and receipt of benefits under the health and life insurance coverage option(s). Should any term of this Plan conflict with any term of the Participant's chosen health or life insurance coverage option(s), the term of the health and life insurance coverage option(s) shall prevail except that such terms shall not apply to expand the amount of any benefit provided under this Plan.

#### 10.10 Costs

The costs of administering the Plan shall be paid by the Trust Fund to the extent permitted by law. Any remaining administration costs shall be paid by TMWA.

(Signatures to Follow)

Dated this \_\_\_\_ day of \_\_\_\_\_, 2017.

Board of Trustees

\_\_\_\_\_  
  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Accepted and Approved By:

Truckee Meadows Water Authority

By: \_\_\_\_\_

Its: Chairman, Board of Directors



## STAFF REPORT

**TO:** Board of Trustees of the §501-c-9 Post-Retirement Medical Plan & Trust  
**FROM:** Jessica Atkinson, TMWA Human Resources Administrator  
**DATE:** May 12, 2017  
**SUBJECT:** Discussion and possible action on signing Trustees Annual Pledge of Personal Commitment/Disclosure Form

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### Recommendation

TMWA staff recommends that the Board of Trustees review the attached Conflict of Interest policy and then review and sign the attached Annual Pledge of Personal Commitment/Disclosure Form.

### Discussion

The attached Conflict of Interest policy is intended to protect the interests of the Trust and its participants when the Trust is contemplating entering into a transaction or arrangement that might benefit the private interest of a Trustee of the Trust.

### Background

The attached Conflict of Interest policy was adopted by the Trustees on February 23, 2011.



|  |                       |                       |                        |
|--|-----------------------|-----------------------|------------------------|
| <b>Subject: Conflict of Interest and Disclosure Policy</b> |                       |                       | <b>COM001</b>          |
| <b>Source:</b>   |                       |                       | <b>Supersedes: N/A</b> |
| <b>Origination Date:</b><br>01/11/2011                     | <b>Revision Date:</b> | <b>Reviewed Date:</b> | <b>Page</b><br>1 of 9  |

## Post-Retirement Medical Plan & Trust Administrative Policy & Procedure

### **Purpose:**

The Board of Trustees of The Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (the "Trust") recognize that honesty, integrity, accountability, responsibility, openness and disclosure of financial relationships and interests are absolutely essential to the administration of the Trust.

The Board of Trustees of the Trust (sometimes referred to as the "Board") deems it necessary and appropriate that the highest standards of ethical behavior, accountability and responsibility be maintained. To achieve this end, the Board has adopted the following Conflict of Interest and Disclosure policy (the "Policy"). The purpose of this Policy is to protect the interests of the Trust and its participants when the Trust is contemplating entering into a transaction or arrangement that might benefit the private interest of a Trustee of the Trust. Even though the Trustees receive no compensation from the Trust for their service, the Board unanimously agrees that, in order to prevent any potential conflict of interest, there should be proper disclosure of those matters concerning potential conflicts that could arise. Full disclosure of any situation in doubt should be made so as to provide for an impartial and objective determination.

### **Definitions:**

For the purposes of this Policy:

- An "interested person" shall mean a Trustee, officer, or member of a Trust committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below.
- An interested person has a "financial interest" if the person has, directly or indirectly, through business, investment or family:
  - (1) An ownership interest or investment interest in any entity with which the Trust has a transaction or arrangement;
  - (2) A compensation arrangement with the Trust or with any entity or individual with which the Trust has a transaction or arrangement; or
  - (3) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Trust is negotiating a transaction or arrangement.
- The term "family" means a parent, spouse, sibling, child, grandparent, grandchild, great-grandchild, in-law, or domestic partner of an interested party, or any step relation to an interested person.



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|--|-----------------------|-----------------------|------------------------|
| <b>Subject: Conflict of Interest Policy for Trustees</b> |                       |                       | <b>COM001</b>          |
| <b>Source:</b>   |                       |                       | <b>Supersedes: N/A</b> |
| <b>Origination Date:</b><br>01/11/2011                   | <b>Revision Date:</b> | <b>Reviewed Date:</b> | <b>Page</b><br>2 of 9  |

## Post Retirement Medical Plan & Trust Policy & Procedure

### **Covered Persons:**

This policy applies to the Trust and its Board. Trustees serve the participants of the Trust. All decisions of the Trustees are to be made solely on the basis of a desire to promote the best interests of the Trust and its participants.

Men and women of substance inevitably are involved in the affairs of other organizations. Trustees cannot consist of individuals entirely free from at least perceived conflicts of interest. Although most such potential conflicts are and will be deemed to be inconsequential, it is the Trustees' responsibility to ensure that they are made aware of situations that involve personal, familial, or business relationships that could be troublesome for the Trust. Thus, each Trustee and member of a Trust committee with governing board delegated powers is required to annually sign a statement which affirms that such person:

- Has received a copy of the Policy;
- Has read and understands the Policy;
- Has agreed to comply with the Policy;
- Has agreed to disclose any possible personal, familial, or business relationships that reasonably could give rise to a conflict of interest; and
- Understands that the Trust is exempt from Federal Income taxes and in order to maintain its federal tax exempt status it must engage in activities which accomplish one or more of its tax-exempt purposes.

### **Conflicts:**

#### **1. General Policy Statement Defining Conflicts of Interest.**

In addition to the specific circumstances that may be prohibited by federal or state law, the following situations may constitute an actual or potential conflict of interest:

- An interested person (as defined in Definition Section above) has a direct or indirect financial interest (as defined in Definition Section above) in a transaction involving the Trust;
- An interested person has a material financial interest in a transaction involving the Trust. This includes entities in which the interested person and all individuals or entities having significant relationships with the interested person own, in the aggregate, more than five (5) percent;
- An action by an interested person involving the Trust where the interested person may receive a personal gain or advantage;



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| <b>Subject: Conflict of Interest Policy for Trustees</b> |                       |                       | <b>COM001</b>          |
| <b>Source:</b>   |                       |                       | <b>Supersedes: N/A</b> |
| <b>Origination Date:</b><br>01/11/2011                   | <b>Revision Date:</b> | <b>Reviewed Date:</b> | <b>Page</b><br>3 of 9  |

## Post Retirement Medical Plan & Trust Policy & Procedure

- An action or transaction involving the Trust which has or may have an adverse effect or impact on the Trust and results or may result in the personal gain of an interested person or family member of an interested person;
- An action or transaction involving the Trust, where an interested person obtains or assists in obtaining for a third party an improper gain from, or an unfair advantage, of the Trust; and
- An interested person or family member serves on the governing board of another private or governmental entity or organization which directly or indirectly has oversight over Trust investments.

### **Disclosure and Procedures Relating Thereto:**

#### **1. Duty to Disclose.**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the actual or possible conflict of interest and be given the opportunity to disclose all material facts to the Trustees of the proposed transaction or arrangement, even if such interest, relationship or responsibility has otherwise generally been disclosed to the Trust. In addition, an interested person is required to disclose any adjudication of bankruptcy within the most previous five (5) years.

#### **2. Determining Whether a Conflict of Interest Exists.**

After disclosure of the actual or potential conflict of interest and all other material facts, and after any discussion with the interested person who makes the disclosure, he/she shall leave the Board while the determination of a conflict of interest is discussed and voted upon. The remaining members of the Board shall decide if a conflict of interest exists.

#### **3. Procedures for Addressing the Conflict of Interest.**

- a) An interested person may make a presentation at the Board meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b) The Chairperson of the Board may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.



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| <b>Subject: Conflict of Interest Policy for Trustees</b> |                       |                       | <b>COM001</b>          |
| <b>Source:</b>   |                       |                       | <b>Supersedes: N/A</b> |
| <b>Origination Date:</b><br>01/11/2011                   | <b>Revision Date:</b> | <b>Reviewed Date:</b> | <b>Page</b><br>4 of 9  |

## Post Retirement Medical Plan & Trust Policy & Procedure

- c) After exercising due diligence, the Board shall determine whether the Trust can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board shall determine by a majority vote of the disinterested Trustees whether the transaction or arrangement is in the Trust's best interest, for its own benefit, and whether to enter into the transaction or arrangement. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

#### 4. Violations of the Policy.

If the Board or committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### 5. Resignation.

In circumstances where an interested person has a significant, ongoing and irreconcilable conflict, and where such personal or outside interest, relationship or responsibility significantly impedes the interested person's ability to carry out his or her fiduciary responsibility to the Trust, resignation from the Trust or termination of the conflicting interest may be appropriate and/or required. Should an ongoing and irreconcilable conflict arise, the Trustees have the authority to remove an interested person from office as a Trustee before the 60 days indicated in the Trust plan document entitled "Removal and Resignation of Trustee."



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| <b>Subject: Conflict of Interest Policy for Trustees</b> |                       |                       | <b>COM001</b>          |
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| <b>Origination Date:</b><br>01/11/2011                   | <b>Revision Date:</b> | <b>Reviewed Date:</b> | <b>Page</b><br>5 of 9  |

## Post Retirement Medical Plan & Trust Policy & Procedure

6. **Records of Proceedings.** The minutes of the governing board and all committees with board delegated powers shall contain:
- a) **Names of persons who disclosed or had a financial interest.**  
The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's decision as to whether a conflict of interest in fact existed.
  - b) **Names of Persons Present for Discussions.**  
The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
7. **Compensation.**
- a) **Trustee Precluded on Voting on own Compensation.**  
A Trustee who receives compensation, directly or indirectly, from the Trust for services is precluded from voting on matters pertaining to that member's compensation.
  - b) **Committee Member Precluded on Voting on own Compensation.**  
A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Trust for services is precluded from voting on matters pertaining to that member's compensation.
  - c) **Prohibition from Providing Compensation Information.**  
A Trustee or voting member of a committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Trust, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

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| <b>Subject: Conflict of Interest Policy for Trustees</b> |                       |                       | <b>COM001</b>          |
| <b>Source:</b>   |                       |                       | <b>Supersedes: N/A</b> |
| <b>Origination Date:</b><br>01/11/2011                   | <b>Revision Date:</b> | <b>Reviewed Date:</b> | <b>Page</b><br>6 of 9  |

## Post Retirement Medical Plan & Trust Policy & Procedure

### 8. Periodic Reviews.

To ensure the Trust operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a) Compensation Arrangements and Benefits.

Whether compensation arrangements and benefits, if any, are reasonable, based on competent survey information, and the result of arm's length bargaining.

b) Arrangements conform to Trust's Policies, etc.

Whether partnerships, joint ventures, and arrangements with other organizations conform to the Trust's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

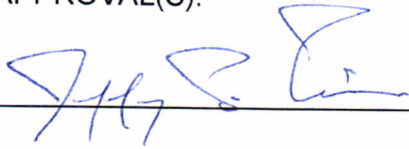
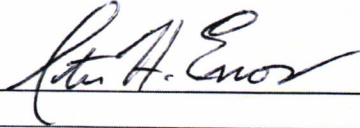
c) Use of Outside Experts.

When conducting the periodic reviews as provided for in Section 8, the Trust may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.



|  |                       |                       |                        |
|--|-----------------------|-----------------------|------------------------|
| <b>Subject: Conflict of Interest Policy for Trustees</b> |                       |                       | <b>COM001</b>          |
| <b>Source:</b>   |                       |                       | <b>Supersedes: N/A</b> |
| <b>Origination Date:</b><br>01/11/2011                   | <b>Revision Date:</b> | <b>Reviewed Date:</b> | <b>Page</b><br>7 of 9  |

### Post Retirement Medical Plan & Trust Policy & Procedure

|   |     |
|---|-----|
| <b>Supersedes:</b>  | N/A |
| <b>Source:</b>  | N/A |
| <b>REFERENCES:</b> <ul style="list-style-type: none"> <li>▪ Truckee Meadows Water Authority Post-Retirement Medical Plan &amp; Trust (As Restated) plan document</li> <li>▪ Pledge of Personal Commitment Document</li> </ul>   |     |
| <b>APPROVAL(S):</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 40%;"> <br/>  </div> <div style="width: 55%;"> <b>Title</b><br/><br/> Chairman, PRMT Board of Trustees<br/><br/> Vice Chairman, PRMT Board of Trustees </div> </div> |     |

***§501-c-9 Post- Retirement Medical Plan & Trust***

*a single employer plan sponsored by  
Truckee Meadows Water Authority*



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**TO:** Board of Trustees of the Post-Retirement Medical Plan & Trust  
**FROM:** Michele Sullivan, TMWA CFO and Trust Chairman  
**DATE:** May 16, 2017  
**SUBJECT:** **Presentation of the Revised Budget for Calendar Year 2017**

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**Recommendation**

The Board of Trustees approves the calendar year 2017 revised budget.

**Suggested Motion**

**Discussion**

The Calendar Year 2017 Revised Budget for the 501-c-9 Post-Retirement Medical Plan and Trust (PRMPT) is provided for the Trustee's review in ***Attachment A***. The budget was revised to include a reduction in Plan Member Contributions by \$14,000 for a total of \$91,000 for Calendar Year 2017.

The City of Reno was administering our benefits program and had a practice of processing payments (deductions from PERS or RHS) for retiree insurance premiums one month in advance.

Truckee Meadows Water Authority has taken over the administration of the benefits programs. TMWA's practice is to take PERS or RHS deductions for retiree insurance premiums at the end of the month in which they are due. We do not require retirees to prepay a month of insurance premiums.

In order to bring our accounting records current to match our practice of taking the PERS or RHS deduction for the premium at the end of the month in which it is due, management has decided to reimburse for one month of insurance premiums to bring all employees onto the same convention. This change will not impact or change any of the retirees benefits.

Since the refunds are one time there will not be a refund at the time of cancelation of coverage.

**Truckee Meadows Water Authority  
Post-Retirement Medical Plan & Trust  
Budget for Calendar Year 2017**

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**Additions**

|   |                |
|---|----------------|
| Contributions   |                |
| Employer  | \$ 445,100     |
| Plan Members  | 91,000         |
| <b>Total Contributions</b>                                  | <b>536,100</b> |
| Investment Income   |                |
| Net appreciation (depreciation) in fair value of investment | -              |
| Investment income   | 199,000        |
| Less investment expenses                                    | (2,300)        |
| <b>Net investment income</b>                                | <b>196,700</b> |
| <b>Total Additions</b>                                      | <b>732,800</b> |

**Deductions**

|                                |                   |
|--------------------------------|-------------------|
| Benefits paid                  | 354,700           |
| Administrative expenses        | 15,000            |
| <b>Total Deductions</b>        | <b>369,700</b>    |
| <b>Net Increase (Decrease)</b> | <b>\$ 363,100</b> |

Attachment A



***§501-c-9 Post- Retirement Medical Plan & Trust***

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**TO:** Board of Trustees of the Post-Retirement Medical Plan & Trust  
**FROM:** Michele Sullivan, TMWA CFO and Trust Chairperson  
**DATE:** May 16, 2017  
**SUBJECT:** Review of RBIF fees

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**Recommendation**

**Suggested Motion**

**Discussion**

The RBIF fees are as follows:

**2016**

\$2,088.44

**2017 (Jan-Mar)**

\$492.74