



TRUCKEE MEADOWS WATER AUTHORITY
Board of Directors

AGENDA

Wednesday, June 20, 2018 at 10:00 a.m.
Sparks Council Chambers, 745 4th Street, Sparks, NV

Board Members

Chair Geno Martini
Member Neoma Jardon
Member Jenny Brekhus
Member Ron Smith

Vice Chair Vaughn Hartung
Member Bob Lucey
Member Naomi Duerr

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), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
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 (775) 834-8002 at least 24 hours before the meeting date.
3. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/> or you can contact Sonia Folsom at (775) 834-8002. Supporting material is made available to the general public in accordance with NRS 241.020(6).
4. 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.
5. Asterisks (*) denote non-action items.
6. 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.
7. In the event the Chairman and Vice-Chairman are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chairman or Vice-Chairman are present (**Standing Item of Possible Action**).
8. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.

1. Roll call*
2. Pledge of allegiance*
3. Public comment — limited to no more than three minutes per speaker*
4. Approval of the agenda (**For Possible Action**)
5. Approval of the minutes of the May 23, 2018 meeting of the TMWA Board of Directors (**For Possible Action**)

¹The Board may adjourn from the public meeting at any time during the agenda to receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

6. Presentation of appreciation and recognition to Chairman Geno Martini for service on the TMWA Board of Directors — Mark Foree*
7. Discussion and action, and possible direction to staff regarding the “Statement of Interest” solicitation and for the possible sale, transfer or other disposition of all of the Farad property and action and direction to General Manager on possible grant of recreational easement across Farad property to Tahoe-Pyramid Trail Inc., a Nevada nonprofit corporation — Pat Nielson **(For Possible Action)**
8. Discussion and action, and possible direction to staff regarding possible approval of the Return Flow Management Agreement between City of Reno, City of Sparks, Tahoe-Reno Industrial General Improvement District (TRIGID) and TMWA related to use of TMWA return flow resources and water management of water resources in connection with Reno and Sparks delivery of treated effluent to Reno Tahoe Industrial Center — John Enloe **(For Possible Action)**
9. Discussion and action, and possible direction to staff regarding possible approval of Water Rights Management Agreement between the Tahoe-Reno Industrial General Improvement District (TRIGID), Nevada Department of Transportation (NDOT) and TMWA related to management of water resources in connection with Reno and Sparks delivery of treated effluent to Reno Tahoe Industrial Center — John Enloe **(For Possible Action)**
10. Discussion and action, and possible direction to staff regarding the meter retrofit fund program and possible future amendment to meter retrofit fee under TMWA Rule 7— John Zimmerman **(For Possible Action)**
11. Status report on extension of the TMWA water system into the Verdi Area – Scott Estes*
12. Discussion and action, and possible direction to staff regarding status of negotiations and approval of revised terms of agreement with West Reno Water Company for the acquisition of the West Reno water system, and update on status and possible direction to staff regarding ancillary agreement with BCH Gaming Reno and agreement with BT South LLC and Reno Land Development related to West Reno water system and facilities acquisition — John Enloe **(For Possible Action)**
13. Discussion and action on nomination and election of Chairman and Vice Chairman of TMWA Board of Directors and request for Board adoption of Resolution No. 264 appointing a Chairman and Vice Chairman for Fiscal Year 2019 — Mark Foree **(For Possible Action)**
14. General Manager’s Report*
15. Public comment — limited to no more than three minutes per speaker*
16. Board comments and requests for future agenda items*
17. Adjournment **(For Possible Action)**

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TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE MAY 23, 2018
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, May 23, 2018, at Sparks Council Chambers, 745 4th Street, Sparks, Nevada. Chair Martini called the meeting to order at 9:00 a.m.

1. ROLL CALL

Members Present: Jenny Brekhus, Naomi Duerr, Vaughn Hartung, *Neoma Jardon, Bob Lucey, Geno Martini and Ron Smith.

A quorum was present.

**Member Jardon left at 9:43 a.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Member Jardon.

3. PUBLIC COMMENT

Tammy Holt-Still, Lemmon Valley-Swan Lake Recovery Committee, stated that she had been lied to by a TMWA employee and she still has issues with TMWA, and presented information, with regards to the aquifer recharge program in Golden Valley and Bedell Flat.

Chair Martini acknowledged Alternate Kristopher Dahir in the audience and thanked him for filling in as alternate to the TMWA Board of Directors in his absence, as well as the fact that Alternate Dahir will officially be appointed to the TMWA Board of Directors after the elections in November.

Member Smith welcomed Chair Martini back to the TMWA Board of Directors after a long absence.

4. APPROVAL OF THE AGENDA

Upon motion by Member Hartung, second by Member Duerr, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

5. APPROVAL OF THE MINUTES OF THE APRIL 18, 2018 MEETING

Upon motion by Member Duerr, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board approved the April 18, 2018 minutes.

6. PUBLIC HEARING ON ADOPTION OF BUDGET

A. DISCUSSION AND ACTION ON REQUEST FOR ADOPTION OF RESOLUTION NO. 263: A RESOLUTION TO ADOPT THE FINAL BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2019 AND THE 2019-2023 FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Michele Sullivan, TMWA Chief Financial Officer, reported on the final budget for fiscal year 2019, stating there are few changes from the tentative budget presented at the March Board meeting.

Joe Petrelli, TMWA Principal Financial Analyst, presented on the final 2019-2023 5-year capital improvement plan (CIP). Mr. Petrelli stated the current CIP spending for FY19 is \$48.4 million, a net increase of \$1.8 million, and for 2019-2023 spending increased from \$191.6M to \$195.8M, or \$4.2M due to delays in projects due to be completed in 2018, as well as higher costs related to several projects.

Vice Chair Hartung recommended staff work with the Reno Transportation Commission (RTC) when they start on road upgrades for the Eagle Canyon project. Ms. Sullivan replied they always coordinate efforts with RTC regarding road upgrades.

Member Brekhus inquired if staff tracks the progress of projects and spending on the CIP throughout the year and what is spent versus projected, requested a status update on the Mt. Rose Water Treatment Plant as a future agenda item, and stated the timing of the new rates, before the budget is set needs to be addressed, as she is seeing revenue is increasing. Mr. Petrelli replied 80 percent is realistic in terms of CIP spending versus budget, and TMWA has consistently managed 70-80 percent year-to-year. Ms. Sullivan replied they will revisit the next rate increase in the fall and revenues are going to be below budget in the next quarter due to all the precipitation this spring.

B. PUBLIC COMMENT

There was no public comment.

CLOSE PUBLIC HEARING

Upon motion by Member Hartung, second by Member Smith, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 263: A resolution to adopt the final budget

**for the Fiscal Year ending June 30, 2019 and the 2019-2023 Five-Year
Capital Improvement Plan.**

**7. REPORT AND DISCUSSION ON THE RESULTS ON TMWA'S 2018 REFUNDING
BOND ISSUE AND FINANCIAL UPDATE**

Ms. Sullivan reported the 2018 Series Bonds issuance was successfully priced for total proceeds of \$44.6 million which paid down outstanding commercial paper by \$44.2 million and covered the expenses of the bond issuance. TMWA still has \$30 million remaining in commercial paper. On the day of the bond pricing, April 25, 2018, there was excellent interest, but only in the 2035-39 series bonds, while the 2040-42 term bond remained unsold. Ms. Sullivan stated the 10-year treasury rate increased to 3.0% which caused volatility on the market. After much discussion, Ms. Sullivan restructured the deal to sell all the bonds in the 2035-39 timeframe. As such, the bonds were 2.4x oversold in that timeframe and TMWA's credit rating was not negatively impacted since the debt service coverage ratio remained the same.

Member Brekhus asked: if the bond documents approved by the board allowed for the CFO to reset the structure; whether the early years of the bond issuance being higher would require staff to bring back a rate increase to the Board; if the issuance costs change; if staff expects commercial paper interest rates to increase; and is the letter of credit tied to commercial paper. Ms. Sullivan replied, the bond documents do allow her, as CFO, to reset the structure; there would be no reason for a rate increase because of the bond issuance, but the board will review the current rate structure again in the fall; the issuance cost did not change; commercial paper rates are consistently increasing and the need to roll it every 30-270 days, to safe guard against the rising interest rates is the reason for the bond issuance; and the letter of credit is tied to the commercial paper program.

**8. PRESENTATION OF FINANCIAL PERFORMANCE FOR THE QUARTER ENDED
MARCH 31, 2018**

Matt Bowman, TMWA Financial Controller, presented the financial performance for the quarter ended March 31, 2018. Mr. Bowman reported the change in net position increased \$14 million from budget; year-over-year increase of \$10 million due to strong revenues in September – November; saw savings in operating costs; a decrease in operating sales and water usage in April, but saw an overall increase of 3% in water sales as a result of the rate increase; non-operating revenue and expenses were underspent by \$2 million; and capital spending year-to-date is \$23.1 million.

There was discussion regarding the necessity of the rate increase based on the financial performance presented and having a surplus over the next few years in preparation for a \$12 million increase in annual debt-service requirements beginning in fiscal year 2020. Vice Chair Hartung asked if staff should review the process of deferring developer fees now that the economy is strong since staff invests a lot of time prior to being paid. Ms. Sullivan agreed that they will bring this to the Board for review if problems start to arise.

9. GENERAL MANAGER'S REPORT

Mr. Foree commended Ms. Sullivan for her idea to restructure the bond issuance during pricing. Her actions mitigated any negative impacts on a volatile day in the markets. TMWA continues to work with Washoe County Health District (WCHD) and Nevada Department of Environmental Protection (NDEP) in order to give TMWA more autonomy in reviewing and approving simple distribution type water projects such as subdivisions without the need to submit such projects to the Health Department.

Member Brekhus asked the General Manager to report how the salary and the salary schedule for non-represented (Management, Professional and Technical, or MPAT) people is adopted in the budget. Mr. Foree replied there was an agenda item several months ago based on the salary survey and adjustments to the MPAT salary structure were recommended, which was approved by the Board. Ms. Sullivan replied it was agreed that no one will receive a step increase this year, and only the Labor Market Index (an inflation index) would be applied to the MPAT wage bands.

Member Brekhus asked the General Manager a follow up question related to the water operations report. One of her constituents (Ward 1), uses water for retail and was experiencing water issues. When he brought it up to TMWA he was told there was something going on at Chalk Bluff and the change would not impact taste and quality, but the business owner had to improve his internal water system. Andy Gebhardt, TMWA Operations and Water Quality Director, replied the Chalk Bluff Water Treatment Plant was offline (for extensive maintenance work) in November. During that time, groundwater wells were utilized which also produce high quality water, meeting all water quality standards. However, certain people are more sensitive to taste difference between surface water versus groundwater.

10. PUBLIC COMMENT

There was no public comment.

11. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Brekhus requested an update on the Bureau of Reclamation's climate change study and stated that the Washoe County School District is re-zoning and 250 Verdi Elementary School students are going to Roy Gomm Elementary School. There has been discussion that the Verdi Water System, not connected to TMWA, may have some issues of quality and they have had discussions with the school district. She inquired if we have any knowledge about what's going on in Verdi with the school district water system and when we are going to connect to it as it may have rippling effects into other parts of the neighborhoods.

Member Duerr requested TMWA staff work with the City of Reno, Reno-Stead Reclamation Facility, and Truckee Meadows Water Reclamation Facility to conduct a water budget, a hydrologic cycle, of the discharge and rainfall into Lemmon Valley.

Member Smith stated the South-East Connector will open July 6th and the RTC will have a pedestrian safe opening the day prior to opening.

Vice Chair Hartung commended staff on all their work and putting the budget together; the crew on a great job with the hydro generation and it being a great source of renewable power and revenue for TMWA.

12. ADJOURNMENT

With no further discussion, Chair Martini adjourned the meeting at 9:48 a.m.

Approved by the TMWA Board of Directors in session on _____.

Sonia Folsom, Recording Secretary

****Member Jardon was present for agenda items 1 thru 11 only.***



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: Pat Nielson, Distribution, Maintenance and Generation, Director and John Zimmerman, Water Resources Manager
DATE: June 14, 2018
SUBJECT: Discussion and action, and possible direction to staff regarding the “Statement of Interest” for the possible sale, transfer or other disposition of Farad property and action and direction to General Manager on possible grant of recreational easement across Farad property to Tahoe-Pyramid Trail Inc., a Nevada nonprofit corporation

SUMMARY

In March the Board directed staff as follows:

1. Obtain an estimate of cost to appraise the property.
2. Meet with Nevada County to discuss options and possibilities for the property.
3. Consider advertising the property for sale in newspapers with greater circulation.
4. Provide information on the location of the Tahoe-Pyramid Trail on the property.
5. Explore the possibility of granting or reserving a conservation easement.

DISCUSSION

1. Estimated Appraisal Cost

Staff contacted an experienced local appraiser and described the property in detail. The appraiser estimated an appraisal would cost between \$7,500 – \$15,000 depending on the type of appraisal requested and any special requests.

2. Nevada County Meeting

Staff met with the Nevada County Supervisor, Richard Anderson, and Planning Director, Brian Foss to discuss options and possibilities for the property considering the existing zoning and other land-use constraints. The property is within Nevada County’s Open Space zoning district. Open Space areas are intended to be protected from development and include areas dedicated to recreation, resource and habitat preservation, and protection of environmental resources.

Supervisor Anderson and Director Foss are very knowledgeable regarding Nevada County's land-use planning and zoning requirements and familiar with the property and were very forthcoming with information regarding the planning and zoning process. Director Foss stated that Open Space Districts have relatively few allowable uses and are essentially limited to trails, parks, and playgrounds. Campgrounds, even low-intensity tent-only type camping, is not allowed and would require a zoning change and general plan amendment. The Nevada County representatives did not want to prejudge what zoning changes might be approved for the property, but provided the following overview of the process and conditions the Board of Supervisors would likely impose on any zoning change:

Zoning Process

A zoning change requires Nevada County to amend their general land-use plan, which per California law cannot be changed more than four times per year. Nevada County stated that the process could take anywhere from six months to four years to complete depending on the complexity of the change and issues involved. Nevada County stated that while a plan amendment is possible, they are very conservative with amendments and try to avoid them because the plan is intended to be followed as much as possible. A zoning change would have to be compatible with the surrounding areas, which are zoned open space, private forest, and public forest (state and federal). Accordingly, Nevada County staff stated that a zoning change to recreational use would have the greatest chance of being approved. In a Recreation District, a campground could be allowed, but would require a use permit. Additionally, as part of a zoning change, the property owner must show that the economic benefits of the change outweigh the value of the reduced open space.

A zoning change would also trigger environmental review under the California Environmental Quality Act (CEQA) and involve the California Office of Historic Preservation, California-Lahontan Regional Water Quality Control Board, and various other governmental and non-governmental agencies and stakeholders. The property is also within a designated flood plain, which could trigger additional conditions and restrictions. Lastly, the estimated Nevada County fees for filing the necessary zoning change applications are approximately \$10,000. Staff believes any zoning change request would require the engagement of expert consultants to guide the applicant through the process and conduct any required studies and prepare reports.

Likely Zoning Change Conditions

- 100-foot setback from the Truckee River for all buildings and new construction;
- Maintain river access for fisherman and other recreational users;
- Establish permanent easement for Tahoe-Pyramid Trail;
- No septic systems

3. Advertising in newspapers of greater circulation

The estimated costs of publishing the Request for Statements of Interest in newspapers with greater circulation are approximately \$1,500. This would include the Sacramento Bee and San Francisco Chronicle. Staff requested a quote from the Wall Street Journal and New York Times, but has not yet received a response. If the Board seeks to cast a wider net, Staff

recommends publishing a request for proposals instead of a request for statements of interest. The request for statements of interest did not garner any specific offers and staff believes that a request for proposals would be the most-efficient way to solicit offers for Board consideration.

4. Tahoe-Pyramid Trail

In 2013, before title to the property was transferred to TMWA, NV Energy entered into a Memorandum of Understanding with the Tahoe-Pyramid Trail, Inc. (formerly Tahoe-Pyramid Bikeway), in which NV Energy granted (with TMWA's written consent) to the Tahoe-Pyramid Trail (TPT) a revocable license to access and use the property to construct and maintain a trail for pedestrians and non-motorized vehicles (bikes, strollers, etc.). TPT has requested TMWA convert the license to a permanent easement. TPT has built, improved, and maintained a trail across the property since 2014. Additionally, it has built a footbridge over the existing penstocks, which is necessary to allow users to pass through the property without substantial difficulty and risk. Attached is a map showing the location of the trail on the property. As noted previously, Nevada County planning staff stated it was very likely that with any rezoning their Board of Supervisors would require an easement for the trail to maintain the continuity of the entire trail from Lake Tahoe to Pyramid Lake. The trail is also referenced in Nevada County's Bicycle Master Plan, which is the document that guides transportation financing and implementation recommendations for the Nevada County Transportation Commission, an organization that consists of Nevada County and the incorporated communities of Nevada City, Grass Valley, and Truckee. Accordingly, the nearby local governments support maintaining the TPT in its current configuration. Therefore, because the trail is likely to be a required condition of any zoning change, it does not appear that granting the easement would significantly affect the marketability or value of the property for other uses.

5. Conservation Easement

In 2006, TMWA entered into a Contingent Option Agreement with The Nature Conservancy (TNC) in which it gave TNC an option to acquire a conservation and public access easement on the property. The Option was not exercised and has expired, however, it provides an example of the type and scope of a conservation easement that could be granted or reserved on the property. The form conservation easement that was attached to the Option stated that the purpose of the easement was to "preserve, protect, identify, monitor, enhance, and restore in perpetuity certain conservation values." The identified conservation values were: scenic, aesthetic, natural, historic, open space, ecological, and scientific values.

The form conservation easement protected TMWA's existing rights to use the property for hydroelectric purposes and was to be made expressly subject to those rights. Accordingly, TMWA's rights to use the property for hydroelectric power purposes were to be superior and not impaired by TNC's rights to use the property for the above-described purposes. Additionally, the Recitals to the Option state that TMWA determined granting a conservation easement to TNC would not impair its operations and was consistent with its stewardship of the Truckee River.

If the Board decides to establish a conservation easement on the property, then staff recommends the Board continue to pursue a sale of the property otherwise TMWA would retain

liability. The other option is for TMWA to sell the property and reserve a conservation easement to itself. This option is not desirable from staff's perspective because it would require additional staff time to monitor the property and enforce the easement and non-governmental organizations such as TNC are better-equipped for such monitoring purposes.

6. Other Interests

Staff has not completed a full title review of the property, but based on readily-available information and documents provided by NV Energy and others, the following summary is a preliminary summary of a few potential third-party interests of note. This information is preliminary only and will require further research (likely with the help of subject-matter expert consultants) to provide definitive answers.

Electric Substation Easement

NV Energy granted an easement to California Pacific Electric Company, LLC (now Liberty Utilities, a subsidiary of Algonquin Power & Utilities Corp.) in 2011. The grant of easement was made expressly subject to TMWA's consent. Staff has not been able to confirm that TMWA expressly consented to the grant of easement and will continue to research the issue with the assistance of TMWA's General Counsel. The easement includes the right to use and access the substation parcel and to construct and maintain the associated electric transmission lines (see attached map). The easement is exclusive as to the substation parcel, but the access road and distribution line easement is non-exclusive (so long as other uses do not materially interfere with Liberty's rights under the easement).

Hot Spring

A hot spring is on the property and TMWA does not know if a third-party holds the right to use and access it. Staff would need to research title and possibly engage a title company or mineral title expert to determine who holds title to the spring and how such interest affects use of the property.

Timber Rights

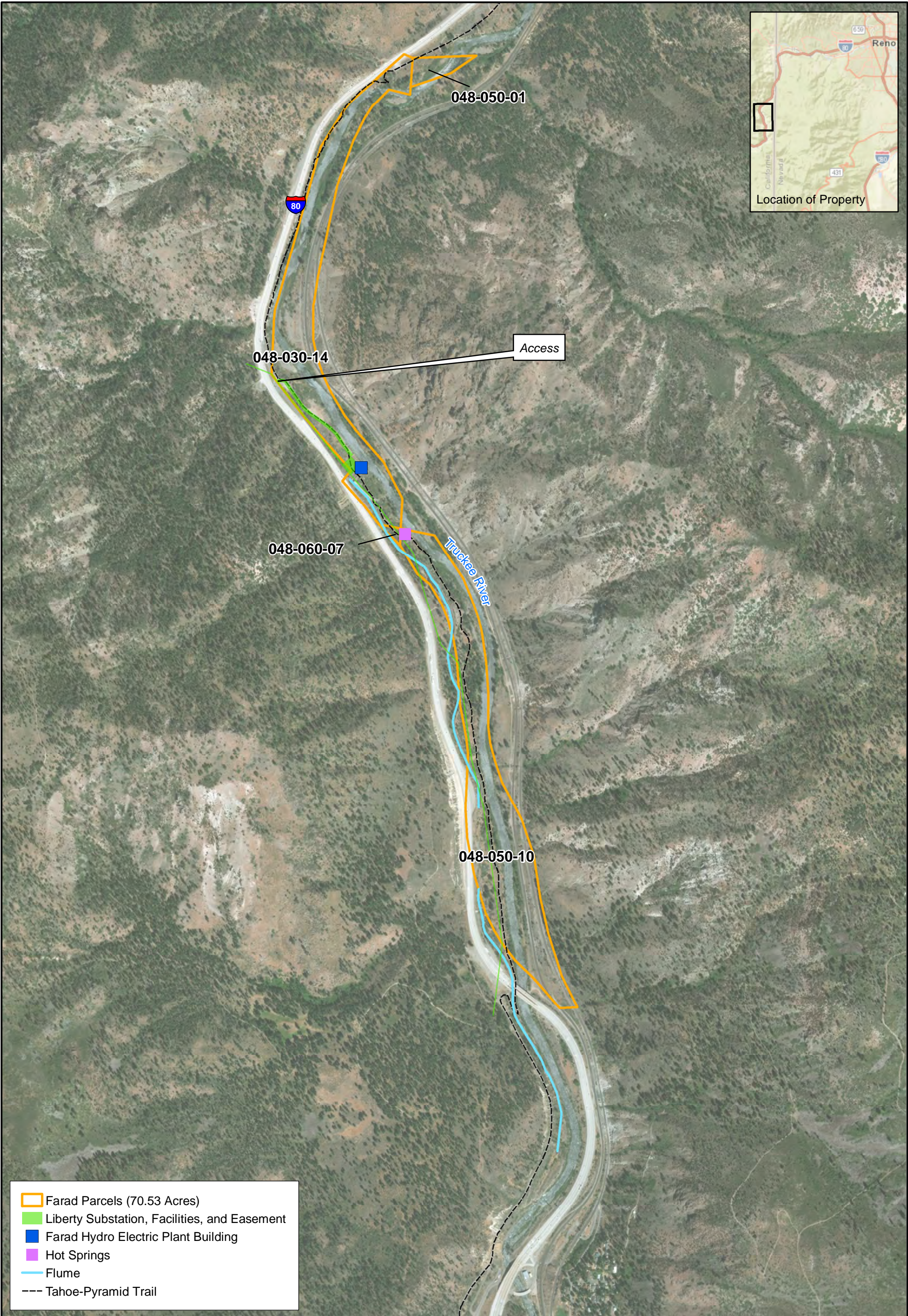
In the title report prepared for the transfer from NV Energy to TMWA, a title exception referenced a deed that may have reserved the right to the above-described spring and all timber on the property. Nevada County staff stated that private timber harvesting is regulated by the California Department of Forestry and Fire Protection (Cal. Fire). Staff notes that there is very little timber available for commercial harvesting on the property and Nevada County stated that Cal. Fire is likely to allow only a portion of such timber to be harvested. Timber harvesting may affect stormwater runoff and water quality in the Truckee River that would directly impact TMWA. Accordingly, even if TMWA holds title to the timber rights, staff does not recommend selling that interest or allowing it to be harvested because the negative water quality impacts would outweigh any potential profits.

RECOMMENDATION

At this point, staff recommends TMWA solicit offers to purchase the property by publishing a request for proposals in the same newspapers in which the request for statements of interest were published in the Reno-Gazette Journal, Sparks Tribune and Sierra Sun, in addition to any of the above-described newspapers of greater circulation as directed by the Board. Also, staff will notify the parties that responded to the Statement of Interest as well as the initial list of potentially interested parties (see attached). Staff also recommends that TMWA offer the property for sale or transfer in an “as-is where-is” condition subject to all title defects and faults and require all four parcels to be sold as one property to avoid being left with an orphaned piece of land. This would include all existing structures located on the property including, but not limited to, the diversion works, flume, overflow, forebay, penstocks, and powerhouse.

If the Board directs staff to proceed with a request for proposals, then the Board should also decide whether to grant the TPT trail easement and the conservation easement and make any sale or transfer of the property subject to those interests.

Name:	Organization:
Board of Directors	TMWA
SAC Members	TMWA
Advisors	Truckee River Fund
Mickey Hazelton	The Nature Conservancy
Michael Cameron	The Nature Conservancy
Alicia Rehban	Nevada Land Trust
Chrsiti Cakiroglu	One Truckee River
Gregor Finke	Patagonia
Chris Askin	Community Foundation of Northern Nevada
Richard Anderson	Nevada County Supervisor-Dist. 5
Jeff Loux	Town of Truckee -- Manager
Brian Dahle	Calif. State Legislature, Dist. 1
Lisa Wallace	Truckee River Watershed Council
Chuck Bonham	California Fish and Wildlife
Secretary	California Department of Natural Resources
Lori Williams	Carson-Truckee Conservancy District
Ed James	Carson-Truckee Conservancy District
Chad Blanchard	Federal Water Master
Robert Quilici	Washoe County Water Conservation District
Dennis Ghiglieri	Sierra Club
Terri Edwards	Bureau of Reclamation
Ane Diester	California Council of Land Trusts
Perry Norris	Truckee Donner Land Trust
Ted Kowalski	Walton Family Foundation
Scott Goodwin	American Energy
Richard Anderson	Nevada County Supervisor
Bill Hunkapillar	Private
Robert Basile	Basile Mgmt. Practice
Tim Beals	Sierra County Manager



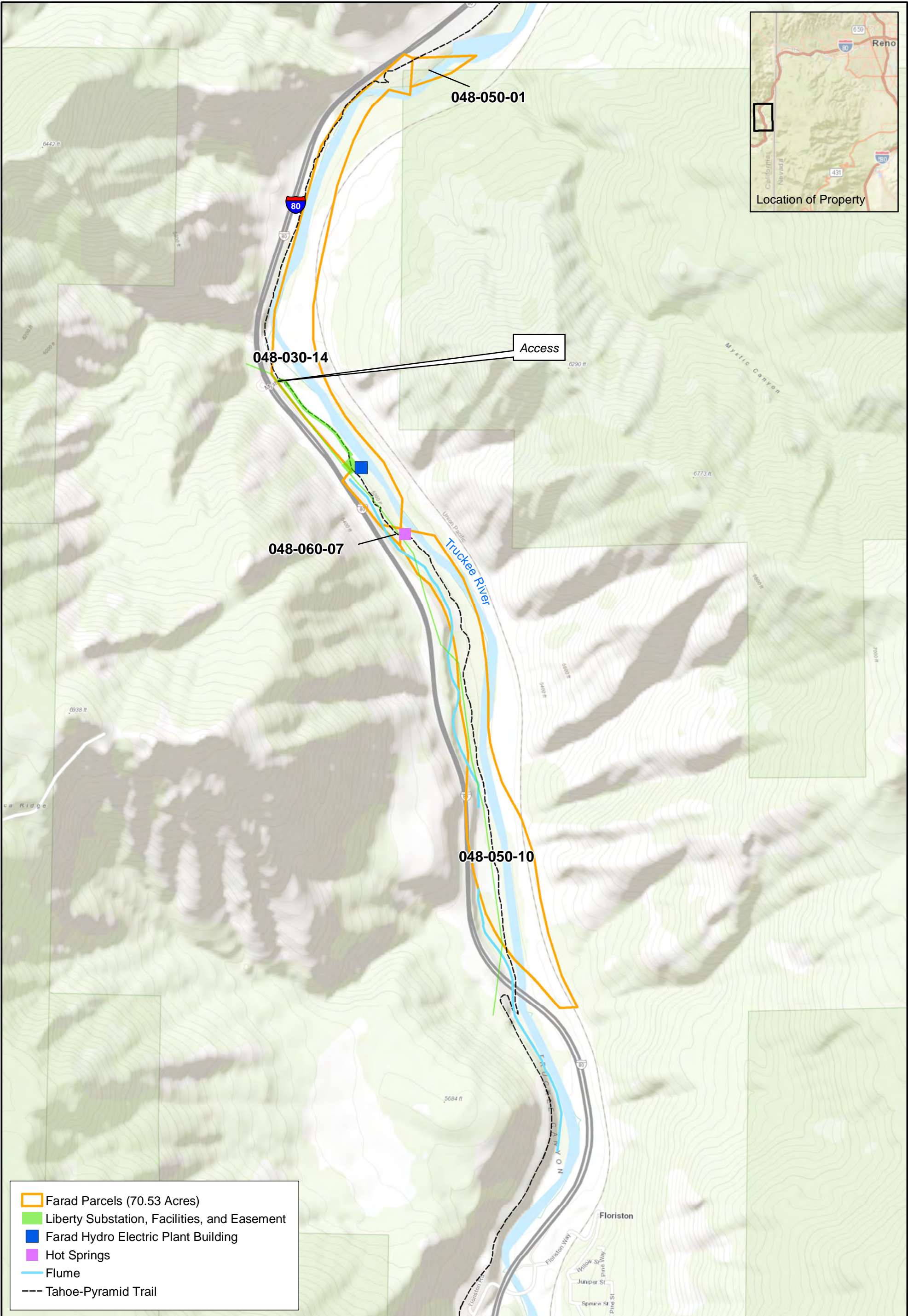
- Farad Parcels (70.53 Acres)
- Liberty Substation, Facilities, and Easement
- Farad Hydro Electric Plant Building
- Hot Springs
- Flume
- Tahoe-Pyramid Trail



FARAD PROPERTY

DATE:	6/13/2018
MAP BY:	JAK
REQUESTED BY:	JZ
SCALE:	0 125 250 500 Feet





- Farad Parcels (70.53 Acres)
- Liberty Substation, Facilities, and Easement
- Farad Hydro Electric Plant Building
- Hot Springs
- Flume
- Tahoe-Pyramid Trail



FARAD PROPERTY

DATE:	6/13/2018
MAP BY:	JAK
REQUESTED BY:	JZ
SCALE:	0 125 250 500 Feet





STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, Director of Natural Resources
DATE: June 13, 2018
SUBJECT: **Discussion and action, and possible direction to staff regarding possible approval of the Return Flow Management Agreement between City of Reno, City of Sparks, Tahoe-Reno Industrial General Improvement District (TRIGID) and TMWA related to use of TMWA return flow resources and water management of water resources in connection with Reno and Sparks delivery of treated effluent to Reno Tahoe Industrial Center**

Recommendation

Provide direction to staff related to the proposed Return Flow Management Agreement (“RFMA”) between City of Reno, City of Sparks, TRIGID and TMWA, and authorize the General Manager to execute the Agreement.

Background

Reno, Sparks and TRIGID have entered into an Agreement for Treated Effluent dated September 13, 2017 (“TRIGID Agreement”) whereby Reno and Sparks have agreed to reserve and deliver up to 4,000 acre-feet annually of reclaimed water to the TRIGID for resale as process water to TRIGID customers in the TRI Center, and TRIGID has agreed to design, construct and operate the pipeline project on the terms and conditions set forth in the TRIGID Agreement.

In some circumstances, where effluent generated at TMWRF is used as reclaimed water and is not returned to the Truckee River, secondary permits require that the return flow component to the Truckee River must be made up from other water sources, typically approved for instream flow purposes.

TMWA, as allowed by TROA, holds certain water resources which can support reclaimed water service and which are either not subject to the return flow requirement or which otherwise can satisfy the return flow requirement to the Truckee River. The TRIGID Agreement contemplates that a separate agreement will be entered with various parties, including TMWA, which will

address management of certain return flow water resources in connection with the TRIGID Agreement.

Discussion

Reno, Sparks, and TRIGID desire to enter an agreement with TMWA under which TMWA will manage certain water resources for return flow purposes to facilitate the implementation of the TRIGID Agreement, which agreement will also provide indirect benefits to TMWA. The RFMA has been negotiated by the parties and is being presented to the TMWA Board first for consideration. It is anticipated that if approved by TMWA, the RFMA will be subsequently presented to Reno, Sparks and TRIGID for approval in June and July 2018.

The RFMA has an initial term of 30 years and will run concurrently with the TRIGID Agreement. TMWA may terminate the RFMA upon 10 years written notice. The RFMA will be effective on the date the last party executes the Agreement.

Key provisions of the RFMA include the following:

1. TRIGID owns Truckee River water rights that can be permitted for instream flows, and TRIGID will provide 1,500 acre-feet of its Truckee River water resources that TMWA may manage as return flow resources. TRIGID will prove title and permit the Truckee River water rights for instream flows to the satisfaction of the Nevada Division of Water Resources ("NDWR"), all at no cost to the cities or TMWA.
2. The State of Nevada Department of Transportation ("NDOT") owns Truckee River water rights in the Truckee Meadows, estimated to be between 1,500 and 2,200 acre-feet. TMWA will enter an agreement with NDOT that will allow TMWA to manage NDOT's water rights for instream flow purposes to help satisfy the return flow requirement. TRIGID will prove title to any State Return Flow Resources to the satisfaction of the NDWR, all at no cost to the cities, TMWA or the State.
3. Reno and Sparks desire to allocate a portion of the un-utilized groundwater component of TMWRF effluent to satisfy a portion of TRIGID Reclaimed Water Supply return flow requirements. TMWA will determine the amount of un-utilized groundwater component available to TRIGID on an ongoing basis.
4. Additional water resources are required to satisfy potential return flow requirements associated with the full 4,000 acre-feet TRIGID Reclaimed Water Supply. TMWA, as allowed by TROA, holds certain water resources which can support Reclaimed Water service and which are either not subject to the Return Flow Requirement (i.e. the groundwater component or Privately Owned Stored Water) or resources which otherwise can satisfy the Return Flow Requirement to the Truckee River. TMWA will agree to make these TMWA community resources available on a 2 acre-foot for 3 acre-foot basis with the TRIGID and State Return Flow Resources, but only after at least 1,500 acre-feet of the TRIGID and/or State resources are being used to satisfy the Return Flow Requirement.

5. Reno, Sparks, and TRIGID desire TMWA to control and use the water resources for Return Flow Purposes in connection with and to facilitate implementation of the TRIGID Agreement. Reno, Sparks, and TRIGID further recognize that water resource operational efficiencies may result from TMWA managing the use and scheduling of water resources to meet return flow obligations associated with TMWRF reclaimed water deliveries and the TRIGID Agreement.

6. The services to be provided by TMWA under the RFMA include the following:

(a) Manage, direct, and schedule the allocation and use of the Managed Resources to support delivery of reclaimed water supply, and to facilitate compliance with the Return Flow Requirement, including developing and submitting to Reno, Sparks and TRIGID operation schedules and scheduling procedures for managing and operating the Managed Resources.

(b) Monitor return flow obligations of TMWRF and provide direction on return flow issues to enable Reno and Sparks to provide the Reclaimed Water in compliance with the Return Flow Requirement while seeking to achieve water quality benefits and efficient regional use of water resources.

(c) Coordinate operational activities of Reno and Sparks with respect to TMWRF Effluent Production and Reclaimed Water supply and TRIGID with respect to storage and use of TRIGID Reclaimed Water Supply, including timing and scheduling of deliveries, facility capacity, and demands.

(d) Collect, review, analyze and develop information necessary to prepare a water accounting and to schedule the operations of the Managed Resources used for Return Flow Purposes under this Agreement.

(e) Collect, verify, organize and analyze data determined necessary by TMWA for management of the Managed Resources for Return Flow Purposes, including, but not limited to, climatologic data, hydrologic data, Truckee River operating data, operational status of facilities, and data associated with unscheduled events that may require changes to the operation of, or desirability of operating, the Managed Resources as scheduled.

(f) Prepare reports on at least a weekly basis documenting the scheduling, accounting and operation of the Managed Resources and administer, oversee and coordinate the implementation of such operational schedules.

(g) Communicate with the Nevada Division of Water Resources and TROA Administrator regarding the scheduling and operations of Managed Resources for Return Flow Purposes, including administering and coordinating any submittals required to maintain the Managed Resources in good standing with the Nevada Division of Water Resources.

(h) Establish and implement priorities between Managed Resources and the scheduling of Managed Resources used to support TMWRF Effluent Production and Reclaimed Water supply and satisfy the Return Flow Requirement for Reclaimed Water and TRIGID Reclaimed Water Supply.

(i) To the extent practicable and consistent with exercise of water rights, assurance of water supplies, and operational considerations, recommend and encourage changes to operations to reduce or avoid conflicts in schedules and improve efficiency of use of Managed Resources.

In providing the Resource Management Services, TMWA shall seek to promote the efficient use of resources in compliance with the operational requirements of TROA and the Federal Water Master/TROA Administrator and in a manner which minimizes the use of TMWA Return Flow Resources, where feasible. TMWA shall have the right, where such does not diminish the quality, quantity or availability of resources and will enhance efficient use of Truckee River

resources, to exchange all or any portion of the TRIGID Replacement Water with other TMWA water resources.

7. The following table illustrates potential calculations of the amount of TMWA Return Flow Resources to be made available by TMWA:

<u>TRIGID and State Replacement Water</u>	<u>TMWA Return Flow Resources</u>
1,500 AFA or less	0 AFA
1,800 AFA	200 AFA
2,400 AFA	600 AFA
3,000 AFA	1,000 AFA

8. TRIGID shall reimburse TMWA for all costs incurred in connection with the performance of TMWA's obligations under the RFMA, including without limitation, internal and third party costs to perform the Resource Management Services, administrative and staffing costs, permitting fees, and operating expenses incurred by TMWA to facilitate TRIGID Reclaimed Water Supply or Reclaimed Water supply (e.g., electric power, operation and maintenance costs, costs to operate TMWA water system facilities outside of normal potable water service operations in connection with this Agreement, costs associated with pumping additional groundwater to enhance the Available Groundwater Component, etc.).

9. In addition to the cost reimbursement, TRIGID shall pay TMWA a Resource Fee for the use of the TMWA Return Flow Resources based upon actual cost of service and operating expenses incurred by TMWA outside normal operations to make such resources available. The initial Resource Fee is anticipated to be \$47/acre-foot for surface water resources and \$29/acre-foot for groundwater resources. The Resource Fee is subject to an automatic increase of 2% per year commencing on July 1, 2022, and is subject to additional adjustment by the TMWA Board once every five years.

10. TRIGID shall, at no cost to TMWA: i) apply for and secure all necessary approvals and permits from the NDWR authorizing the use of as much of the TRIGID Return Flow Resources as possible for Return Flow Purposes in connection with the TRIGID Reclaimed Water Supply; and ii) enter into an appropriate conveyance or lease to TMWA, authorizing and facilitating the ability of TMWA to manage the TRIGID Return Flow Resources for Return Flow Purposes, all of which on terms and conditions reasonably acceptable to TMWA to enable management as intended in this Agreement.

11. TRIGID shall cooperate in good faith with TMWA to minimize acquisitions of additional Truckee River water rights or competing with TMWA for the acquisition of Truckee River water rights, and where such does not diminish the quality, quantity or availability of resources will cooperate with TMWA to facilitate exchange or other transfers of TRIGID water rights, acquired now or in the future, with TMWA water resources. TRIGID also agrees to use the Reclaimed Water Supply only for non-potable purposes and shall not use the resources for indirect potable reuse unless agreed by TMWA.

12. Reno and Sparks shall demonstrate, to the satisfaction of TMWA in its discretion, that they have secured appropriate approvals, if any are required, to use Other Return Flow Resources and

the Groundwater Component to satisfy Effluent supply and the Return Flow Requirement, where applicable, for all existing Reclaimed Water commitments by Reno and Sparks from TMWRF.

13. Reno and Sparks each acknowledge and agree that optimal management of the Managed Resources may require the daily amount of TRIGID Reclaimed Water Supply to fluctuate in accordance with the season, drought conditions, TRIGID demands, and efficient use of Managed Resources, and in some circumstances may require TRIGID to accept delivery of TRIGID Reclaimed Water Supply in excess of daily demands for storage in the Reservoir for later use, or to accept deliveries below daily demands and supplement such deliveries with TRIGID Reclaimed Water Supply previously stored in the Reservoir. Reno and Sparks shall cooperate with TMWA in good faith to facilitate implementation of the Resource Management Services, including coordinating the operations of TMWRF facilities, TMWRF Effluent Production and deliveries of Reclaimed Water with TMWA and maximizing the use of the Available Groundwater Component to minimize the Return Flow Requirement when feasible, and assisting TMWA in any efforts to exchange water resources with third parties to facilitate TMWA's ability to make the TMWA Return Flow Resources available.

In support of the RFMA, an operational modeling effort is ongoing to demonstrate to the satisfaction of the Federal Water Master, the State Engineer and TROA parties that the planned operational strategies to be employed to satisfy the Return Flow Requirement are consistent with TROA and related agreements and rulings.

RETURN FLOW MANAGEMENT AGREEMENT

BETWEEN

**TRUCKEE MEADOWS WATER AUTHORITY,
a joint powers authority and political subdivision of the State of Nevada**

AND

**CITY OF RENO, a municipal corporation
CITY OF SPARKS, a municipal corporation, and
TRI GENERAL IMPROVEMENT DISTRICT,
a political subdivision of the State of Nevada**

RETURN FLOW MANAGEMENT AGREEMENT

THIS RETURN FLOW MANAGEMENT AGREEMENT ("Agreement") is made and entered into as of the Effective Date by and between the Truckee Meadows Water Authority, a joint powers authority and political subdivision of the State of Nevada created pursuant to NRS Chapter 277 ("TMWA"), the City of Reno, a municipal corporation ("Reno"), City of Sparks, a municipal corporation ("Sparks"), and TRI General Improvement District, a political subdivision of the State of Nevada ("TRIGID").

RECITALS

WHEREAS, Reno and Sparks own and operate a wastewater treatment plant facility in Washoe County known as the Truckee Meadows Water Reclamation Facility ("TMWRF"), which provides Reclaimed Water service to customers from effluent produced by the facility.

WHEREAS, TRIGID is a general improvement district created by Storey County pursuant to NRS Chapter 318 and 308 and provides community water and sewer service to customers within the Tahoe Reno Industrial Center ("TRI Center") in Storey County.

WHEREAS, TMWA is a municipal water purveyor which manages various groundwater and surface water resources in connection with its operations, and subject to the provisions of the Truckee River Operating Agreement ("TROA") and the Orr Ditch Decree has exclusive authority over the execution and implementation of its obligations thereunder, including management of TMWA water resources recognized therein.

WHEREAS, Reno, Sparks and TRIGID have entered or will enter into that certain Agreement for Treated Effluent dated September 13, 2017 ("TRIGID Agreement") attached hereto as Exhibit "A", pursuant to which, *inter alia*, Reno and Sparks have agreed to reserve and deliver through the Pipeline Project up to 4,000 acre-feet annually of Reclaimed Water to the TRIGID for resale as Process Water to TRIGID Customers in the TRI Center, and TRIGID has agreed to design, construct and operate the Pipeline Project on the terms and conditions set forth in the TRIGID Agreement. Except as otherwise defined in this Agreement, capitalized terms shall have the meaning ascribed to them in the TRIGID Agreement.

WHEREAS, Reno and Sparks hold Permit No. 29973, a primary effluent reuse permit issued by the State of Nevada Division of Water Resources pursuant to NRS 533.440 which authorizes the appropriation of the groundwater and surface water components of approximately 20,170 acre-feet of effluent from TMWRF for beneficial use as Reclaimed Water pursuant to terms of existing or additional secondary permits issued by the Division of Water Resources.

WHEREAS, in some circumstances, where effluent generated at TMWRF is put to use as Reclaimed Water and is not returned to the Truckee River, secondary permits require that the return flow component to the Truckee River must be made up from other water sources, typically approved for in-stream flow purposes, under applicable regulatory provisions. The groundwater component of effluent appropriated for Reclaimed Water is not subject to a Return Flow Requirement, and Reno and Sparks have other water resources which can satisfy a Return Flow Requirement where applicable.

WHEREAS, Reno and Sparks desire to allocate a portion of the groundwater component of TMWRF effluent to satisfy a portion of TRIGID Reclaimed Water Supply return flow requirements; however, additional water resources are required to satisfy potential return flow requirements associated with the full TRIGID Reclaimed Water Supply.

WHEREAS, the State of Nevada Department of Transportation (“State”) owns Truckee River water rights in the Truckee Meadows, estimated to be between 1,500 and 2,200 acre-feet, that will be dedicated to in-stream flow in the Truckee River, which can also be used by TMWA for satisfaction of the Return Flow Requirement.

WHEREAS, TRIGID also owns Truckee River water rights that can be made available for in-stream flows and TRIGID will provide 1,500 acre-feet of its Truckee River or tributary water resources, in addition to causing the State Return Flow Resources to be properly titled such that TMWA may use the State Return Flow Resources in connection with the Return Flow Requirement; however, these water resources may not be sufficient at certain times to fully satisfy potential return flow requirements associated with the full TRIGID Reclaimed Water Supply.

WHEREAS, TMWA, as allowed by TROA, holds certain water resources which can support Reclaimed Water service and which are either not subject to the Return Flow Requirement or which otherwise can satisfy the Return Flow Requirement to the Truckee River. Reno, Sparks, and TRIGID desire TMWA to control and utilize the Managed Resources to make water resources available for Return Flow Purposes in connection with and to facilitate implementation of the TRIGID Agreement, the implementation of which may provide indirect benefits to TMWA by reducing the demand to convert for use in TRI Center Truckee River water resources otherwise available for TMWA municipal supply.

WHEREAS, to meet National Pollutant Discharge Elimination System standards, TMWRF must achieve a complex balance between treatment plant processes, effluent reuse, water rights requirements, Truckee River water quality standards, and numerous other interrelated, regional water management objectives. These objectives are complicated by the fact that the Truckee River water system is governed by a unique combination of state and federal law, federal decree, and by TROA, and operation and management of effluent and return flow

resources at TMWRF can be impacted by these laws and regulations as well as TMWA operations of its potable water system. Reno, Sparks, and TRIGID further recognize that water resource operational efficiencies may result from TMWA managing the utilization and scheduling of water resources used to meet return flow obligations associated with TMWRF reclaimed water deliveries and the TRIGID Agreement, the management of which resources may provide additional indirect benefits to TMWA by enhancing the efficient use of Truckee River resources and facilitating regional water management objectives.

WHEREAS, Reno, Sparks, and TRIGID desire TMWA to, and TMWA is agreeable to, make certain water resources available for return flow purposes to facilitate the TRIGID Agreement and provide certain scheduling and management of water resources in connection with return flow obligations associated with TMWRF reclaimed water supply, all on the terms and conditions set forth in this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I DEFINITIONS

Terms not defined elsewhere in this Agreement shall have the meanings stated below in this Article I:

a. “Available Groundwater Component” means the amount of the Groundwater Component which exceeds the total combined demands of Reno and Sparks for Reclaimed Water supply from TMWRF (excluding the TRIGID Reclaimed Water Supply), and which is available from time to time to support the TRIGID Reclaimed Water Supply. For purposes of this Agreement, the Available Groundwater Component shall be determined by TMWA on at least a weekly basis and in no event shall exceed the amount authorized under Division of Water Resources Permit No. 29973.

b. “Effective Date” means the date that the last Party executes this Agreement.

c. “Effluent” shall have the same meaning ascribed to “treated effluent” under NAC 445A.2748.”

d. “Groundwater Component” means the quantity of Effluent discharged from TMWRF which results from groundwater delivered to TMWRF for treatment as appropriated for Reclaimed Water purposes under Division of Water Resources Permit No. 29973. For purposes of this Agreement, the amount of the Groundwater Component shall

be determined by TMWA on at least a weekly basis by multiplying the TMWRF Effluent Production by a percentage, calculated from the ratio of TMWA's municipal groundwater production (which sewers into TMWRF) to TMWA's total municipal production (which sewers into TMWRF).

e. "Groundwater Component Limit" means a portion of the Groundwater Component up to, but not to exceed, 4,500 acre-feet annually, which shall be available in the aggregate for Reclaimed Water commitments to customers (other than TRIGID) by Reno and Sparks.

f. "Managed Resources" means the Groundwater Component (including the Available Groundwater Component), TRIGID Replacement Water, TMWA Return Flow Resources and Other Return Flow Resources managed by TMWA for Return Flow Purposes under this Agreement.

g. "Other Return Flow Resources" means Truckee River surface water rights or other water rights held by Reno or Sparks during the term of this Agreement and which are made available to TMWA for management for Return Flow Purposes to support TMWRF Reclaimed Water supply.

h. "Potential Community Resource Obligation" means any potential shortfall, from time to time, between the amount of water resources needed for Return Flow Purposes to satisfy Return Flow Requirements for the TRIGID Reclaimed Water Supply and the combined amount of the TRIGID Replacement Water and Available Groundwater Component. The amount of the Potential Community Resource Obligation shall be determined by TMWA on at least a weekly basis but shall not exceed the amounts set forth in Section 4.4.

i. "Reclaimed Water" means Effluent delivered from TMWRF to customers for reclaimed water use.

j. "Reservoir" means a water storage facility to be constructed, owned and operated by TRIGID located on USA Parkway in TRI Center, which will function as a storage reservoir for sources of Process Water (as defined in TRIGID Agreement"), including TRIGID Reclaimed Water Supply, with a storage capacity of at least 1,500 acre-feet.

k. "Resource Management Services" shall have the meaning ascribed to it in Article IV of this Agreement.

l. “Return Flow Purposes” means the use of water resources to satisfy the Return Flow Requirement arising from the use of Reclaimed Water which is not returned to the Truckee River according to applicable permits, including without limitation water resources which may legally be used for in-stream flow or water resources which legally are not subject to a Return Flow Requirement.

m. “Return Flow Requirement” means that quantity of water necessary to ensure that return flow to the Truckee River is no less than would have been required by the State Engineer had Reclaimed Water been discharged as treated effluent to the Truckee River at TMWRF, and to ensure that the timing of such return flow is not changed.

n. “State Return Flow Resources” means 1,500 to 2,200 acre-feet annually of Truckee River water rights held by the State, the title to which will be proved by TRIGID under this Agreement so that such proved-up water rights may managed by TMWA for Return Flow Purposes under the terms of a water rights management agreement between TMWA and State in order to satisfy return flow obligations in connection with the TRIGID Reclaimed Water Supply.

o. “TMWA Return Flow Resources” means those water resources made available, in TMWA’s sole and absolute discretion, to satisfy any Potential Community Resource Obligation in the amounts set forth in Section 4.4.

p. “TMWRF” means the Truckee Meadows Water Reclamation Facility in Washoe County, Nevada.

q. “TMWRF Effluent Production” means the total amount of Effluent produced by TMWRF from time to time, including Effluent discharged to the Truckee River, Reclaimed Water and TRIGID Reclaimed Water Supply. TMWRF Effluent Production shall be calculated on a daily or such other basis as requested by TMWA from time to time.

r. “TRIGID Reclaimed Water Supply” means the Reclaimed Water provided to TRIGID by TMWRF through the Pipeline Project pursuant to the TRIGID Agreement. The term “TRIGID Reclaimed Water Supply” as used in this Agreement is also referred to as “TMWRF Supply” in the TRIGID Agreement.

s. “TRIGID Agreement” means the Agreement for Treated Effluent between Reno, Sparks, and TRIGID specifying the rights, obligations, terms and conditions by which Reno and Sparks will provide the TRIGID Reclaimed Water Supply to TRIGID.

t. “TRIGID Replacement Water” shall mean that portion of the TRIGID Return Flow Resources and State Return Flow Resources permitted by the Nevada Division of Water Resources to be used for Return Flow Purposes under this Agreement, and for which TMWA has managerial control.

u. “TRIGID Return Flow Resources” means 1,500 acre-feet annually of Truckee River water rights held by TRIGID to be provided under this Agreement for Return Flow Purposes and management by TMWA to satisfy return flow obligations in connection with the TRIGID Reclaimed Water Supply.

v. “TROA” means the Truckee River Operating Agreement.

w. “TROA Administrator” means the person appointed as Administrator under the Truckee River Operating Agreement.

ARTICLE II AUTHORITY

2.1 Authority. Chapter 277 of the Nevada Revised Statutes provide general and specific authority for the actions contemplated herein and NRS 277.170 provides that a public agency may support an agreement made pursuant to NRS 277.080-170 by selling, leasing, giving, or otherwise supplying property. NRS 277.180 provides generally for interlocal agreements.

ARTICLE III CONDITIONS NECESSARY FOR IMPLEMENTATION

3.1 Necessary Conditions. The obligations of TMWA to provide the Resource Management Services and TMWA Return Flow Resources shall be conditional upon and subject to the satisfaction of the following conditions precedent (“Necessary Conditions”) on or prior to the commencement of TRIGID Reclaimed Water Supply delivery, except, to the extent permitted that such conditions may be waived or extended in writing by TMWA. The Necessary Conditions consist of the following:

a. TMWA Board Approval. This Agreement shall be subject to review and approval by the TMWA Board of Directors.

b. TMWRF Rates. Reno and Sparks have adopted such ordinances necessary to implement any rates to be charged TRIGID by Reno and/or Sparks for the TRIGID Reclaimed Water Supply.

c. Agreement with State. TMWA has entered into an agreement with State, pursuant to which, *inter alia*, State will authorize TMWA to manage State Return Flow Resources for purposes of the Return Flow Requirement and require that TRIGID prove title to any State Return Flow Resources to the satisfaction of the Nevada Division of Water Resources, all at no cost to TMWA or State.

ARTICLE IV

TMWA RESOURCE MANAGEMENT SERVICES

4.1 TMWA Resource Management Services. TMWA shall provide the following services for the Parties during the term of this Agreement (collectively, the “Resource Management Services”):

(a) Manage, direct, and schedule the allocation and use of the Managed Resources to support delivery of Reclaimed Water supply, and to facilitate compliance with the Return Flow Requirement, including developing and submitting to Reno, Sparks and TRIGID operation schedules and scheduling procedures for managing and operating the Managed Resources.

(b) Monitor return flow obligations of TMWRF and provide direction on return flow issues to enable Reno and Sparks to provide the Reclaimed Water in compliance with the Return Flow Requirement while seeking to achieve water quality benefits and efficient regional use of water resources.

(c) Coordinate operational activities of Reno and Sparks with respect to TMWRF Effluent Production and Reclaimed Water supply and TRIGID with respect to storage and use of TRIGID Reclaimed Water Supply, including timing and scheduling of deliveries, facility capacity, and demands.

(d) Collect, review, analyze and develop information necessary to prepare a water accounting and to schedule the operations of the Managed Resources used for Return Flow Purposes under this Agreement.

(e) Collect, verify, organize and analyze data determined necessary by TMWA for management of the Managed Resources for Return Flow Purposes, including, but not limited to, climatologic data, hydrologic data, Truckee River operating data, operational

status of facilities, and data associated with unscheduled events that may require changes to the operation of, or desirability of operating, the Managed Resources as scheduled.

(f) Prepare reports on at least a weekly basis documenting the scheduling, accounting and operation of the Managed Resources and administer, oversee and coordinate the implementation of such operational schedules.

(g) Communicate with the Nevada Division of Water Resources and TROA Administrator regarding the scheduling and operations of Managed Resources for Return Flow Purposes, including administering and coordinating any submittals required to maintain the Managed Resources in good standing with the Nevada Division of Water Resources.

(h) Establish and implement priorities between Managed Resources and the scheduling of Managed Resources used to support TMWRF Effluent Production and Reclaimed Water supply and satisfy the Return Flow Requirement for Reclaimed Water and TRIGID Reclaimed Water Supply.

(i) To the extent practicable and consistent with exercise of water rights, assurance of water supplies, and operational considerations, recommend and encourage changes to operations to reduce or avoid conflicts in schedules and improve efficiency of use of Managed Resources.

In providing the Resource Management Services, TMWA shall seek to promote the efficient use of resources in compliance with the operational requirements of TROA and the Federal Water Master/TROA Administrator and in a manner which minimizes the use of TMWA Return Flow Resources, where feasible. TMWA shall have the right, where such does not diminish the quality, quantity or availability of resources and will enhance efficient use of Truckee River resources, to exchange all or any portion of the TRIGID Replacement Water with other TMWA water resources.

4.2 Priority of Rights. TRIGID, Reno, Sparks and TMWA shall develop and agree upon a schedule for prioritizing the use of Other Return Flow Resources, the Groundwater Component, TRIGID Replacement Water, Available Groundwater Component, and TMWA Return Flow Water for purposes of satisfying the Return Flow Requirement and Reclaimed Water demands from TMWRF for the TRIGID Reclaimed Water Supply and for Reno and Sparks existing and future Reclaimed Water customers, consistent with the provisions of Section 4.5 of this Agreement. So long as the ability to satisfy Return Flow Requirements is not impaired, TMWA may in its discretion pool and collectively manage and utilize the Managed Resources in order to facilitate the efficient use of such resources to satisfy Return Flow Requirement of any Reclaimed Water

demands from TMWRF. TMWA shall obtain input on the schedule from the State Engineer and TROA Administrator, and if required their consent thereto.

4.3 Model Data. TRIGID, Reno, and Sparks shall obtain and provide to TMWA model scenario data as necessary for TMWA to identify operating constraints of TMWRF Effluent Production, Reclaimed Water, TRIGID Reclaimed Water Supply, TMWRF delivery systems including pump station capacity, TMWRF pipeline capacity, Pipeline Project capacity, Reservoir capacity and operations (including carry over of water from prior years operations), existing and anticipated future demand schedules of TRIGID, Reno, and Sparks customers, and such other items to enable TMWA to identify and quantify schedules to maximize utilization of the Available Groundwater Component. TRIGID, Reno and Sparks shall obtain and provide to TMWA sufficient data and model scenario data as necessary for TMWA to identify and quantify schedules and/or methods for satisfying TRIGID Reclaimed Water Supply requirements under various operating and hydrological scenarios. TMWA shall obtain input and consent from the TROA Administrator and State Engineer, if any are required, on TMWA proposals for managing and operating TRIGID Replacement Water, the Groundwater Component, Available Groundwater Component, Other Return Flow Resources, and TMWA Return Flow Resources, including proposals for satisfying the Return Flow Requirement for all TRIGID Reclaimed Water Supply based on water model (including Riverware) output.

4.4 Identification and Amount of TMWA Return Flow Resources. TMWA will identify, in TMWA's sole discretion, one or more of TMWA's water resource supplies that TMWA may make available as TMWA Return Flow Resources. The amount of TMWA Return Flow Resources shall equal 2 acre-feet for every 3 acre-feet of TRIGID Replacement Water provided in excess of 1,500 acre-feet annually and less than 3,001 acre-feet annually. The amount of TMWA Return Flow Resources shall be reduced on a one for one basis for every acre-foot of TRIGID Replacement Water provided in excess of 3,000 acre-feet annually. Notwithstanding anything to the contrary herein, TMWA shall have no obligation: i) to make the TMWA Return Flow Resources available for use hereunder unless and until TRIGID provides at least 1,500 acre-feet of TRIGID Replacement Water and ii) to make available more than 1,000 acre-feet annually of TMWA Return Flow Resources in any event. The following table illustrates potential calculations of the amount of TMWA Return Flow Resources:

<u>TRIGID Replacement Water</u>	<u>TMWA Return Flow Resources</u>
1,500 AFA or less	0 AFA
1,800 AFA	200 AFA

2,400 AFA	600 AFA
3,000 AFA	1,000 AFA
3,500 AFA	500 AFA
3,700 AFA	300 AFA

4.5 Availability and Use of TMWA Return Flow Resources. Conditional on TRIGID, Reno and Sparks performance of their respective obligations under Sections 4.2, 4.3, 5.2, 5.3, 5.4 and 6.2, TMWA shall make available the TMWA Return Flow Resources in the amounts set forth in Section 4.4 to satisfy the Return Flow Requirement for the TRIGID Reclaimed Water Supply, it being the express intention that, unless otherwise determined in TMWA's discretion: i) the Available Groundwater Component be used first to satisfy TRIGID Reclaimed Water Supply whenever possible, and ii) that when the Available Groundwater Component is not available TMWA Return Flow Resources be used, if at all, only after the TRIGID Replacement Water has been exhausted. Nothing in this Agreement is intended or shall be construed as a sale, lease or any other type of transfer of the TMWA Return Flow Resources, or to diminish in any way or limit TMWA's control or use of its water resources. TMWA's obligation to make the TMWA Return Flow Resources available pursuant to this Section 4.5 shall be conditional on TMWA receiving the model data described in Section 4.3 and such assurances and/or approvals, if any are required, from the State Engineer and the TROA Administrator confirming the ability of TMWA to utilize water resources identified by TMWA as TMWA Return Flow Resources, on terms and conditions acceptable to TMWA, in its sole discretion. Reno and Sparks acknowledge and agree that TMWA owns all consumptive and non-consumptive components of TMWA's Privately Owned Stored Water and M&I Credit Water (as such terms are defined in TROA), including rights to Effluent generated therefrom. Reno and Sparks will cooperate with TMWA in good faith to secure primary permits on the quantity of Effluent from TMWRF which is determined by the State Engineer to result from the municipal use of TMWA's Privately Owned Stored Water and/ or TMWA's M&I Credit Water so that TMWA may be issued one or more secondary permits for the beneficial use of such Effluent (water) without any requirement for return flow to the Truckee River.

4.6 Payment to TMWA.

4.6.1 Cost Reimbursement. TRIGID shall reimburse TMWA for all costs incurred in connection with the performance of TMWA's obligations under this Agreement, including without limitation, internal and third party costs to perform the Resource Management Services, labor, administrative, overhead, legal and staffing costs,

and permitting fees. Third party consultant costs must be pre-approved by TRIGID, provided such approval shall not be unreasonably withheld, denied, conditioned or delayed. TMWA shall invoice TRIGID for such costs on a monthly basis, and TRIGID shall pay such invoices within thirty (30) days of receipt. TMWA and TRIGID agree to work in good faith to resolve any disputes over reimbursement invoices and TMWA agrees to extend the period for payment for a reasonable time period if an extension is needed to accommodate the good faith resolution of any invoice disputes.

4.6.2 Resource Fee. In addition to the cost reimbursement set forth in Section 4.6.1, TRIGID shall pay TMWA a resource fee (“Resource Fee”) for TMWA Return Flow Resources used to satisfy the Return Flow Requirement for the TRIGID Reclaimed Water Supply pursuant to this Agreement. The Resource Fee shall be based upon actual cost of service and operating expenses incurred by TMWA to facilitate TRIGID Reclaimed Water Supply outside of normal potable water service operations in connection with this Agreement (e.g., costs associated with pumping additional groundwater to enhance the Available Groundwater Component, etc.). Unless otherwise adjusted pursuant to Section 4.6.3, the initial Resource Fee shall equal \$47/acre-foot for TMWA Return Flow Resources comprised of surface water sources of supply (e.g., Truckee River water resources, TMWA privately owned stored water, creek water resources) and \$29/acre-foot for TMWA Return Flow Resources comprised of groundwater sources of supply. TMWA shall invoice TRIGID for the Resource Fee on a monthly basis, and TRIGID shall pay such invoices within thirty (30) days of receipt. TMWA and TRIGID agree to work in good faith to resolve any disputes over Resource Fee invoices or any adjustments to the Resource Fee and TMWA agrees to extend the period for payment for a reasonable time period if an extension is needed to accommodate the good faith resolution of any invoice or adjustment disputes.

4.6.3 Resource Fee Adjustments. The Resource Fee shall increase annually by two percent (2%) commencing on July 1, 2022 and on the 1st day of July every year thereafter. The Resource Fee may also be adjusted by the TMWA Board of Directors pursuant to TMWA standard procedures for cost of service rate adjustments, if necessary, to more effectively capture TMWA actual costs to provide the TMWA Return Flow Resources, such adjustment to be made no more than: i) once prior to July 1, 2022; and ii) once every five years this Agreement is in effect.

4.7 Limitations on Liability. As a material inducement to TMWA to provide the Resource Management Services and for the Parties to obtain the benefits provided hereunder, the Parties agree TMWA shall not be responsible or liable in any manner for any claims arising from or related to i) the production, delivery, transmission or use of, or any disruption, restriction, curtailment or interruption in, TMWRF Effluent Production,

Reclaimed Water supply or TRIGID Reclaimed Water Supply, ii) the operation or maintenance of any wastewater or Effluent systems or facilities. TMWA is hereby released from and disclaims liability for, and TRIGID, Reno and Sparks shall indemnify and hold TMWA harmless from, any losses, claims, causes of action, liability and expenses of whatever nature and howsoever arising in connection with or related to the performance of obligations under the TRIGID Agreement or arising from or related to TMWRF Effluent Production, Reclaimed Water or TRIGID Reclaimed Water Supply, including quality and quantity of Effluent or Reclaimed Water and any attorneys' fees and costs incurred in connection with third party claims, challenges, administrative proceedings or litigation to prosecute or defend permits for Reclaimed Water use or Return Flow Purposes contemplated by this Agreement. In no event shall TMWA be responsible to any Party for any punitive, consequential, loss of use, business interruption or special damages, whether foreseeable or not foreseeable and whether or not same were contemplated by a party as being potentially incurred by the other.

ARTICLE V TRIGID PROVISIONS

5.1. Satisfaction of Necessary Conditions. TRIGID shall take all actions reasonably necessary to satisfy the Necessary Conditions which require performance by TRIGID.

5.2 TRIGID Return Flow Resources. TRIGID shall, at no cost to TMWA: i) apply for and secure all necessary approvals and permits from the Nevada Division of Water Resources authorizing the use of as much of the TRIGID Return Flow Resources as possible for Return Flow Purposes in connection with the TRIGID Reclaimed Water Supply; and ii) enter into an appropriate conveyance or lease to TMWA, authorizing and facilitating the ability of TMWA to manage the TRIGID Return Flow Resources for Return Flow Purposes, all of which on terms and conditions reasonably acceptable to TMWA to enable management as intended in this Agreement. TRIGID shall confer and cooperate with TMWA in advance with respect to the terms and type of any application filed with the Nevada Division of Water Resources under this Section.

5.2.1 After Acquired Rights. Any water rights acquired after the Effective Date for use as TRIGID Return Flow Resources shall be deeded to TMWA for use by TMWA as TRIGID Return Flow Resources or, when not otherwise required for Return Flow Purposes, such other temporary purposes determined by TMWA from time to time. Upon termination of this Agreement, the after acquired rights referred to in this Section 5.2.1 shall be permitted for municipal use within TMWA's retail service area and banked by TMWA for the benefit of TRIC, TRIGID or their assignees as mutually agreed by TRIC and TRIGID.

5.3 State Return Flow Resources. TRIGID shall, at no cost to TMWA, apply for and secure all necessary approvals and permits from the Nevada Division of Water Resources authorizing the use of the State Return Flow Resources for Return Flow Purposes in connection with the TRIGID Reclaimed Water Supply. TRIGID shall confer and cooperate with TMWA in advance with respect to the terms and type of any application filed with the Nevada Division of Water Resources under this Section.

5.4 Discharge Permits and Effluent Management Plan Approvals. TRIGID shall file and secure all necessary approvals from the Nevada Division of Environmental Protection for the discharge and use of the TRIGID Reclaimed Water Supply to provide Process Water service to TRIGID Customers.

5.5 TRIGID Cooperation. TRIGID acknowledges and agrees that optimal management of the Managed Resources may require the daily amount of TRIGID Reclaimed Water Supply to fluctuate in accordance with the season, drought conditions, TRIGID demands, and efficient use of Managed Resources, and in some circumstances may require TRIGID to accept delivery of TRIGID Reclaimed Water Supply in excess of daily demands for storage in the Reservoir for later use, or to accept deliveries below daily demands and supplement such deliveries with TRIGID Reclaimed Water Supply previously stored in the Reservoir. TRIGID shall cooperate with TMWA in good faith to facilitate implementation of the Resource Management Services, including coordinating the operations of TRIGID's facilities and deliveries of TRIGID Reclaimed Water Supply with TMWA and maximizing the use of the Available Groundwater Component when feasible. So long as this Agreement is in effect, TRIGID shall further cooperate in good faith with TMWA to minimize acquisitions of additional Truckee River water rights or competing with TMWA for the acquisition of Truckee River water rights, and where such does not diminish the quality, quantity or availability of resources will cooperate with TMWA to facilitate exchange or other transfers of TRIGID water rights, acquired now or in the future, with TMWA water resources.

5.6 Metering and Reporting. No less than annually, TRIGID shall provide TMWA with its projected TRIGID Reclaimed Water Supply demands for the ensuing year. No less than monthly, TRIGID shall provide TMWA, Reno and Sparks with TRIGID Reclaimed Water Supply meter read data, data on the amount of TRIGID Reclaimed Water Supply delivered to customers and stored in the Reservoir, available capacity in the Reservoir, and projected TRIGID Reclaimed Water Supply demands for the ensuing month.

5.7 Notification. TRIGID shall notify TMWA as soon as practicable if TRIGID becomes aware of any condition which affects TRIGID Reclaimed Water Supply

or which will materially affect projected TRIGID Reclaimed Water Supply demands or Reservoir capacity.

5.8 Use. TRIGID Reclaimed Water Supply shall only be used for non-potable purposes, and shall not be used for indirect potable reuse unless mutually agreed by TMWA. TRIGID is responsible for using the TRIGID Reclaimed Water Supply in a lawful manner and shall not discharge any portion of the TRIGID Reclaimed Water Supply to the Truckee River.

5.9 Capacity Reservation Restriction. TRIGID acknowledges and agrees that in the event the combined amount of TRIGID Replacement Water and TMWA Return Flow Resources authorized for Return Flow Purposes is less than 4,000 acre-feet annually, Reno and Sparks may limit the amount of the Capacity Reservation and TRIGID Reclaimed Water Supply as set forth in the TRIGID Agreement.

5.10 Representations and Warranties. Except as provided in this Section 5.10, TRIGID represents and warrants to TMWA that TRIGID has not previously sold, encumbered, pledged, assigned, conveyed, transferred or allocated to a will serve commitment any of the TRIGID Return Flow Resources, and that the TRIGID Return Flow Resources are free and clear of all security interests, mortgages, liens, pledges, charges, claims, or encumbrances of any kind or character: TRIGID has pledged the TRIGID Return Flow Resources to provide water service to certain TRIGID Customers within the TRI Center, but represents and warrants that the delivery of the TRIGID Reclaimed Water Supply to those customers, satisfies and does not contradict any obligation to those customers with respect to TRIGID Return Flow Resources.

ARTICLE VI RENO AND SPARKS PROVISIONS

6.1. Satisfaction of Necessary Conditions. Reno and Sparks shall each take all actions reasonably necessary to satisfy the Necessary Conditions which require performance by Reno and Sparks, respectively.

6.2 Reno and Sparks Permits. Reno and Sparks shall demonstrate, to the satisfaction of TMWA in its discretion, that they have secured appropriate approvals, if any are required, to use Other Return Flow Resources and the Groundwater Component to satisfy Effluent supply and the Return Flow Requirement, where applicable, for all existing Reclaimed Water commitments by Reno and Sparks from TMWRF.

6.3 Cooperation. Reno and Sparks each acknowledge and agree that optimal management of the Managed Resources may require the daily amount of TRIGID

Reclaimed Water Supply to fluctuate in accordance with the season, drought conditions, TRIGID demands, and efficient use of Managed Resources, and in some circumstances may require TRIGID to accept delivery of TRIGID Reclaimed Water Supply in excess of daily demands for storage in the Reservoir for later use, or to accept deliveries below daily demands and supplement such deliveries with TRIGID Reclaimed Water Supply previously stored in the Reservoir. Reno and Sparks shall cooperate with TMWA in good faith to facilitate implementation of the Resource Management Services, including coordinating the operations of TMWRF facilities, TMWRF Effluent Production and deliveries of Reclaimed Water with TMWA and maximizing the use of the Available Groundwater Component to minimize the Return Flow Requirement when feasible, and assisting TMWA in any efforts to exchange water resources with third parties to facilitate TMWA's ability to make the TMWA Return Flow Resources available.

6.4 Metering and Reporting. No less than annually, Reno and Sparks shall each provide TMWA with its projected Reclaimed Water demands and TMWRF Effluent Production for the ensuing year. Reno and Sparks shall calculate and provide to TMWA the TMWRF Effluent Production and Reclaimed Water supply on a daily or such other basis as requested by TMWA from time to time. Reno and Sparks shall cooperate with TMWA and provide such information and data on Reclaimed Water demands, facility capacities, and customer projections to assist TMWA in providing the Resource Management Services. In addition, Reno and Sparks shall provide TMWA with data on all components of TMWRF Effluent Production, including total production, total Reclaimed Water deliveries, and total discharges to the Truckee River.

6.5 Notification. Reno and Sparks shall notify TMWA as soon as practicable if either becomes aware of any condition which affects TMWRF operations or which will materially affect projected TMWRF Effluent Production, or Reclaimed Water demands.

6.6 Groundwater Component. Reno and Sparks shall have priority to use the Groundwater Component, up to the Groundwater Component Limit, for existing and future Reclaimed Water customer demands. Reno and Sparks may allocate the Groundwater Component between them in their discretion, but shall mutually agree for the benefit of TMWA that the aggregate Reclaimed Water commitments of Reno and Sparks shall not exceed the sum of the Groundwater Component Limit and the amount of the Other Return Flow Resources permitted by the Division of Water Resources for Return Flow Purposes. Reno and Sparks shall require dedications of Other Return Flow Resources from customers for any Reclaimed Water demands which exceed the Groundwater Component Limit.

ARTICLE VII TERM AND TERMINATION

7.1 Term. Except as otherwise provided herein, this Agreement shall commence upon the Effective Date and shall have an initial term of approximately thirty (30) years that runs concurrently with the initial term described in Section 6.1 of the TRIGID Agreement. After the initial term of this Agreement, this Agreement may be extended for additional terms (each an “Extension Term”) concurrent with any extension terms of the TRIGID Agreement with the prior written approval of TMWA. If TMWA does not consent in writing to any Extension Term, this Agreement shall automatically terminate upon the expiration of the then current term.

7.2 Termination. In addition to the termination described in Section 7.1, this Agreement may be terminated:

- (a) By written consent of all the Parties;
- (b) If the TRIGID Agreement is terminated for any reason, in which event this Agreement shall automatically terminate on the termination date of the TRIGID Agreement; or
- (c) By TMWA, in its discretion, upon no less than ten (10) years written notice to the other Parties.

In the event this Agreement is terminated, TMWA shall have no further obligations or liabilities hereunder, including without limitation, any obligations with respect to providing the TMWA Return Flow Resources.

ARTICLE VIII MISCELLANEOUS PROVISIONS

8.1 Entire Agreement. This Agreement constitutes the entire agreement between TMWA and the other Parties pertaining to the provision of the Resource Management Services and TMWA Return Flow Resources in connection with the TRIGID Reclaimed Water Supply, and supersedes all prior agreements, oral or written, express or implied, and all undertakings, negotiations or discussions of TMWA and the other Parties, whether oral or written, all of which are integrated herein; provided, however, the Parties acknowledge that certain other agreements and commitments have been entered between one or more of the Parties other than TMWA, including the TRIGID Agreement, which relate to the performance of Reno, Sparks and/or TRIGID hereunder. This Agreement may not be amended, changed, waived, terminated or modified unless the same shall be in writing and ratified by the governing boards of the respective Parties. No waiver of any

provision of this Agreement shall be valid unless in writing and signed by the Party against whom it is sought to be enforced.

8.2 Attorneys Fees; Governing Law and Venue. In the event of litigation or arbitration arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs to be fixed by the court or by the arbitrator. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement must be brought in the Second Judicial District Court of the State of Nevada, County of Washoe. The parties consent to the jurisdiction of said court (and of the appropriate appellate court) in any such action or proceeding and waive any objection to venue.

8.3 Severability. If any provisions or part of a provision in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, the same shall not affect any other provision or part of a provision provided that the fundamental terms and conditions of this Agreement remain legal and enforceable, in which case, to the fullest extent possible without defeating the Parties' intentions hereunder, this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein.

8.4 Assignment. Neither Reno, Sparks or TRIGID may assign any rights or obligations under this Agreement without the prior written consent of TMWA. The rights and obligations of TMWA shall not be assignable without the prior written consent of Reno, Sparks and TRIGID.

8.5 Relationship of Parties. Nothing contained in this Agreement is intended to nor shall be deemed to create any partnership, joint venture, agency, fiduciary duty or other relationship between Parties other than with respect to their contractual obligations contained herein.

8.6 Third Party Beneficiaries. There are no express or implied third party beneficiaries to this Agreement, or any obligation, claim, or right arising under this Agreement, and no other person or entity who is not a signatory to this Agreement shall have any obligation, claim, right, or remedy hereunder.

8.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.8 Recitals. The recitals at the beginning of this Agreement are incorporated herein by this reference and made a part hereof as if set forth in full herein.

8.9 Further Assurances. Subject to the terms and conditions hereof, each of the Parties agrees to use commercially reasonable efforts to execute and deliver, or cause to be executed and delivered, all documents and to take, or cause to be taken, all actions that may be reasonably necessary or appropriate to effectuate the provisions of this Agreement.

8.10 Due Authorization. Each party represents that all required authorizations have been obtained to execute this Agreement and for the compliance with each and every term hereof. Each person signing this Agreement warrants and represents to the other parties that he or she has the actual authority to execute this Agreement and bind the party for whom he or she is signing.

8.11 Notice. Unless written notice of a new address or designee is sent in accordance with this subsection, all communications or notices required pursuant to this Agreement shall be in writing and shall be delivered in person, transmitted by facsimile, email, or mailed by certified mail, postage prepaid, return receipt requested, to the individuals at the addresses indicated below. Notices that are mailed are deemed received the third day after they have been postmarked by the U. S. Postal Service.

TRIGID: TRI General Improvement District
8600 Technology Way
Reno, NV 89521
Facsimile: (775) 329-8591
Email: rmsader@robertmsaderltd.com

CITIES: City of Sparks
Attn: City Manager
P. O. Box 857
Sparks, Nevada 89432-0857
Facsimile: (775) 353-2489
Email: sdriscoll@cityofsparks.us

City of Reno
Attn: City Manager
1 East First Street
Reno, NV 89501
Facsimile: (775) 334-2097
Email: newbys@reno.gov

TMWA: Truckee Meadows Water Authority
Attn: General Manager
1355 Corporate Blvd.

Reno, NV 89502
Email: mforee@tmwa.com

8.12 Time. Time is of the essence in all matters relating to this Agreement.

8.13 Liability Limitation. Neither TMWA, Reno or Sparks shall be liable for any failure to deliver TMWRF Supply under the terms of this Agreement due to an order by the Federal Water Master, the State Engineer, any other regulatory authority, restraining order or injunction in a lawsuit challenging this Agreement, or any other cause whatsoever, in each case, to the extent such event is beyond the control of TMWA, Reno or Sparks.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the last date written below.

<p><u>TMWA:</u> TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority and political subdivision of the State of Nevada</p> <p>By: _____ MARK FOREE, General Manager</p> <p>Dated: _____</p> <p>APPROVED AS TO FORM:</p> <p>By: _____ MICHAEL PAGNI TMWA Legal Counsel</p> <p><u>RENO:</u> CITY OF RENO, a municipal corporation and a political subdivision of the State of Nevada</p> <p>By: _____ HILARY L. SHIEVE, Mayor</p> <p>Dated: _____</p> <p>ATTEST:</p> <p>By: _____ ASHLEY D. TURNEY, City Clerk</p> <p>APPROVED AS TO FORM:</p> <p>By: _____ SUSAN BALL ROTHE Deputy City Attorney</p>	<p><u>TRIGID:</u> TRI GENERAL IMPROVEMENT DISTRICT, a political subdivision of the State of Nevada</p> <p>By: _____ KRIS THOMPSON, President</p> <p>Dated: _____</p> <p><u>SPARKS:</u> CITY OF SPARKS, a municipal corporation and a political subdivision of the State of Nevada</p> <p>By: _____ GENO MARTINI, Mayor</p> <p>Dated: _____</p> <p>ATTEST:</p> <p>By: _____ Teresa Gardner, City Clerk</p> <p>APPROVED AS TO FORM:</p> <p>By: _____ CHESTER H. ADAMS Sparks City Attorney</p>
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Exhibit “A”

TRIGID Agreement
(To be Attached)



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, Director of Natural Resources
DATE: June 20, 2018
SUBJECT: **Discussion and action, and possible direction to staff regarding possible approval of Water Rights Management Agreement between the Tahoe-Reno Industrial General Improvement District (TRIGID), Nevada Department of Transportation (NDOT) and TMWA related to management of water resources in connection with Reno and Sparks delivery of treated effluent to Reno Tahoe Industrial Center**

Recommendation

Provide direction to staff related to the Water Rights Management Agreement between NDOT, TRIGID, and TMWA and authorize the General Manager to execute the Agreement.

Background

Reno, Sparks and TRIGID have entered into an Agreement for Treated Effluent dated September 13, 2017 (“TRIGID Agreement”) whereby Reno and Sparks have agreed to reserve and deliver up to 4,000 acre-feet annually of reclaimed water to the TRIGID for resale as process water to TRIGID Customers in the TRI Center, and TRIGID has agreed to design, construct and operate the pipeline project on the terms and conditions set forth in the TRIGID Agreement. The TRIGID contemplates that a Return Flow Management Agreement (“RFMA”) will be entered with various parties, including TMWA, which will address management of certain return flow water resources to be provided by Reno, Sparks, TRIGID, and NDOT.

Under the proposed RFMA, TRIGID will be required to apply for and secure all necessary approvals and permits from the Nevada Division of Water Resources (“NDWR”) authorizing the use of 1,500 to 2,200 acre-feet of Truckee River water rights owned by NDOT (the “State Return Flow Resources”) for Return Flow Purposes in connection with the TRIGID Reclaimed Water Supply. Section 3.1.c. of the RFMA requires TMWA to enter an agreement with NDOT that allows TMWA to manage the State Return Flow Resources for instream flows to help satisfy the return flow requirement.

As contemplated by the RFMA, TMWA, State and TRIGID have negotiated terms of a Water Rights Management Agreement, which sets for the terms for the State to provide, and TMWA to manage, the State Return Flow Resources as discussed more fully below. TMWA staff is requesting the TMWA Board approve the Water Rights Management Agreement and authorize the General Manager to sign such agreement.

Discussion:

NDOT's mission is to "[p]rovide, operate, and preserve a transportation system that enhances safety, quality of life and economic development through innovation, environmental stewardship and a dedicated workforce," and NDOT owns Truckee River water rights in the Truckee Meadows that can be used for Return Flow Purposes (as such phrase is defined in the RFMA) that would contribute to the safety, quality of life, economic development, innovation, and environmental stewardship elements of NDOT's mission. The water rights will provide TWMA with additional water resources to support TMWA's Truckee River management responsibilities in connection with the RFMA, provided that NDOT's Truckee River water rights are approved for such use by the NDWR).

NDOT owns a significant amount of land within the Truckee Meadows, primarily acquired for roads and highways. Some of this land includes appurtenant Truckee River water rights adjudicated under the Orr Ditch Decree. However, for many of these water rights, NDOT has not prepared and filed reports of conveyance with NDWR to confirm its ownership and as a result NDWR's records do not reflect NDOT as the owner in its records.

NDOT desires to use up to, but not to exceed, 2,200 acre-feet of the NDOT water rights to satisfy part of the return flow requirement arising from the use of reclaimed water delivered to TRIGID that is not returned to the Truckee River according to applicable permits, including without limitation water resources that may legally be used for such purposes. NDOT desires that TMWA manage the NDOT water rights as contemplated in the RFMA and as set forth in the Water Rights Management Agreement.

As ownership of the NDOT water rights is confirmed by NDWR and after the Reserved Rights (224 acre-feet) have been reserved to meet NDOT requirements, NDOT will authorize TMWA and TRIGID to identify, select, file, and prosecute change applications with NDWR for the State Return Flow Resources and authorize TMWA to manage such State Return Flow Resources and change applications to satisfy return flow requirements as contemplated under the terms of the RFMA.

The Parties agree that the title research and processing work necessary to bring NDWR's records current with respect to ownership of the NDOT water rights and change applications of State Return Flow Resources for Return Flow Purposes shall be completed at no cost to NDOT or TMWA, it being the Parties' intention that TRIGID be responsible for such costs. Part of the consideration for NDOT entering into this Agreement and authorizing the use of NDOT water rights to be managed by TMWA for Return Flow Purposes is the benefit of having the title research and processing work performed by others at their cost and expense, including all fees and charges to prove NDOT's ownership of the water rights.

WATER RIGHTS MANAGEMENT AGREEMENT

THIS Water Rights Management Agreement (“Agreement”) is made and entered into as of the date of the last signature below (“Effective Date”) by and between the Department of Transportation of the State of Nevada (“NDOT”), the Truckee Meadows Water Authority (“TMWA”), and the TRI General Improvement District (“TRIGID”) (each NDOT, TMWA, and TRIGID is a “Party” and collectively are referred to as the “Parties”).

RECITALS

WHEREAS, the City of Reno, Nevada (“Reno”) and City of Sparks, Nevada (“Sparks”) own and operate a wastewater treatment plant facility in Washoe County known as the Truckee Meadows Water Reclamation Facility (“TMWRF”), which provides reclaimed water service to certain customers from effluent produced by TMWRF.

WHEREAS, TRIGID is a general improvement district created by Storey County pursuant to NRS Chapter 318 and 308 and provides community water and sewer service to customers within the Tahoe-Reno Industrial Center (“TRI Center”) in Storey County, and whose customers require treated effluent for industrial and other purposes and would use potable water for these requirements unless the demand were satisfied with treated effluent.

WHEREAS, TMWA is a municipal water purveyor and joint powers authority which manages various groundwater and surface water resources in connection with its operations, and subject to the provisions of the Truckee River Operating Agreement (“TROA”) and the Orr Ditch Decree has exclusive authority over the execution and implementation of its obligations thereunder, including management of TMWA water resources recognized therein.

WHEREAS, Reno, Sparks, and TRIGID have entered into that certain Agreement for Treated Effluent dated September 13, 2017 (“Effluent Agreement”) attached hereto as Exhibit “A,” pursuant to which, *inter alia*, Reno and Sparks have agreed to reserve and deliver to TRIGID up to 4,000 acre-feet annually of reclaimed water for resale to TRIGID customers in the TRI Center, and TRIGID has agreed to design, construct and operate a pipeline on the terms and conditions set forth in the Effluent Agreement.

WHEREAS, in some circumstances, where effluent generated at TMWRF is put to use as reclaimed water and is not returned to the Truckee River, secondary permits require an amount of water equal to the reclaimed water not returned to the Truckee River must be made up from other water sources, typically approved to be available for use in the same manner and to the same extent as the reclaimed water could have been used had it been returned to the Truckee River, under applicable regulatory provisions.

WHEREAS, Reno, Sparks, TRIGID, and TMWA have entered into that certain Return Flow Management Agreement dated _____, 2018 (“Return Flow Management Agreement”), pursuant to which, *inter alia*, Reno, Sparks, TRIGID, and TMWA have agreed that TMWA will manage, direct, schedule and allocate, on a day-to-day basis, certain water resources to satisfy return flow requirements arising from the delivery of reclaimed water to TRIGID under the Effluent Agreement in order to ensure that return flow to the Truckee River is no less than

would have been required by the State Engineer had reclaimed water been discharged as treated effluent to the Truckee River at TMWRF.

WHEREAS, TRIGID has pledged or will pledge 1,500 acre-feet of Truckee River water rights for TMWA's management under the Return Flow Management Agreement to satisfy a portion of the return flow requirements.

WHEREAS, NDOT's mission is to "[p]rovide, operate, and preserve a transportation system that enhances safety, quality of life and economic development through innovation, environmental stewardship and a dedicated workforce," and NDOT owns substantial Truckee River water rights in the Truckee Meadows that can be used for Return Flow Purposes (as such term is defined in the Return Flow Management Agreement) that would contribute to the safety, quality of life, economic development, innovation, and environmental stewardship elements of NDOT's mission and provide TWMA with additional water resources to support TMWA's Truckee River management responsibilities in connection with the Return Flow Management Agreement, provided that NDOT's Truckee River water rights are approved for such use by the Nevada Division of Water Resources ("NDWR").

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I **AUTHORITY FOR AGREEMENT**

1.1 Interlocal Cooperation Act. Chapter 277 of the Nevada Revised Statutes provide general and specific authority for the actions contemplated herein. Under the Interlocal Cooperation Act, an Interlocal Agreement is defined as including an agreement by public agencies to "obtain a service" from another public agency. NRS 277.110 expressly provides that "[a]ny two or more public agencies may enter into agreements with one another for joint or cooperative action" under the Interlocal Cooperation Act. The Parties agree that the nature of the water-rights management duties assumed by TMWA under this Agreement constitute a service for NDOT's benefit as well as TRIGID's benefit for purposes of NRS 277.110.

ARTICLE II **NDOT'S TRUCKEE MEADOWS WATER RIGHTS**

2.1 NDOT's Water Rights in the Truckee Meadows. NDOT owns a significant amount of land within the Truckee Meadows, primarily acquired for roads and highways. Some of this land includes appurtenant Truckee River water rights adjudicated under the *Orr Ditch Decree*. However, for many of these water rights, NDOT has not prepared and filed reports of conveyance with NDWR to confirm its ownership and as a result are not yet titled properly to reflect NDOT as the legal owner within NDWR records. These water rights include the water rights described and discussed in that certain *Inventory and Documentation for Validation of Truckee River Water Rights Summary Report* dated June 5, 2007 and prepared for NDOT by HDR, Inc. (the "HDR Report"). There may be additional Truckee River water rights owned by NDOT that are not included in the HDR Report. For purposes of this Agreement, all water rights adjudicated in the *Orr Ditch Decree* in which NDOT has an ownership interest are the "NDOT Water Rights" (and

individually an “NDOT Water Right”), even if such a water right was omitted from the HDR Report.

2.2 NDOT’s Future Water Right Needs. Part of the HDR Report included an assessment of NDOT’s future water-right needs. The assessment concluded that an estimated 224 acre-feet (“Reserved Rights”) would be needed by NDOT and other State Agencies for future needs.

2.3 NDOT’s Desire to Dedicate the NDOT Water Rights for In-Stream Flows. NDOT desires to use a portion of the NDOT Water Rights up to, but not to exceed, 2,200 acre-feet (such amount referred to as the “State Return Flow Resources”), to satisfy part of the return flow requirement arising from the use of reclaimed water delivered to TRIGID that is not returned to the Truckee River according to applicable permits, including without limitation water resources that may legally be used for such purposes, and desires that TMWA manage the NDOT Water Rights as contemplated in the Return Flow Management Agreement and as set forth in this Agreement.

2.4 NDOT’s Desire for NDOT Water Rights to be Properly titled within NDWR Records. NDOT may have more or less Truckee River water rights than what was identified in the HDR Report. If more NDOT Water Rights are identified during the efforts carried out in Article III of this Agreement, TRIGID shall prepare reports of conveyance, chains of title, and provide supporting documents for any additionally identified NDOT Water Rights, including any in excess of the State Return Flow Resources, at no expense to NDOT.

2.5 NDOT’s Authorization for TMWA to Manage NDOT Water Rights. As the NDOT Water Rights become properly titled within NDWR records (and thereafter become available for use as State Return Flow Resources), and after the Reserved Rights have been reserved to meet the requirements in Section 2.2 of this Agreement, NDOT authorizes TMWA and TRIGID to identify, select, file, and prosecute change applications with NDWR for the State Return Flow Resources and authorizes TMWA to manage such titled State Return Flow Resources and change applications to satisfy return flow requirements as contemplated under the terms of the Return Flow Management Agreement.

ARTICLE III

PROVING-UP NDOT’S TRUCKEE MEADOWS WATER RIGHTS AND PROSECUTION OF CHANGE APPLICATIONS

3.1 Proving Title to NDOT Water Rights. The Parties agree the report of conveyance process through which NDWR records will be updated to show NDOT’s ownership will take time to complete. The Parties also agree that reports of conveyance with the appropriate supporting documents may be submitted to NDWR on a rolling basis as the title to individual water rights is researched and confirmed. The Parties also acknowledge it is NDOT’s intent that TRIGID, at no cost to TMWA or NDOT, will complete the research and, for those NDOT Water Rights with clear title, prepare ownership summary updates to NDOT for all of the NDOT Water Rights, including preparation of reports of conveyance, chains of title, and supporting documents for any NDOT Water Rights, including any in excess of the State Return Flow Resources.

3.2 Change Applications. In addition to reports of conveyance, the Parties agree that applications to change the manner of use to authorize use of the NDOT Water Rights for Return Flow Purposes may be submitted to NDWR and prosecuted to successful conclusion for State Return Flow Resources for which reports of conveyance have been submitted or concurrently with such reports of conveyance.

3.3 No Cost to NDOT. The Parties agree that the title research and processing work necessary to bring NDWR's records current with respect to ownership of the NDOT Water Rights (including State Return Flow Resources) and change applications of State Return Flow Resources for Return Flow Purposes shall be completed at no cost to NDOT or TMWA, it being the Parties' intention that TRIGID be responsible for such costs. Part of the consideration to NDOT for entering into this Agreement and authorizing the use of NDOT Water Rights to be managed by TMWA for Return Flow Purposes is the benefit of having the title research and processing work performed by others at their cost and expense, including all fees and charges to prove NDOT's ownership of the NDOT Water Rights and change their manner of use for Return Flow Purposes.

3.4 NDOT's Right to Approve NDWR Submissions. Before any proposed report of conveyance or change application pertaining to any NDOT Water Right is submitted to NDWR, NDOT must receive such proposed submission for its review. No proposed report of conveyance or change application pertaining to any NDOT Water Right shall be submitted to NDWR without NDOT's written approval, which approval may be provided by email from the Director of NDOT or his/her delegate.

3.5 Notices of Pledge. To ensure that State Return Flow Resources are used for Return Flow Purposes in a manner consistent with this Agreement and the agreements referenced above, the Parties agree to execute a Notice of Pledge, in substantially the same form as Exhibit B attached hereto, identifying the State Return Flow Resources approved for Return Flow Purposes by NDWR and file copies of same with Washoe County Recorder and NDWR.

ARTICLE IV

RETURN FLOW MANAGEMENT

4.1 TMWA Management of Return Flows. NDOT acknowledges that the TMWA is responsible for managing, directing, and scheduling the allocation and use of the Managed Resources (as defined in the Return Flow Management Agreement) to support delivery of reclaimed water supply to TRIGID pursuant to the Return Flow Management Agreement, and, accordingly, TMWA will administer the day-to-day management of return flow accounting and has the sole discretion as to which water is used to satisfy return flow requirements under the terms of the Return Flow Management Agreement.

4.2 NDOT Authorization for TMWA Management. NDOT acknowledges and agrees that any State Return Flow Resources authorized for use for Return Flow Purposes by NDWR will be managed and utilized by TMWA for Return Flow Purposes during the Term of this Agreement.

ARTICLE V
TERM AND TERMINATION

5.1 Term. Except as otherwise provided herein, this Agreement shall commence upon the Effective Date and shall have a term that runs concurrently with the term(s) of the Effluent Agreement.

5.2 Termination. This Agreement may be terminated:

- (a) by written consent of NDOT, TMWA, and TRIGID; or
- (b) if the Return Flow Management Agreement is terminated for any reason, in which event this Agreement shall automatically terminate on the termination date of the Return Flow Management Agreement.

In the event this Agreement is terminated, no Party shall have any further obligations or liabilities hereunder.

ARTICLE VI
NOTICES

All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally in hand, or by certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address set forth below:

FOR DEPARTMENT: Rudy Malfabon, P.E., Director
Attn.: Ruth Borrelli
Nevada Department of Transportation
Chief Right of Way Agent
1263 South Stewart Street
Carson City, Nevada 89712
Phone: 775-888-7440
E-mail: RBorrelli@dot.nv.gov

With a copy to: Dennis Gallagher, Chief Counsel
1263 South Stewart Street, Room 315
Carson City, NV 89713
Phone: 775-888-7420
E-mail: dgallagher@ag.nv.gov

FOR TMWA: General Manager
Attn: Mark Foree
Truckee Meadows Water Authority
1355 Corporate Blvd.
Reno, Nevada 89502

With a copy to: McDonald Carano LLP
Attn: Michael Pagni, Esq.
P.O. Box 2670
Reno, Nevada 89505

FOR TRIGID: TRI General Improvement District
c/o Farr West Engineering
ATTN: Chad Knight
5510 Longley Lane
Reno, NV 89511

With a copy to: Robert M. Sader, Esq.
8600 Technology Way, #101
Reno, NV 89521

ARTICLE VII **MISCELLANEOUS**

7.1 Breach and Remedies. Failure of any Party to perform any obligation of this Agreement shall be deemed a breach. Except as otherwise provided for by law or this Agreement, the rights and remedies of the Parties set forth in this Agreement shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including but not limited to the recovery of actual damages, and the prevailing party's reasonable attorney's fees and costs.

7.2 No Waiver of Defenses. The Parties do not waive and intend to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of any Party shall not be subject to special damages, consequential damages or punitive damages.

7.3 Force Majeure. No Party shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitations, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused Party is obligated to promptly perform in accordance with the terms of the Agreement after the intervening cause ceases.

7.4 Indemnity. To the fullest extent of NRS Chapter 41 liability limitations, each party shall indemnify, hold harmless, and defend, not excluding others' right to participate, the other Parties from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorney's fees and costs, arising out of any alleged negligent or willful acts or omissions of the party, its officers, employees, and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity, which would otherwise exist as to any party or person, described herein. This indemnification obligation is conditioned upon service of written notice to the other Parties within thirty (30) calendar days of the indemnified Party's notice of actual or pending claim or cause of action. The indemnifying Party (or Parties) shall not be liable for reimbursement of any attorney's fees and costs incurred by the indemnified Party due to said Party exercising its right to participate with legal counsel.

7.5 Party Independence. The Parties are associated with each other only for the purposes and to the extent set forth in this Agreement. Each Party is and shall be a public agency separate and distinct from the other Parties and shall have the right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Agreement. Nothing contained in this Agreement shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for one agency whatsoever with respect to the indebtedness, liabilities, and obligations of the other agency or any other Party.

7.6 No Waiver of Breach. Failure to declare a breach or the actual waiver of any particular breach of the Agreement or its material or nonmaterial terms by any Party shall not operate as a waiver by such Party of any of its rights or remedies as to any other breach, including another breach of the same provision.

7.7 Severability. The illegality or invalidity of any provision or portion of this Agreement shall not affect the validity of the remainder of the Agreement and this Agreement shall be construed as if such provision did not exist. The unenforceability of such provision or provisions shall not be held to render any other provision or provisions of this Agreement unenforceable.

7.8 Assignment. No Party shall assign, transfer, or delegate any rights, obligations, or duties under this Agreement without the prior written consent of the other Parties.

7.9 No Conveyance of Property. Except as otherwise provided by this Agreement, all or any property presently owned by either party shall remain in such ownership upon termination

of this Agreement, and there shall be no transfer of property between the parties pursuant to this Agreement.

7.10 Public Records. Pursuant to NRS Chapter 239, information or documents may be open to public inspection and copying. The Parties will have the duty to disclose unless a particular record is confidential by law or a common law balancing of interests.

7.11 Confidentiality. Each party shall keep confidential all information, in whatever form, produced, prepared, observed, or received by that Party to the extent that such information is confidential by law or otherwise required by this Agreement.

7.12 Authority to Bind. The parties hereto represent and warrant that the person executing this Agreement on behalf of each party has full power and authority to enter into this Agreement and that the Parties are authorized by law to perform the services set forth herein.

7.13 Choice of Law. This Agreement and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada. The parties consent to the exclusive jurisdiction of the Nevada state district courts for enforcement of this Agreement.

7.14 Entire Agreement. This Agreement constitutes the entire agreement of the Parties and such is intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Agreement specifically displays a mutual intent to amend a particular part of this Agreement, general conflicts in language between any such attachment and this Agreement shall be construed consistent with the terms of this Agreement. Unless otherwise expressly authorized by the terms of this Agreement, no modification or amendment to this Agreement shall be binding upon the Parties unless the same is in writing and signed by the respective Parties hereto and approved by the Attorney General.

[Signature Page Follows]

[Signature Page Water Rights Management Agreement]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date written below.

TMWA:

TRUCKEE MEADOWS
AUTHORITY

By: _____

Dated: _____

NDOT:

STATE OF NEVADA, DEPARTMENT OF
TRANSPORTATION

By: _____

Dated: _____

APPROVED AS TO FORM:

By: _____

Deputy Attorney General

TRIGID:

TRI GENERAL IMPROVEMENT DISTRICT

By: _____

Dated: _____

Exhibit A

INSERT COPY OF AGREEMENT FOR TREATED EFFLUENT (SEPT. 13, 2017)

Exhibit B

Exhibit B

WHEN RECORDED MAIL TO:

The undersigned hereby affirms that this document submitted for recording does not contain the social security number of any person or persons.
(Pursuant to NRS 239b.030)

ABOVE SPACE FOR RECORDER’S USE

NOTICE OF PLEDGE

TAKE NOTICE that the water rights listed on the attached Schedule A (“Water Rights”) are subject to a Water Rights Management Agreement between the State of Nevada Department of Transportation, the Truckee Meadows Water Authority, and the TRI General Improvement District, pursuant to which the Water Rights are pledged for Return Flow Purposes as set forth in the Water Rights Management Agreement.

State of Nevada Department of Transportation Truckee Meadows Water Authority

By: _____
Signature

Printed Name

Date

By: _____
Signature

Printed Name

Date

**NOTICE OF PLEDGE: SCHEDULE A
NDOT WATER RIGHTS PLEDGED AS TRUCKEE RIVER IN-STREAM FLOW**

WATER RIGHT PERMIT NUMBER

DUTY

APN



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: John Zimmerman, Manager, Water Resources
DATE: June 11, 2018
SUBJECT: **Discussion and action, and possible direction to staff regarding the meter retrofit fund program and possible future amendment to meter retrofit fee under TMWA Rule 7**

Summary

In March, the Board adopted staff and the Standing Advisory Committee's (SAC) recommendation to reserve the current amount in the meter retrofit fund for future retrofits and change the purpose of the fee going forward. The Board directed staff to continue to collect the fee until the purpose of the fund is formally changed through a rule change and to identify drought resiliency and water resource sustainability projects and seek SAC input regarding the same.

Meter Retrofit Fee Background

The meter retrofit fee was created to satisfy Section 29 of the May 23, 1989 Preliminary Settlement Agreement (PSA), which required TMWA to adopt a plan for financing and installing water meters. The purpose of installing meters was to allow the utility and customers to better-track water usage and promote efficient water use. Under TMWA Rule 7(H)(3), applicants for water service (except those relying on domestic well conversion credits issued by the Nevada State Engineer, imported water resources, or groundwater rights for their dedication) must pay \$1,830 per acre-foot of their estimated water demand. TMWA's legal counsel, Gordon DePaoli, has advised staff that TMWA has satisfied the metering requirement set forth in the PSA because nearly all services have been metered. Of the 253 services that are not metered, TMWA staff estimates 82 could feasibly be retrofitted and that 50% of those services are likely to request to be metered in the next 10 years. The total cost to retrofit 41 of the services would be approximately \$3M based on TMWA's preliminary engineering cost estimate. The fund balance as of April 30, 2018 was \$3.9M so there should be enough to retrofit at least 50% of the feasible services if the fee is changed and used for other purposes going forward.

Proposed New Use of Fee

Staff and the SAC recommend the Board change and broaden the fee purpose to allow the use of funds for projects such as expanded conjunctive use, aquifer storage and recovery,

demonstration and validation of exceptional quality reclaimed water uses, future water resource identification and acquisition, and other projects that enhance water resource sustainability and drought resiliency. Similar to metering, these projects promote efficient water use and will lead to increased drought resiliency and water resource sustainability. The following are projects in TMWA's Fiscal Year 2019 – 2023 Capital Improvement Plan (CIP), which are the type of projects that could be eligible for funding: Mt. Rose Water Treatment Plant, Donner Lake Outlet Improvements (Phase 2), Bedell Flat Water Bank, Indirect Potable Reuse, NDEP Monitoring Wells, Wellhead TTHM mitigation and Spring Creek Well 7 Recharge Main. These projects total more than \$24 million over the next five years. A substantial portion of these projects is presently funded by Customer Rates; however, it is appropriate to allocate a portion of these project costs to Development, as growth places an added burden and operational stress on the overall water system. Similar to the CIP individual project cost allocation between Customer Rates and Development, the cost allocation to "Drought Resiliency and Water Resource Sustainability" would be determined on a case-by-case basis. Staff would report to the Board annually regarding the fund balance and the status of projects that have received monies from the fund.

Attached is a redlined version of TMWA's current Rule 7 that shows the proposed revisions necessary to change the Water Meter Retrofit Fee. If the Board directs staff to proceed with the rule change, then staff will conduct the following public outreach before bringing the proposed rule change back to the Board for possible adoption (which requires two readings):

TMWA Standing Advisory Committee

Builders Association of Northern Nevada

Public open house at TMWA's offices

Lastly, if the Board directs staff to proceed with the rule change as described above, then staff will also analyze whether the current fee amount (\$1,830) should be changed. Any proposed fee change will be part of the public outreach process described above and described in the final report when the rule is brought back to the Board for possible adoption.

SAC Input

At the June SAC meeting, the members continued to support changing the fee purpose to projects that increase TMWA's drought resiliency and water resource sustainability. The SAC recommended TMWA use the funds for projects that have the highest benefit to cost ratio. The SAC also commented that TMWA should consider that the fee will be passed on to homebuyers and requested that TMWA be mindful of the impact the fee will have on affordable housing. The Builders Association of Northern Nevada member commented that the fee should have a reasonable relationship to growth and not be set at an arbitrary amount.

Truckee Meadows Water Authority

RULE 7

REQUIREMENTS FOR WILL-SERVE COMMITMENT LETTERS

4. The Applicant may purchase a Will-Serve Commitment letter sufficient to meet the Demand for the Applicant's Project within the TMRA from the Authority only if the following conditions are met:
 - a. No water rights are appurtenant to the location at which new Service or Modified Service is being sought; or
 - b. The Applicant does not have any water rights banked with or previously conveyed to the Authority or other Local Government which remain uncommitted to a Project but could be available for Applicant's Project; or
 - c. The Applicant does not own any water rights that could be dedicated to the Authority pursuant to Section F of this Rule; and
 - d. The Authority has a sufficient inventory of water rights in the Will-Serve Inventory to meet the Demand for the Applicant's Project.

Where the Applicant is a Local Government or State agency seeking New or Modified Service, the Applicant may be granted an exemption to Section G.4(c) if Applicant's Water Resource(s) are committed to current or future water quality purposes, return flow requirements, effluent reuse, recharge, drought reserve, protection against demand fluctuations or such other appropriate water resource management or public use purposes approved by the Board.

Where the Applicant is a Wholesale Service applying for New or Modified Service on behalf of the owner of a retail project within the Wholesale Service's retail service area, Section G.4 shall apply to the owner of the of retail project as if the owner of the retail project were the Applicant.

H. Fees and Issuance of Will-Serve Commitment Letter

1. Fees Related to Dedication of Water Rights. Prior to the acceptance of Dedicated Water Resources to the Authority, Applicants will pay fees provided in Rate Schedule BSF to research and verify title, and the Applicant shall provide the Authority all documents and maps evidencing the water rights, including but not limited to (i) Nevada Division of Water Resources Application to Change and supporting Map and/or Report of Conveyance, and Abstract of Title; and (ii) copies of permits and/or certificates issued by the Nevada Division of Water Resources evidencing water rights, and Applicant is responsible for the costs as determined by the Nevada Division of Water Resources for the submission of a Report of Conveyance, Abstract of Title and all related documents as part of the application process with the Nevada Division of Water Resources.

Truckee Meadows Water Authority

RULE 7

REQUIREMENTS FOR WILL-SERVE COMMITMENT LETTERS

2. Fees for Issuance of Will-Serve Commitment letter. In addition to any other fees in this Rule, Applicants shall pay fees provided in Rate Schedule BSF to prepare the documents necessary to issue each Will-Serve Commitment letter.
3. Water ~~Resource Sustainability~~~~Meter Retrofit~~ Fund Fees. Applicants for New or Modified Service within the TMRA relying on any water right other than the conversion of domestic well, imported water sources or groundwater rights for a Will-Serve Commitment letter will pay to the Authority's water ~~resource sustainability~~~~meter retrofit~~ fund the sum of \$1,830.00 per AF of Demand related to the new Service or Modified Service and to Deficit Demand prior to the issuance of the Will-Serve Commitment letter. Funds collected under this fee must be used for projects that improve the Authority's drought resiliency and water resource sustainability.
4. The Applicant is responsible for delivery of the Authority-issued Will-Serve Commitment letter and accompanying documentation to appropriate government entities.
5. Banking Water Rights. The Authority may, in its sole discretion, allow any Person to bank water rights with the Authority for future use by any Person. In the event an individual, any joint venture, partnership, corporation or other entity desires to dedicate water rights to the Authority for the Authority to hold or bank for the future use by the Applicant, or Applicant's designated successor, for a Will-Serve Commitment letter, the Applicant, or Applicant's designated successor, will pay applicable fees set forth in this Section and execute a banking agreement with the Authority. The Applicant, or Applicant's designated successor, shall be billed by the Authority for any fees such as Extension of Time associated with maintaining banked water rights in good standing with the Nevada Division of Water Resources.
6. Issuance of Will-Serve Commitment Letter After Dedication of Water Rights. After the Applicant has satisfied the requirements of Section F and paid the fees under Section H, and the Authority has accepted the Dedicated Water Resource, the Authority shall:
 - a. Prepare the necessary documentation to deed the Dedicated Water Resource to the Authority or Local Government;
 - b. Record such deed at the County Recorder; and
 - c. Upon execution of such deed and acceptance of the Dedicated Water Resource by the Authority, issue a Will-Serve Commitment letter to the Applicant for new Service or Modified Service at the location requested by Applicant.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Scott Estes, Director of Engineering
DATE: June 11, 2018
SUBJECT: Status report on extension of the TMWA water system into the Verdi area

Summary:

- Portions of the Verdi water supply facilities have been constructed. Temporary water service with a very limited capacity has been extended to the West Meadows subdivision. Water service cannot be extended to other parties beyond what has currently been committed without major expenditures for new water facilities.
- Authority has been approved for receipt of a \$500,000 DWSRF principle forgiveness "loan," which is really a grant, upon completion of the current Verdi Main Extension Project and providing water service to the Riverbelle Mobile Home Park.
- Construction of the Verdi Main Extension project has been delayed due to the lack of easements through the River Oak subdivision and the need to acquire the existing casing under the Truckee River, which is currently owned by BCH Gaming Reno, LLC (the operator of the Boomtown facilities).
- The Washoe County School District has applied for a DWSRF principle forgiveness loan to extend a water main to the Verdi Elementary School. This main extension cannot be completed until the current TMWA main extension project is in service.
- TMWA is conducting workshops with the River Oak HOA on Saturday morning, June 9 and Wednesday evening, June 13. We are hopeful that a successful vote of the HOA will be conducted soon thereafter.
- The West Reno Water Company acquisition agreement continues to be reviewed and revised by the West Reno Water Company and TMWA.

Background:

TMWA developed a water supply plan for the Verdi area in 2006. The backbone facilities include about 32,000 feet of 16", 18" and 20" ductile iron water main; a second pipeline crossing of the Truckee River at Mayberry; a new Verdi booster pump station; a new Lower Verdi water storage tank; and connection to the Boomtown system. Since the time when the plan was originally developed, approximately 10,000 feet of the backbone pipeline has been constructed through TMWA oversizing of developer main extension projects. Approximately 22,000 feet of pipeline and other major facilities remains to be built. It is estimated that an additional \$14.5 million in expenditures will be required to complete the facility plan.

When the West Meadows subdivision desired to extend a water main from the Verdi Business Park to their housing project, it became feasible to oversize that pipeline and to utilize the available excess capacity in the Mogul system to provide limited water service to the area. This limited capacity was expanded slightly by rebuilding the Mogul booster pump station which replenishes storage in the Mogul and Verdi Business Park tanks. A slight buffer in supply capacity will exist with acquisition of the Boomtown wells, but until TMWA has operational experience with the wells and confidence that the resource is sustainable, additional water service commitments should not be made.

The current Verdi Main Extension project consists of about 4,800 feet of 18-inch water main between the West Meadows subdivision and Hab Drive. The project will extend water service to the west side of the Truckee River and will allow TMWA to provide water service to the Riverbelle Mobile Home Park and eventually the Boomtown system and Verdi Elementary. If the river casing and River Oak easements can be acquired by the end of July, TMWA should be able to construct the current project in FY 2019. TMWA is planning to design and permit the Riverbelle to Boomtown connection in FY 2019 and to construct the improvements in FY 2020.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, Natural Resources Director
Scott Estes, Engineering Director
John Zimmerman, Water Resources Manager
DATE: June 13, 2018
SUBJECT: **Discussion and action, and possible direction to staff regarding status of negotiations and approval of revised terms of agreement with West Reno Water Company for the acquisition of the West Reno water system, and update on status and possible direction to staff regarding ancillary agreement with BCH Gaming Reno and agreement with BT South LLC and Reno Land Development related to West Reno water system and facilities acquisition**

Recommendation

Provide direction to staff related to the Agreement regarding West Reno Water System Acquisition, and authorize the General Manager to execute the Agreement, together with the discretion to make non-substantive changes to the final Agreement.

Background

At the January 17, 2018 meeting of the TMWA Board of Directors, the Board authorized staff to finalize the acquisition agreement for the West Reno Water System. Since that date, staff and West Reno have negotiated several revisions to the Agreement. Staff is seeking Board acceptance of these revisions, and to re-affirm the authorization of the General Manager to execute the Agreement.

Discussion:

Several substantive changes have been negotiated to the draft agreement which generally address: i) improvements related to and retention of private fire service facilities and private water facilities; ii) size and configuration of well sites being transferred; iii) process for securing certificated water resources to support existing will serve commitments; iv) timing on the acquisition of the sleeve agreement (BCH Agreement); v) cost responsibility for securing third party consents and approvals; and vi) West Reno representations and warranties and West Reno liability limitations.

Following is a summary of the substantive revisions made to the Agreement:

NEW: 1.29 “Private Water Facilities” means all water supply, distribution and storage assets, including all mains, markers, conduits, pipes, pump stations, valve boxes, meters, fixtures, pipes, service lines, and any other facilities or appurtenances located on the property described as APN 038-430-52, 038-881-08, 038-870-12, 038-870-13, 038-430-51, 038-430-02, 038-430-53, 038-870-27 which facilities are downstream of the Master Meter Improvements, including those illustrated on Exhibit 1.29.

ADDED TO 1.47 Well Sites: ...each site shall be a maximum of 100 ft. by 100 ft. or in such other configuration as approved by TMWA, but generally not to exceed a total of 10,000 square feet unless otherwise deemed necessary by TMWA due to constraints of operation, access or configuration. Any site configuration in excess of 10,000 square feet shall require the advance written consent of West Reno, which consent shall not be unreasonably withheld.

ADDED TO 2.2 Purchase Price: The Parties have not yet reached an agreement on the amount of reimburseable PUC costs. New language was added that provides in the event that TMWA and West Reno are unable to agree on the final Purchase Price amount prior expiration of the Due Diligence Period, this Agreement shall terminate and the parties shall have no further obligations hereunder.

NEW 2.3 Water Resource Exchange. At TMWA’s election and request, on the Closing West Reno shall cause SJP to convey certain permitted Water Resources described in Exhibit 2.3 (the “SJP Exchange Rights”) to BT South, LLC in exchange for BT South, LLC conveying to West Reno certain certificated water rights held by them under Certificate Nos. 11131, 12461 and 12462 described in Exhibit 2.3. West Reno shall cooperate with TMWA to facilitate the water resource exchange described in this Section 2.3, and in conjunction with the Closing shall execute such deeds to effectuate the foregoing as reasonably requested by TMWA.

ADDED TO 5.8.4: Private Water Facilities and Master Meter Improvements. Exhibit 1.29 depicts how existing water facilities utilized for service in the WR Service Area are and will be designated as Private Water Facilities, Private Fire Service Laterals, and Water Facilities consistent with TMWA Rules of service and for purposes of this Agreement. It is acknowledged and agreed that the Private Water Facilities are excluded from the Assets. and TMWA shall have no responsibility for the ownership, operation, repair or replacement of the Private Water Facilities.

ADDED TO 5.8.5: Private Fire Service Laterals: TMWA shall have no responsibility for the ownership, operation, repair or replacement of the Private Fire Service Laterals.

ADDED TO 5.10 Tank Site and Well Sites: West Reno shall convey and/or use its best efforts, but at no cost to West Reno, to obtain and secure all appropriate deeds and other approvals required from all necessary third parties (including, without limitation, SJP, BT South LLC, Santerra LLC and Cabelas Retail Inc.) to separately parcel and convey at the Closing: i) the Tank Site to TMWA in fee; ii) the Well Sites to TMWA in fee or in TMWA’s discretion convey an exclusive easement to the Well Sites to TMWA; and iii) easements to access the Tank Site and Well Sites to TMWA... All costs for preparing, submitting and securing Final Governmental Approvals of the BLA or Parcel Map(s) shall be paid by TMWA... West Reno shall grant or use its best efforts, but at no cost to West Reno, to secure from third parties easements or

license agreements in form and substance agreeable to TMWA permitting TMWA to operate the Water Facilities located on the Tank Site.

ADDED TO 5.11.1 Water Facilities Easements: TMWA shall be responsible for the costs of all surveying, mapping and document preparation for the Water Facilities Easements.

ADDED TO 5.11.3 NDOT Consents: West Reno shall use its best efforts to obtain, at no cost and expense, all approvals and consents required from the Nevada Department of Transportation to permit the assignment of permits or rights of way issued by NDOT in connection with the Water Business (collectively, “NDOT Consents”).

ADDED TO 5.12 Third Party Water Resources: West Reno shall use its best efforts, but at no cost to West Reno, to secure all appropriate deeds and other approvals required from all necessary third parties to convey title to all Water Resources to TMWA at the Closing.

ADDED TO 5.14 CC&RS: To the extent required by the CC&Rs, West Reno shall use its best efforts, but at no cost to West Reno, to secure and deliver to Escrow Holder at Closing the written consent of all Owners (as defined in the CC&Rs) to the purchase and sale transaction and TMWA’s acquisition and assumption of Water Business contemplated in this Agreement.

ADDED TO 5.15 Annexation Agreements: West Reno shall use its best efforts, but at no cost to West Reno to secure and deliver to Escrow Holder at the Closing annexation agreements substantially in the form attached hereto...

ADDED TO 6. REPRESENTATIONS AND WARRANTIES OF WEST RENO: Multiple additions and deletions, see attached Agreement.

ADDED 6.19 CC&R Limitation: Extensive discussion has revolved around the extent to which the CC&R’s (which must be amended and terminated with respect to the Water Business as a condition of closing) affect or limit West Reno’s representations and warranties. TMWA’s latest proposal is that only the representations and warranties in Section 6.2, 6.3, 6.4, the first sentence of 6.6, and 6.8 are limited by the terms of the CC&R’s, including the requirement that RLD consent to the sale of the Assets and Water Business to TMWA. At this time, this remains the only open item left to be negotiated other than the reimburseable PUC costs.

ADDED TO 10.7 Limitation of Damages: Seller’s liability for any breach(es) of its obligations, representations, warranties and indemnities hereunder shall not exceed in the aggregate of One Hundred Thousand Dollars (\$100,000).

Proposed Motion:

Authorize the General Manager to execute the Agreement regarding West Reno Water System Acquisition including the discretion to make non-substantive changes to the final Agreement.

Attachments:
Agreement for Water System Acquisition

AGREEMENT FOR WATER SYSTEM ACQUISITION

Between

WEST RENO WATER COMPANY

And

TRUCKEE MEADOWS WATER AUTHORITY

AGREEMENT FOR WATER SYSTEM ACQUISITION

THIS AGREEMENT FOR WATER SYSTEM ACQUISITION (this “Agreement”), is dated as of the date last executed by the Parties below (the “Effective Date”), and is entered into by and among WEST RENO WATER COMPANY, INC. a Maryland corporation (“West Reno”), and TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority created pursuant to NRS Chapter 277 by the Cities of Reno and Sparks, and Washoe County (“TMWA”).

RECITALS

A. West Reno owns certain assets and operates a retail water sale and delivery system in or near Verdi, Nevada (the “Water Business”) which system currently serves less than 25 customers in the West Reno service territory consisting of approximately 880.16 acres more particularly described in Exhibit “A” attached hereto (“WR Service Area”).

B. TMWA is a public purveyor of domestic water service in the greater Reno-Sparks area.

C. West Reno desires to sell and transfer to TMWA, and TMWA desires to purchase, the Assets (as defined herein), and TMWA agrees to assume certain liabilities as specified herein, for the consideration and on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which all parties acknowledge, the parties hereto agree as follows:

1. DEFINED TERMS.

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms, when used in this Agreement, shall have the meanings set forth below:

1.1 “Additional Easements” shall have the meaning set forth in Section 5.11.2.

1.2 “Annexation Agreements” means the annexation agreements to be entered between TMWA and all Annexation Parties.

1.3 “Annexation Parties” means those owners of those certain properties located within the WR Service Area more particularly described in Schedule 1.3 attached hereto and incorporated herein by reference.

1.4 “Assets” means collectively all the assets and all other rights and assets owned, leased, or used by West Reno in the operation of the Water Business, other than the Excluded Assets, including:

- (a) All Water Facilities;
- (b) All Real Property;
- (c) All Resource Commitments, Will Serve Commitments and beneficial interest in the Dedicated Water Resources;
- (ed) All Water Resources;

- (~~fe~~) All accounts receivable, prepayments, hookup fees, connection charges, water resource fees or other amounts due or to become due from developers or customers for future service, water resources, or distribution facilities, and all cash and cash equivalents;
- (~~gf~~) All Customer Information;
- (~~hg~~) All books and records relating to the Water Business or the Assets, whether in written form or otherwise;
- (~~ih~~) GIS data with respect to the Assets, if any exist; and
- (~~ji~~) All intangible assets not described above.

1.5 “Assumed Liabilities” shall mean the following Liabilities, and no others:

- (a) All obligations of West Reno in the normal course of the Water Business to provide water service to those West Reno Customers receiving water service on the Closing Date, for the demand set forth in the Will Serve Commitments as set forth in Schedule 1.46 and upon dedication of sufficient water resources to other properties within West Reno’s Water Business as set forth in Schedule 1.46, all subject to the terms and conditions of TMWA Rules of service;
- (b) All Resource Commitments, subject to compliance by beneficiaries thereof with TMWA Rules of service.
- (c) Such other Liabilities as TMWA may incur in connection with the ownership of the Assets or operation of the Water Business from and after the Closing Date to the extent such Liabilities do not arise out of, do not occur, and are not incurred as a direct or indirect result of West Reno’s ownership or operation of the Water Business or Assets.

1.6 “Banked Resources” shall have the meaning set forth in Section 5.16.

1.7 “BCH Agreement” shall have the meaning set forth in Section 5.18.

1.8 “BLA or Parcel Map(s)” shall have the meaning set forth in Section 5.10.

1.9 “CC&Rs” means that certain Declaration of Covenants, Restrictions and Easements recorded on June 26, 2012 as Document No. 4125499, Official Records Washoe County, as amended by Amendment No. 1 thereto recorded on August 27, 2014 as Document No. 4386643, ~~and~~ as amended by Amendment No. 2 thereto recorded on December 17, 2015 as Document No. ~~4542990~~4542990, ~~and as amended by Amendment No. 3 thereto recorded on February 29, 2016 as Document No. 4564761 and as amended by the Assignment and Assumption of Water Facilities recorded on February 27, 2017 as Document No. 4683003.~~

1.10 “Closing” means the consummation of the transactions contemplated by this Agreement.

1.11 “Closing Date” and “Outside Closing Date” shall have the meanings set forth in Section 3.2.

1.12 “Customer Information” all customer lists, customer credit information, the original or photocopies of all files, records, and accounts for customers of West Reno who receive, or have entered agreements to receive, water service from West Reno, in West Reno’s possession or control, and which shall include, without limitation, a separate schedule setting forth each individual customer name, address, telephone number (if available) and service property address.

1.13 “Deed and Bill of Sale” means a Grant, Bargain and Sale Deed and Bill of Sale from West Reno to TMWA in the form of Exhibit 1.13 attached hereto

1.14 “Dedicated Water Resources” means ~~the [redacted] acre feet of~~ water rights described in Schedule 1.46 conveyed to West Reno by West Reno Customers or required to be conveyed to West Reno by third parties supporting current water service and Resource Commitments by West Reno to West Reno Customers; to be agreed upon by TMWA and West Reno prior to expiration of the Due Diligence Period.

1.15 “Due Diligence Period” shall have the meaning set forth in Section 4.1.

1.16 “Environmental Laws” means all statutes specifically described in the definition of Hazardous Materials and any other federal, state, or local environmental health and safety statutes, ordinances, codes, rules, regulations, orders and decrees regulating, relating to or imposing liability or standards concerning or in connection with Hazardous Materials, or governing the parties’ rights with respect to any Hazardous Materials, and including, without limitation, the Solid Waste Disposal Act, 42 U.S.C. § 6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq. (“CERCLA”), as amended by the Superfund Amendments and Reauthorization Act of 1986 (“SARA”); the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; and the Safe Drinking Water Act, 42 U.S.C. § 300f et seq.

1.17 “Escrow Holder” and “Title Company” shall have the meaning set forth in Section 3.1.

1.18 “Excluded Assets” shall mean: a) All cash, cash in banks, cash equivalents, bank and mutual fund accounts of West Reno; (b) except as provided in Section 5.7.1, all receivables, accounts, debts or rights to receive money arising out of the operation of the Water Business prior to the Closing Date, including receivables relating to earned but unbilled revenues, but specifically excluding hookup fees, connection charges, water resource fees or other amounts due from developers or customers for future service, water resources, or distribution facilities which shall be included in the Assets; (c) All property, casualty, workers’ compensation, liability or other insurance policies or related insurance services contracts of West Reno relating to the Assets or the Water Business existing before the Closing Date, and any rights, claims or chooses in action under such insurance policies; (d) all leases or leasehold interests in any real property or personal property; (e) all vehicles or equipment or tangible assets owned or leased by West Reno in connection with the Water Business not otherwise included in the Assets; (f) All rights or claims of West Reno with respect to any tax refund, or other credits for periods ending prior, or including the period prior, to the Closing Date, ~~and~~ (g) all other assets not specifically included in the Assets; and (h) Private Fire Service Facilities and Private Water Facilities.

1.19 “Hazardous Materials” means any substance, material, waste, gas or particulate matter whose nature and/or quantity or existence, use, manufacture, or effect render it subject to federal, state, or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare, and including, without limitation, any material or substance which is defined as a “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” or “restricted hazardous waste” under any provision of Environmental Law.

1.20 “Hazardous Materials Activity” means the generation, production, use, storage, transport, or disposal of, or other activity related to, any Hazardous Materials.

1.21 “Laws” means any and all laws, ordinances, statutes, regulations, rules, codes, or the like, and any judgments, administrative rulings, orders, decrees, writ, injunctions, directives, or the like of any governmental agency, department, entity, or court.

1.22 “Liabilities” means any and all debts, claims, losses, liabilities, or obligations of any nature, character, or kind whatsoever, whether known or unknown, accrued, absolute, contingent, or otherwise, matured or unmatured and whether due or to become due (including, without limitation, tax liabilities, liabilities to employees, liabilities under executory contracts, trade payables, express or implied contract or tort liability involving persons or property of any kind) and any facts or circumstances which could give rise to any such debts, claims, losses, liabilities, or obligations.

1.23 “Master Meter Improvements” shall have the meaning set forth in Section 5.8.4.

~~1.23~~1.24 “Meridian North Connection Fee” shall have the meaning set forth in Section 5.8.3.

~~1.24~~1.25 “Meridian North Lots” means the 273 residential lots described as Lots 101 thru 106, 110 thru 130, 133 thru 278 in Subdivision Tract Maps 5205, recorded May 15, 2017 as Document No. 4704095 and Subdivision Tract Map 5227, recorded October 17, 2017 as Document No. 4754335.

~~1.25~~1.26 “NDOT Consents” shall have the meaning set forth in Section 5.11.43.

~~1.26~~1.27 “Other Facilities” shall mean all water system facilities owned, being constructed by or to be constructed by West Reno Customers, applicants for water service, RLD and/or SJP which are used in the Water Business or are required to be constructed under various agreements as a condition of future water service delivery by West Reno.

~~1.27~~1.28 “Private Fire Service Facilities” means all fire suppression systems and fire service facilities (including valves, pipes, hydrants, backflow devices, fire department connections and other appurtenances of fire service facilities) downstream from the service tap ~~to~~of the water main used for the delivery of water for fire protection and/or fire suppression.

1.29 “Private Water Facilities” means all water supply, distribution and storage assets, including all mains, markers, conduits, pipes, pump stations, valve boxes, meters, fixtures, pipes, service lines, and any other facilities or appurtenances located on the property described as APN 038-430-52, 038-881-08, 038-870-12, 038-870-13, 038-430-51, 038-430-02, 038-430-53, 038-870-27 which facilities are downstream of the Master Meter Improvements, including those illustrated on Exhibit 1.29.

~~1.28~~1.30 “Purchase Price” shall have the meaning set forth in Section 2.1.

~~1.29~~1.31 “Real Property” means all fee title, easements, rights of way, licenses, permits or other interests in real property owned or used by West Reno in the operation of the Water Facilities, including without limitation, the Tank Site and Well Sites, any encroachment permits issued by the Nevada Department of Transportation for Water Facilities crossings under Interstate 80 ~~or former U.S. Highway 40, right of way or other permits issued by Union Pacific Railroad for Water Facilities crossings under railroad right of way~~, the Water Facilities Easements, and the Water Resources.

~~1.30~~1.32 “Resource Commitments” means those specific commitments made by West Reno prior to the Effective Date to provide, sell, transfer or convey water resources, water rights or water resource credits of West Reno in the amounts and as described in Schedule 1.46.

~~1.31~~1.33 “Retained Liabilities” means all other debts and Liabilities of West Reno and/or the Water Business other than the Assumed Liabilities, whether now existing or hereafter arising, in connection with West Reno’s ownership of the Water Business prior to the Closing Date, including without limitation any and all tax liabilities of West Reno, whether based on net income from operations of the Water Business, arising from the operation of the Water Business prior to Closing, the purchase and sale of the Assets, or otherwise.

~~1.32~~1.34 “RLD” means Reno Land Development Company, LLC, a Nevada limited liability company.

~~1.33~~1.35 “RLD Agreement” shall have the meaning set forth in Section 5.17.

~~1.34 “RV Park Meter Improvements” shall have the meaning set forth in Section 5.8.4.~~

~~1.35 “RV Park System” means all water supply, distribution and storage assets, including all mains, markers, conduits, pipes, pump stations, valve boxes, meters, fixtures, pipes, service lines, and any other facilities or appurtenances located on the property described as APN 038-430-52 owned by SJP, which facilities are downstream of the RV Park Meter Improvements.~~

1.36 “SJP” means SJP Reno Property, LLC, a Maryland limited liability company.

1.37 “SJP Agreement” shall have the meaning set forth in Section 5.16.

1.38 “System Improvement Funding” shall have the meaning set forth in Section 5.8.1.

1.39 “Tank Site” means approximately ~~—1.27~~ acres located on APN 038-120-03 currently owned by BT South LLC, upon which water two water tanks ~~have been constructed by RLD~~ are located.

1.40 “Third-Party Approvals” shall have the meaning set forth in Section 8.7.

1.41 “Third-Party Improvements” shall have the meaning set forth in Section 5.9, and shall include without limitation the RLD Improvements (as defined in the CCR’s).

1.42 “TMWA Rules” shall mean the Truckee Meadows Water Authority’s rules of service and rate tariffs, as such may be adopted and amended from time to time.

1.43 “Water Business” shall have the meaning set forth in the Recitals.

1.44 “Water Facilities” means all water supply, distribution and storage assets, including all mains, markers, conduits, pipes, pump stations, valve boxes, meters, fixtures, pipes, service lines, backflow prevention equipment, tanks, wells, and any other facilities or appurtenances owned, held or used in connection with the operation of the Water Business and distribution system of West Reno, including the RV Park Meter Improvements, but excluding the RV Park System, Private Water Facilities and Private Fire Service Facilities.

1.45 “Water Facilities Easement” shall have the meaning ascribed in Section 5.11.

1.46 “Water Resources” means all right, title and interest in and to the groundwater rights described in Schedule 1.46, whether owned by West Reno or third parties, and all other groundwater

rights owned or utilized by West Reno in connection with the Water Business, including without limitation the Dedicated Water Resources.

1.47 “Well Sites” means collectively the five (5) production well sites, located on APN 038-870-19 (well nos. 9 and 12), 236-120-08 (well no. 10), and 038-881-08 (well nos. 7 and 8) upon which West Reno currently operates groundwater wells, each of which sites shall be a ~~minimum of 100 ft. by 100 ft.~~ maximum of 100 ft. by 100 ft. or in such other configuration as approved by TMWA, but generally not to exceed a total of 10,000 square feet unless otherwise deemed necessary by TMWA due to constraints of operation, access or configuration. Any site configuration in excess of 10,000 square feet shall require the advance written consent of West Reno, which consent shall not be unreasonably withheld.

1.48 “West Reno Customers” shall mean those existing customers of West Reno receiving water service from the West Reno water utility on the Effective Date, more particularly identified in Schedule 1.48.

1.49 “West Reno Service Properties” shall mean those service properties currently receiving water service from West Reno on the Effective Date, more particularly identified in Schedule 1.48.

2. PURCHASE AND SALE OF ASSETS.

2.1 Sale and Purchase of Assets. Upon the terms and subject to the satisfaction or waiver of the conditions set forth in this Agreement, at the Closing West Reno shall sell, assign, transfer, convey and deliver to TMWA, and where appropriate ~~secure appropriate~~ conveyances from third parties shall be secured to assign, transfer and convey to TMWA, and TMWA shall purchase, acquire and accept all right, title and interest in and to the Assets. TMWA and West Reno acknowledge and agree that West Reno is not transferring to TMWA, and TMWA is not acquiring, any of the Excluded Assets. The Assets shall be transferred to TMWA free and clear of all liens, pledges, security interests, encumbrances, rights, and claims, except those which arise out of Liabilities expressly assumed by TMWA under this Agreement. To the best of West Reno’s knowledge, West Reno does not own any fee title to Real Property used in connection with the operation of the Water Business, but West Reno shall cooperate with TMWA in securing any necessary third party conveyances.

2.2 Purchase Price. The Purchase Price for the Assets (“Purchase Price”) shall be the sum of the following: i) the book value of the Assets (excluding the pipe casing and easement referred to in the BCH Agreement) deemed to be \$700,000; and ii) the reasonable legal/engineering costs incurred by West Reno through December 31, 2017 to prepare the application materials necessary for West Reno to obtain authorization from the Nevada PUC to become a regulated public utility, not to exceed \$180,000. TMWA and West Reno shall agree on the final Purchase Price amount prior to expiration of the Due Diligence Period and shall provide written notice to Escrow Holder of the same on or before Close of Escrow. -In the event that TMWA and West Reno are unable to agree on the final Purchase Price amount prior expiration of the Due Diligence Period, this Agreement shall terminate and the parties shall have no further obligations hereunder.

2.3 Water Resource Exchange. At TMWA’s election and request, on the Closing West Reno shall cause SJP to convey certain permitted Water Resources described in Exhibit 2.3 (the “SJP Exchange Rights”) to BT South, LLC in exchange for BT South, LLC conveying to West Reno certain certificated water rights held by them under Certificate Nos. 11131, 12461 and 12462 described in Exhibit 2.3. West Reno shall cooperate with TMWA to facilitate the water resource exchange described in this Section 2.3,

and in conjunction with the Closing shall execute such deeds to effectuate the foregoing as reasonably requested by TMWA.

3. ESCROW.

3.1 Escrow Instructions. The purchase and sale of the Assets shall be consummated through an escrow ("Escrow") to be established at Western Title Company, Attn: Patti Hanson, with an address of 5390 Kietzke Lane Ste. 101, Reno, Nevada 89511 ("Escrow Holder" or "Title Company"). The Escrow shall be opened within three (3) business days following the Effective Date, by delivery to Escrow Holder of a fully-executed copy of this Agreement, which shall constitute Escrow Holder's instructions. West Reno and TMWA agree to execute and deliver to Escrow Holder such additional and supplemental instructions as Escrow Holder may require in order to clarify Escrow Holder's duties under this Agreement; provided, however, that in the event of any conflict or inconsistency between this Agreement and any other instructions delivered to Escrow Holder, the terms of this Agreement shall govern the duties of Escrow Holder and the rights and obligations of West Reno and TMWA.

3.2 Closing Date. Escrow shall close on or before the date (the "Closing Date") which is the later of: i) fifteen (15) days after the expiration of the Due Diligence Period; ii) fifteen (15) days after Final Governmental Approval of the BLA/Parcel Map(s), except as otherwise provided in Section 5.10; and iii) fifteen (15) days after receipt of all necessary Lender Consents and Owner Consents, or such other date as mutually agreed by the Parties, but in no event later than December 31, 2018 ("Outside Closing Date"). If Close of Escrow has not occurred by the Outside Closing Date, this Agreement shall automatically terminate and neither party shall have any rights or obligations hereunder (except such obligations that survive termination of the Agreement according to its terms). For purposes of this Agreement, the term "Close of Escrow" shall mean the time when Escrow Holder shall have recorded all of the instruments to be recorded with respect to the closing on the Assets.

4. DUE DILIGENCE PERIOD.

4.1 Due Diligence Period. TMWA shall have up to 5:00 p.m. on the date which is one hundred twenty (120) days after the Effective Date (the "Due Diligence Period") to conduct such due diligence investigations as TMWA deems necessary to determine the feasibility, economic or otherwise, of its intended use of, and otherwise related to, the Assets and Water Business, including without limitation surveying the Water Facility locations. TMWA shall pay all costs and expenses incurred to conduct the investigation and studies. West Reno agrees to make available to TMWA for inspection and delivery to TMWA within three (3) business days after the Effective Date, and upon request from TMWA, the following:

4.1.1 A current preliminary title report covering the Real Property owned by West Reno or SJP, together with all documents which constitute the underlying exceptions to title (collectively, the "Preliminary Title Report");

4.1.2. Any conditions, handbooks, contracts, litigation, leases and easements affecting the Real Property which may or may not be included in the Preliminary Title Report which are presently available to West Reno or available to West Reno's agents, or of which West Reno has knowledge or has in its possession;

4.1.3. Copies of all existing permits, approvals, reports, surveys, engineering studies, geotechnical reports, tentative maps, final maps, environmental surveys, improvement plans, architectural, structural and landscape plans; subcontractor and supplier directory; and other consultant's

material relating to the Real Property which are presently available to West Reno or available to West Reno's agents, which West Reno has knowledge of or has in its possession; and

4.1.4. All information related to the Water Facilities and Real Property in West Reno's possession or control, including but not limited to building, grading, drainage and improvement plans, maintenance and operation logs, and any other documents which may be reasonably requested by TMWA applicable to the Assets and in West Reno's possession or control.

With respect to TMWA's right to inspect the Assets (including the records and documents referenced above), TMWA agrees that (i) West Reno shall receive not less than 12-hours prior notice of each inspection, and (ii) each inspection shall be performed during normal business hours or at such other times as West Reno and TMWA shall mutually agree. All inspections, examinations and other reviews conducted by TMWA or TMWA's agents shall be performed at the sole risk and expense of TMWA and TMWA shall be solely responsible for the acts or omissions of TMWA and any of TMWA's agents brought on, or to, the Real Property by TMWA. In addition, TMWA shall defend, indemnify and hold West Reno harmless from and against all loss, liability, damage or expense (including reasonable attorneys' fees and court costs) resulting from claims for bodily injury, wrongful death or property damage against West Reno or the Real Property arising from any act or omission by TMWA or any of TMWA's agents in connection with any inspection of the Real Property or the records and documents by TMWA or TMWA's agents.

4.2 Termination. If TMWA, in its sole discretion, determines prior to the expiration of the Due Diligence Period that TMWA's intended use of the Assets is not feasible for any reason whatsoever, or that TMWA, for any other reason or for no reason, elects not to purchase the Assets, TMWA shall so notify West Reno in writing and this Agreement shall be immediately terminated and TMWA shall immediately return all due diligence materials to West Reno. If TMWA fails to so notify West Reno within the Due Diligence Period, TMWA shall be deemed to have waived its right to so terminate and the Due Diligence Period shall have expired. If TMWA terminates this Agreement, neither Party shall have any further rights or obligations hereunder (except such obligations that survive termination of the Agreement according to its terms). In addition, if the Third-Party Approvals (as defined below) have not been secured by the Outside Closing Date, and TMWA has not waived delivery of such Third-Party Approvals, either Party may terminate this Agreement and neither Party shall have any further rights or obligations hereunder (except such obligations that survive termination of the Agreement according to its terms).

5. PURCHASE TERMS

5.1 Acquisition of Water Business. Effective upon the Closing Date, West Reno shall transfer the Assets to TMWA pursuant to the procedures set forth in this Agreement and TMWA shall from the Closing Date forward assume full responsibility for operation of the Water Business, including all Assumed Liabilities, and shall have full authority to do all things necessary to conduct such operations. Effective on the Closing Date, the Water Business will be fully merged into the TMWA system, West Reno shall cease to provide water service to any person, all West Reno Customers shall become TMWA customers, TMWA shall have the right to all revenues from the Water Business and the West Reno Customers, and all service properties of West Reno Customers shall become annexed into TMWA's retail service area.

5.2 Assumption of Liabilities. Upon the terms and subject to the satisfaction or waiver of the conditions set forth in this Agreement, at the Closing and from and after the Closing Date, TMWA shall assume and be responsible only for the Assumed Liabilities. The parties acknowledge and agree that

TMWA is not assuming any of the Retained Liabilities, nor is TMWA assuming liability for obligations to the extent West Reno is obligated to indemnify TMWA pursuant to this Agreement.

5.3 West Reno's Retained Liabilities. West Reno acknowledges and agrees that West Reno shall remain absolutely liable for the Retained Liabilities, and that TMWA does not agree to assume, and shall not be obligated to perform or otherwise be liable in respect to the Retained Liabilities.

5.4 Transfer of Assets and Assumed Liabilities. The Assets shall be sold, transferred, assigned and delivered, and the Assumed Liabilities shall be assumed, pursuant to transfer and assumption agreements or other instruments in such form as is necessary and appropriate to affect a conveyance and in such form reasonably satisfactory to TMWA and West Reno. TMWA is not acquiring the Excluded Assets.

5.5 Governmental Approvals and Consents. To the extent required by applicable law, West Reno and TMWA shall cooperate with each other and promptly prepare and file all necessary documentation, if any, and use commercially reasonable efforts to obtain all necessary permits, consents, approvals and authorizations of all Governmental Authorities necessary or advisable to consummate the transactions contemplated by this Agreement, including without limitation the Nevada Public Utilities Commission.

5.6 Risk of Loss. West Reno shall bear all risk of loss with respect to the Water Business and the Assets prior to the consummation of the Closing on the Closing Date.

5.7 Water Business Operations. Except as provided in Sections 5.7.1, 5.7.2, 5.8.2 and 5.8.3, between the Effective Date and the Closing Date, West Reno shall: (1) continue to conduct the Water Business in its usual and ordinary course as previously conducted in accordance with sound and prudent business practices; (2) maintain the Water Facilities and Assets in good physical condition and repair; (3) maintain all books and records of the West Reno completely and accurately without any change in accounting methods or practices; (4) use its best efforts to cause West Reno to maintain the goodwill of, and good business relations with, its employees, agents, contractors, suppliers, customers and others having business relationships with it, so as to keep such fully available to TMWA after the Closing Date; and (5) pay all accounts payable incurred in the ordinary course of ownership and operation of the Water Business. Between the Effective Date and the Closing Date, West Reno shall not without the prior written approval of TMWA, not to be unreasonably withheld or denied so long as such action is consistent with TMWA Rules and does not impair the intent of this Agreement: (1) sell, lease, transfer or otherwise dispose of any of the Assets or mortgage, pledge, impose or suffer to be imposed any lien or encumbrance on the Assets; (2) agree to expand or modify the Water Business, provide new water service to any person, or provide modified water service to any West Reno Customer, (3) enter any agreement with any person with respect to the Assets, the operation of the Water Business, or the provision of water service; (4) accept any water facilities or easements for dedication; or (5) modify any Water Facilities which modifications taken as a whole or which involve aggregate consideration in excess of \$25,000. Prior to the Closing Date, West Reno shall cooperate with TMWA with respect to TMWA monitoring operations of the Water Business and shall cooperate with TMWA's efforts to become familiar with the Water Business operations prior to the Closing.

5.7.1 Completion of Groundwater Monitoring Plan Work. West Reno shall, prior to the expiration of the Due Diligence Period, complete all work necessary to drill and equip the two "new" monitoring wells referenced in the Groundwater Monitoring Plan dated April 26, 2017 and plug and abandon the existing "Middaugh" well referenced in the Plan. All work shall be performed under the direction and supervision of TMWA, at West Reno's expense.

5.8 System Improvements and Funding.

5.8.1 System Improvements and Funding. West Reno acknowledges and agrees that substantial improvements to TMWA's water system will be required to provide expanded water service to the WR Service Area. To fund these backbone water facility improvements, which are currently estimated to cost \$14 million, TMWA intends to establish a funding mechanism through a new special assessment district, new connection fees and/or a new capital surcharge fee to be included within the retail water rate all of which except as provided in this Section 5.8.1 is anticipated to apply to current West Reno Customers and future service within the WR Service Area, and possibly other future service in the Verdi area ("System Improvement Funding"). West Reno shall agree to cooperate with TMWA in the establishment of the System Improvement Funding. TMWA agrees that i) the West Reno Customers and the West Reno Service Properties will not be subject to System Improvement Funding, provided, any New or Modified Service (as defined in TMWA Rules) on the West Reno Service Properties will be subject to Water System Facility Charges under TMWA Rules; ii) the property described as APN 038-870-20 and 038-870-19 currently owned by SJP, will not be subject to the System Improvement Funding in connection with the first 65 GPM of Maximum Day Demand (MDD) to such properties as set forth in the Annexation Agreement with SJP. To the extent TMWA deems it prudent to impose any System Improvement Funding requirements, such shall be adopted by the TMWA Board through the normal public procedures for approving modifications to rate tariffs.

5.8.2 Adoption of TMWA Customer Rates. Prior to the Closing, West Reno has or shall ~~take~~have taken all action necessary to adopt TMWA's Rules and Rate Tariffs ~~in their entirety~~ so such apply to all West Reno customers as if they were TMWA retail customers, which amendments shall be effective at the earlier of: (1) the date established by the West Reno Board at the time of adoption; ~~(2) TMWA's assumption of the Water Business operations pursuant to Section 5.8.1,~~ or ~~(3)~~ the Closing. Following the Closing, West Reno Customers shall be subject to TMWA's Rules and Rate Tariffs, including the requirement to pay any System Improvement Funding ~~except as otherwise provided in 5.8.1.~~

5.8.3 Meridian North Connection Fees. Prior to the Closing, West Reno shall impose and collect a connection fee on any development of the Meridian North Lots equal to One Thousand Eight Hundred Dollars (\$1,800.00) per residential unit ("Meridian North Connection Fee"). The Meridian North Connection Fee shall be collected no later than ten (10) days prior to the date a meter is to be installed for water service to the applicable Meridian North Lot, and must be collected prior to commencing any water service to the applicable Meridian North Lot. Pursuant to the RLD Agreement, RLD has agreed to pay all Meridian North Connection Fees to West Reno prior to the Closing, which fees shall be deposited and held in Escrow and released to TMWA at the Closing. In the event the Closing does not occur, all Meridian North Connection Fees shall be returned to RLD or such other person that paid them into Escrow.

5.8.4 RV Park Private Water Facilities and Master Meter Improvements. Exhibit 1.29 depicts how existing water facilities utilized for service in the WR Service Area are and will be designated as Private Water Facilities, Private Fire Service Laterals, and Water Facilities consistent with TMWA Rules of service and for purposes of this Agreement. It is acknowledged and agreed that the ~~RV Park System is~~ Private Water Facilities are excluded from the Assets ~~and TMWA shall have no responsibility for the ownership, operation, repair or replacement of the Private Water Facilities.~~ Prior to ~~or after~~ the Closing, ~~West Reno~~ TMWA shall install ~~at no cost to TMWA,~~ a master meter and backflow prevention assembly (collectively, "RV Park Master Meter Improvements") on the Water Facilities on APN 038-~~430-52870-27~~ in such location determined by TMWA. ~~The RV Park Meter Improvements shall be installed in accordance with TMWA facility construction standards. On or before and reasonably acceptable to SJP.~~ At the Closing, West Reno shall convey ~~the RV Park System~~ to the respective owner

of ~~APN 038-430-52 (currently SJP)~~ the service property on which they are located all Private Water Facilities.

5.8.5 Private Fire Service Laterals. It is acknowledged and agreed that all Private Fire Service Facilities are excluded from the Assets, and TMWA shall have no responsibility for the ownership, operation, repair or replacement of the Private Fire Service Laterals. Prior to the Closing, West Reno shall, at no cost to TMWA, make such modifications, if any, necessary to convert all Private Fire Service Facilities into Private Fire Protection Service facilities as defined in and in conformance with TMWA's Rules. On or before the Closing, West Reno shall convey all Private Fire Service Facilities to the owner of the service property on which they are located.

5.9 Completion and Dedication of Third-Party Improvements. To the extent not previously completed, West Reno shall require i) RLD to complete the RLD Improvements (as defined in the CC&Rs) at RLD's cost prior to the Closing and dedicate the RLD Improvements to TMWA at the Closing; ii) all other third parties with obligations to construct and dedicate Water Facilities or Real Property to West Reno to complete and dedicate, at no cost to TMWA, such Water Facilities and Real Property to TMWA at the Closing; or ii) such third parties to enter an agreement or agreements reasonably acceptable to TMWA to complete and dedicate the third-party improvements at the third-party's cost after the Closing. All water supply, distribution and storage facility assets constructed or to be constructed by third parties which have yet to be dedicated and transferred to West Reno referenced in this Section 5.9 are referred to herein as "Third-Party Improvements." TMWA shall have no obligation or responsibility for any costs of completing or dedicating the Third-Party Improvements referenced in this Section 5.9. The Parties shall work cooperatively to identify and shall mutually agree upon the specific type and location of all Third-Party Improvements prior to the expiration of the Due Diligence Period. Failure of RLD or any third party to complete and dedicate the Third-Party Improvements shall not constitute a default by West Reno and any such failure shall entitle to TMWA to either terminate this Agreement or waive the condition and Close Escrow.

5.10 Tank Site and Well Sites. West Reno shall convey and/or use its best efforts, but at no cost to West Reno, to obtain and secure all appropriate deeds and other approvals required from all necessary third parties (including, without limitation, SJP, BT South LLC, Santerra LLC and Cabelas Retail Inc.) to separately parcel and convey at the Closing: i) the Tank Site and to TMWA in fee; ii) the Well Sites to TMWA in fee and access or in TMWA's discretion convey an exclusive easement to the Well Sites to TMWA; and iii) easements to access the Tank Site and Well Sites to TMWA at the Closing. TMWA and West Reno acknowledge that a Parcel Map(s) or maps, merger and resubdivision map or boundary line adjustments that create the Tank Site ~~and Well Sites~~ as a legal parcels parcel (individually or collectively, the "BLA or Parcel Map(s)") must be created and approved by appropriate governmental entities and any third party owners prior to and as a condition of Closing. TMWA shall prepare the BLA or Parcel Map(s) and such surveys and governmental applications necessary to create a separate parcel ~~or parcels~~ for the Tank Site ~~and Well Sites~~. As soon as practicable after the Effective Date, TMWA shall submit the BLA or Parcel Map(s) to the owner of the affected property for review and approval. TMWA shall thereafter immediately seek and secure all required Final Governmental Approvals prior to the Closing to subdivide and create a separate parcel comprised of the Tank Site and ~~Well Sites and~~ to permit the recordings of the BLA or Parcel Map(s) and conveyance of the Tank Site ~~and Well Sites~~ to TMWA. West Reno shall cooperate with TMWA as necessary with respect to the preparation of the BLA or Parcel Map(s) and securing Final Governmental Approvals thereof. All costs for preparing, submitting and securing Final Governmental Approvals of the BLA or Parcel Map(s) shall be split equally between paid by TMWA and West Reno. As used in this Agreement, the term "Final Government Approvals" shall mean the final act by any governmental agency or entity with jurisdiction over such matters, not subject to appeal, granting approval of the BLA or Parcel Map(s) as applicable, under applicable Laws for TMWA's intended use. If the net acreage, size, location or configuration of

the Tank Site ~~or Well Sites~~ changes in any material respect from the final BLA or Parcel Map(s), as approved by TMWA, or mapping conditions impose material costs, delays or otherwise materially and negatively impact the property, TMWA's obligation to consummate the Close of Escrow shall be conditioned upon TMWA's approval of such changes, which approval shall not be unreasonably withheld. Notwithstanding any provision herein to the contrary, TMWA may elect, in its sole discretion, to proceed with Closing prior to the Final Governmental Approvals of the BLA or Parcel Map(s), in which event i) the obligations of West Reno under this Section 5.10 shall survive the Closing ~~and West Reno; ii) a portion of the Purchase Price equal to Two Hundred Thousand Dollars (\$200,000.00) shall be heldback in escrow until the Final Governmental Approvals are secured and the Tank Site and Well Sites are conveyed to TMWA; and iii) West Reno shall grant or for a period of one (1) year; and ii) West Reno shall grant or use its best efforts, but at no cost to West Reno, to secure from third parties easements or license agreements in form and substance agreeable to TMWA permitting TMWA to operate the Water Facilities located on the Tank Site and Well Sites.~~ Failure of West Reno to obtain secure such third party easements or license agreements shall not constitute a default by West Reno and any such failure shall entitle to TMWA to either terminate this Agreement or waive the condition and Close Escrow.

5.11 Easements and Rights of Way

5.11.1 Water Facilities Easements. The Parties agree that TMWA will require water facility and access easements for all Water Facilities as a condition of Closing. At the Closing, West Reno shall convey and/or shall secure from all necessary third parties appropriate easements for access and operation of the Water Facilities, including without limitation, easements for access and utilities for the Water Facilities and an access easement from BT South and Santerra LLC to the Tank Site, which easements shall be substantially in the form attached hereto as Exhibit 5.11 and as otherwise reasonably agreed by TMWA ("Water Facilities Easements"), and which easements shall be sufficient to provide rights of access and operation for all Water Facilities being conveyed to TMWA as well as any Third-Party Improvements. TMWA shall identify the specific location of all Water Facilities Easements prior to the expiration of the Due Diligence Period which shall be set forth in Schedule 5.11, and West Reno shall cooperate with TMWA as necessary to identify the location of all Water Facilities. Conditional upon the BCH's execution the BCH Agreement and an assignment pursuant thereto within fifteen (15) days of the Effective Date, TMWA ~~and West Reno~~ shall ~~split equally~~ be responsible for the costs of all surveying, mapping and document preparation for the Water Facilities Easements.

5.11.2 Acquisition of Additional Easements. West Reno shall use its best efforts, but at no cost to West Reno, to obtain, ~~at its sole cost and expense,~~ such access, construction and operation easements or rights of way as reasonably necessary in TMWA's reasonable discretion: i) to operate the Water Facilities, including tank drain line easements and pump to waste easements for the Wells; ii) to connect the Water Facilities to TMWA's existing facilities on U.S. 40; iii) for access to the Washoe Canal and other TMWA property located north of the WR Service Area; (iv) to monitor the six monitoring wells referenced in the above-described Groundwater Monitoring Plan; and (v) if TMWA determines during the Due Diligence Period that any of the Water Facilities to be transferred hereunder are located on property other than the Real Property owned by West Reno, or in which West Reno has a valid easement or right of way, or in which a Water Facilities Easement is being secured, West Reno shall use its best efforts ~~to obtain,~~ but at no cost to ~~TMWA~~ West Reno, to obtain, such easements or rights of way on terms acceptable to TMWA from the owners of the property on which the Water Facilities are located for conveyance to TMWA at Closing. All easements referenced in this Section 5.11.2 shall be referred to as "Additional Easements" and TMWA shall identify the specific location of all Additional Easements prior to the expiration of the Due Diligence Period. ~~TMWA and West Reno shall split equally the costs of all surveying, mapping and document preparation for the Additional Easements with the exception of Additional Easements for pump to waste operations, which TMWA shall identify before Closing or for which other agreements shall be entered to provide for conveyance post-closing.~~ Failure of West Reno

to obtain such Additional Easements shall not constitute a default by West Reno and any such failure shall entitle to TMWA to either terminate this Agreement or waive the condition and Close Escrow. TMWA further agrees that if a well on a Well Site is abandoned and plugged, the Well Site easement shall be abandoned.

5.11.3 NDOT Consents. West Reno shall use its best efforts to obtain, at ~~its sole~~ cost and expense, all approvals and consents required from the Nevada Department of Transportation to permit the assignment of permits or rights of way issued by NDOT in connection with the Water Business (collectively, “NDOT Consents”). Failure of West Reno to obtain such NDOT Consents shall not constitute a default by West Reno and any such failure shall entitle to TMWA to either terminate this Agreement or waive the condition and Close Escrow.

5.12 Third Party Water Resources. West Reno shall use its best efforts, but at no cost to West Reno, to secure all appropriate deeds and other approvals required from all necessary third parties to convey title to all Water Resources to TMWA at the Closing. Failure of West Reno to secure such third party deeds or approvals shall not constitute a default by West Reno and any such failure shall entitle to TMWA to either terminate this Agreement or waive the condition and Close Escrow.

5.13 Lender Consents. All Real Property, including all Water Resources, required to be conveyed to TMWA, whether by West Reno or other third parties, shall be conveyed free and clear of any monetary liens or encumbrances or West Reno shall secure, at its sole cost and expense, agreements in such form reasonably agreeable to TMWA releasing (in the case of fee title or Water Resource transfers) or subordinating (in the case of easements) any such liens and encumbrances to the rights being granted to TMWA (collectively, the “Lender Consents”). Failure of West Reno to secure such Lender Consents shall not constitute a default by West Reno and any such failure shall entitle to TMWA to either terminate this Agreement or waive the condition and Close Escrow.

5.14 CC&RS. To the extent required by the CC&Rs, West Reno shall use its best efforts, but at no cost to West Reno, to secure and deliver to Escrow Holder at Closing the written consent of all Owners (as defined in the CC&Rs) to the purchase and sale transaction and TMWA’s acquisition and assumption of Water Business contemplated in this Agreement (“Owner Consent”). West Reno shall also secure and deliver to Escrow Holder at Closing an amendment of the CC&Rs terminating all water covenants or other terms and conditions related to or affecting the Assets and Water Business duly executed by all Owners (as defined in the CC&Rs). It is expressly agreed TMWA shall have no obligation or liability with respect to, nor shall any of the Assets be encumbered by, any provisions contained in the CC&Rs, it being agreed that TMWA shall provide water service subject only to TMWA’s rules and regulations and applicable provisions of law. Failure of West Reno to secure such Owner Consent shall not constitute a default by West Reno and any such failure shall entitle to TMWA to either terminate this Agreement or waive the condition and Close Escrow.

5.15 Annexation Agreements. West Reno shall use its best efforts, but at no cost to West Reno to secure and deliver to Escrow Holder at the Closing annexation agreements substantially in the form attached hereto as Exhibit 5.15 and as otherwise reasonably agreed by TMWA (“Annexation Agreements”) duly executed with notary acknowledgement by all Annexation Parties with respect to the parcels described in Schedule 1.3 attached hereto. Except as otherwise provided in Section 5.8.1, the Annexation Agreements shall include, without limitation, provisions for the payment of Water System Facility Charges and System Improvement Funding to TMWA, terminating any rights the Annexation Parties may have under agreements with West Reno or its predecessor with respect to water service, and providing that all future water service shall be governed by TMWA rules of service. ~~waiving payment of connection fees.~~ All other properties located within the WR Service Area that are not annexed into TMWA’s retail service area pursuant to Section 5.1 or this Section 5.15 shall be eligible for and required

to annex into TMWA's retail service area in accordance with TMWA's rules of service prior to receiving water service. Failure of West Reno to secure such Annexation Agreements shall not constitute a default by West Reno and any such failure shall entitle to TMWA to either terminate this Agreement or waive the condition and Close Escrow.

5.16 SJP Agreement. West Reno shall cooperate with TMWA in securing an agreement between SJP and TMWA ("SJP Agreement") in such form to be agreed upon by TMWA in its sole discretion prior to the expiration of the Due Diligence Period, pursuant to which: i) SJP shall convey to TMWA at the Closing all right, title and interest SJP may have in any Water Resources and/or Assets, including without limitation any Well Sites on SJP real property; ii) SJP agrees all water service to property owned by SJP shall be governed solely by TMWA Rules, unless otherwise agreed in writing by TMWA; iii) SJP agrees to amend the CC&R's as set forth in Section 5.14; iv) SJP agrees to enter the Annexation Agreements; v) TMWA agrees to enter a separate banking agreement with SJP, in such form to be agreed upon by TMWA, in its sole discretion prior to the expiration of the Due Diligence Period, ("SJP Banking Agreement") for that portion of the SJP Water Resources ("Banked Resources") which exceeds the amount necessary to support all current demands of West Reno Service Properties and will serve commitments for service from the Water Business, the amount of which shall be mutually agreed by the Parties prior to the expiration of the Due Diligence Period, and which SJP Banking Agreement shall provide that Banked Resources shall be held by TMWA for the benefit of SJP or its assignees for future water service and may be dedicated to TMWA pursuant to TMWA Rule 7 to obtain a will-serve commitment for new or expanded water service in the WR Service Area; and vi) such other terms and conditions reasonably necessary in TMWA's discretion to effectuate the transaction contemplated by this Agreement.

5.17 RLD Agreement. West Reno shall cooperate with TMWA in securing an agreement between TMWA, RLD and BT South, LLC ("RLD Agreement"), in such form to be agreed upon by TMWA in its sole discretion prior to the expiration of the Due Diligence Period, pursuant to which: i) RLD and BT South, LLC shall be obligated to convey to TMWA at the Closing all right, title and interest each may have in any Water Resources and/or Assets; ii) RLD and BT South LLC agree all water service to property owned by either of them shall be governed solely by TMWA Rules, unless otherwise agreed in writing by TMWA; iii) RLD and BT South LLC, if applicable, agree to amend the CC&R's as set forth in Section 5.14; iv) BT South LLC agrees to enter the Annexation Agreements; v) RLD and/or BT South agree to complete the RLD Improvements, including construction of the water tank on the Tank Site; vi) RLD and/or BT South shall be required to pay TMWA at least \$2,540,000 in connection fees with respect to certain specified development within the WR Service Area; and v) such other terms and conditions reasonably necessary in TMWA's discretion to effectuate the transaction contemplated by this Agreement.

5.18 BCH Agreement. West Reno shall cooperate with TMWA in securing an agreement between TMWA and BCH Gaming Reno, LLC ("BCH Agreement"), in such form to be agreed upon by TMWA in its sole discretion prior to the expiration of the Due Diligence Period, pursuant to which: i) BCH shall be obligated to convey to TMWA atbefore the Closing all right, title and interest it may have in that certain Non-Exclusive Easement issued by the State of Nevada, Division of State Lands recorded August 20, 2004 as Document No. 3086231 and the thirty inch (30") pipe casing installed under the Truckee River pursuant to such easement~~;~~; and ii) such other terms and conditions reasonably necessary in TMWA's discretion to effectuate the transaction contemplated by this Agreement.

6. REPRESENTATIONS AND WARRANTIES OF WEST RENO.

As a material inducement for TMWA to enter into this Agreement, and except as limited by Section 6.19 below. West Reno represents and warrants to TMWA, as of the Effective Date and through the Closing

Date, knowing and intending that TMWA is relying hereon in entering into the transactions contemplated hereby, that:

6.1 Good Standing. West Reno is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Maryland and is duly qualified to do business in the State of Nevada. West Reno has all ~~organizational~~corporate power necessary to carry on the Water Business as now being conducted and has taken all necessary corporate and other action to authorize and approve the execution, delivery, and performance of this Agreement and the transactions contemplated hereby.

6.2 No Violations; Proper Authority; No Required Consents. The execution, delivery and performance by West Reno of this Agreement is not inconsistent with and will not violate or contravene any Law applicable to West Reno; is not inconsistent with and will not violate or contravene West Reno's Articles of Incorporation or By-laws; does not and will not contravene any provision of, or constitute a default under any contract to which West Reno is a party or by which it or any of the Assets are bound; and will not result in the imposition of a lien upon the Assets pursuant to the terms of any agreement or instrument to which West Reno is a party or by which it is bound. West Reno has taken or will obtain prior to Closing all necessary approvals required of its Board and members under all applicable Laws to consummate the transactions contemplated hereunder. Except with respect to (i) the Nevada PUC and (ii) any public health or similar regulatory bodies of the state or county, there are, to the best of West Reno's knowledge, no consents necessary from any person, association, entity, or governmental authority necessary to render the transactions contemplated hereby lawful, effective in accordance with the terms of this Agreement, and in compliance with any requirements by which West Reno or the Assets are bound. West Reno has the power, authority, and legal right to execute, deliver, and perform this Agreement. When executed and delivered, this Agreement and all other documents and instruments hereunder shall constitute legal, valid, and binding obligations of West Reno enforceable against West Reno in accordance with their respective terms.

6.3 Freedom from Restrictions. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of the terms hereof by West Reno do not violate or conflict with, and will not result in a breach or default, or in any occurrence that, with a lapse of time or action by a third party or both, could result in a breach or default with respect to any contract to which West Reno is a party.

6.4 ~~Real Property; Marketable Title to Water Resources.~~ West Reno holds good and marketable title to ~~the Real Property (other than the Tank Site and those~~ Water Resources) described in Exhibit "1.46" as being owned by West Reno free and clear of all liens, mortgages, pledges, security interests, rights of third parties, encumbrances or other charges of any kind, except as expressly disclosed in this Agreement or in writing to TMWA and as approved in writing by TMWA. West Reno has a valid and enforceable right to assign and transfer the ~~Real Property (other than the Tank Site)~~ West Reno Water Resources to TMWA without obtaining the consent or approval of any third party, including any governmental authority. ~~The Real Property represents all interests in real property necessary to operate the Water Business as it is currently being operated other than the Tank Site. West Reno has not disposed of, nor taken any steps to dispose of, the Real Property and is not under any commitment to dispose of it in whole or in part.~~

6.5 Ownership of Assets; Good Title. At the Closing, West Reno shall convey to TMWA good and marketable title to all of the Assets owned by West Reno or its agents, subject to no liens, mortgages, pledges, security interests, rights of third parties, encumbrances or other charges of any kind, except as expressly disclosed in this Agreement or in writing to TMWA and as approved in writing by TMWA. The Real Property represents all interests in real property necessary to operate the Water Business as it is currently being operated. Except for a pending sale of a portion of the Real Property, on

which a monitoring well is located, West Reno has not disposed of, nor taken any steps to dispose of, the Real Property owned by West Reno or its agents and is not under any commitment to dispose of it in whole or in part and West Reno shall reserve in the pending sale necessary easements for the Water Facilities in form and location acceptable to TMWA.

6.6 Condition and Location of Assets. ~~No~~To the best of West Reno's knowledge, no person other than West Reno owns any of the Assets or any other assets necessary to the operation of the Water Business other than the Real Property, Tank Site and RLD Improvements, which to the best of West Reno's knowledge are owned by SJP, RLD and/or BT South, LLC. ~~All~~To the best of West Reno's knowledge, all Real Property and Water Facilities, equipment and other tangible personal property owned, leased or used by ~~Seller~~West Reno to be acquired hereunder are suitable for the purpose or purposes for which they are being used (including with respect to Water Facilities constructed after May 23, 2014, full compliance with all applicable Laws and TMWA rules and regulations for the construction of water facilities relating to such use) and are in good condition and repair.

6.7 Water Resources. The Water Resources represent all material interests in water owned or controlled by West Reno with respect to the Water Business, including third-party water rights leased, licensed, or otherwise available to West Reno with respect to the Water Business.

6.8 West Reno's Resource Commitments Liabilities Schedule. The Resource Commitments and Schedule 1.46 fairly and accurately reflect, in reasonable detail, all Will Serve Commitments, agreements, or obligations of West Reno to provide, sell, transfer, convey or make available water rights, water resources, or water resource allocation held with TMWA, to any person arising out of, occurring, or incurred as a direct or indirect result of West Reno's ownership or operation of the Water Business or Assets. There are no Will Serve Commitments, obligations, or other agreements by West Reno with respect to the commitment, transfer or sale of water resources except as disclosed on Schedule 1.46.

6.9 Assumed Liabilities. There are no accounts payable due or payable by West Reno or other Liabilities with respect to the Water Business or any of the Assets except for amounts owed to TMWA to be assumed by TMWA, and recurring expenses due in the ordinary course of Water Business and not yet delinquent. Except as otherwise assumed by TMWA under this Agreement, there are no Liabilities against, relating to, or affecting the Water Business or any of the Assets arising out of, occurring, or incurred as a direct or indirect result of West Reno's ownership or operation of the Water Business or Assets regardless of when such Liabilities arise, occur, or are incurred.

6.10 Other Company Documents. ~~All~~To the best of West Reno's knowledge, all of the schedules attached to this Agreement and/or delivered to TMWA pursuant to this Agreement are true, complete and correct in all respects and accurately reflect the information set forth therein, as of the Closing Date.

6.11 Material Contracts. West Reno is not a party to, or bound by, any contract, understanding, commitment or agreement related to the Assets or which would be applicable to or binding upon TMWA in connection with TMWA's operation of the Water Business after the Closing Date.

6.12 Employees. West Reno has no employees, and is neither a party to nor bound by any oral or written employee collective bargaining agreement, employment agreement, consulting agreement, independent contractor agreement, deferred compensation agreement, covenant not to compete, or similar agreement or employees, pension, profit sharing, stock option, bonus, incentive, stock purchase, welfare, life insurance, or any other employee benefit agreement or plan or any compensation agreements or employee benefit plans within the meaning of Section 3(3) of the Employment Retirement Income

Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder (“ERISA”).

6.13 Taxes. West Reno has filed all federal, state, county and local tax returns or extensions for such returns which are required to be filed up to and including the Closing Date (including, without limitation, all sales tax and employee payroll tax returns, statements and remittances) and has paid all taxes which have become due pursuant to such returns, extensions or otherwise, or pursuant to any assessment which has become payable, and none of the Assets is subject to any tax liens or the demands of any governmental taxing agency or authority. All such returns filed or to be filed by West Reno with respect to any period ending on or before the Closing Date are or will be true and correct, and all returns hereafter required to be filed will be timely filed or appropriately extended. All tax, license, franchise and other similar payments including, without limitation, for withholding taxes, unemployment insurance, property tax and other amounts required to be paid to any governmental authority in respect of West Reno’s employment or other Water Business obligations have been made when due.

6.14 Compliance With Laws; Suits and Proceedings. West Reno is not now (nor has it been within the past twelve (12) months) in violation of any Laws related to the Assets or the ownership or operation of the Water Business. ~~There~~To the best of West Reno’s knowledge, there are no actions, suits, proceedings, investigations or claims pending or, to the knowledge of West Reno, currently threatened against West Reno with respect to the Assets and/or the Water Business, at law or in equity, before or by any federal, state, municipal or any other governmental court, department, commission, agency or instrumentality, domestic or foreign; nor to the knowledge of West Reno is there any basis for any such claim, suit, proceeding or investigation.

6.15 Environmental Matters. West Reno has not conducted or engaged in any Hazardous Materials Activity on or about the Real Property, West Reno has not received any written or verbal notice from any governmental agency or entity that West Reno, the Water Business, the Real Property or any of the Assets are in violation of any Environmental Laws, and, to the best of West Reno’s knowledge there are no Hazardous Materials on or about the Real Property owned by West Reno or its agents.

6.16 Absence of Undisclosed Liabilities. Except for the Liabilities expressly disclosed by West Reno in any Exhibit or Schedule attached to this Agreement, to the best of West Reno’s knowledge West Reno has no unknown or undisclosed Liabilities that do or could affect or have a detrimental impact on the Assets or TMWA’s conduct and operation of the Water Business after the Closing Date or which would or could create any financial obligation or liability of TMWA at any time.

6.17 Completeness of Disclosure. No representation or warranty by West Reno in this Agreement nor any information or documents furnished or to be furnished by West Reno to TMWA is false or misleading, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact required to be stated herein or therein or necessary to make any statement herein or therein not misleading. There is no fact not disclosed to TMWA (nor any fact known to West Reno) on the date hereof which adversely affects or in the future is likely to adversely affect the Assets, the Real Property or the Water Business in any material respect.

6.18 Intellectual Property. To the knowledge of West Reno, the conduct of the Water Business does not infringe, misappropriate, or otherwise violate the Intellectual Property of any third party, and no claim has been asserted that the conduct of the Water Business as currently conducted infringes, misappropriates or otherwise violates the Intellectual Property of any third party.

6.19 CC&R Limitation. The foregoing representations and warranties in Section 6.2, 6.3, 6.4, the first sentence of 6.6, and 6.8 are limited by the terms of the CC&R's, including the requirement that RLD consent to the sale of the Assets and Water Business to TMWA.

7. REPRESENTATION AND WARRANTIES OF TMWA.

As a material inducement for West Reno to enter into this Agreement, TMWA hereby represents and warrants to West Reno, as of the date hereof and again as of the Closing Date, knowing and intending that West Reno is relying hereon in entering into the transactions contemplated hereby, that:

7.1 Good Standing. TMWA is a joint powers authority and political subdivision of the State of Nevada, duly organized, validly existing, and in good standing under the Laws of the State of Nevada. TMWA has all organizational power necessary, and has taken all necessary action, to authorize and approve the execution, delivery, and performance of this Agreement and the transactions contemplated hereby.

7.2 No Violations; Proper Authority; No Required Consents. The execution, delivery and performance by TMWA of this Agreement is not inconsistent with and will not violate or contravene any Law applicable to TMWA; is not inconsistent with and will not violate or contravene TMWA's Cooperative Agreement; does not and will not contravene any provision of, or constitute a default under any contract to which TMWA is a party or by which it is bound. Except with respect to (i) the Nevada PUC, and (ii) any public health or similar regulatory bodies of the state or county, there are no consents necessary from any person, association, entity, or governmental authority necessary to render the transaction contemplated hereby lawful, effective in accordance with the terms of this Agreement, and in compliance with any requirements by which TMWA is bound. TMWA has the organizational power, authority, and legal right to execute, deliver, and perform this Agreement. When executed and delivered, this Agreement and all other documents and instruments hereunder to which TMWA is a party shall constitute legal, valid, and binding obligations on TMWA enforceable against TMWA in accordance with their respective terms.

8. CONDITIONS PRECEDENT. The following shall be conditions precedent to the Closing for the benefit of TMWA, all of which must be satisfied, or waived in writing by TMWA, as the case may be, prior to Closing:

8.1 No Breach or Default. As of the Closing Date and at all times prior thereto, there shall be no material breach or default by West Reno of any of its covenants, obligations or responsibilities under this Agreement.

8.2 Status of Representations and Warranties. As of the Closing Date, all of West Reno's representations and warranties set forth in this Agreement shall be true and correct.

8.3 PUC Approval. To the extent required by applicable law, the Nevada PUC has approved the consummation of the purchase on the terms set forth in this Agreement or such other terms acceptable to TMWA in its sole and absolute discretion.

8.4 County Health Approval. ~~The~~To the extent required by applicable law, the Washoe County Health District has approved the consummation of the purchase on the terms set forth in this Agreement or such other terms acceptable to TMWA in its sole and absolute discretion or West Reno's legal counsel has issued an opinion that no approval of the Washoe County Health District is required.

8.5 Title Policy. Title Company is prepared to issue an ALTA standard policy of title insurance to TMWA for the Tank Site and Well Sites.

8.6 BLA or Parcel Map(s). The City of Reno has approved the BLA or Parcel Map(s) with conditions reasonably agreeable to West Reno and TMWA and all appeal periods have expired.

8.7 Third-Party Approvals. ~~West Reno shall have secured from all necessary third parties the~~All Owner Consents, Annexation Agreements, Water Facilities Easements, Additional Easements, Lender Consents, NDOT ~~and UPRR~~ Consents, and System Improvement Funding to the extent necessary, fully executed by all necessary third parties (collectively, the “Third-Party Approvals”~~”~~.) shall have been secured and delivered to Escrow.

8.8 Rates. West Reno shall have adopted TMWA Rate tariffs pursuant to Section 5.7.2.

8.9 RLD Agreement. TMWA shall have approved the terms and conditions of the RLD Agreement and all ancillary agreements related thereto, and RLD and BT South, LLC shall have delivered a duly executed copy of the RLD Agreement and any other funds and deliverables required thereunder to Escrow Holder, and the consummation of all transactions contemplated thereunder to close on the Closing Date are in a position to close.

8.10 SJP Agreement. TMWA shall have approved the terms and conditions of the SJP Agreement and all ancillary agreements related thereto, and SJP shall have delivered a duly executed copy of the SJP Agreement and any other funds and deliverables required thereunder to Escrow Holder, and the consummation of all transactions contemplated thereunder to close on the Closing Date are in a position to close.

8.11 BCH Agreement. BCH Gaming Reno, LLC and TMWA shall have entered into the BCH Agreement and all ~~terms and conditions necessary to consummate such agreement have been satisfied or waived and such agreement is in a position to close on~~transactions contemplated thereunder were consummated and closed prior to the Closing Date.

8.12 West Reno Connection Fees. West Reno has timely collected and deposited into Escrow all West Reno Connection Fees due from and after the Effective Date.

8.13 West Reno Deliverables. West Reno shall have executed, acknowledged and delivered to Escrow Holder the deliverables set forth in Section 9.1 below.

9. CLOSING.

9.1 West Reno’s Deliveries. At the Closing, subject to the terms and conditions of this Agreement, West Reno shall deliver all of the following to Escrow Holder:

(a) ~~(a)~~—A Grant, Bargain and Sale Deed and Bill of Sale, fully executed with notary acknowledgement, in the form of Exhibit 1.1213 attached hereto, with respect to the Assets owned by West Reno.

(b) ~~(b)~~—One or more Grant, Bargain and Sale Deeds, fully executed by the appropriate grantor with notary acknowledgment, conveying fee title to the Tank Site ~~and~~, all Well Sites, Water Resources and other Real Property to the extent not owned by West Reno.

(c) One or more easement deeds, fully executed by the appropriate grantor with notary acknowledgement, conveying the Water Facilities Easements.

(d) Two (2) original counterparts of an Assignment of Assumed Contracts, fully executed by West Reno, in the form of Exhibit 9.1(d) attached hereto (the “Contracts Assignment”).

(e) The Third-Party Approvals, fully executed by all necessary third parties with notary acknowledgement, where applicable.

(f) The Additional Easements, if any, fully executed by the grantor(s) with notary acknowledgment.

(g) The SJP Banking Agreement, duly executed by West Reno with notary acknowledgment.

(h) The Customer Information.

(i) Bill(s) of Sale conveying the Third-Party ~~Improvement~~Improvements and any other Assets not owned by West Reno to TMWA or such other agreements acceptable to TMWA with respect to the construction and dedication of the Third-Party Improvements, fully executed by the grantor(s) thereto.

(j) All West Reno Connection Fees collected after the Effective Date.

(k) Such other funds, documents, and instruments required under this Agreement or reasonably requested by TMWA to consummate the purchase and sale of the Assets contemplated under this Agreement.

9.2 TMWA’s Deliveries. At the Closing, TMWA shall deliver all of the following to Escrow Holder:

~~(a)~~(c) The Purchase Price.

~~(b)~~(d) Two (2) original counterparts of the Contracts Assignment, fully executed by TMWA.

~~(e)~~(e) The Water Facilities Easements, duly executed by TMWA with notary acknowledgment.

~~(d)~~(f) The Annexation Agreements and SJP Banking Agreement, duly executed by TMWA with notary acknowledgment.

~~(e)~~(g) Such other funds, documents, and instruments required under this Agreement or reasonably requested by West Reno to consummate the purchase and sale of the Assets contemplated under this Agreement.

9.3 Prorations and Costs. The following amounts shall be prorated among TMWA and West Reno as of the Closing Date, based upon the actual number of days in the month and/or year in which the

Closing Date occurs: (i) any personal property tax payable with respect to any of the Assets taxed by any governmental authority as personal property or on any other ad valorem basis; and (ii) any real property tax or transfer tax payable with respect to the Real Property. All Escrow Holder fees and costs shall be divided equally between West Reno and TMWA. West Reno/TMWA shall be responsible for the costs of any standard ALTA title policy of insurance for the Real Property. TMWA and West Reno shall share equally all recording fees, escrow fees, closing costs and expenses.

9.4 Closing Duties of Escrow Holder. Upon receipt of all of the documents, instruments and funds required to be delivered to Escrow Holder pursuant to this Agreement, Escrow Holder shall proceed as soon thereafter as reasonably possible to consummate the purchase and sale transaction contemplated under this Agreement by recording the Deeds, Water Facilities Easements, Additional Easements, Annexation Agreements and Lender Consents in the Official Records, Washoe County, and delivering the following amounts, documents and instruments to the following parties:

(a) Deliver one (1) fully executed original of the Contracts Assignment to West Reno and TMWA; and

(b) Deliver the fully executed original of the Deed and Bill of Sale, Third-Party Approvals, Additional Easements and SJP Banking Agreement to TMWA' and

(c) Deliver the Purchase Price less any adjustments for closing costs to West Reno.

9.5 Surrender of Possession. On the Closing Date, West Reno shall (i) surrender possession of the Water Facilities and Real Property and deliver in place the Assets to TMWA, and (ii) deliver to TMWA all keys to all locks to the Water Facilities.

9.6 Tax Clearance Letters. On the Closing Date, West Reno shall provide to TMWA a tax clearance letter ("Tax Clearance Letter") from the Nevada Department of Taxation with respect to any sales, use, business or other state tax or fee administered by the Nevada Department of Taxation and payable by West Reno, and a tax clearance letter from the Nevada Department of Employment with respect to any employment contributions and forfeits unpaid pursuant to NRS 612.695 or any other unemployment tax payable by West Reno, arising out of, occurring, or incurred as a direct or indirect result of West Reno's ownership or operation of the Water Business or Assets.

10. Post-Closing Obligations.

10.1 Discharge of Obligations. From and after the Closing Date, West Reno shall pay and discharge on a timely basis all Liabilities including, without limitation, the Retained Liabilities, arising out of, occurring, or incurred as a direct or indirect result of West Reno's ownership or operation of the Water Business, Assets, or Real Property, regardless of when such Liabilities arise, occur, or are incurred.

10.2 Further Assurances. Each party to this Agreement agrees that it shall, at any time and from time to time after the Closing Date, upon the request of any other party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably requested by the other party to effectuate the intent and purpose of this Agreement and the purchase and sale of the Assets, or which, in TMWA's opinion, may be reasonably necessary or advisable to confirm TMWA's title to or interest in or to enable it to deal with and dispose of, any of the Assets. West Reno shall have no obligation to obtain or secure any Third Party Approvals after the Closing Day.

10.3 Payments Received. From and after the Closing Date, West Reno shall hold and promptly transfer and deliver to TMWA, from time to time as and when received by them, any cash, checks with appropriate endorsements, or other property that they may receive on or after the Closing Date in connection with the Water Business which properly belongs to TMWA pursuant to this Agreement.

10.4 Access to Water Business Records. From and after the Closing Date, TMWA shall have the right to retain copies of any documents delivered by West Reno, whether or not the same are included in the Assets. For a period one (1) year from the Closing Date, (i) TMWA shall have the right to inspect, review and copy all other documents that it did not receive or retain a copy of prior to the Closing Date

10.5 Indemnification.

(a) Except to the extent caused by TMWA, or any of its officers, directors, employees, agents, or contractors (collectively, the “TMWA Parties”), West Reno shall indemnify, defend and hold the TMWA Parties harmless from and against any and all loss, cost, damage, liability, claim, action, cause of action, or expense (including, without limitation, reasonable ~~attorneys~~attorneys’ fees and costs) incurred by any of the TMWA Parties arising out of or in connection with (i) the breach or default by West Reno of its obligations under this Agreement or any other agreement entered into by TMWA and West Reno pursuant to this Agreement; (ii) any misrepresentation or breach of warranty in connection with any representations or warranties of West Reno set forth in this Agreement; (iii) the ownership and/or operation of the Water Business and/or the Assets by West Reno and the assertion by any person or entity of any claim or liability against TMWA in respect of West Reno ownership or operation of the Water Business, the Assets, and/or the Real Property, regardless of when such claim or liability arises, occurs, or is incurred (whether or not West Reno had any knowledge or basis for knowledge of such Liability) and unless otherwise excluded by this Agreement; and/or (iv) the Retained Liabilities.

(b) Subject to and without waiving the liability limitations set forth in NRS Chapter 41, and except to the extent caused by West Reno, or any of West Reno’s officers, directors, members, employees, agents, or contractors, TMWA shall indemnify, defend and hold West Reno harmless from and against any and all loss, cost, damage, liability, claim, action, cause of action, or expense (including, without limitation, reasonable ~~attorneys~~attorneys’ fees and costs) incurred by West Reno and arising out of or in connection with (i) the breach or default by TMWA of any of its obligations under this Agreement or any other agreement entered into by TMWA and West Reno pursuant to this Agreement; (ii) any misrepresentation or breach of warranty in connection with any representations or warranties of TMWA set forth in this Agreement or any other agreement entered into by TMWA and West Reno pursuant to this Agreement; and (iii) the ownership of the Assets after the Closing Date (except to the extent such claim or liability arises out of, occurs, or is incurred as a direct or indirect result of West Reno’s ownership or operation of the Water Business, Assets, or Real Property, regardless of when such claim or liability arises, occurs, or is incurred).

10.6 Survival of Representations, Warranties, and Indemnities. The representations ~~and~~, warranties ~~and indemnities~~ of the parties set forth in this Agreement shall survive the Closing Date for a period of ~~three (3) years. The indemnities of the parties set forth in this Agreement shall survive the Closing Date for a period of three (3) years.~~one (1) year.

10.7 Limitation of ~~Indemnities~~Damages. In no case shall any party be responsible or liable to the other party under any indemnity set forth in this Agreement ~~or default hereunder~~ for consequential or

punitive damages, including, without limitation, lost Water Business profits, and each party's right to recover from the other thereunder shall be limited to such recovering party's direct, reasonably foreseeable damages. In addition, Seller's liability for any breach(es) of its obligations, representations, warranties and indemnities hereunder shall not exceed in the aggregate of One Hundred Thousand Dollars (\$100,000).

11. Notices.

All notices or demands required or desired to be given under this Agreement shall be in writing and shall be validly given or made only if (i) personally delivered, (ii) mailed by United States mail, certified or registered, postage prepaid, return receipt requested, (iii) delivered by reputable overnight delivery service, such as FedEx, or (iv) sent by facsimile if the sender's facsimile machine prints confirmation records showing the date sent, the recipient's facsimile number, and the completed status of the transmission, and shall be addressed as follows:

To WEST RENO:	West Reno Water Company P.O. Box 1070 Verdi, Nevada 89439 Attn: Rob Medeiros
With a copy to:	Allison MacKenzie, Ltd. P.O. Box 646 Carson City, Nevada 89702 Attn: James R. Cavilia, Esq.
To TMWA:	Truckee Meadows Water Authority 1355 Capital Blvd. Reno, Nevada 89502 Attn: Mark Foree
With a copy to:	McDonald Carano Wilson LLP P.O. Box 2670 Reno, Nevada 89505 Attn: Michael A.T. Pagni, Esq.

Delivery of any such notice or demand shall be conclusively deemed made upon receipt if personally delivered or delivered by overnight delivery service, upon the date of delivery or attempted delivery shown on the return reply card if delivered by United States Mail, or upon the date of transmission shown on the sender's fax confirmation page.

12. Miscellaneous Provisions.

12.1 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, oral or written, express or implied, and all undertakings, negotiations or discussions of the parties, whether oral or written, all of which are integrated herein to the extent agreed upon by the parties. This Agreement may not be amended, changed, waived, terminated or modified unless the same shall be in writing and signed by or on behalf of the party to be charged. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the party against whom it is sought to be enforced.

12.2 Attorneys Fees; Governing Law and Venue. In the event of any action for breach of, to enforce the provisions of, or otherwise involving this Agreement, the court in such action shall award a reasonable sum as attorneys' fees to the party who, in the light of the issues litigated and the court's decision on those issues was more successful in the action. This Agreement shall be governed by the Laws of the State of Nevada.

12.3 Construction; Headings. In the event of any dispute regarding any provision of this Agreement, the terms of this Agreement shall be construed neutrally and shall not be construed against or in favor of either party, notwithstanding the fact that one party may have been responsible for drafting the initial form of this Agreement. The parties acknowledge that they have each participated equally in the negotiation and drafting of this Agreement prior to execution and each have been represented by legal counsel of their choice in connection therewith. The headings of the sections and paragraphs of this Agreement are for convenience only and in no way define, limit or affect the scope of substance of any section or paragraph of this Agreement.

12.4 Severability. If any provisions or part of a provision in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, the same shall not affect any other provision or part of a provision, but, to the fullest extent possible without defeating the parties' intentions hereunder, this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein.

12.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12.6 Relationship of Parties. Nothing contained in this Agreement is intended to nor shall be deemed to create any partnership, joint venture, agency, fiduciary duty or other relationship between West Reno and TMWA other than with respect to their contractual obligations contained herein.

12.7 Third-Party Beneficiaries. There are no express or implied third-party beneficiaries to this Agreement, or any obligation, claim, or right arising under this Agreement, and no other person or entity who is not a signatory to this Agreement shall have any obligation, claim, right, or remedy hereunder.

12.8 Days. If the date for performance of any provision of the Agreement is a Saturday, Sunday, or legal holiday (in the State of Nevada), the date for performance shall be extended until the next day that is not a Saturday, Sunday or banking holiday. The phrase "Business days" in this Agreement means consecutive days excluding Saturday, Sunday and any such legal holiday.

12.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.10 Recitals, Exhibits and Schedules. The recitals at the beginning of this Agreement and the following Exhibits and Schedules attached to this Agreement are incorporated herein by this reference and made a part hereof as if set forth in full herein.

////

////

IN WITNESS WHEREOF, WEST RENO and TMWA have executed this Agreement effective the latest date written below.

“TMWA”

TRUCKEE MEADOWS WATER AUTHORITY

By: _____

Its: _____

Dated: _____

“WEST RENO”

WEST RENO WATER COMPANY, INC., a Maryland corporation

By: _____

Its: _____

Dated: _____

Exhibits and Schedules

Exhibit A: WR Service Area

Schedule 1.3: Annexation Parties and Properties

Exhibit 1.13: Form of Deed

Exhibit 1.29: Private Water Facilities and Private Fire
Facilities Illustration

Schedule 1.46: Water Resources

Schedule 1.48: West Reno Customers and West Reno
Service Properties

Exhibit 5.11: Form of Water Facilities Easements

Schedule 5.11: Location of Water Facilities Easements

Exhibit 5.15: Form of Annexation Agreement

Exhibit 9.1(d): Assignment of Assumed Contracts

**Exhibit “A”
WR Service Area**

Schedule 1.3
Annexation Parties

OWNER	PARCEL
SJP Reno Property LLC	APN 038-870-19, 038-870-20, 038-870-25, 038-430-53 and 038-430-54
Bates Stringer-Reno LLC	All lands identified in Subdivision Tract Map 5205, <u>5227</u> and <u>5227</u> , <u>[Map No. TBD during Due Diligence]</u> , commonly referred to as Meridian 120 North Village <u>No. 1, 2 and 3.</u>
<u>BT South, LLC</u>	<u>APN 038-090-61, 038-120-12, 038-120-13, 038-120-03, 038-120-10 and APN 038-132-25</u>

Exhibit 1.13

APN:

Recording Requested By:

McDonald Carano Wilson
PO Box 2670
Reno, NV 89501

The undersigned hereby affirms that this document submitted for recording does not contain the personal information of any person or persons per N.R.S. 239B.030.

Signature of Declarant or Agent

**GRANT, BARGAIN AND SALE DEED
AND BILL OF SALE**

THIS GRANT, BARGAIN AND SALE DEED AND BILL OF SALE is made effective the 25th day of _____, 2018 (“Effective Date”) by and between WEST RENO WATER COMPANY, INC., a Maryland corporation (“Grantor”) and TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority (“Grantee”).

WITNESSETH:

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration to it in hand paid by the Grantee, the receipt and sufficiency of which is hereby acknowledged, and pursuant to that certain Agreement for Water System Acquisition (“Agreement”), dated _____, Grantor does hereby grant, bargain, sell, and convey unto Grantee, its successors and assigns forever:

1. All of Grantor’s beneficial right, title and interest in and to all that certain water and water rights held by Washoe County on behalf of and for the benefit of Grantor, **consisting of _____ acre feet, more or less**, more particularly described as:

a) All of the water and water rights described in Water Right Permit No. _____ issued by the Nevada State Engineer, being _____ acre feet annually.

2. All of Grantor’s right, title and interest which Grantor may have in and to: (a) the easements and/or rights of way identified and more particularly described on Exhibit A attached hereto and by this reference made a part hereof (collectively, the “Water System Easements”), and (b) the personal property, facilities and fixtures owned by Grantor which are located within or are used in connection with the Water System Easements and Water Business, together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or otherwise appertaining.

2. All of Grantor's right, title and interest which Grantor may have to install, relocate, remove, repair, maintain, operate and replace any of the personal property, facilities and fixtures related to and used by Grantor in the operation of a potable water sale, delivery and storage system in Washoe County, Nevada, defined as the "Water Business" in the Agreement.

3. All rights of access to the Water System Easements held by Grantor related to, but not specifically contained in, the Water System Easements.

4. All prescriptive rights of Grantor in and to any easement and the personal property, facilities and fixtures located therein, whether or not identified on Exhibit A hereto, which easement as of the Effective Date was used and occupied by Grantor in connection with the Water Business; it being the intent of the parties that the conveyances contained herein include the after acquired title of Grantor, and that Grantee shall be entitled to tack onto the period of ownership or occupation by Grantor for purposes of establishing prescriptive rights.

5. All of Grantor's right, title, and interest which Grantor may have in and to all of the Assets, as defined the Agreement, to have and to hold the same unto Grantee, its successors and assigns, forever, and Grantee hereby accepts the sale, transfer, conveyance, and delivery of the Assets, subject to the terms and provisions of the Asset Agreement. The Assets are being transferred to Grantee free and clear of all liens, pledges, security interests, encumbrances, rights, and claims, except those which arise out of liabilities expressly assumed by Grantee under the Agreement. Grantor hereby constitutes and appoints Grantee the true and lawful attorney of Grantor, with full power of substitution, in the name of Grantor or Grantee, but on behalf of and for the benefit of Grantee: (i) to demand and receive from time to time any and all of the Assets and to make endorsements and give receipts and releases for and in respect of the same and any part thereof; (ii) to institute, prosecute, compromise and settle any and all actions or proceedings that Grantee may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Assets; (iii) to defend or compromise any or all actions or proceedings in respect of any of the Assets; and (iv) to do all such acts and things in relation to the matters set forth in the preceding clauses (i) through (iii) as Grantee shall deem desirable. Grantor hereby acknowledges that the appointment hereby made and the powers hereby granted are coupled with an interest and are not and shall not be revocable by it in any manner or for any reason.

TO HAVE AND TO HOLD unto the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, Grantor has executed this deed the day and year first written above.

"GRANTOR" WEST RENO WATER COMPANY, INC., a Maryland corporation	Agreed and accepted by: TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority
By: _____	By: _____
Its: _____	Its: _____

STATE OF NEVADA)

: ss.

COUNTY OF WASHOE)

On the ____, day of ____, ~~2017~~2018, before me, a notary public in and for said State, personally appeared ____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as ____ of the above named entity.

WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF NEVADA)

: ss.

COUNTY OF WASHOE)

On the ____, day of ____, ~~2017~~2018, before me, a notary public in and for said State, personally appeared ____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as ____ of the above named entity.

WITNESS my hand and official seal.

NOTARY PUBLIC

Exhibit 1.29

Private Water Facilities and Private Fire Facilities Illustration

Schedule 1.46
Water Resources
(to be agreed upon during Due Diligence)

Owner	Permit/Certificate No.	Acre Feet	Dedicated/Committed
<u>West Reno</u>	<u>44595 and 44596</u>	<u>96.82</u>	<u>96.82</u>
<u>SJP</u>	<u>36512/11131</u>	<u>0.71</u>	<u>TBD</u>
	<u>44593/12461</u>	<u>35.06</u>	<u>TBD</u>
	<u>44594/12462</u>	<u>10.71</u>	<u>TBD</u>
	<u>44595 & 44596</u>	<u>219.04</u>	<u>TBD</u>
	<u>66262</u>	<u>1.85</u>	<u>TBD</u>
	<u>66263</u>	<u>22.32</u>	<u>TBD</u>
	<u>66264</u>	<u>22.12</u>	<u>TBD</u>

Schedule 1.48
West Reno Customers and West Reno Service Properties

Customer	Property Owner	Service Property
Reno KOA at Boomtown Journey	SJP Reno Property LLC	038-430-52
{Chevron Verdi}	SJP Reno Property LLC	038- 430-51 870-13
{warehouse} Boomtown maintenance yard	SJP Reno Property LLC	038- 870-13 430-51
{Boomtown Casino Hotel}	SJP Reno Property LLC	038-430-02, 03, 04 and 24
{DP Clark Garson Road LLC}	DP Clark Garson Road LLC	038-870-27
{Cabelas}	Cabelas Retail Inc	038-881-08
{Cabelas}	Cabelas Wholesale Inc.	038-881-08, 038-870-12

Exhibit 2.3
Exchange Rights

BT South Certificated Water Rights to be conveyed to West Reno:

<u>Certificate No.</u>	<u>Amount in AF</u>	<u>Comments</u>
<u>Permit No. 36512/Certificate 11131</u>	<u>1.39</u>	
<u>Permit No. 44593/Certificate 12461</u>	<u>64.63</u>	
<u>Permit No. 44594/Certificate 12462</u>	<u>20.99</u>	

SJP Permitted Water Rights to be conveyed to BT South:

<u>Permit No.</u>	<u>Amount in AF</u>	<u>Comments</u>
<u>Permit No. 44595</u> <u>Permit No. 44596</u>	<u>87.01</u>	<u>A total combined duty of 87.01 AF shall be conveyed.</u>

Exhibit 5.11
Form of Water Facilities Easement

A.P.N.:

After Recordation Return To:

Truckee Meadows Water Authority
P.O. Box 30013
Reno, Nevada 89520-3013
Attn: Heather Edmunson, SR/WA, Land Agent

The undersigned hereby affirms that this document submitted for recording does not contain the personal information of any person or persons per N.R.S. 239B.030.

**GRANT OF EASEMENT FOR
WATER FACILITIES**

THIS INDENTURE, made and entered into this ____ day of _____, 201____, by and between <**GRANTOR**>, (hereinafter referred to as "Grantor"), and **TRUCKEE MEADOWS WATER AUTHORITY**, a Joint Powers Authority entity created pursuant to a cooperative agreement among the cities of Reno, Nevada, Sparks, Nevada and Washoe County, Nevada, pursuant to N.R.S. Chapter 277 (hereinafter referred to as "Grantee").

RECITALS

- A. Grantor owns the real property located in the County of Washoe, State of Nevada, more particularly described as APN: _____ (the "Grantor Property");
- B. Grantee operates a municipal water system in Washoe County;
- C. Grantor desires to grant an easement to Grantee over a portion of the Grantor Property, for the purposes of and on the terms and conditions set forth herein.

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

GRANT OF EASEMENT

1. Grant of Easement. Grantor hereby grants to Grantee, its successors, assigns, agents, and licensees a permanent and non-exclusive easement and right of way to construct, alter, maintain, inspect, repair, reconstruct, and operate water system facilities, together with the appropriate mains, markers, conduits, pipes, generators, pump stations, valve boxes, meters, fixtures, and any other facilities or appurtenances deemed necessary or convenient by Grantee to

provide water service (hereinafter called "Water Facilities"), over, across, upon, under, and through that portion of the Grantor Property more fully described on **Exhibit "A"** and shown on **Exhibit "A-1"** attached hereto and made a part hereof (the "Easement Area"). Additionally, Grantor grants to Grantee a permanent and [exclusive]~~[non-exclusive]~~ easement to (i)conduct routine inspection and maintenance services on all exterior fire hydrants owned by Grantor and located on Grantor Property that are not protected by approved backflow assemblies and (ii) the right to access the Grantor Property to the extent required to conduct such routine inspection and maintenance services. Nothing herein shall obligate Grantee to conduct such inspection and maintenance, such provisions to be set forth, if at all, in a separate agreement between the parties. All of the above-described fire hydrants located on Grantor Property shall remain private property and Grantor shall retain ownership of, and shall be solely responsible for, all other testing, inspections, repairs, replacement, costs, permitting and liability with respect to such fire hydrants. Grantor shall indemnify, defend, and hold Grantee harmless from any liability, action, damages, losses, or expenses arising from or related to the above-described fire hydrants, excluding claims to the extent caused by the negligence of Grantee in performing the routine maintenance and inspection, such claims against Grantee at all times limited by immunity available under NRS Chapter 41.

2. Access. Grantee shall have at all times ingress and egress to the Easement Area, including over the Grantor Property to the extent necessary, for the purposes set forth above.

3. Hold Harmless. Subject to the limitation of NRS Chapter 41 and Paragraph 4 below, Grantee shall be responsible for any loss, damage or injury suffered or sustained by Grantor for any damage to the personal property or improvements located on the Grantor Property, to the extent directly caused by any negligent act or omission of Grantee in constructing, maintaining, and operating the Water Facilities in the Easement Area.

4. No Interference. Grantor shall not, without Grantee's prior written consent (which consent shall not be unreasonably withheld), plant, erect or construct, nor permit to be planted, erected or constructed, within the Easement Area, any shrubs, trees, buildings, fences, structures, or any other improvement or obstruction which in the reasonable judgment of Grantee interferes with Grantee's access to and use of the Easement Area for the intended purposes, nor shall Grantor engage in or permit any activity to occur within the Easement Area which in the reasonable judgment of Grantee is inconsistent with Grantee's use of the Easement Area.

Notwithstanding the foregoing, Grantor may install or construct asphalt paving or standard concrete for purposes of providing parking within the Easement Area with Grantee's consent, which shall not be unreasonably withheld. Except as to landscaping, pavement or concrete otherwise permitted by Grantee pursuant to this Section, Grantee shall have the right, without payment, liability or notice to Grantor, to remove or clear any and all buildings, fences, structures, paving, combustible materials, trees, brush, debris, or any other obstruction from the Easement Area, which in the reasonable judgment of Grantee may interfere with or endanger Grantee's access to or use of the Easement Property or the constructing, altering, maintaining, inspecting, repairing, reconstructing and operating of the Water Facilities.

5. Reimbursement for Grantor Breach. Grantor shall reimburse Grantee for the

reasonable costs incurred by Grantee as a result of Grantor's breach of any covenant of Grantor set forth herein.

6. Relocation of Easement Area and Water Facilities. Grantor may, at any time, request the relocation of the Easement Area and Water Facilities to a new location on the Grantor Property, and Grantee agrees to perform such relocation provided (i) such new location is suitable to Grantee for Grantee's intended purposes; (ii) Grantor convey to Grantee an equivalent easement in the new location; and (iii) Grantor pay for all reasonable out-of-pocket costs and expenses incurred by Grantee arising from or related to the relocation of the Water Facilities, whether on or off the Grantor Property, including design costs and retirement of existing facilities.

7. Grantor Warranties. Grantor warrants and represents to Grantee as follows:

a. Title to Grantor's Property. Grantor owns fee title to Grantor's Property and the Easement Area and there are no prior encumbrances, liens, restrictions, covenants or conditions applicable to the Easement Area which will frustrate or make impossible the purposes of the easements granted herein.

b. Authority. The person(s) signing this Easement on behalf of Grantor is duly authorized to so sign and has the full power and authority to bind Grantor, to sell and convey the Easement Area to Grantee, and to enter into and perform the obligations hereunder.

c. Defects. Grantor has no knowledge of any defects or conditions of the Easement Area or Grantor's Property which would impair Grantee's ability to enjoy the use and purpose of this Easement.

d. Legal Access. Legal and sufficient access to this Grant of Easement exists through either the access easement granted hereunder, another easement transferred to Grantee or from a public road.

e. Contracts or Leases. There are no leases, licenses, permits or other contracts with third parties which affect any portion of the Easement Area.

f. Pending Litigation. Grantor is not aware of any pending or threatened litigation or regulatory actions regarding the Easement Area and the Easement Area is not subject to any foreclosure or deed in lieu of foreclosure.

THIS GRANT OF EASEMENT and the terms contained herein are granted in gross for the benefit of Grantee and shall run with the land and shall be binding upon and shall inure to the benefit of Grantor and Grantee and the successors, agents and assigns of Grantor and Grantee, and all rights herein granted may be assigned.

TO HAVE AND TO HOLD all and singular the said premises, granted together with the appurtenances, unto said Grantee, its successors, agents and assigns forever.

IN WITNESS WHEREOF, Grantor has caused these presents duly to be executed the day and year first above written.

GRANTOR:

By: _____

Name: _____

Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

This instrument was acknowledged before me this _____ day of _____, 201____,
by _____ as _____ for _____, on
behalf of said _____ as herein named.

Notary Public

Exhibit A to Water Facilities Easement
Legal Description of Exhibit

Exhibit A-1 to Water Facilities Easement
Exhibit Map of Easement

Exhibit 5.15
Form of Annexation Agreement
[To be Determined During Due Diligence]

Exhibit 9.1(d)
ASSIGNMENT OF ASSUMED CONTRACTS

THIS ASSIGNMENT OF ASSUMED CONTRACTS (this "Assignment") is dated _____, 2018 (the "Closing Date"), by and between **WEST RENO WATER COMPANY, INC.**, a Maryland corporation ("WEST RENO") and **TRUCKEE MEADOWS WATER AUTHORITY**, a joint powers authority created pursuant to NRS Chapter 277 ("TMWA").

Reference is made to that certain Water System Acquisition Agreement, dated _____, by and between West Reno and TMWA (the "Agreement"), the terms of which are incorporated herein by this reference. All capitalized terms used in this Assignment and not otherwise defined herein have the same meaning as set forth in the Agreement. In the event of a conflict between the terms and provisions of this Assignment and the Agreement, the Agreement shall govern and control.

Effective as of the Closing Date, West Reno hereby sells, conveys, transfers, and assigns to TMWA all of West Reno's right, title and interest in and to the contracts to provide water service to West Reno customers existing on the Closing Date, and TMWA hereby accepts the foregoing assignment and agrees from and after the Closing Date to assume the Liabilities of West Reno under the Assumed Contracts to the extent such Liabilities first arise out of the ownership and/or operation of the Water Business and Assets after the Closing Date; provided such Liabilities do not arise out of, do not incur, and are not incurred as a direct or indirect result of West Reno's ownership or operation of the Water Business, Assets, or Real Property. Except as expressly set forth in this Assignment, TMWA assumes absolutely no Liabilities with respect to the Assumed Contracts, including, without limitation, the Retained Liabilities. West Reno shall remain obligated and solely liable for any and all such Liabilities (including the Retained Liabilities), together with any claim of a third party to any Assumed Contract arising out of or in connection with the failure to obtain the consent of such third party to this Assignment, if such consent is required thereunder. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Assignment has been duly executed and delivered by WEST RENO and TMWA as of the Closing Date.

WEST RENO:
WEST RENO WATER COMPANY, INC., a
Maryland corporation

By: _____

Its: _____

TMWA:
TRUCKEE MEADOWS WATER AUTHORITY,
a joint powers authority

By: _____

Its: _____



TO: Board of Directors
FROM: Mark Foree, TMWA General Manager
DATE: June 11, 2018
SUBJECT: Discussion and action on nomination and election of Chairman and Vice Chairman of TMWA Board of Directors and request for Board adoption of Resolution No. 264 appointing a Chairman and Vice Chairman for Fiscal Year 2019

The Cooperative Agreement forming TMWA requires the Board to appoint a Chairman and Vice Chairman to serve one year terms coinciding with the fiscal year. Said appointments would take effect July 1, 2018 and continue through June 30, 2019.

TRUCKEE MEADOWS WATER AUTHORITY

RESOLUTION NO. 264

A RESOLUTION TO APPOINT OFFICERS

WHEREAS, pursuant to the Truckee Meadows Water Authority Cooperative Agreement among the City of Reno, City of Sparks, and County of Washoe, the Board of Directors is required to appoint a chairman and a vice chairman from its membership; and

WHEREAS, the officers appointed are to hold office for a period of one year commencing the first day of each fiscal year; and

WHEREAS, the last day of the current fiscal year is June 30, 2018, and the terms of the current officers will expire as of that date,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby appoints:

_____ to serve as its chairman for the fiscal year beginning July 1, 2018.

Upon motion of _____, second by _____, the foregoing Resolution was passed and adopted June 20, 2018, by the following vote of the Board:

Ayes: _____

Nays: _____

Abstain: _____

Absent: _____

and

_____ to serve as its vice-chairman for the fiscal year beginning July 1, 2018.

Upon motion of _____, second by _____, the foregoing Resolution was passed and adopted June 20, 2018, by the following vote of the Board:

Ayes: _____

Nays: _____

Abstain: _____

Absent: _____

Truckee Meadows Water Authority
Resolution 264 (continued)

Approved June 20, 2018

Chairman Geno Martini
Truckee Meadows Water Authority

STATE OF NEVADA,)
 : ss.
COUNTY OF WASHOE.)

On this 20th day of June, 2018, Geno Martini, Chairman of the Board of Truckee Meadows Water Authority, personally appeared before me, a Notary Public in and for said County and State, and acknowledged that he executed the above instrument freely and voluntarily and for the purposes therein mentioned.

Notary Public



STAFF REPORT

TO: Board of Directors
FROM: Mark Foree, General Manager
DATE: June 14, 2018
SUBJECT: General Manager's Report

Attached please find the written reports from the Management team including the Operations Report (*Attachment A*), the Water Resource and the Annexation Activity Report (*Attachment B*), the Customer Services Report (*Attachment C*), and the Monthly Conservation Report (*Attachment D*).

Also, included in your agenda packet are press clippings from May 17, 2018 through June 13, 2018.

Water Project Review Update: Meetings regarding changes to NAC 445A regulations (governing the design and construction of water system facilities) are ongoing. Progress continues to be made regarding the interlocal agreement between TMWA, NDEP and WCHD that would give TMWA (engineering staff) the responsibility of reviewing and approving water plans designed by others for distribution projects such as subdivisions and commercial and industrial main extensions and services in accordance with NAC 445A regulations. It is anticipated that the final draft of the interlocal agreement will be presented to the TMWA Board at its August meeting.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Scott Estes, Director of Engineering
BY: Bill Hauck, Senior Hydrologist
DATE: June 11, 2018
SUBJECT: June 2018 Operations Report

Summary

- 2018 will go down in the books as another very solid water year for Sierra Nevada
- Winter started off very dry, but finished with a flurry, ending up about 80% of normal
- Streamflow runoff was very productive and will end the year at 90% of normal
- All Truckee River reservoirs except Prosser will fill once again (2 years in a row)
- This means normal river flows for the remainder of this year and beyond
- TMWA is positioned extremely well once again from a water supply perspective
- Hydro revenue for May 2018 was \$346,511

(A) Water Supply

- **River Flows** - Truckee River flows at the CA/NV state line were approximately 530 cubic feet per second (CFS) this morning. The median flow for June 11th based on 109 years of record is 1,010 CFS.
- **Reservoir Storage** - The elevation of Lake Tahoe is currently 6229.02 feet. This just is 0.08 feet below its legal maximum storage elevation of 6229.10 feet. The lake has now filled two years in a row. In addition to Donner and Independence reservoirs, all federally-owned and operated reservoirs are 94-99% full, except for Prosser Reservoir. Storage values as of 6/11 are as follows:

Reservoir	Current Storage (Acre-Feet)	% of Capacity (Percent)
Tahoe	734,800	99%
Boca	38,490	94%
Donner	9,375	99%
Independence	17,404	99%
Prosser	20,817	70%
Stampede	223,031	99%

Besides the storage in Donner and Independence reservoirs, TMWA has 9,500 acre-feet of water stored between Boca and Stampede reservoirs under the terms of TROA. TMWA's combined back-up reservoir storage between Donner and Independence and TROA is approximately 36,300 acre-feet as of this morning.

- **Outlook** - The exceptionally dry start to the first three months of winter was virtually erased by the month of March which brought precipitation in excess of 200% of normal to the Sierra Nevada. Snowpack totals doubled in one month changing the regional water supply outlook dramatically. Streamflow runoff in both the Lake Tahoe and Truckee River basins will end up being about 90% of normal for 2018. All reservoirs on the Truckee River system filled (with the exception of Prosser) for the second year in a row. This region is once again positioned extremely well from a water supply perspective for 2018 and beyond.

(B) Water Production

Demand - Customer demand for the month of May was very sluggish, but is now back on track and is right where it should be for this time of the year. Consumption averaged 105 MGD last week. Surface water between the Chalk Bluff and Glendale treatment plants made up approximately 85% of TMWA's raw water supply, and groundwater the other 15% from production wells located throughout TMWA's service territory.

(C) Hydro Production

Generation - Average Truckee River flow at Farad (CA/NV state line) for the month of May averaged 1,119 cubic feet per second (CFS). All three of TMWA's plants were on-line and available every day last month. Statistics as follows:

Hydro Plant	Days On-Line	Generation (Megawatt hours)	Revenue (Dollars)	Revenue (Dollars/Day)
Fleish	31	1,658	\$ 120,145	\$ 3,876
Verdi	31	1,669	\$ 119,855	\$ 3,866
Washoe	31	1,483	\$ 106,511	\$ 3,436
Totals	93	4,810	\$ 346,511	\$ 11,178



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: John Zimmerman, Manager, Water Resources
DATE: 11 June 2018
SUBJECT: **Report Water Resources and Annexation Activity**

RULE 7

Rule 7 water resource purchases and will-serve commitment sales against purchased water resources through this reporting period:

Beginning Balance	5,218.24 AF
Purchases of water rights	0.00 AF
Refunds	0.00 AF
Sales	– 129.14 AF
Adjustments	20.57 AF
Ending Balance	5,109.67 AF

Price per acre foot at report date: \$7,600

WATER SERVICE AREA ANNEXATIONS

There have been no annexations since the date of the last report.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Marci Westlake, Manager Customer Service
DATE: June 20, 2018
SUBJECT: May Customer Service Report

The following is a summary of Customer Service activity for May 2018.

Ombudsman

Customer called regarding her usage amount on the bill. Marci called and answered her questions.

Communications

Customer outreach in May included:

- Ty Miller, Jeremy Hightower & Sonia Folsom were at the Rise Academy for a Job/College Fair, 5 people attended.
- Chuck Swegles and Lauren Kunin had a Tree Care Workshop at 1355 Capital Blvd. and 23 people attended.
- Chuck Swegles and Lauren Kunin had a Drip System Maintenance Workshop at 1355 Capital Blvd. and 19 people attended.
- John Enloe attended the Reno NAB at Mckinley Arts Building and spoke about TMWA Smart About Water, 20 people attended.
- Christian Kropf, Kara Steeland & Jessica Gearhart attended Snapshot Day at Spanish Springs High School and spoke about Water Quality and Watershed Health, 45 kids attended.
- Laine Christman attended the ReEnergize Reno Awards Night at The Grove and spoke about TMWA's water and energy conservation and 50 people attended.
- Will Raymond and Kelli Burgess & Bill Hauck had a TMWA-public tour for Tahoe to the Tap-Understandability at the Glendale Water Treatment Plant and 5 people attended.
- Joe Stokes and Sean Bjordahl did a Water Treatment/Water Quality Tour at the Chalk Bluff Treatment Plant for Verdi Elementary School and 40 kids attended.
- James Bryant and Sean Bjordahl did a Water Treatment/Water Quality Tour at the Chalk Bluff Treatment Plant for High Desert Montessori School and 85 kids attended.

- Joe Stokes and Sean Bjordahl did a Water Treatment/Water Quality Tour at the Chalk Bluff Water Treatment Plant for McQueen High School and 52 kids attended.

Conservation (January 1 – May 31)

- 817 Water Watcher Contacts
- 533 Water Usage Reviews

Customer Calls – May

- 8,030 phone calls handled
- Average handling time – 4 minutes, 12 seconds per call
- Average speed of answer – 18 seconds per call

Billing – May

- 127,617 bills issued
- 8 (<.1%) corrected bills
- 16,922 (13.0%) customers have signed up for paperless billing to date.

Service Orders –May (% is rounded)

- 8,112 service orders taken
- 4,623 (57%) move-ins / move-outs
- 435 (5%) cut-out-for-non-payment and cut-in after receiving payments, including deposits and checks for tamper
- 925 (11%) zero consumption meter checks
- 223 (3%) re-read meters
- 478 (6%) new meter sets and meter/register/ERT exchanges and equipment checks
- 478 (6%) problems / emergencies, including cut-out for customer repairs, dirty water, no water, leaks, pressure complaints, safety issues, installing water meter blankets, etc.
- 212 (3%) high-bill complaints / audit and water usage review requests
- 738 (9%) various other service orders

Remittance – May

- 28,614 mailed-in payments
- 27,168 electronic payments
- 35,021 payments via RapidPay (EFT)
- 18,422 one-time bank account payments
- 6,568 credit card payments
- 2,787 store payments
- 2,045 payments via drop box or at front desk

Collections -May

- 15,540 accounts received a late charge
- Mailed 8,437 10-day delinquent notices, 6.6% of accounts
- Mailed 1,217 48-hour delinquent notices, 0.9% of accounts
- 149 accounts eligible for disconnect
- 150 accounts actually disconnected (including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- 0.10% write-off to revenue

Meter Statistics – Fiscal Year to May 31

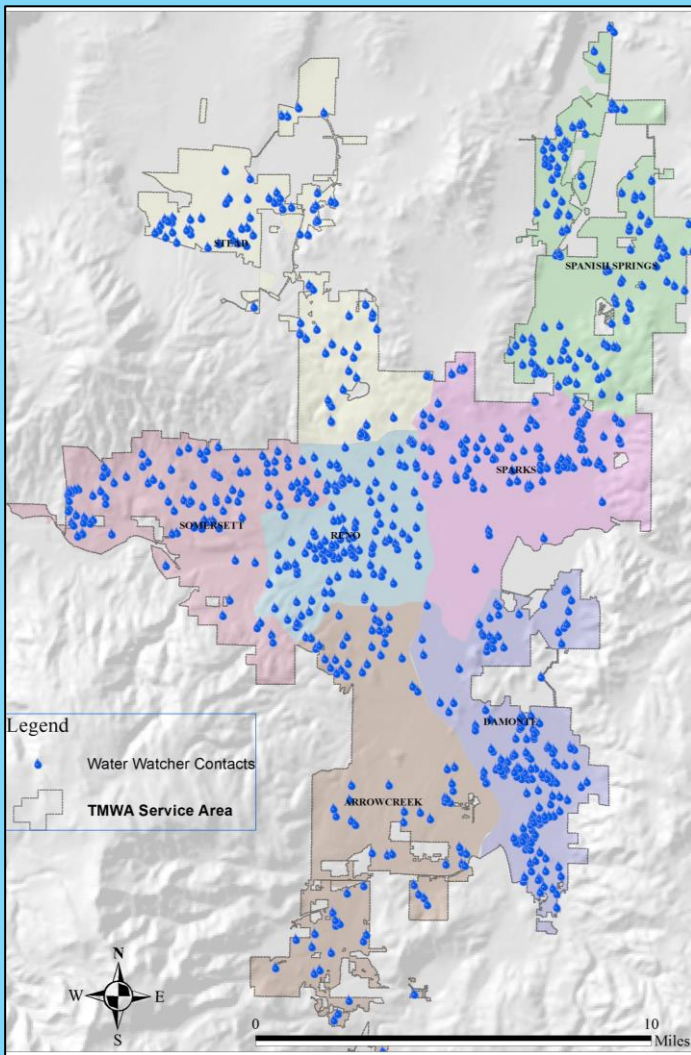
- 0 meter retrofits completed
- 1,203 meter exchanges completed
- 1,991 new business meter sets completed
- 124,793 meters currently installed



MONTHLY CONSERVATION REPORT – May 2018

SUMMARY – Despite a slight decline in waste reports, water watcher contacts with customers are up 13% from this time last year. Also, Water Usage Reviews have increased 9% while tree care visit and workshop/tour attendance has dropped a bit. As we move into June, expect the dry weather to continue. - Conservation

CONSERVATION CONTACT LOCATION MAP



Water Watcher Contact Initiation Type

Drive-bys	725
Deliveries	17
Hotline Reports	36
Email Reports	39
Total	817

Watering Violations Observed

Waste	233
Wrong Day	534
Wrong Time	5
Total	772

Water Watcher Actions Taken

Educational Visits	503
A.M. Letters	256
Courtesy Calls	38
No Actions	19
Total	816

Efficiency Devices Supplied

Faucet Aerators	0
Hose Timers	6
Nozzles	35
Low-flow Shower heads	0
Tree Root Feeder	0
Total	41

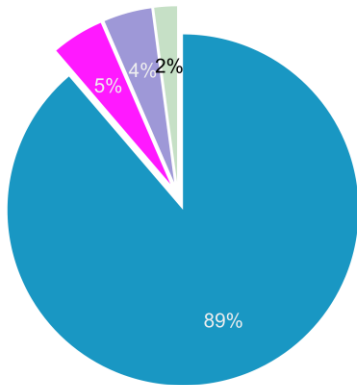
Other Conservation Actions

Water Usage Reviews	533
Tree Care Visits	27
Total	560

Attendees at Workshops /Tours

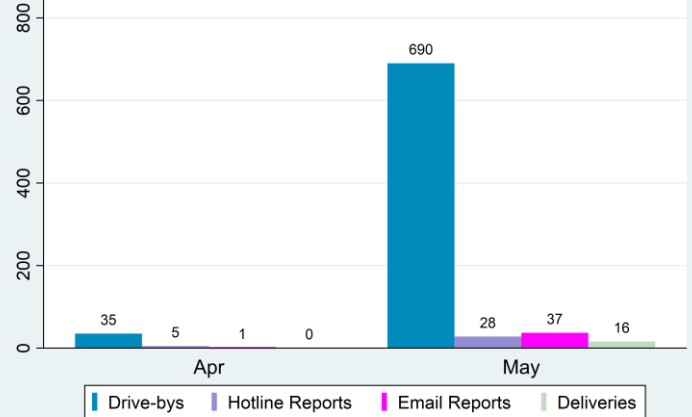
Irrigation System Start-up Workshop #1	8
Irrigation System Start-up Workshop #2	5
Landscape Planning & Design Workshop	30
Tree Care Workshop	18
Drip System Maintenance Workshop	18
Sprinkler System Maintenance Workshop	N/A
Walking Tour, Part 1 - University Ridge Park	N/A
Walking Tour, Part 1 - River School Farm	N/A
Walking Tour, Part 2 - Valley Wood Park #1	N/A
Walking Tour, Part 2 - Valley Wood Park #2	N/A
Winterize Your Irrigation System Workshop #1	N/A
Winterize Your Irrigation System Workshop #2	N/A
Winterize Your Irrigation System Workshop #3	N/A
Winterize Your Irrigation System Workshop #4	N/A
Total	79

Water Watcher Contact Initiation
2018



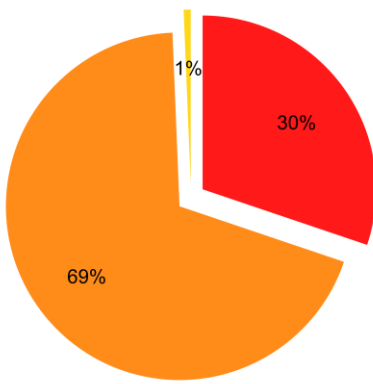
Drive Bys Email Reports Hotline Reports Deliveries

Water Watcher Contact Initiation
2018



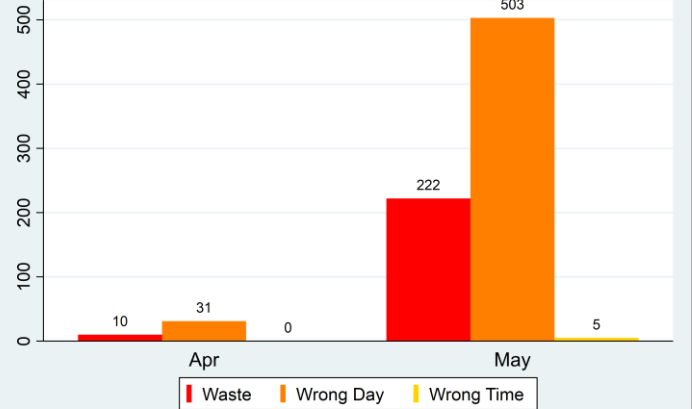
Drive-bys Hotline Reports Email Reports Deliveries

Water Violations Observed
2018



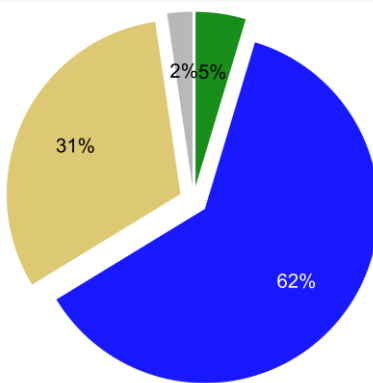
Waste Wrong Day Wrong Time

Water Violations Observed
2018



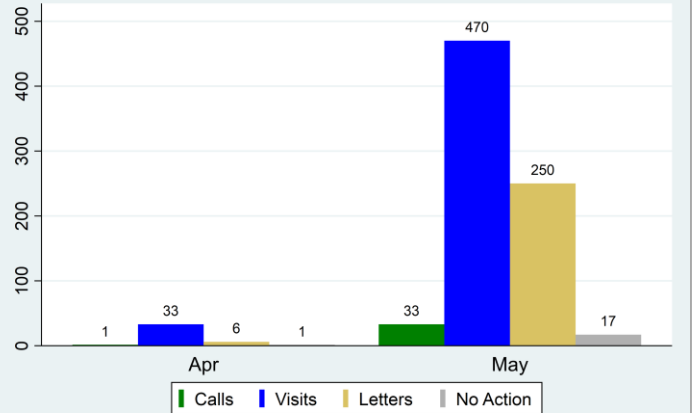
Waste Wrong Day Wrong Time

Water Watcher Actions Taken
2018



Calls Visits Letters No Action

Water Watcher Actions Taken
2018



Calls Visits Letters No Action



TMWA Board Meeting

Wednesday, June 20, 2018

Press Clippings

May 17, 2018 – June 13, 2018



Hydro Maintenance

Little Known Accounting Policy Could Fuel Green Infrastructure Surge

Most water agencies don't think of local water projects like green roofs or efficiency rebates as assets, but now they can. And that means agencies can now access capital markets for funding, which could help dramatically grow these projects.

WRITTEN BY [Tara Lohan](#)

PUBLISHED ON May 23, 2018

READ TIME Approx. 4 minutes



A drought-tolerant green roof garden in Los Angeles. These types of projects could get a boost from a better understanding of an accounting practice that allows public agencies to finance such projects as assets.

IN THE YEARS to come, we're likely to see a lot more "green" and distributed infrastructure projects from water utilities, like permeable pavement, rainwater capture and efficiency rebates. That's because coming up with the money needed to scale these projects just got a lot easier.

In the water world, most big infrastructure projects like treatment facilities and pipelines are usually financed by water agencies selling bonds, which can help them raise millions of dollars for a project that only needs to be paid off a little bit at a time over many years. That's because these projects are owned by the agencies and are considered an asset on which they can capitalize.

But turf removal programs, green roofs and other localized water projects that can have significant impact on water consumption – often referred to as "distributed infrastructure" – weren't typically

considered an asset because they weren't actually owned by an agency. Instead rebates for these kinds of projects were funded from operating budgets, which often isn't enough to really scale such efforts.

But the Government Accounting Standards Board (GASB), which is an independent organization that establishes accounting and financial standards, approved a policy implementation guide on May 7. This time one of the guidelines it addressed was Statement No. 62 (also referred to in shorthand as GASB 62).

GASB 62 has actually been around for years, but it wasn't well known. That prompted GASB this month to clarify the language around "business-type activities" of public agencies.

"There is a universe of things that public agencies spend money on. Some of it is straightforward: If you're buying chemicals every year, that's an annual expense, and if you're building a treatment facility, that's a capital asset," said Cynthia Koehler, executive director of the San Francisco-based nonprofit WaterNow Alliance and board member of the Marin Municipal Water District. "In between are things that GASB recognizes as 'business type activities' of public agencies."

GASB also refers to these as "regulated operations," and GASB 62 says that it's possible for these regulated operations to be considered assets that can be capitalized.

While this language may be new to many folks not in the accounting world, what it means in the real world is that many water agencies will now be able to use bonds to fund things they didn't typically consider an asset before. In particular, distributed infrastructure projects.

It's "potentially a massive game changer," said Koehler.

But for a water agency to be able to capitalize regulated operations, it needs to meet some criteria. It has to have a governing board able to set its own rates and it needs to be able to set rates that are likely to recover the cost of the regulated operation.

If a public agency can do that, "the money you spend can be considered an asset and once you have an asset you can bond-fund it," said Ed Harrington, who served as the controller for the city and county of San Francisco and later as the general manager of the San Francisco Public Utilities Commission until he retired in 2012.

This is a big shift for most water utilities, which are used to thinking about fixed things like pipes and pumps as assets. But GASB's latest guideline is confirming that this practice of capitalizing regulated operations is definitely above board. "This guidance connects the dots from a statement that has existed for some time, specifically to water utilities and how they book expenses for distributed infrastructure," she said.

Now utilities can raise a lot more money for distributed infrastructure projects that they can then pay off slowly over many years, instead of trying to finance projects with cash on hand. That opens up the door to more money for initiatives like cash-for-grass rebates, leak detection devices, rainwater capture, graywater reuse, green roofs, constructed wetlands, permeable pavement, direct installation of high efficiency toilets or fixtures, and smart irrigation control rebates.



An 865-gallon rain barrel next to a water filter and micron filters for harvested rainwater on a green home in Los Angeles. (Citizen of the Planet/Education Images/UIIG via Getty Images)

These distributed infrastructure projects have huge potential. A 2014 report from the Pacific Institute, an Oakland-based global water think-tank, found that there's the potential to save 3.1 billion to 6.4 billion cubic meters (enough water for 5.8 million to 10.4 million families a year) through efficiencies in the urban water sector alone in California. "Our analysis focused on the savings that could be achieved through more widespread adoption of technology and practices that are available and already in use in California and elsewhere around the world," the Pacific Institute found.

And that will bring more than just financial benefits, said Rowan Schmidt, program director for finance and investment strategies at Earth Economics, a nonprofit that helps organizations make investment and policy decisions by taking nature into account. “Green infrastructure will support core services, but you also get these co-benefits out of it like increased resilience compared with centralized infrastructure, as well as health benefits and property value improvements.”

If a community has issues with flooding, for example, Harrington said, instead of using pipes and pumps to tackle the problem, agencies can explore other distributed or green infrastructure options. “You can say I’m going to go much more into permeable pavement, green roofs, those kind of things that use nature, that bring the water back into the aquifer, that avoid flooding, that can be very efficient and cost effective and can be done much quicker,” said Harrington. “It’s not to say you’re never going to need pipes and pumps, but you could probably meet a good amount of the flooding problem if you just returned things back to the way they were before there was so much concrete.”

The next step now is getting the word out, said Schmidt. “I think there is a lot of education required. How do we get the mechanism to scale up across thousands of utilities and special districts across the country?”

The challenge, added Koehler, is for groups like WaterNow Alliance and Earth Economics to help explain what this opportunity is all about, and to socialize and normalize it. “Opportunity is the operative word,” she said. “There’s no mandate here. What to me is great about it is the flexibility. It’s there if you want to use it, it’s this opportunity, but nobody is forcing you to go this way.”

BONDS DISTRIBUTED INFRASTRUCTURE EFFICIENCY GASB GREEN INFRASTRUCTURE

New Hope For Tahoe's Largest Watershed

Tahoe Resource Conservation District acquisition marks milestone for restoration efforts

SOUTH LAKE TAHOE, Calif. (May 17, 2018) – Nearly a decade in the works, the Tahoe Resource Conservation District (Tahoe RCD) has finalized the acquisition of Johnson Meadow, putting the largest private stretch of South Lake Tahoe's Upper Truckee River into public ownership.

The acquisition marks a major milestone for the health of the Upper Truckee River watershed, the largest watershed feeding into Lake Tahoe and one of the most impaired in the Sierra Nevada. The Upper Truckee River is a major contributor of fine sediment impacting the clarity of Lake Tahoe.

The purchase of the \$8.315 million 206-acre property was made possible through a collaboration between Tahoe RCD, the California Tahoe Conservancy, California Department of Fish & Wildlife, and the Tahoe Fund. The Mosher family, who owned Johnson Meadow for almost a century, at one time used the property as a dairy and for cattle grazing. The family protected the property from development for several decades until recently seeking a public agency to purchase and restore the land.

"This is the final large piece of the puzzle necessary to unlock what will be Tahoe's largest restoration effort to date," said Katy Simon Holland, Board Chair of the Tahoe Fund. "It took an epic collaboration to make this acquisition possible. We are incredibly grateful to have received early support and initial funding from Barton Health and Heavenly Mountain Resort."

These private donations of \$50,000 each were essential to demonstrate a strong local commitment to the project and to secure more than \$8 million from Proposition 1, a water bond initiative approved by California voters in 2014.

The acquisition is the first step towards the most significant watershed restoration effort in the Tahoe Basin. Over the next several years, Tahoe RCD and its partners will be seeking \$10-15 million to restore Johnson Meadow and more than \$60 million for a collaborative effort to restore the Upper Truckee River watershed. Funding from Proposition 68, a parks bond on the June 2018 ballot, would provide a significant boost to this historic effort.

"Our goal is to prevent additional environmental degradation, preserve and enhance wildlife habitat, provide public access, and ensure a healthy watershed for future generations," said Nicole Cartwright, executive director of Tahoe RCD.

The restoration strategy, which also includes major projects by the Tahoe Conservancy, the US Forest Service, the City of South Lake Tahoe, and California State Parks, aims to restore over 1,000 acres of unique and valuable habitat and reduce stream erosion by more than 50 percent.

Climate change resiliency will also be a focus as projects aim to improve the watershed's ability to sustain rising temperatures, longer droughts, extreme floods, and other impacts of climate change, in addition to providing a refuge for native fish and wildlife species as temperatures increase at lower elevations.

Adapting to future climate change will be critical for watershed health and water management according to Katharine Davis Reich, associate director of communications at the UCLA Center for Climate Science, which recently completed projections of climate in the Sierra Nevada at the middle and end of this century. "Warmer temperatures will cause a greater share of precipitation to fall as rain instead of snow," said Reich. "That means more wintertime rain and earlier, flashier pulses of runoff than we're used to. The snowpack will also be smaller, so that runoff from snowmelt won't last as long into the spring and summer."

For more information on the acquisition or restoration efforts, please visit the [Tahoe RCD website](#) or the [Tahoe Fund website](#).

About the Tahoe Fund



Together Creating a Legacy

The Tahoe Fund was founded in 2010 to work with the private community to support environmental improvement projects that restore lake clarity, enhance outdoor recreation, promote healthier forests, improve transportation and inspire greater stewardship of the region. Through the generous support of private donors, the Tahoe Fund has leveraged more than \$2 million in private funds to secure more than \$40 million in public funds for more than 25 environmental projects. The projects include new sections of the Lake Tahoe Bikeway, restoration of watersheds, removal of aquatic invasive species, forest health projects, public beach improvements, and stewardship programs.

Tangled Up in Red: Health District expands its authority amid turmoil and complaints

May 17, 2018 Bob Conrad Website Facebook Twitter LinkedIn



Contractor Brodie Lewis points at a septic system in a pasture that caused a two-week delay on a garage addition. The reason: Lewis said that Washoe County Health District staff needed to verify in person that the system was on the opposite side of a two-acre property, even though county records correctly identified the septic's location. Image: Bob Conrad.

Washoe County's Health District is under fire. The department is accused of retaliation, misuse of resources, and—perhaps most relevant to Reno's housing crisis—unnecessarily delaying development projects.

A number of critics—including small business owners, contractors, former employees, and high-level local government officials—said that the district is overreaching its authority.

One source, speaking on the condition of anonymity, called the Health District a fiefdom that lacks recourse for those with grievances against the agency.

* * *

“We’re killing our developers and affordable housing projects because we’re holding up permits for months at a time. It costs everybody—the city and contractors.”

* * *

Rebuilding an agency

The Great Recession was not kind to Washoe County. The Health District in particular suffered budget cuts and staff reductions. During the recession, the Health District staff was cut from 204 full-time employees to 151, a 26 percent reduction.

In response, the District grew its budget in recent years, in part through fee increases—some as high as 400 percent. Those increases were passed in 2015 and coincide with a reduction of general fund dollars going into the Health District, in order for the department to be less reliant on tax dollars.

A 2014 review of the Health District recommended the budget increase.

The Health District “overall is modestly staffed when compared with national norms collected during the recovery from the recent recession,” reviewers from Washington D.C.’s Public Health Foundation wrote.

Between 2013 and the county’s most recent budget, the Health District’s revenues increased from \$18 million to \$23 million; 42 percent of current revenue is “due to fee increases and an increase in workload,” according to a 2018 budget report. A district spokesperson said, however, that the district’s fee revenue is only 25 percent, up from 16 percent, prior to the 2015 fee increase.

“The difference is in part due to higher fees but also due to a heavier volume in permit activity with the upswing in the economy, and improvements in Medicaid billings,” said district spokesperson Phil Ulibarri.

Many cautioned the Health District against raising fees, which negatively impact small businesses, according to those who testified against the fees to the District Board of Health, the group that oversees the Health District. The Washoe County Commission has no direct authority over the department.

Delayed projects

* * *

“We had several meetings [with developers and builders] to hear those concerns, some of them quite heated.”

* * *

One official said that the department has generated so much ire in the community that officials, including Mayor Hillary Schieve and County Commissioner Bob Lucey, met with the Governor's Office seeking help.



Councilwoman Neoma Jardon

"Projects were getting held up all over town, and the logjam largely resided with the Health District," said Reno City Council member Neoma Jardon.

That conflict, involving the Nevada Division of Environmental Protection, came to a head last fall when local jurisdictions gathered for a public meeting that included officials from Sparks, Washoe County, Reno, NDEP and the Truckee Meadows Water Authority.

Max Haynes, who works with Alpen Mortgage and finances affordable housing projects, spoke at that meeting.

"I have employees that are getting to the point where housing is a crisis, rents are skyrocketing, and ... the key to affordable housing is really supply," he said.

Haynes said he's financing more than 300 homes for small- to medium-sized builders.

"Delays cost them large amounts of money," he added. "There's clearly an issue of delay. We have the data in our projects to show that it's delaying projects between two and six months minimal by not coordinating agencies."



Kevin Dick, Washoe County Health District.

Washoe County's District Health Officer Kevin Dick, who oversees the Health District, said at that meeting that the state found that a Health District review process was not in conformance with state regulations.

"The state ... became aware that the review process that we had at the Health District for water projects was not in conformance with [Nevada Administrative Code] requirements," he admitted. "We received

direction from [the NDEP and the federal Environmental Protection Agency] to work to modify our review process, to do a better job of ensuring that the NAC requirements were being met.”

The Health District denied that it was violating state law, but Dick said that the delays by the agency caused a disruption among developers.

“We had several meetings [with developers and builders] to hear those concerns, some of them quite heated,” he explained.

Dick said changes to TMWA’s new ownership of Washoe County’s water systems contributed to the problem, as well as “an uptick in economic development activity. The Health District did not do a good job of communication on the plan review process to the development community.”



Washoe County Commissioner Vaughn Hartung.

County Commissioner Vaughn Hartung said that the problem only arose because of a staff change at the Health District.

“We had a Health District staff member who decided to interpret the code book a different way,” Hartung said. “TMWA has a great staff of highly competent engineers. Design standards that had been in place for years were no longer valid. We had to bring the state into the conversation.”

Sparks City Councilman Ed Lawson said that despite the meeting last year, water projects are still getting delayed.

“It was an arbitrary decision to hold up permits for projects that used to flow right through the Health District,” he said. “They unilaterally changed that. We thought it improved, but ... recently ... I heard the same thing is going on again.

“We’re killing our developers and affordable housing projects because we’re holding up permits for months at a time. It costs everybody—the city and contractors.”

Up for interpretation

* * *

“It was not the best system to use, but it satisfied the county.”

* * *



A homeowner paid \$7,000 in different engineering plans because the Health District was concerned about this garage's location versus the property's septic system. Image: Bob Conrad.

One local contractor said his projects are consistently held up due to differing code interpretations.

Brodie Lewis of Lewis Construction builds garages and said that the District has repeatedly held up his projects for what he called bogus reasons. He said he and his clients have experienced retaliation by Health District staff.

"The interpretation of these regulations by staff, and not the actual adherence or enforcement of the regulations, has caused a great deal of difficulty in local contractors getting approval of plans, inconsistent denial of plans, and disproportionate approval and denial of similarly submitted plans between different contractors," he said. "The issue is the change and revision requirements requested by the Health District staff after an initial denial is made."

Lewis explained that a contractor submits to the District plans in accordance with county code. The Health District then often demands changes to the plans.

"Often, and inconsistently between contractors, the Health District will deny these site plans, requesting additional information not required by code," he said. "These denials are not consistent with the regulations and cause great delays to not only the contractor, but the public customer as well."

Homeowner Paul Stevenson was one of those customers. Stevenson said that he wanted a garage on his property. He hired Lewis but said that Health District officials required so many changes that he ended up paying more than \$7,000 to complete the project.

"The things they're asking of Paul aren't even in the requirements," Lewis said.

"We paid \$1,500 for the first engineer to come out, and she followed the guidelines," Stevenson explained. "We turn it in to the Health Department, and they decided it's not up to their standards. We end up getting it re-engineered by a different engineer."



Reno businessman Raymond Pezonella says regulations are becoming an increasingly burdensome part of his business. / Photo: Nevada News Bureau, 2011.

Those plans were also rejected, Stevenson said, causing him to hire another engineer, Ray Pezonella of Pezonella Associates.

“Ray gives us a plan, and they again reject it,” Stevenson explained. “They make Ray go out and core drill what’s on my property. Nobody in the neighborhood has ever had an issue with their septic tank—ever. It ended up costing me a whole bunch of money.

“Then they tell me I had to cut 15-feet off of a hill behind his house, and the next day they wrote me a ticket for \$400 for [unpermitted construction],” Stevenson added. “They told me to do it, then they wrote me a ticket it for it. I had to pay it.”

When all was said and done, Stevenson said he did everything required by the Health District. It still denied his permit.

The district considers all new construction to require the location of on-site sewage systems, so all new construction of residential properties “should have an existing permitted sewage disposal system and adequate space to place replacement trenches when the original trenches fail,” said Dick. Only when there are discrepancies between plans and district records, or between plans and what is observed on the property, will the department be given a list of corrections.

Pezonella said the department’s requested changes on the project show a lack of understanding by Health District personnel.

“They read the regulations wrong, and, as a result, we had to design a different system,” he said. “It was not the best system to use, but it satisfied the county. Some are interpreting regs in a different way than what other individuals did. It does disrupt your business day-to-day. They are lacking professional engineers at this time, and those individuals would have a better understanding.”

Stevenson said that it wasn’t until he threatened to contact an attorney that the district finally approved his project. Documents show that the process to get his garage permitted took from July of 2015 until February of the following year.

Lewis called the process “a crap-shoot and a guessing game.”

"I work in four neighboring states, in all counties in Nevada, and I cannot find any Health District that is less efficient, that requires more of its builders, and that charges more for its services," he said. The Health District admitted delays with some projects but said those are because of increasing development. The Health District's Chad Westom said there is a problem with project approvals, but he blamed the economy.

"The development of community is really high right now, so we have turnaround times that I'm not fully comfortable with," he told the District Board of Health at its March meeting. "We're working to bring those down. We've diverted staff from other programs temporarily to review plans ... so it's a daily meeting and brainstorming on what we can do to streamline things further.

"But we're in good shape with our current staff."

Bad for business

* * *

"All I sell is ice cream. It's all packaged. I don't deal with food."

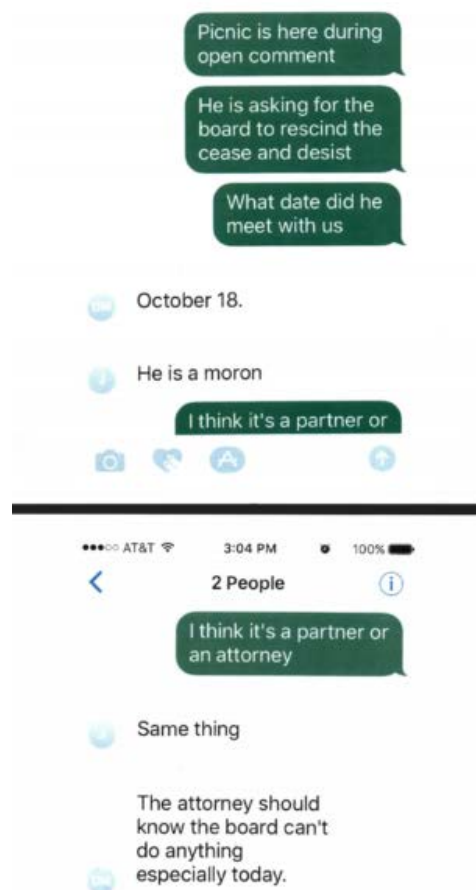
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It's not just construction projects being delayed. Small businesses are also being negatively affected by the Health District, according to multiple sources.

Joseph Williams, speaking during public comment at the March Board of Health meeting, said an increase to his fees was a hardship. He's an ice-cream delivery man and has been for nearly 25 years.

"I don't work all year round," he told the board. "All I sell is ice cream. It's all packaged. I don't deal with food."

He said his fees in the past year went from \$103 to \$485. The new amount, he said, is because the Health District now considers him a food truck.



Text messages show county health district staff member Jim English referring to Pignic's representative as "a moron" during a public meeting.

"It's kind of hard to come up with that right now," Williams pleaded to the District Board of Health. "I put it on my credit card to pay it."



Washoe County Commissioner Kitty Jung.

County Commissioner Kitty Jung, who chairs the health board, assured Williams that his issue would be addressed, either by a reduced fee or a payment plan.

"It might have been an oversight," she said.

It wasn't. At a later meeting, it was determined that the food truck regulations applied to the ice cream man.

Another would-be entrepreneur, who has a backyard vineyard, wanted to start selling his wines commercially, something recently allowed under state law, but local government requirements are too stringent for the business to be profitable, he said.

"They are requiring a new private water system, which is all engineered, and a new septic system," said Jason Schultz, who noted that the water was for washing equipment, not for the wine. "That's tens of thousands of dollars. For a small person, it's too costly."

Homebrewers are being affected as well. The annual Backwash event and homebrew competitions, events that raise money for charities, are in jeopardy because the Health District allegedly started enforcing a state law.

"The health department ... instructed all parties that they would be enforcing that code ... that pertains to any establishment that gets a health inspection in order to operate," wrote a homebrewer on Facebook. "So that includes basically anyone that serves food, produces food, breweries and distilleries. Venues such as parks, churches, non-food related businesses are OK to hold an event."

That means options are limited for such events.

"This has also been made a statewide issue as Washoe County contacted Clark County as well, and the same situation now exists down there," the homebrewer lamented. "There was no interest in working with us. They told us to change the state law."

(The Health District did not respond to a question about regulating homebrewers by the time of publication. Spokesperson Ulibarri later said: "When we become aware of situations that do not conform to NRS 446, we take appropriate regulatory action.")

Afraid of retaliation

* * *

"Aggrieved individuals may address their concerns directly to the District Board of Health during public comment at any regularly scheduled meeting."

* * *

Ask around the community about the Health District, and many will eagerly, but quietly, opine. When it comes to speaking on record, few want their name attached to criticism of the Health District. The common excuse: they're petrified of retribution.

One elected official, refusing to speak on the record, was clear: "Everyone's afraid of retaliation. The Health District is costing developers millions of dollars."

RELATED:**Pignic Pub and Patio Gets Back Its Food Service (Updated)**

According to Stevenson, who wanted a garage and had to pay for additional engineering plans, more fees, and the fine imposed by the Health District, recourse was limited. Applying for a variance, something Dick stresses is an option, would have cost him another \$2,200.

That's the route encouraged by Health District staff.

"Decisions made by staff may be elevated to Health District management for consideration," said Ulibarri. "Aggrieved individuals may address their concerns directly to the District Board of Health during public comment at any regularly scheduled meeting."

The ice cream man's request for leniency over his massive fee increase, however, was denied in part because Health District staff defended the increase to the board.

"The fee does include the cost of licensing and inspecting that vehicle as well as the food truck depot that the vehicles are required to come from and return to," said Westom. "We have costs of the division that we have to recoup."

The Health Board voted to keep the fee as-is. Board members said they did not want a complaint about fees to set a policy-changing precedent.



Image: Pignic Pub and Patio.

Local pub Pignic is alleged to have experienced retaliation when the District changed regulations that didn't cover Pignic's model of allowing customers to bring in meat to cook on Pignic's grills. The department consequently **shut down the grilling**.

Pignic representative Tom Clark said it took months for the pub to finally get approved for a variance to grill, which was unanimously approved by a Health Department committee.

Public records showed **district staff texting to one another** while Clark was testifying on behalf of Pignic during a public meeting. Health District supervisor Jim English called Clark "a moron" in texts to his colleagues while Clark was speaking during public comment.

Clark said he's never met English and that he was advocating on behalf of his client. The experience, he explained, showed him how difficult it was deal with the Health District, and that it is risky for a small business owner to openly speak out against the government agency.

A former Health District employee said that contractor Brodie Lewis is a target of retribution by Health District staff because Lewis is outspoken. Lewis protested fee increases in 2015, and a written statement he submitted drew a lengthy written rebuttal by Dick.

"They target Brodie Lewis—badly," the former employee told me.

Ulibarri said that the department staff "are required to follow the county code of conduct, and staff are held accountable."

Can't get no satisfaction



Image: Bob Conrad.

The [2014 review of the department by the Public Health Foundation](#) recommended the agency strengthen its customer focus within four months of the report.

"Ongoing feedback enables bilateral communication and education, decreasing misunderstanding and dissatisfaction," the report's authors wrote. "Ongoing customer satisfaction data should be acquired for all programs ... to assure all customers are invited to share their viewpoints."

That did not happen. The district was only able to provide customer satisfaction data for one of its divisions: community and clinical health services.

But Ulibarri said that district staff regularly meet with contractors and builders "to communicate regarding district programs and discuss any concerns."

Commissioner Jung often praises the Health District's performance, giving kudos to Dick.

"The Washoe County Health District is starting to take, under the leadership of your district health officer [Dick] a bigger role of the overall community health and how we can improve that," she said at a recent meeting. "That's a very new step for us in the ... last three years or so. I commend that."

Those accolades don't satisfy the community's Health District critics, some of whom are mobilizing to take action at a higher level.

After Pignic's fracas with the Health District, Clark started formulating a plan. Small businesses, and anyone with issues in front of the Board of Health, are getting together to present a more unified force—the idea being that, by operating as a committee, individuals will receive less blowback from the Health District. That's according to Clark.

Pignic had the courage to stand up and speak and paid the price, he said. "We are building a foundation of support leading to the 2019 legislative session to make fundamental changes in the way the Board of Health operates. Our goal is to try to bring accountability to the Health District.

"Now, the only way you can do that is to sue, and many small businesses don't have those resources."

—

This story was developed in partnership with the Reno News & Review and is available in this week's print edition



About Bob Conrad [910 Articles](#)

Bob Conrad is co-founder of ThisisReno. He manages ThisisReno and Conrad Communications, LLC, his marketing communications consulting company. He also works part time for the University of Nevada, Reno.

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Duke says sale of Tuxedo power plant preserves whitewater recreation

- **Comments**

By Bill Moss, Published: May 22, 2018

RELATED STORIES

TUXEDO — Duke Energy Carolinas announced this week the sale of its hydroelectric plant at Lake Summit and four others in the region, a move that whitewater paddlers are watching with interest.

The Tuxedo Hydroelectric Project is highly unusual in that flow releases and reservoir levels are not currently dictated by state or federal permits, a statement from American Whitewater said. "Duke Energy has voluntarily evolved its operation over nearly a century to strike an effective balance of uses of the limited water supply to meet the needs of electric customers, lake neighbors and reservoir and river recreationists."

Duke Energy ensured in terms of the sale to protect the recreational value of the Green River, the American Whitewater and the utility company said in statements on the sale.

"To ensure flow releases in the Green River will continue to serve the public interest following the sale of the project, a robust recreational flow schedule very similar to the 2018 schedule, an online 3-day flow forecast (i.e., same day plus 2 days ahead), and an annual stakeholder meeting will be required of the new owner through a lease agreement with the Lake Summit Property Owners Association," American Whitewater said. "The lease will take effect and the details will be made public upon the sale of the project, and will run for 5 years with two 5-year renewals available to the property owners. This arrangement will thus serve as a bridge to future non-regulatory or regulatory management."

Duke is selling the five small hydroelectric plants in Western Carolina region to Northbrook Energy. The facilities, which have a combined 18.7-megawatt generation capacity, are Bryson, Franklin and Mission hydro stations in the Nantahala area, and Tuxedo and Gaston Shoals hydro stations in the Green/Broad River Basin. Duke will purchase all the energy generated by these facilities for five years through power purchase agreements with Northbrook Energy, the buyer.

"This sale will deliver long-term benefits for our customers and shareholders," said Randy Herrin, Duke Energy Vice President, Carolinas Regulated Renewables. "Over the past few years, the cost to operate these facilities has risen significantly. Through this transaction, the plants will continue to serve our customers with clean renewable energy, but at a lower cost."

Northbrook Energy is a privately-held, independent power producer that has been in the hydroelectric business for more than 30 years. The company operates hydro assets in 12 states, including the Carolinas. Closing is expected to occur in the first quarter of 2019.

Over the past several months Duke Energy has met with stakeholders to gather information on the effects the Tuxedo Project has on regional interests, including recreation-related visitors and businesses. American Whitewater worked to preserve flow release schedule that's essential to paddlers of all ability levels and requested that these benefits continue under new ownership. The Green River and the renowned Green River Narrows attract tens of thousands of visitors each year from around the region and the world, support summer camps and outfitters, and have attracted several outdoor recreation-related businesses to the region.

American Whitewater thanked Duke Energy for listening to concerns expressed by American Whitewater and other paddling leaders, and for respecting the interests of the paddling community.

"We look forward to working with Northbrook Energy, the Lake Summit Property Owners Association, the North Carolina Wildlife Resources Commission and other stakeholders including the Green River paddling and fishing communities to ensure this non-regulatory approach is implemented in a way that works for the Green River and all its enthusiasts," the organization said

Private ditch floods Reno man's backyard, homeowner calls on company to stop wasting water

by Ben Margiott

Thursday, May 24th 2018 AA

Private ditch floods Reno man's backyard, homeowner calls on company to stop wasting water

RENO, Nev. (News 4 & Fox 11) — 24 hours a day, seven days a week, water is being pumped out of a Reno man's backyard into the gutter.

"Just out of my yard, I could water every yard on the street with how much water they're wasting," Art Farley said.

Farley, who owns a home in Reno's old Southwest near Plumb Lane and Hunter Lake Drive, blames Lake Ditch Company for turning his backyard into a swamp. The Lake Ditch, which runs just uphill from his property, is a 14-mile, privately-owned ditch that starts near Mayberry Drive and ends at Steamboat Creek. In the particular stretch by Farley's home, water has been seeping through the land and pooling in some neighbors' yards.

Farley's house has been affected most, and he's resorted to pumping the water out to avoid a full-blown flood behind his house.

"It shouldn't be allowed. Somebody needs to step in and do something about it."

According to the [Lake Ditch Company's website](#), the company is responsible for maintaining the ditch. Crews are responsible for monitoring and cleaning the ditch.

News 4-Fox 11 reached out to Lake Ditch Manager Steve Benna, who had no comment for this story.

Farley said the company sent a crew out to install a plastic tarp along the length of the ditch where it was failing, but that temporary fix hasn't worked.

"They seem resolved to not do anything. Make excuses, blame the homeowners. It's not that difficult or expensive of a solution. They just don't want to do it."

A City of Reno spokesman confirmed the city has an agreement with the ditch company to utilize the ditch for storm water discharge. The city pays some money to the company for maintenance, but the company is responsible for the maintenance, spokesman Jon Humbert wrote in an email.

New Restoration Effort Could Give Boost to Tahoe Watershed

A large tract of land has been purchased along the Upper Truckee River in the hope of running restoration projects to aid the watershed and improve Lake Tahoe's prized clarity. Nicole Cartwright of the Tahoe Resource Conservation District explains what comes next.

WRITTEN BY Tara Lohan

PUBLISHED ON May 24, 2018

READ TIME Approx. 5 minutes



Johnson Meadow, a 206-acre property in South Lake Tahoe recently purchased by the Tahoe Resource Conservation District. Courtesy of the Tahoe Resource Conservation District.

CONSERVATIONISTS IN THE Lake Tahoe region are celebrating the acquisition by the Tahoe Resource Conservation District of a 206-acre property, Johnson Meadow, in South Lake Tahoe. The property is a key piece of the puzzle for conservation groups who are working to restore the Upper Truckee River watershed and help improve Lake Tahoe's famous clarity, which has been on the decline in recent decades.

Johnson Meadow contains 9 miles of the Upper Truckee River, the largest watershed in the basin, just before it empties into Lake Tahoe. The river is the main pathway for fine sediment to reach the lake, which impacts its clarity. Restoration efforts are aimed at restoring highly eroded stream banks, providing wildlife habitat and recreation opportunities and reconnecting the meadow with its floodplain.

The property was purchased from the Mosher family, who owned it for nearly a century, at a cost of \$8.3 million. The money was raised through a collaboration between Tahoe Resource Conservation District, which is a special district established by the state to work on local conservation issues, and the nonprofit Tahoe Fund, as well as two state agencies – the California Department of Fish and Wildlife and the California Tahoe Conservancy.

Water Deeply spoke with Nicole Cartwright, executive director of the Tahoe Resource Conservation District, about the agency's plans for restoration in the Tahoe basin.

Water Deeply: How did you come to purchase the property and why is it important?

Nicole Cartwright: There has been a very large effort from a lot of different partners and agencies – state, federal, local – to restore the Upper Truckee River. Over time, land along chunks of that river have been purchased by different groups and are in some process of restoration.

For this section that we purchased, there have been discussions with the family that owned it for the past 20 years. They really want to make sure it's not developed and it remains a beautiful open space and it has the ability to have restoration. This is our first piece of property that Tahoe Resource Conservation District has owned. But we're not new to protecting our natural resources. Every Resource Conservation District does things a little differently, but we are locally governed and we are very nimble and adaptive and we are looking forward to this new challenge.



A map of restoration efforts in the Upper Truckee River watershed. (Courtesy of Tahoe Resource Conservation District)

Water Deeply: What restoration plans do you have for Johnson Meadow?

Cartwright: Our goals are to preserve and enhance wildlife habitat and open space, to prevent additional environmental degradation and to provide public access by creating connectivity to the Upper Truckee River and all of the surrounding neighborhoods.

The property has about a mile and a half of river that is currently deeply channelized and has had pretty massive stream erosion over time.

We're hoping with the restoration we'll elongate that and make it more meandering and increase that floodplain to get rid of the deep, channelized gully.

The wildlife habitat is also important. Being up at a high elevation, we have the opportunity to potentially be a refuge for other wildlife as temperatures rise with climate change.

Water Deeply: What kind of species are there now?

Cartwright: Currently there are populations of goshawk and bald eagle, bears, coyote, deer and Lahontan cutthroat trout, which are rare in this region. There are also lots of other native fishes and there's a huge potential to have willow flycatcher habitat.

Water Deeply: Why is sediment a concern?

Cartwright: Lake Tahoe is referred to as the "Jewel of the Sierra" because of its high clarity. But over time there has been development, stream erosion and other human impacts that have contributed to fine sediments getting into the water.

The Upper Truckee River watershed used to have a massive marsh at the end of it but there was some pretty massive development in the 1960s called the Tahoe Keys. They dredged out the natural meadows and wetlands and built houses that had fingerling canals behind them.

That was a huge setback for this watershed, because it removed the natural filtration and the river itself was being channelized. That mistake was made, some would say, but now we have an opportunity to contain additional fine sediment and rethink how the river itself is flowing in order to have fine sediments settle out.

All of that boils down to lake clarity and wanting to keep that very high.

Water Deeply: What has the property historically been used for?

Cartwright: In the past century it's been in the Mosher-Johnson family and they originally had a dairy out there and then moved to cattle grazing. Over time, as environmental mindsets changed, cattle grazing became more difficult because of regulations and so they have moved their cattle out of Tahoe, probably 40 years ago.

There hasn't been grazing in quite some time, but you can definitely see some of the remnants. Although they did a great job, they were always trying to take care of the property. They protected the river from the cattle once they were told they were eroding the stream banks – [the family] was always trying to be good stewards of the land.



An area of Johnson Meadow in the Upper Truckee River watershed where restoration efforts are planned.
(Courtesy of Tahoe Resource Conservation District)

Water Deeply: I know that this property is just one part of a larger, regional conservation effort in the watershed. Are there other parcels that would be good to acquire and restore?

Cartwright: There are still some smaller, private parcels that are on the river that would be great to either acquire or work with the owners through the restoration process.

There has been a large effort from other partners on the Upper Truckee River working group to talk to those private property owners about restoration. Those wheels are in motion.

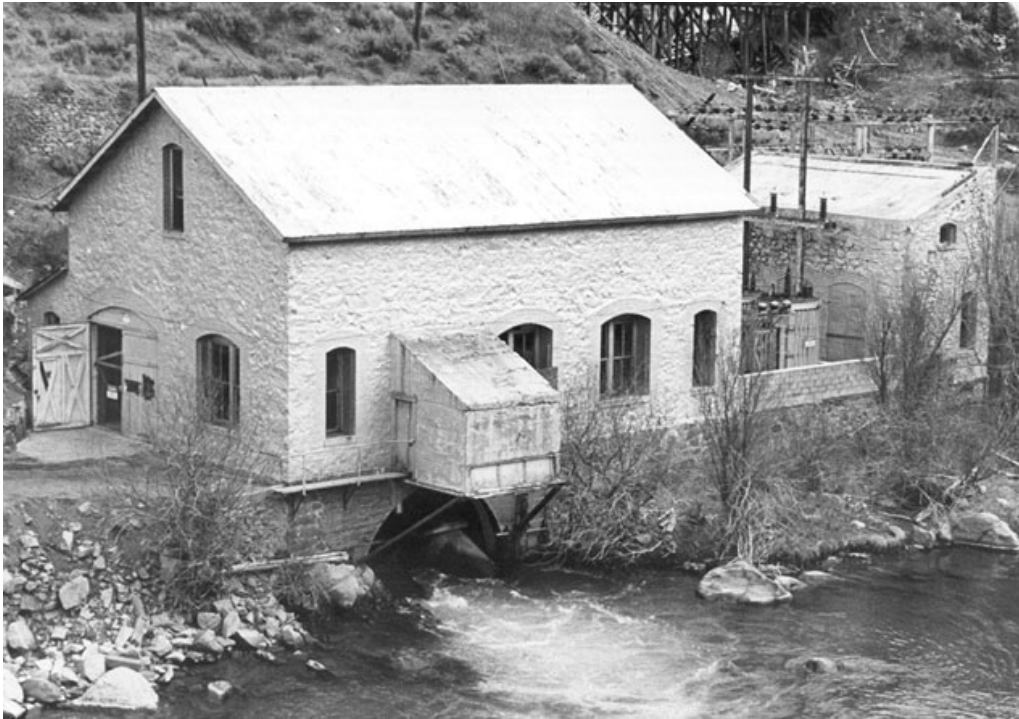
Water Deeply: What are you hoping Johnson Meadow will look like in 10 or 20 years?

Cartwright: I have a vision of really having some sustainable recreation access. Maybe long boardwalks that allow for the river to meander underneath it while there is informational signage about the different birds and wildlife and fish that are in the area. I really see it looking very similar to how it is today, except that the stream is moving in more of a natural way.

Even now, when you walk out there, it's breathtaking. You can come to a point where you overlook the whole property and it's pretty special to have that much river and wetland and meadow right in the heart of the city of South Lake Tahoe.

JOHNSON MEADOW LAKE TAHOE RESTORATION UPPER TRUCKEE RIVER

TMWA'S HUNDRED-YEAR-OLD HYDRO PLANTS CAN ELIMINATE 15,000 METRIC TONS OF CO2 EMISSIONS EVERY YEAR



Every day that Truckee Meadows Water Authority (TMWA) runs its three hydroelectric plants at capacity, over 90,500 pounds of CO₂ emissions are effectively eliminated from our atmosphere. That's roughly 15,000 metric tons a year. Now, to be clear, there are dry years and maintenance issues that keep the plants from running at capacity all the time; but the fact remains, TMWA's hydroelectric plants are one of the crown jewels in Northern Nevada's green-energy portfolio. Even better, these clean, renewable power resources have been benefiting our community for over a century.

Interestingly, even a hundred years ago the reason behind the hydro plants was to replace expensive, soot-producing coal power. By the late 1800s, Virginia City mines were so deep they required constant pumping to remove groundwater. Steam-driven, Cornish pumps had been effective for a while, but the expense of coal and a drop in the value of silver forced mine owners to seek a cheaper power alternative.

To meet this demand, the Farad Hydroelectric Plant was completed on the Truckee River west of Reno in 1899, followed by the Washoe, Fleish and Verdi plants in 1904, 1905 and 1911, respectively. Unfortunately, the Farad plant was irreparably damaged by the 1997 flood; however, the remaining three plants continue to produce 6.7 megawatts of clean energy to this day—enough electricity to power 3,500 households, annually. Essentially, the hydro plants produce enough energy to offset most of TMWA's electrical power use in a typical year.

If the output of the three hydroelectric plants was replaced by conventional coal, diesel or natural-gas-generated electricity, the resulting CO₂ emissions would total at just over 1,200 metric tons a month—that's 2,645,547 pounds! Of course, these are averages;

the exact amount of CO₂ released depends on factors such as the type of fuel used and the efficiency of power-generation facilities. Still, it's hard to miss the point: TMWA's hydroelectric power production, in a very tangible sense, improves the quality of life for everyone in the Truckee Meadows.

What makes the story of TMWA's hydro plants even better, is that their value to customers extends beyond the environmental benefit. There is a real dollars-and-cents payoff, too. The estimated sale of TMWA hydro power to NV Energy in fiscal year 2018 will be over \$3,500,000. This offsets approximately 60% of TMWA's expected \$5,000,000 energy cost over the same period. How does this difference translate to a customer's water bill? Basically, it lowers water rates by about three percent.

It's hard not to love a power source that helps protect the environment while simultaneously keeping costs low for TMWA customers. TMWA's commitment to hydroelectric production also aligns perfectly with the City of Reno's conservation efforts under their ReEnergize Reno program—an effort we very much support. If you would like to visit one of TMWA's historic hydroelectric plants, visit tmwa.com/events and see the tour schedule. The TMWA staff will be more than happy to show you around.

Written by: Pat Nielson, TMWA Director of Distribution, Maintenance & Generation

206-acre meadow acquired for large-scale restoration of Upper Truckee River watershed



Claire Cudahy
May 29, 2018



Provided / Tahoe Resource Conservation District

Johnson Meadow was recently acquired by the Tahoe Resource Conservation District. The 206-acre parcel is slated for restoration as part of a large-scale project in the Upper Truckee River watershed.

The largest privately-owned section of the Upper Truckee River is now in public hands, paving the way for another restoration project on an altered watershed harming Lake Tahoe's famed clarity.

This week the Tahoe Resource Conservation District announced the acquisition of Johnson Meadow, a 206-acre portion of a larger watershed that, in its original form, acted as a natural water filter for both the Upper Truckee River and Trout Creek.

Where water once slowly and circuitously flowed through a marsh, allowing nutrient-rich sediment to settle out before emptying into Lake Tahoe, there is now an altered river channel shooting directly into the lake.

Starting in the 1950s, developers dredged and filled hundreds of acres of the sensitive marsh to create a canal system and the residential community, the Tahoe Keys. The Lake Tahoe Airport also was erected on the former wetlands.

Though the development plans were eventually scaled back — there were proposals for a 14-story hotel, golf course and condos — the rerouting of the river and filling of the wetlands was devastating for the native wildlife and the lake's clarity.

Since the late 1980s, environmental agencies like the California Tahoe Conservancy have been buying up parcels along the Upper Truckee River with the intent of stopping development and ultimately restoring the wetlands.

In 2001, the conservancy completed a 12-acre restoration project on the western edge of the marsh, kicking off what would become a multi-agency effort to restore the 9-miles of river and over 1,000 acres of surrounding wetlands.

Different restoration projects led by the conservancy, U.S. Forest Service, city of South Lake Tahoe and California State Parks are at various stages of completion along the river.

The Johnson Meadow is the final piece of that puzzle.

The purchase of the meadow for \$8.315 million was made possible through a partnership between the district, conservancy, California Department of Fish and Wildlife, Tahoe Fund and the former property owners.

"The Mosher family has a rich history in Lake Tahoe and for almost a century protected this land from development," said Nicole Cartwright, executive director of the district.

"Really what the restoration will entail is stream bank erosion control and rebuilding the channels. The river right now is sort of a one direct shot into the lake. It will be re-channelized to turn and meander and have a much longer, wider path throughout the whole flood plain."

Restoring the meadow will help reduce the amount of fine sediment flowing into Lake Tahoe and reducing its clarity.

New native grasses also will be introduced to create a habitat for birds and other wildlife. Boardwalks will be added to allow public access without impeding the water flow, but for the short-term, the district is considering a temporary bridge across the meadow to reconnect the Tahoe Sierra [formerly known as Sierra Tract] and Fourth Street neighborhoods.

Cartwright estimates the planning phase for the meadow's restoration will take roughly three to five years to finalize, and implementation is roughly five to 10 years out. The district and its partners need to raise between \$10-15 million in funding to restore the meadow.

At the same time, the conservancy is making strides on its restoration of a 500-acre portion of the watershed.

"From our perspective we view the restoration of the river as a restoration program where there are multiple projects up and down the river that are being coordinated as one effort," said Scott Carroll, environmental planner at the conservancy. "The scope and scale of it is unparalleled from the rest of the basin."

This portion of the Upper Truckee River restoration is still in the planning phase and will likely take another 10 years to complete.

"It's a big deal to coordinate and collaborate at that scale and restore 9 miles of river," added Carroll.

Share Tweet

Tax hike?

Flood needs drive property increase

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The Washoe County Commission has approved a property tax increase of .0248 cents per \$100 of assessed valuation to go on the ballot for voter approval in November.

The money is being sought to leverage additional federal funding with local matches. The new proposed taxes would generate about \$400 million, but would trigger only about \$182 million in federal funds. Federal funds often require a match of 20 to 25 percent, but in this case the local tax would raise 220 percent of the federal money sought. Truckee Meadows Flood Management Authority executive director Jay Aldean said that is because years ago, the Army Corps of Engineers became so exasperated by Nevada officials that they said, "We're walking away from the project."

"Even though we had a powerful senator, it was not enough to keep them from walking away," he said.

They were coaxed back, but the 35/65 match split previously discussed was gone.

In addition, there is no certainty that the federal funds would be obtained if the ballot measure is enacted. That measure reads only that enactment would "greatly help [local officials] to negotiate with the U.S. Army Corps of Engineers for federal funding authorized by Congress in 2014."

Former county finance manager John Sherman, now a consultant, said approval of the ballot measure would add about \$26 a year for someone



The work of flood control in western Nevada is decades old, but never seems to be completed.

PHOTO/JERI CHADWELL

Advertisement

with a new \$100,000 home. However, he did not give a similar estimate of the level the increase would bring such a home's total property tax up to.

The funding raised would be used on downstream mitigation, elevating eligible homes, river terracing and restoration, channel widening at Vista Narrows, construction of levees and flood walls, and engineering, design and permitting.

Washoe County Commissioner Marsha Berkgigler, who voted for the ballot measure, nevertheless was concerned that the entire county would have to pay the tax increase for flood control measures that benefit only those in the Truckee Meadows.

It was a complaint that had been heard in November 1998, when a lame duck county commission approved sales tax increases for flood control and lowering the railroad tracks in the downtown.

On that occasion, train trench supporters Mike Mouliot and Sue Camp had been beaten in the election by trench opponents Ted Short and Pete Sferrazza just days earlier after a campaign in which the trench was the principal issue. With Camp and Mouliot's votes, the train trench and flood control each got one-eighth of a one-eighth-cent sales tax increase.

Since then, that one-eighth of a cent has produced 20 years of funding for flood control during which it has fluctuated from about \$5 million to \$8 million annually.

According to the Institute on Taxation and Economic Policy, the poorest 20 percent of Nevada families pay 6.1 percent of their income in sales tax. The wealthiest one percent of Nevada families pays six-tenths of one percent. That fund has generated from nine to six million dollars annually. With 20 years of sales tax payments for flood control behind them, if the property tax were raised to pay for flood control, would the sales tax for flood control be repealed?

Apparently not. No provision has been made for that change.

Reno City Councilmember Jenny Brekhus told This Is Reno that the ballot measure is a mistake because it does not address "vulnerability to irrigation ditch breeches or North Valleys flooding. ... The money proposed for this vote will not be eligible to help this area or others like it."

When is the end?

Brekhus later said she is having a difficult time deciding what to do on the ballot measure.

"I am really torn about the parcel tax for the river now that the decision has been made that I argued against for months," she said. "I think that it is a bad reflection of faith in local government if a vote goes down just like one went down in Reno in the early 2000s. The river should have to live on the one-eighth sales tax and everything else done by special assessment."

Jeff Church, who worked on the committee that wrote the opposition ballot language for the tax increase, said in a prepared statement, "We already pay a special (sales) tax for flood control. ... The tax exceeds the constitutional 3 percent cap limit on property tax."

Flood control for western Nevada has been going on for about 70 years without—if the website of the Truckee Meadows Flood Management Authority is an indication—any sign of flood control finally being accomplished, other than for ongoing upkeep and maintenance of facilities.

Two mountain dams have been constructed, levees have been built, the Truckee's channels have been deepened and obstructions eliminated, river reefs have been dynamited, but there seems to be no finite goal for completion of flood control. A federal Flood Control Act of 1954 was helpful in these steps.

Aldean said many flood control projects around the nation face the same open-ended search for completion. He said this region was able to reach potable water and waste water benchmarks in the 1970s, thanks to federal block grants available in the early '70s and enactment of the federal Clean Water Act in 1972.

But after the 1970s, federal commitments to long term projects flagged.

"All the big flood control projects are out there unfinished," he said, adding, "Flood was always out there as the red-headed stepchild."

Climate change can change the parameters of what is needed for flood control, but that has not been made known as a barrier to completion.

Washoe Resident to Vote on Property Tax Increase for Flood Control

Voters in Washoe County are set to weigh a slight property tax increase for new funding for a flood control project that supporters say could prevent damaging floods on the Truckee River.

Last week, the five-member County Commission voted to add the question to the November ballot. The proposal would boost funding for flood control around the river and unlock federal funds. Almost everyone agrees that the region needs more flood control, but several elected officials take issue with funding it through a property tax focused only on the Truckee River.

The question proposes a slight tax increase — 2.48 cents per \$100 of assessed valuation — to fund up to \$82 million in general obligation bonds for levees, floodwalls and the widening of the Truckee River Channel. [According to a report on the ballot measure](#), the tax increase comes out to about \$8.68 in additional annual tax for a new \$100,000 home. The extra funding, according to the report, would open up about \$182 million in federal funding for the flood control project.

Jay Aldean, who directs the Truckee River Flood Management Authority, said the proposed project would prepare municipalities along the river — Reno and Sparks — for the worst.

“If you look at all the drainage history of this region, the project we have conceived would have confined the 1997 storm to its channel banks,” Aldean said, referencing [the historic New Year’s flooding](#) that filled the Reno-Tahoe International Airport and downtown casinos with water.

For months, the flood authority and representatives from Western Nevada governments have been working on a committee to craft the ballot language. But its path to the November ballot began during the last legislative session with [Assembly Bill 375](#). That legislation allowed the flood authority to create a

needs committee, giving the panel until April 2 to recommend taxes or fees for projects. The legislation then required the county commissioners to pass along the committee's recommendations to voters as a question on the November 2018 ballot.



The Truckee River runs through downtown Reno. (Daniel Rothberg/The Nevada Independent)

"This ballot question is the culmination of the work done by this committee that was established by legislation," said Sparks Assemblyman Mike Sprinkle, who co-sponsored the legislation.

Without finding a new revenue source, Sprinkle said, the county stood to lose federal funding.

Because of the way the legislation was written, the Washoe County Commission's unanimous vote to add the language to the ballot last week was more procedural than anything else. The legislation, as interpreted by the county's counsel, required the commission to approve the committee's recommendations and forward them to voters. That clause did not sit well with at least some of the commissioners, including Marsha Berkgigler, who chairs the board.

Berkgigler said that any countywide ballot question should have looked at flooding issues throughout the county instead of tackling the issues directly related to the Truckee River.

"I'm not supporting it because it only plans to stop flooding in the river," Berkgigler said. "It has nothing to do with all of the closed basins like Lemmon

Valley. It has nothing to do with all the ditches and creeks and streams. This is money we are going to collect from the citizens but clearly, three-quarters of the citizens who live here are not going to get any benefit from it.”

She noted that during the last intense wet season — in the early months of 2017 — the main issue was not flooding along the river. It was flooding in closed basins places like Lemmon Valley, where there is no natural outlet for water, as the [Reno Gazette-Journal has reported.](#)

Reno’s mayor, Hillary Schieve, [told the Gazette-Journal](#) last week that she also opposes the tax increase and said that the flood authority should look at issues beyond the Truckee River.

Sprinkle said the committee’s mandate, as laid out by the legislation, was narrowly focused on the Truckee River and that the group would start looking at some of the county-wide issues with information sessions and a potential report. The [committee has representatives](#) from Reno, Sparks and groups such as the Chamber of Commerce and the Nevada Association of Retailers. Aldean, the flood authority’s executive director, also pushed back on the idea that the project would not benefit all Washoe County residents. He said without the project, that the impact of a 1997-type of flood would be devastating and costly for the region, bringing the economy to a halt. The 1997 flood is estimated to have caused about \$1 billion in damages.

The proposed project, Aldean said, would be constructed over at least two decades. But he argued that it would be adequate to protect the area from more intense storms than those experienced in the 1990s or a spate of devastating storms during the 1950s. The walls of some of the flood control projects would be higher than what engineers say is necessary to contain past storms.

“If we get a larger storm, we can confine it,” he said.

Across the region and the country, it can be difficult to find funding for flood control.

John Cobourn, a retired water specialist with the University of Nevada Cooperative, said that similar debates have played out in the Carson Valley, where he has done most of his research.

“The trouble with raising money for floods is the people who haven’t been flooded are going to say, ‘why should I pay for that,’” he said. “It’s not an issue confined to just Reno and Sparks.”

But he said not acting in Reno and Sparks, where development covers most of the floodplain, could potentially have more of an economic impact than not acting in Carson Valley.

“Water can’t just sit there for two or three days,” he said.

The [committee report](#) includes arguments for and against the ballot measure.

In addition to concerns that the ballot measure is too narrowly focused, others worry that if the measure is voted down in November, it could be harder to pass future measures to raise municipal funds.

“Once a region or jurisdiction goes down on a vote, it will take another half generation to have the nerve to bring one back again,” said Jenny Brekhus, a council member for the city of Reno.

WILD & FREE: 50 YEARS OF THE WILD AND SCENIC RIVERS ACT

Mike Fiebig spends his time chasing water in all forms as a longtime outdoor educator and river guide, as well as trying to protect some of it along the way as associate director for the Northern Rockies office of American Rivers.

Michael Fiebig | June 5, 2018



This piece originally appeared in the 2018 Spring Issue of Outside Bozeman.

Here on the northern edge of the Greater Yellowstone Ecosystem, we sit perched on the headwaters of the continent. The mighty Missouri, Green, Yellowstone, and Snake river systems all originate within this landscape, and while the headwaters of these great rivers all flow from a highly-protected block of public land, only one of the four—the **Snake River** headwaters—is protected under the Wild and Scenic Rivers Act.

This year, on October 2, 2018, the Act will turn 50. A number of local streams are eligible for designation under the Act, and a lot of people in southwest Montana are working to make that happen. But before we can celebrate the Act's future, we need to understand its past.

THE GENESIS

President Lyndon B. Johnson signed the **Wild and Scenic Rivers Act** into law in 1968, but the effort that ultimately got us there started much earlier—and right here in Bozeman. The 1950s and 1960s were the zenith of the big dam-building era in our country, and a number of proposed dams drew the attention of Montanans, including the Spruce Park dam on the Middle Fork of the Flathead River, in what is now the Great Bear Wilderness.

This dam, which would have been built by the Army Corps of Engineers, was to be a mirror of the Hungry Horse Dam one drainage south on the South Fork of the Flathead River. It would have backed up the Middle Fork some 11 miles, and was just one of nearly a half-dozen such dams proposed for the upper Flathead River system.

The Spruce Park proposal caught the attention of John and Frank Craighead, well-known wildlife biologists and conservationists, who might be best known for their pioneering work on grizzly bears in Greater Yellowstone. The Craighead brothers led the fight against the Spruce Park dam, and in 1957, John Craighead first proposed the idea of a federally protected system of “wild rivers” at a conference at Montana State University.



Middle Fork of the Flathead River, MT | Lee

Cohen

John and Frank would go on to publicize the need to protect wild rivers; a decade later, they were at the forefront of getting the Wild and Scenic Rivers Act passed, along with Interior Secretary Stewart Udall and senators Frank Church (D-Idaho), Gaylord Nelson (D-Wisconsin), Lee Metcalf (D-Montana), and Rep. John Saylor (R-Pennsylvania).

Wild rivers, fortunately, are one thing that almost all Americans love and understand to be important and necessary. To put it simply, says Lance Craighead: “We need more of them.” [#5000MilesOfWild](#) [CLICK TO TWEET](#)

The Craighead family’s ties to Montana remain strong. Lance Craighead, executive director of the Craighead Institute in Bozeman, reflects that even though the brothers tend to be more well-known for their work as wildlife biologists, “my father Frank and uncle John always considered the Wild and Scenic Rivers Act to be one of the greatest conservation achievements that they contributed to in their lifetimes.”

Lance recalls that the two brothers’ river ethic started while canoeing the [Potomac River](#), when they witnessed the degradation of rivers in the East. This awareness and concern grew during their many raft trips down wild rivers in the West after World War II. As with many modern-day river runners and anglers who fall in love with the waters they ply, these experiences turned into a desire to protect those rivers. “As kids, we grew up floating wild rivers with Dad and Uncle John,” recalls Lance. “Thanks to the Wild and Scenic Rivers Act, countless generations of other kids are able to do the same.”

THE WILD AND SCENIC RIVERS ACT TODAY

Montana currently ranks seventh in the nation with a total of 368 Wild and Scenic river miles, about the same as New Jersey and Pennsylvania. We have four designated rivers: the Upper Missouri River through the Breaks, and the North, Middle, and South Forks of the Flathead River. This amounts to about 0.2% of the 177,000 river miles in Montana. According to the National Inventory of Dams, which is maintained by the Army Corps of Engineers, Montana currently has 2,960 dams. Montana hasn’t had a new Wild and Scenic River designated since 1976. Meanwhile, our neighbors in Wyoming, Idaho, and Utah added a combined 900 miles of new Wild and Scenic rivers in 2009 alone. Clearly, the balance between conservation and development intended by Congress when it passed the Wild and Scenic Rivers Act 50 years ago has not yet been struck.

There are, however, a growing number of people in Montana working to change that. In December 2017, the bipartisan East Rosebud Wild and Scenic Act (S.501) passed the U.S. Senate by unanimous consent, and was introduced in the House. The East Rosebud bill would protect 20 miles of the stream as it flows through public land off the Beartooth Plateau, and has been championed by the broad-based local coalition known as the Friends of East Rosebud Creek, which includes virtually every rancher, business owner, and resident in the area.



Wild and Scenic eligible East Rosebud Creek,

MT | Mike Fiebig

In addition to East Rosebud Creek being on the cusp of becoming Montana's next Wild and Scenic River, the state-based coalition, [Montanans for Healthy Rivers](#), currently has over 1,000 Montana businesses and over 2,000 citizens endorsing its proposal to designate 50 new Wild and Scenic streams on public lands in the Crown of the Continent and Greater Yellowstone ecosystems.

In 2014 and 2016, bipartisan statewide polls on river issues in Montana found that three-quarters of Montanans support the Wild and Scenic Rivers Act, and two-thirds of Montanans support designating more Wild and Scenic rivers in the state. Furthermore, 85% of Montanans think that "rivers are highly important to our economy and way of life," and nearly nine out of ten voters would like to see the number of protected rivers in Montana maintained or increased. Support for protecting Montana's wild rivers is overwhelming, regardless of ideology, party affiliation, gender, age, or geographic region.

Montana's business community is taking note of rivers, as well. Business for Montana's Outdoors (BMO) conducted a survey that polled 200 businesses from every county in Montana, to find out opinions and perspectives on the connections between our outdoors, outdoor way of life, and the economy. Nearly three-quarters of business owners said that we can protect land and water and have a strong economy at the same time, and 70% claimed that the "Montana outdoor lifestyle" was a key factor in deciding to locate or expand their business in Montana.

"Montanans and Montana businesses are clearly connected to their environment, whether we're talking about an outdoor recreation business, a manufacturer, a marketer, or someone in the tech industry," explains BMO's Marne Hayes. "People are in Montana for our landscapes and waterways, for the value that those things bring to them personally, and for how they contribute to the culture of their business."

Then there is the science behind the roles that wild rivers play for humans, fish, and wildlife in our changing and developing world. In many arid regions of the West, the writing is on the wall, and tough choices must be made—and made soon. Scott Bosse of American Rivers in Bozeman explains the urgency: "Given how climate change is rapidly shrinking our snowpack and the West is one of the fastest-growing regions of the country, I think we're going to see a lot more dams and other water development projects proposed in Montana over the coming decades. That's why we need to act now to protect our highest-value free-flowing rivers. It will be too late if we wait any longer."

What does this mean for local rivers, you might ask? While Montana is sure to receive more riverside development in the future, and likely more dams as well, favorite streams like the Gallatin, upper Yellowstone, upper Madison, and Smith rivers all have local groups pushing for their protection. Kristin Gardner from the Gallatin River Task Force in Big Sky sums up the reason behind this interest: "Because of the Gallatin River, we not only live here, we thrive here—as individuals and as a community... Wild and Scenic protection would ensure that the necessary recognition and planning is in place to secure the long-term health of these irreplaceable resources for generations to come."



Bison, Yellowstone River, MT | J Schmidt, National Park Service

“People are passionate about their local streams,” adds Charles Drimal of the Greater Yellowstone Coalition, which is working with Montanans for Healthy Rivers. “In communities like Livingston, Gardiner, Bozeman, and Big Sky, where rivers are just as much a cultural identity as a hydrological force, people want to see iconic rivers like the Yellowstone and Gallatin protected.”

THE FUTURE OF WILD RIVERS

Public lands and rivers, along with our nation’s system of national parks and preserves, have been called “our best idea.” In southwest Montana, we are fortunate enough to live this every day. But not everyone in this country is quite so fortunate. So, how do we maintain support nationwide for this “best” idea?

Rafting on the Middle Fork of the Flathead River, MT. | Photo: Lee Cohen

One way is to keep wild rivers relevant through stories. River stories are one of the most treasured cultural traditions in the outdoor world. Whether you’re spinning a yarn about that time you failed to properly tie down the raft and had to chase it downstream; when Grandpa almost landed a fish *this big*; when Liz swam the Kitchen Sink in April without spilling her beer; or when a bear loved the smell of frying bacon in the river kitchen a little too much—one and all, these river stories capture and spread the *wildness* that protected rivers help to maintain in our lives.

In celebration of the 50th Anniversary of the Wild and Scenic Rivers Act, the national nonprofits American Rivers and American Whitewater have teamed up with a number of outdoor gear companies to create **5,000 Miles of Wild**. Their goal is to collect 5,000 wild-river stories and to protect 5,000 more miles of such rivers nationwide.

For many of us, what we love about protecting certain wild rivers is legacy. “The legacy of river protection under the Wild and Scenic Rivers Act will serve not only everyone today who cherishes our remaining natural rivers, but all the generations to come in an era when the values of our free-flowing streams will become increasingly evident,” says river author Tim Palmer. This is not to say that it will be easy. Our public lands and rivers are under attack, and it’s going to take a lot more people getting involved to protect them—outdoor recreationists, homeowners, farmers and ranchers, and businesses from every sector. We Americans are learning that conservation is difficult, and protection is not necessarily permanent, unless we all stand up for our wild lands and rivers. Wild rivers, fortunately, are one thing that almost all of us love and understand to be important and necessary. To put it simply, says Lance Craighead: “We need more of them.”

What will that require, you might ask? In John Craighead’s words from 2013, “It doesn’t require much more than having Congress understand how important those rivers are to all Americans. They’re about American as American can be.”

Marlette Water System: \$25 million for upgraded dams

Geoff Dornan

June 5, 2018



Nevada Appeal

The Marlette Water System submersible pump is seen at Marlette Lake in this file photo.

- Lawmakers were told on Tuesday the Marlette Water System that supplies water to Carson City and Storey County needs upgrades and maintenance that will cost millions of dollars. System Manager Jerry Walker told the Tahoe/Marlette study committee repairing and upgrading the dams at Marlette Lake and Hobart Reservoir will cost an estimated \$25 million.

Walker said they're looking at a long list of maintenance needs as well, including potential replacement of both summit generators he said have reached their operating life. One of those generators powers the pumps that send the water across the summit and down to Carson and Virginia City. He said that generator runs 24/7 for four months every year. In addition, he said miles of water pipe are, flattened by trucks, leaking and need to be replaced.

He said he and his staff are looking at a variety of potential funding sources for the work including the U.S. Army Corps of Engineers and the federal Environmental Protection Agency.

“Not everybody wants to get on board with us. We’re running into some roadblocks.” — Jerry WalkerMarlette Water System manager

Dale James Ryan

One problem, Walker said, is the Marlette system is deemed historical — it's 140 years old — a fact that brings in a number of requirements to preserve the historic value of the system.

"Not everybody wants to get on board with us," he said. "We're running into some roadblocks."

"We're trying to tap into some of this federal funding that's available instead of putting the complete burden on the ratepayers of Carson City and Storey County."

One problem they face, he said, is Marlette has three staffers including himself and they really don't have the time or expertise to tap into those federal grants.

That prompted Sen. Julia Ratti, D-Sparks, to move the committee send a letter asking the state grants management unit to help them out.

The motion was approved unanimously.

But Walker admitted other water systems charge significantly more per 1,000 gallons of water than Marlette. A couple of years ago, he said they raised the rate to 75 cents per 1,000 gallons.

When they brought in engineers from the Truckee Meadows Water Authority to look at the system, "they looked at me like I was out of this world."

He said they charge themselves \$4.54 per 1,000 gallons to move water across their system and other water systems across the nation charge anywhere from \$2 to \$4 per 1,000 gallons.

Walker said raising Marlette's rate to \$2 would at least provide some money for ongoing annual maintenance.

The committee will consider more action on Marlette's needs as it develops proposed legislation later this year.

City Sparks to Homeless on River: Move Along

June 4, 2018 Bob Conrad Website Facebook Twitter LinkedIn



Homeless camp on the Truckee River. Image: Dana Nollsch.

The city of Sparks is again enforcing its no camping ordinance along the Truckee River, an effort that could leave dozens struggling to find a new place to sleep.

The city is giving notice to campers along the river this week, including the offer for services and enforcement notices. Starting June 11, 2018, enforcement will begin nightly.

"Services will be offered but will not keep campers from being asked to move along," said Sparks spokesperson Julie Duewel. "The city of Sparks is continuing to work with the Volunteers of America and other service providers to help those camping illegally along the river.

"While we always believe in service first, the city will be informing those illegally camping along the river that they will not be allowed to do so," Duewel added. "Our Public Works Department and Sparks Police will be working together to both clean up and move them along."

Sparks cited campers a year ago and threatened them with jail time if they did not leave. One individual, who had health problems from surviving a harsh winter, said he suffered a stroke after Sparks Police took a photo of him during that sweep.

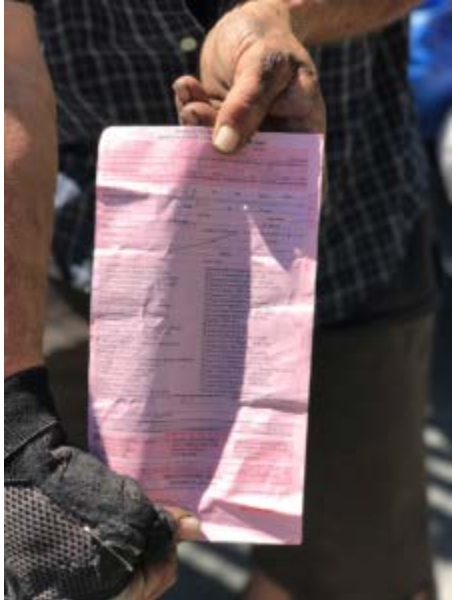
"Police pushed us all the way out to the end of the trail almost into Storey County," Kenneth Norton told OurTownReno. "But Storey County doesn't want us either. We just want the struggle to stop.

"We don't want to go further out there. We can't. There's people with missing toes out there. There's people with infections. They can't get the medical attention they need out there. Older people get sick sleeping on the river. It's just too far from everything."

RELATED:

Reno Works Graduates 8 More People Out of Homelessness

Where will they go?



A homeless man at Glendale Park showed us a citation he received from Sparks police in 2017.

Legally, a city cannot enforce no-camping ordinances if there is no other place for the houseless to go.

A 2015 federal court filing by the Department of Justice indicated that banning sleeping in public spaces criminalizes homelessness if alternatives are not available.

"When adequate shelter space exists, individuals have a choice about whether or not to sleep in public," according to the DOJ. "However, when adequate shelter space does not exist, there is no meaningful distinction between the status of being homeless and the conduct of sleeping in public."

Reno area shelters tend to be full, but some spaces are available now, said Pat Cashell of VOA.

"There's no way we can take that entire population," he explained. "But we do have beds available for some of them right now."

The VOA shelter policy is to house individuals for up to 90 days; after that, they can't come back for 30 days. Then the cycle repeats.

While homelessness is not a crime, municipalities can cite homeless individuals for other infractions, such as being in a park after dark, or panhandling, in order to discourage their presence.

"We're definitely interested in looking at that," Holly Welborn of the Nevada ACLU said to us last year. "If a person is engaging in a life-sustaining activity... they cannot be ticketed for engaging in these activities. If these individuals are being ticketed (during the day when there is nowhere else for them to go), we would definitely be interested in that.

"If the shelter is at capacity, then they should not have been cited," she added.

RELATED:

Washoe County: 27 Indigent Residents Died in 2017

Citizen Complaints



Duewel said the homeless sweeps are being prompted by numerous complaints about conditions along the river.

"Our reasons for the increased efforts are for the safety of our Sparks residents," she said. "We have received many phone calls, emails and social media messages about the situation by the river. Those living along the river are breaking the law and Sparks ordinances.

"It is for their safety and for the safety of our Sparks residents that we will be asking them to move. We want to make the Truckee River a place where we all can feel safe and enjoy."

TMWA hosts free 'Be Smart with Your Water' workshops and tours

by News 4 & Fox 11 Digital Team
Wednesday, June 6th 2018



AA

Truckee Meadows Water Authority will host free workshops and tours on how to be smart with your water this summer. (File Photo)

RENO, Nev. (News 4 & Fox 11) — Truckee Meadows Water Authority will host multiple free workshops and tours on smart water use this summer.

TMWA's tree care and sprinkler workshops will provide consumers with step-by-step information on maintaining sprinkler and drip systems, as well as tips to care for trees and save water.

- Tree Care Workshop: Wednesday, May 9 at 5:30 p.m.
- Drip System Maintenance Made Easy: Thursday, May 31 at 5:30 p.m.
- Sprinkler System Maintenance Made Easy: Wednesday, June 6 at 5:30 p.m.

The hour-long classes will take place at TMWA's office: 1355 Capital Blvd. in Reno.

On Wednesday, May 9 at 5:30 p.m., TMWA will host a two-hour informational tour called 'Understanding Your Drinking Water' at the Glendale Water Treatment Plant.

TMWA's water quality staff will discuss what it takes to get high-quality drinking water to your home.

All workshops and tours are free and open to TMWA customers. Space is limited, and RSVPs are required for all events. To RSVP, email rsvp@tmwa.com or call 775-834-8290.

For more information about water-efficient landscaping and conservation,

visit Tmwa.com/landscape

Will California's new water rules push people out of the Golden State?



By Tammy Bruce | The Washington Times



FILE -- Sprinklers water a lawn in Sacramento, Calif. (AP Photo/Rich Pedroncelli)

“Please sir, I want some more,” is no longer a sentiment just for Oliver Twist in the orphanage. A new law in California limits how much water can be used by each household. Now their showers, how many flushes, and how often they can do their laundry will be under the watchful eye of the state government.

This from politicians who have pushed policies creating homeless and drug abuse crises throughout the state. They have now decided to clamp down on the use of the most basic needs of civilized living.

As the blog Zero Hedge put it, “it’s now against the law to do laundry and shower on the same day in the Sunshine State,” and they’re not exaggerating. Under the guise of addressing “climate change,” the new bill rations water to a degree that makes it impossible to maintain a healthy home environment.

Perhaps the state wants everyone to feel like the drug addicts living in California's ever-expanding homeless tent cities?

Zero Hedge reported, "Assembly Bill 1668 is where it gets personal. This establishes limits on indoor water usage for every person in California and the amount allowed will decrease even further over the next 12 years. 'The bill, until January 1, 2025, would establish 55 gallons per capita daily as the standard for indoor residential water use, beginning January 1, 2025, would establish the greater of 52.5 gallons per capita daily or a standard recommended by the department and the board as the standard for indoor residential water use, and beginning January 1, 2030, would establish the greater of 50 gallons per capita daily or a standard recommended by the department and the board as the standard for indoor residential water use ...'"

How do families feel about the rationing of water? CBS-13 in Sacramento asked a few: "With a child and every day having to wash clothes, that's, just my opinion, not feasible. But I get it and I understand that we're trying to preserve ... but 55 gallons a day?" said Tanya Allen, who has a 4-year-old daughter."

To give you perspective on how much water basic chores require, the station noted an eight-minute shower uses about 17 gallons of water, a load of laundry up to 40, and a bathtub can hold 80 to 100 gallons of water.

Felicia Marcus, chair of the State Water Resources Control Board, explained this is happening, "So that everyone in California is at least integrating efficiency into our preparations for climate change." That's nice. This same bureaucrat then noted to CBS-13, "Right now we lose up to 30 percent of urban water just to leaks in the system."

As the state rations the water of the average of family, making it impossible for everyone to shower and wash clothes, let alone use water to wash the dishes, and perform any myriad of other efforts to keep a home clean and a family healthy, it's the state itself and its crumbling infrastructure that is the biggest waster of water.

In 2014, during the drought, Californians found out what happens when policy focuses on controlling people, which is much easier than actually governing and maintaining infrastructure.

The Pasadena Star-News reported, "As 20 million gallons of drinking water rushed down Sunset Boulevard and flooded the UCLA campus this summer, drought-conscious residents threw up their hands. How are three-minute showers going to make a

difference, they asked, when the city's pipes are bursting? Turns out the UCLA flood was just a drop in the sea of potable water that leaks or blows out of underground pipes. California's water distribution systems lose up to 228 billion gallons a year, the state Department of Water Resources estimates — more than enough to supply the entire city of Los Angeles for a year."

The wasted water isn't relegated to local areas in Southern California. The San Jose Mercury News reported about the Bay Area at the time, "Aging and broken pipes, usually underground and out of sight, have leaked enough water annually to submerge the whole of Manhattan by 5 feet — enough to meet the needs of 71,000 families for an entire year."

No wonder people are fleeing the state. This week Fox News reported, "A whopping 46 percent of California Bay Area residents fed up with the region's high cost of living and soaring home prices are planning to pack their bags and move out in the next few years, a poll has found."

The report indicated homelessness and traffic were key reasons why residents wanted to flee. And this is while they can still shower, bathe their child and do laundry on the same day without being fined.

"Ron and Elizabeth Haines, who have lived in the city of Pleasanton, say they are moving to Idaho this summer and are among the residents who believe living in the Bay Area is getting too expensive," Fox News said.

"We are excited," Elizabeth Haines told the station. "I have tons of friends and family here. It's going to be hard, but I have a feeling we're going to have lots of visitors."

They sure will, but forget about that BBQ and table-tennis. Little do they know their friends will be bringing their laundry and want to soak in their bathtub. And then they'll ask about the neighborhood and school system.

This column originally appeared in The Washington Times.

Tammy Bruce, president of Independent Women's Voice

Homeless to be evicted from river, but first an offer of help

By [Ed Pearce](#) |

Posted: Thu 4:26 PM, Jun 07, 2018 |

Updated: Thu 6:33 PM, Jun 07, 2018

SPARKS, Nev. (KOLO) Some of the area's homeless live in camps scattered along the banks of the Truckee, out of sight to most of us, but not those who use the river and the public trail that follows it through the valley.



"We've been receiving a lot of social media complaints," says Sparks city spokeswoman Julie Duewel. "A lot of people riding their bikes and people are jumping out at them and scaring them. A lot of people, that animals are chasing them as they're trying to use the bike path."

So, the city has decided to do something about it. By city ordinance it's illegal to camp within 300 feet of the river. Starting July 11, 2018, that will be enforced, but first, Sparks Police, Animal Control agents and Volunteers for America are walking the banks, contacting each resident giving them the word, but also offering help.

"We would rather have them move themselves out and take the help that's offered them, but if they don't they're still being told they can't camp here anymore."

Some are accepting that help. Some city employees have bagged up the belongings of a man who decided to move into transitional housing. Others are less accepting.

"There's plenty of services available to them right now, a lot of beds available and everything else. So, if they choose not to do that, that is really their choice."

The cleanup has already begun, but it will pick up in earnest next week.

It will be a job. This population can generate considerable trash. The sort of stuff you might expect, food wrappers, empty bottles, and unfortunately the more disturbing, stashes of intravenous needles. Much of it never ends up in the trash barrels set along the river, but in the river itself.

"We were down here a few days ago," says Duewel, "and there's food being dumped in there. Unfortunately there's waste matter being put in there. We don't want that. We want this river to be clean."

Homelessness is a chronic problem. You don't have to be a cynic to wonder if this sweep will simply push most of these people to other locations, the freeway or into Reno. Duewel says that's not the aim.

"We're not trying to push them into Reno. We're not trying to push them into Storey County. We're really trying to get them the help that they need and offering services to them."

Time will tell. In the meantime, Sparks officials say the Truckee and its banks will be a little bit cleaner, a little safer.



Homeless to be evicted from river, but first an offer of help

Verdi residents react to Reno City Council decision to cease progress on new development

by Kristen Edwards

Thursday, June 7th 2018

VERDI, Nev. (news 4 & Fox 11) — The Reno City Council voted Wednesday to "affirm the denial of an application by a developer seeking to build 78 homes south of I-80 near Boomtown".

The development is called Meridian 120, and Verdi residents have been fighting back against the project for months. They take issue with several components, including traffic and wildlife concerns.

The initial decision to deny the developer's application came from the Planning Commission after a 4-vote approval was not reached.

This all comes after a temporary restraining order was issued by District Judge Elliott Sattler to halt the project. This prevented the Council from hearing anything the related to the project. An April 11th meeting was cancelled.

A spokesman for the City of Reno tells News 4 that they were able to hear the appeal Wednesday because "the restraining order that kept us from addressing the issue was resolved."

The attorney representing the developers said in the meeting Wednesday that the residents were voicing their concerns too late. He said that the master plan that approved the overall plans to develop the area was approved over a decade ago.

However, the City Council voted to halt the project. The developers will have to go back to the Planning Commission to address water use negotiations, structural improvements, and public safety agreements.

The Verdi Community Council gave the following statement to News 4 regarding the Council's decision:

"Our response would be to thank Reno City Council for their careful consideration of the Meridian 120 South development.

We are also very appreciative of the number of residents that have been so engaged in this long 8+ month process.

We feel there is finally some recognition that moving forward, development projects in this area need to be considered and ideally proposed 'holistically' rather than piecemeal. We currently have two extremely large subdivisions in the works... West Meadows Estates (330 +/- homes plus 4 acres commercial) as well as Meridian 120 North (278 +/-). Between these two projects our population is being doubled.

Meridian 120 South Village 1&2 may only be 75 homes, however, plans for townhouses and condominiums represent Village 3 & 4, which would have been considered next month. Several more "villages" are in the works to include several thousand more homes. Our community was simply asking Council to consider the legitimate limitations and lack of resources we are facing NOW, with just 75 more homes. We strongly believed this entire project needed to be looked at as a whole, and Council agreed!

The remand back to the planning commission gives the much needed opportunity to:

- a) understand the true and accurate traffic impacts
- b) implement life safety services such as police and fire
- c) allow the TMWA agreement to be finalized and put in place for water
- d) finalize negotiations and issues on the Steamboat ditch to address flooding issues
- e) and seek mitigation measures regarding wildlife preservation

These are Standards all developments should meet. It is our community's sincere hope this project could also better align with the area in terms of density, zoning and set backs from existing properties. There is tremendous community engagement in Verdi and we will continue our involvement in this process."

Sparks officials begin sweep of homeless along Truckee River

by Sanaz Tahernia
Thursday, June 7th 2018

sparks homeless camp.png

SPARKS, Nev. (News 4 & Fox 11) -- Starting Monday, [June 11th the city of](#)

[Sparks will enforce an ordinance that prohibits camping along the Truckee](#)

[River](#), thereby leaving dozens of homeless people without a place to sleep at night.

Sparks City Council introduced the ordinance back in [March of 2016](#), and it prohibits camping on public property within 350 feet of the shore of the river within city limits.

While homelessness is not a crime, municipalities like Sparks can cite homeless people for other infractions like being in the park after dark or panhandling in order to deter them from hanging around.

The Sparks ordinance is modeled after a similar ordinance enforced in Reno which bans camping from a half hour after sunset to sunrise.

Under the Sparks ordinance, the term "camping" not only includes sleeping, but also covers the act of storing personal items, cooking, making a fire and using a tent or other structure for sleeping.

While this ordinance has been in effect since 2016, this coming week's sweeps are prompted by complaints about the condition along the river.

This past week, Sparks officials have been giving enforcement notices to campers along the Truckee, in addition to an offer for services.

Reports say that the city of Sparks is working alongside Volunteers of America and other service providers to help those camping illegally.

Starting June 11th, enforcement will begin nightly.

Homeless have 24 hours to move from along river

[Link to video](#)

By [Valentina Bonaparte](#) |

Posted: Mon 4:46 PM, Jun 11, 2018 |

Updated: Mon 11:59 PM, Jun 11, 2018

RENO, Nev. (KOLO) Monday morning, [Keep Truckee Meadows Beautiful](#) in partnership with GSR cleaned the Reno side of the Truckee River, in an effort to make the city a better place. Meanwhile, on the other side, Sparks was giving the homeless population 24 hours notice to accept the resources provided by the city or find another place to live.



"If they choose not to, that's their choice; we can't force them to do this, but that would be our greatest hope is that they would take us up on that," says Sparks city spokeswoman Julie Duewel.

For many, the homeless population is to blame for much of the waste found along the river.

"There are always bad apples. Unfortunately the bad ones ruin for the rest of us," says Bryan Pettibone, who is homeless.

Overall, Sparks has been helping many people find the help they need, but for some, a homeless shelter isn't an option.

"Where can we go where we won't be bothered by the distance by the river, the football field that is required, they say there are places for us to go, but where can we put our tents and live the way we want to live?" asks Pettibone. "My plan is to go little further down river as far as I have to stay away. I guess they are just pushing us further and further out, there isn't anywhere for us to go," he says.

The efforts to keep the area clean and safe will continue. The ordinance says it's illegal to camp within 300 feet of the river. Sparks Police, Animal Control agents and [Volunteers of America](#) are walking the banks, contacting each resident giving them the word, but also offering help.

Sparks Officials Removing Homeless Camps Along Truckee River

Homeless people who live along the Truckee River must find a different place to sleep at night after the city of Sparks has moved to enforce an ordinance that bans camping along the waterway.

June 11, 2018, at 2:43 p.m.

Sparks Officials Removing Homeless Camps Along Truckee River

AP

SPARKS, Nev. (AP) — Homeless people who live along the Truckee River must find a different place to sleep at night after the city of Sparks has moved to enforce an ordinance that bans camping along the waterway.

KRNV-TV reports the city on Monday began enforcing the ordinance that was introduced in March 2016. It prohibits camping on public areas within 350 feet of the shore within city limits.

Under the ordinance, the term camping includes sleeping, storing personal items, cooking and making a fire.

Complaints about the conditions of the river are prompting the city to enforce the ordinance.

Sparks City Manager Stephen Driscoll says people have complained about trash and feces along the river.

The station reports officials last week gave enforcement notices to campers and offers for services.

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Information from: KRNV-TV, <http://www.mynews4.com>

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Dozens of homeless people asked to vacate the Truckee River

Dozens of homeless people asked to vacate the Truckee River

by Miles Buergin

Monday, June 11th 2018

[Link to video—and more of the story](#)

Residents on the Truckee river are packing their belongings to move away from the area.

AA

Dozens of people were asked to vacate their homeless camps along the Truckee River.

Sparks Police have been patrolling areas along the river to inform people that they have 24 hours to vacate the premises. This is due to the 'Abandoned Property' ordinance from the City which states that camping on city property is illegal.

Yet, the city is bringing along resources that these homeless populations can use to help them relocate. This includes animal control for their pets and area homeless shelters for a place to sleep.

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"This has become a health and public safety issue," says Julie Duewell with the City of Sparks. "We are making sure that they have the resources to move and no longer violate the law."

Julie says this has been a positive experience for those who choose to use these resources of food and safety. Although, some aren't using the help and are upset about moving large hauls of their belongings to a different area.

"I have suitcases full of clothes, and all my cooking supplies, " says Tony, a dweller on the river. "It's a lot of but there are some people who live down here that are threatening so I don't mind moving if it means I'm safer."

If the homeless people choose to not vacate the riverside they will be arrested as part of the ordinance.