



TRUCKEE MEADOWS WATER AUTHORITY

Board of Directors

AGENDA

Wednesday, July 15, 2020 at 10:00 a.m.

Meeting Via Teleconference Only

MEMBERS OF THE PUBLIC MAY ATTEND VIA THE WEB LINK, OR
TELEPHONICALLY BY CALLING THE NUMBER, LISTED BELOW.
NO PHYSICAL LOCATION IS BEING PROVIDED FOR THIS MEETING
(be sure to keep your phones on mute, and do not place the call on hold)

Please click the link below to join the webinar:

<https://zoom.us/j/94439163646?pwd=RDNsbUpxNVINUTVYaVEvQ3hHa0pjdz09>

Password: 433368

Or call:

Phone: (888) 788-0099

Webinar ID: 944 3916 3646

Board Members

Chair Vaughn Hartung
Member Neoma Jardon
Member Jenny Brekhus
Member Paul Anderson

Vice Chair Kristopher Dahir
Member Jeanne Herman
Member Naomi Duerr

NOTES:

1. This meeting is being conducted pursuant to the Governor's Declaration of Emergency Directive 006 ("Directive 006 [http://gov.nv.gov/News/Emergency_Orders/2020/2020-03-22 - COVID-19 Declaration of Emergency Directive 006/](http://gov.nv.gov/News/Emergency_Orders/2020/2020-03-22_-_COVID-19_Declaration_of_Emergency_Directive_006/) and will be held by teleconference only.
2. The announcement of this meeting has been electronically posted in compliance with NRS 241.020(3) and Directive 006 at <http://www.tmwa.com>, and NRS 232.2175 at <https://notice.nv.gov/>.
3. Pursuant to Directive 006, the requirement contained in NRS 241.020(3)(c) that physical locations be available for the public to receive supporting material for public meetings has been suspended. Staff reports and supporting material for the meeting are available 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. Pursuant to Directive 006, public comment, whether on action items or general public comment, may be provided without being physically present at the meeting by submitting written comments online on TMWA's Public Comment Form (tmwa.com/PublicComment) or by email sent to boardclerk@tmwa.com prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. on July 14th. Voicemail messages received will be noted during the meeting and summarized for entry into the record. Public comment is limited to three minutes and is allowed during the public comment periods. The Board may elect to receive public comment only during the two public comment periods rather than each action item. Due to constraints of TMWA's videoconference system, public comment must be provided by voicemail, email or online comment as indicated above.
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.

¹The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or 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.

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 June 17, 2020 meeting of the TMWA Board of Directors (**For Possible Action**)
6. Presentation on TMWA’s Water Main Replacement Program — Danny Rotter*
7. Discussion and possible direction from Board regarding the evaluation process for conducting General Manager’s performance review — Mark Foree and Jessica Atkinson (**For Possible Action**)
8. Discussion and action, and possible approval of the Water Resource Exchange Agreement between TMWA, TRI General Improvement District and Tahoe Reno Industrial Center, LLC related to acquisition of Pioneer Ditch and other Truckee River water rights and issuance of return flow will-serve — John Enloe and John Zimmerman (**For Possible Action**)
9. General Manager’s Report*
10. Public comment — limited to no more than three minutes per speaker*
11. Board comments and requests for future agenda items*
12. Adjournment (**For Possible Action**)

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TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE JUNE 17, 2020
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, June 17, 2020, via Zoom Virtual Meeting, Reno, Nevada. Chair Hartung called the meeting to order at 10: 31 a.m.

1. ROLL CALL

Members Present: Paul Anderson, Jenny Brekhus, Kristopher Dahir, Naomi Duerr, Neoma Jardon, Vaughn Hartung, and Jeanne Herman.

A quorum was present by telephonic appearance.

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Member Brekhus.

3. PUBLIC COMMENT

There was no public comment.

4. APPROVAL OF THE AGENDA

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

5. APPROVAL OF THE MINUTES OF THE MAY 21, 2020 MEETING

Upon motion by Member Brekhus, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the May 21, 2020 minutes.

6. PRESENTATION ON THE PORTLAND LOO PROJECT

John Enloe, TMWA Director of Natural Resources, updated the Board on the status of the Portland Loo Project at Brodhead Park. Mr. Enloe stated that TMWA has contracted with Gerhardt & Berry

Construction, Inc., but the construction of the first installation is slightly delayed at Brodhead Park due to the civil unrest downtown.

Board Members inquired where the other two restrooms would be installed (locations have yet to be determined at this time); the role of the maintenance valet (the individual will be stationed at Brodhead park to ensure proper use of the restroom, light maintenance/cleaning and social outreach); and when the restroom would be open (about four weeks from the start of construction).

7. DISCUSSION AND POSSIBLE ACTION, AND DIRECTION TO STAFF REGARDING TMWA'S DRAFT 2020-2040 WATER RESOURCE PLAN

Kara Steeland, TMWA Hydrologist, presented the draft 2020-2040 Water Resource Plan (2040WRP), as well as the public outreach schedule, and staff plans to bring it back for final Board approval in the fall. Bill Hauck, TMWA Water Supply Administrator, presented the climate change model scenarios, which indicate that even in extreme scenarios, the first year of shortage is 50 years out; therefore, TMWA's water supply remains extremely resilient under current operations. Mr. Hauck further explained the Bureau of Reclamation (BOR) grant TMWA received in September 2019 is a multi-agency approach to reevaluate the flood control management of upstream storage (last updated in 1985) based on changing climate conditions, potentially providing a more flexible and adaptive storage plan.

The Board commended staff on a great job drafting the 2040WRP: making it more accessible to the general audience, shifting the focus from TMWA's history to be more forward looking, addressing climate change, including the BOR grant in its analysis, expanding the ASR program, and presenting a strong future water supply outlook.

Vice Chair Dahir stated it is important to invest funds to address major issues such as climate change, sewer and growth, but not necessarily building more reservoirs. Mr. Hauck agreed and said TMWA's greatest asset in combating climate change is the adaptive management of its reservoirs and convincing the Army Corps of Engineers (ACOE) through our studies and analysis to protect the community against flood and capture more upstream snowmelt will be critical. Mr. Enloe added continuing to invest in advanced purified water and reclaimed water efforts in the region, and capitalize on the local resources available, such as the Marlette Lake Water System, will also prove beneficial.

Chair Hartung inquired about the recommendation from the USGS regarding the need for additional reservoirs in our system for future sustainability. Mr. Hauck replied California would probably not permit another major reservoir. Adjusting reservoir operations will be extremely important, since runoff may occur well before April under future climate conditions, and having the ability to adaptively manage the reservoirs will increase how much runoff is captured. Mr. Hauck informed the Board the Sacramento ACOE completed a similar analysis on the American Rivers and Folsom Reservoir and they have begun operating the reservoir differently; TMWA staff will be working with the Sacramento ACOE on the BOR grant.

Member Duerr liked the public process outreach and recommended for staff to utilize the Facebook Live feature on Zoom to engage the public even more so.

Member Brekhus raised questions about the need to develop policies regarding growth and suggested integrating TMWA's projections with other agency analyses related to growth and economic status in the region to be better equipped for industries coming to the region. In addition, Member Brekhus requested more information on the Marlette Lake Water System as well as how the connection between ASR and reclaimed water work, prior to final adoption of the plan.

At this time the Board requested staff to return in the fall with any substantive concerns and/or feedback they receive during the public outreach process prior to final adoption, and to present the final 2040WRP to all three entities: Cities of Reno and Sparks and Washoe County.

No action taken.

8. PUBLIC HEARING ON RATE AMENDMENT

A. RATE AMENDMENT, SECOND HEARING AND ADOPTION: DISCUSSION AND ACTION ON RESOLUTION NO. 286: A RESOLUTION TO ADOPT TMWA NEW RATE SCHEDULE INTERRUPTIBLE LARGE VOLUME NON-POTABLE SERVICE (ILVNPS)

Mr. Enloe presented the proposed ILVNPS Rate Schedule, which would create a mechanism to allow for temporary uses of reclaimed water for various purposes. Since the first reading in May, TMWA has received another request from the Somerset Golf Course for TMWA to either lease or serve them Truckee River water (about 100 acre feet) through their own facilities so they could irrigate the golf course this summer (one of their irrigation wells is out of service). Mr. Enloe introduced Kevin Porter, City of Sparks Utility Manager, who is available to answer questions related to Truckee Meadows Water Reclamation Facility (TMWRF) and reclaim water use that were brought up at the last meeting.

Member Brekhus stated she did not support the first reading due to concerns about TMWRF, and inquired if these requests would be brought to the Board for approval. Mr. Enloe replied only if the request was significant since it is at TMWA's discretion depending on the current drought situation and water availability. Michael Pagni, TMWA General Counsel, added generally it would be within the general manager's authority to add a customer but if the general manager desired additional direction he would have the ability to bring to the Board for input if necessary.

Mr. Enloe further explained the original request for temporary service was brought to TMWA by both City of Sparks and the developer for the 5 Ridges development. The issue is City of Sparks does not have the water rights to satisfy the return flow obligation and diverting additional TMWRF effluent for the project; the new rate structure gives the ability to temporarily permit water rights to leave in the river to help satisfy the return flow. Mr. Porter confirmed the City of Sparks is supportive of this rate and even though City of Sparks has an inventory of water rights used for return flow management, they are not experts in managing water rights which is why TMWA's expertise is greatly valued in assisting them to sign up a temporary reuse customer.

Member Brekhus asked if there had been discussions at the Joint Coordinating Committee (JCC) on how this will affect the allocation of the joint ownership. Mr. Porter replied he does not sit on the JCC and cannot speak specifically to the allocation of joint ownership. He added in terms of joint ownership and effluent leaving TMWRF, Sparks has a variety of customers it serves as well as the City of Reno; and Washoe County has its own reclaimed water system from effluent produced at their South Truckee Meadows Water Reclamation Facility; and all three entities are looking for the opportunity to add customers.

Member Brekhus stated she would like a better explanation of what is effluent as a water resource, if the new rate would create capacity for the City of Sparks to add will-serve letters for reclaim service, and expressed concerns about the increased demand and added stress on the system. Mr. Porter replied no, the intent is not to identify new customers, rather following the best practice of utilizing the existing system to serve customers wishing to use reuse water on a short-term basis, and the new rate tariff will assist them. Mr. Enloe clarified this would not impact TMWA's existing facilities; users have to have their own facilities to divert water.

The Board discussed how beneficial this is for managing effluent, maintaining the return-flow requirements and utilizing water in the Truckee River that would otherwise not be used. They agreed they would like to be kept informed of new customers, keep the process in place that already exists under the general manager's authority, and have the general manager report new customers using this rate to the Board in his monthly water rights report.

B. PUBLIC COMMENT

There was no public comment.

Upon motion by Member Dahir, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 286: A resolution to adopt TMWA new Rate Schedule Interruptible Large Volume Non-Potable Service (ILVNPS).

CLOSE PUBLIC HEARING

9. DISCUSSION AND ACTION ON NOMINATION AND ELECTION OF CHAIRMAN AND VICE CHAIRMAN AND REQUEST FOR BOARD ADOPTION OF RESOLUTION NO. 287 APPOINTING A CHAIRMAN AND VICE CHAIRMAN FOR FISCAL YEAR 2021

Mr. Foree presented this item.

Member Anderson moved to appoint Vaughn Hartung to Chair and Kristopher Dahir to Vice Chair.

Upon motion by Member Anderson, second by Member Jardon, which motion duly carried six to one with Member Brekhus dissenting, the Board adopted Resolution No. 287: A resolution appointing Vaughn Hartung as Chairman, and Kristopher Dahir as Vice Chair, of TMWA Board of Directors for fiscal year 2020-2021.

10. GENERAL MANAGER'S REPORT

Mr. Foree reported Lake Tahoe is about 1.2 feet below full and reservoir storage is at 75-80% total, which equates to a solid reservoir supply scenario with normal river flows for at least the next two years. TMWA's current revenue status is holding strong with the warm weather in April and May. Mr. Foree added that TMWA is now in Phase 2, following Governor Sisolak's reopening of the state, and slowly increasing employees returning to the office, but only based on need and for many it will remain status quo (which is working very well), and temperature scanning kiosks have been set up at all TMWA locations.

Michele Sullivan, TMWA Chief Financial Officer, reported revenues were behind \$3m until the spring, but have since made up more than half of that in the past few months and are now only a little over \$1m under budget. Ms. Sullivan noted collections have increased over the past 60 days for bills that are over \$100 or more. However, there is no pressure to pay and customers will receive friendly reminders asking them to communicate with us so that we can work with them to spread out the payments over six months (or more if needed); this is approximately 3,500 customers and about \$0.5m.

Member Brekhus inquired about water collections and how other water purveyors are creating policies for shut offs as well as wastewater and water resources for the most-recent annexation into TMWA's service area in the North Valleys. Ms. Sullivan replied TMWA does have a policy in place and she attended a virtual conference regarding this very issue; no utility is shutting off water at this time. Mr. Zimmerman replied that wastewater from the recently annexed project will go to the Reno-Stead Water Reclamation Facility and the project would use Fish Springs water resources for the Will-Serve Commitment.

Chair Hartung inquired about additional snowmelt, the river flow rate and how many flood gates are open. Mr. Hauck replied no, it will be more evaporation rather than snowmelt, three gates are open, and Mr. Foree added river flow is about 200 cubic feet per second leaving Tahoe and at 970 cubic feet per second at Farad (at the state line).

11. PUBLIC COMMENT

There was no public comment.

12. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Member Brekhus requested staff reports be hyperlinked to the agenda for ease of reading digitally.

Vice Chair Dahir inquired about the health of staff. Ms. Atkinson replied staff is doing well with no confirmed cases.

13. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 12:25 p.m.

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

Sonia Folsom, Board Clerk.

DRAFT



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: Danny Rotter, Engineering Manager
Scott Estes, Director of Engineering
DATE: July 8, 2020
SUBJECT: Presentation on TMWA's Water Main Replacement Program

Recommendation

No action needed.

Summary

In the early 2010's, TMWA staff embarked on an analysis to determine if the then-current level of funding water main replacements was adequate and sustainable into the future. In August of 2015, Holly Flores, Principal Planning Engineer authored a report with support from TMWA's GIS team that concluded:

"Results show TMWA's exceptional reliability and water main infrastructure integrity when compared nationally to public water system annual break rates, service levels and water produced but not billed. Coordination with local agencies should continue as this approach has proved to be the most cost effective and least disruptive to main replacement and rehabilitation for TMWA customers and the community."

The primary finding of the report is that TMWA's top 10 mains to prioritize replacement offered service levels of 0.3 to 1.1 leaks per 1,000 feet per year based on 24 years of leak history (1989-2013). At 3 breaks per 1,000 feet per year, open-trench replacement can be cost effective. TMWA's system-wide main leak rate was very low at 3 leaks per 100 miles annually (or 0.006 leaks per 1,000 feet per year). According to the AWWA "Benchmarking Performance Indicators" in 2013, the median level of breaks and leaks has ranged from 26-49 per 100 miles since 2004.

Further details and some updates will be provided with the board presentation and discussion.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Jessica Atkinson, Human Resources Manager
DATE: June 25, 2020
SUBJECT: Discussion and possible direction from Board regarding the evaluation process for conducting the General Manager's performance review

Recommendation

The Board consider continuing with the approved GM Evaluation form (attached) and process and provide direction regarding the same.

Discussion

In August of 2016, the Board agreed upon a formal evaluation process for the General Manager's annual performance review. A questionnaire regarding the General Manager's performance (and a report for the General Manager regarding his performance related to the goals and objectives previously set by the Board) is sent to all Board members and senior leadership at TMWA via SurveyMonkey, an online survey tool. The results are provided to the Board in the September Board Meeting packet relative to the evaluation of the General Manager's performance at the September Board Meeting.

Proposed 2020 GM Performance Evaluation timelines:

- 08/24/2020 – Distribute GM Performance Evaluation Survey through SurveyMonkey.
- 09/08/2020 – Deadline to submit survey responses (16-day survey period).
- 09/16/2020 – Board presentation of survey responses and GM's report related to performance on goals adopted by the Board for the contract year 2019/2020.

Attachments

1. GM Evaluation Form FY2020



General Manager Performance Evaluation for FY2020

Introduction

The General Manager's performance evaluation consists of an annual appraisal by the Board of Directors, as provided for in the General Manager's employment agreement.

The purpose of the evaluation process is to maintain a strong Board/Manager team by ensuring open and productive communication on an annual basis. During this formal review process, there is an opportunity to identify areas of satisfaction and areas for growth or needing change as identified by the Board.

The evaluation will be completed by each member of the Board.

The Executive Team and Department Heads reporting to the General Manager have been invited to participate in this performance review process.

The Human Resources Manager is the facilitator for this process, and will gather input from the confidential survey completed by each of the above-referenced individuals. A staff report and the summary results from the evaluation survey will be provided as supporting materials for the public meeting at which the TMWA Board reviews the annual performance of the General Manager.

Rating Criteria:

For each performance criteria, please use the following rating scale:

E – Exceeds your expectations

M – Meets your expectations

AG - Areas for growth

NA – Not applicable



General Manager Performance Evaluation for FY2020

Interpersonal Skills/Relationships

For each performance criteria, please use the following rating scale:

E – Exceeds your expectations

M – Meets your expectations

AG – Areas for growth

NA – Not applicable

1. Ability to relate well to others and to make people feel at ease, even in difficult situations.

2. Ability to gain the trust and confidence of the public; fosters contact and cooperation among citizens, community organizations and other government agencies.

3. Understands and embraces the concept of inter-local cooperation when appropriate.

4. Fosters cooperative communication and working relationships with the Board.

5. Has the ability to utilize appropriate media for communication - Internet, social media, TV, radio, newspaper, Board meetings, group interactions, individual meetings.

6. Skilled in negotiation techniques in a variety of scenarios - employee, Board, public, interagency, outside entities.

7. Demonstrates sensitivity and empathy towards individuals or groups as appropriate.

8. Is forthright and honest in all relationships.





General Manager Performance Evaluation for FY2020

Communication Skills

For each performance criteria, please use the following rating scale:

E – Exceeds your expectations

M – Meets your expectations

AG – Areas for growth

NA – Not applicable

9. Verbal Communication Skills- Good command of oral expression; expresses ideas clearly and concisely; easily comprehends ideas expressed by others; able to explain and understand difficult and complex subjects.

10. Written Communications- Good command of written expression; expresses ideas clearly and concisely; easily comprehends ideas expressed by others; able to explain and understand difficult and complex subjects through written media.

11. Presentation Skills- Is able to prepare and present quality presentations using a variety of tools and media; presentations are effective and visually appealing.



General Manager Performance Evaluation for FY2020

Leadership

For each performance criteria, please use the following rating scale:

E – Exceeds your expectations

M – Meets your expectations

AG – Areas for growth

NA – Not applicable

12. Participates with Board and staff in strategic planning.

13. Exhibits a forward-thinking approach, both in the short and long term.

14. Utilizes effective project management techniques.

15. Set objectives for personal performance and manages toward those objectives.

16. Completes projects agreed upon with Board within the given time frame.



General Manager Performance Evaluation for FY2020

Innovation

For each performance criteria, please use the following rating scale:

E – Exceeds your expectations

M – Meets your expectations

AG – Areas for growth

NA – Not applicable

17. Coaches, mentors and manages in accordance with TMWA Values and Vision.

18. Uses sound judgment in decision making. Seeks out relevant and necessary data.

19. Makes decisions in a timely manner.

20. Directs utilization of TMWA resources effectively.

21. Directs the TMWA customer service goals and initiatives, both internally and externally.

22. Emergencies and crisis situations are handled in an effective, efficient and professional manner.

23. Stays current on management practices and techniques.

24. Actively pursues ways to increase his value to TMWA.



General Manager Performance Evaluation for FY2020

Management of Staff

For each performance criteria, please use the following rating scale:

E – Exceeds your expectations

M – Meets your expectations

AG – Areas for growth

NA – Not applicable

25. Able to delegate authority appropriately, granting proper authority at proper times.

26. Utilizes a positive approach to direct work efforts of staff.

27. Addresses employee issues promptly and effectively, utilizing progressive discipline.

28. Encourages and rewards initiative.

29. Promotes cohesive teamwork with the TMWA Senior Management Team.



General Manager Performance Evaluation for FY2020

General Comments

In a brief narrative, please describe:

30. What you are most pleased with in the General Manager's performance?

31. What areas for growth would you like to see? Please provide specific suggestions on how the General Manager may improve the areas for growth?

32. Goals for 2020-2021

33. Any additional comments?



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, Director Natural Resources
John Zimmerman, Water Resources Manager
DATE: July 8, 2020
SUBJECT: **Discussion and action, and possible approval of the Water Resource Exchange Agreement between TMWA, TRI General Improvement District and Tahoe-Reno Industrial Center, LLC related to acquisition of Pioneer Ditch and other Truckee River water rights and issuance of return flow will-serve**

Recommendation

Staff recommends the Board authorize the General Manager to execute a Water Resource Exchange Agreement between TMWA, TRI General Improvement District (TRIGID) and Tahoe-Reno Industrial Center, LLC (TRIC) related to the acquisition of Pioneer Ditch and other Truckee River water rights and issuance of a return flow will-serve.

Summary

The University of Nevada, through the Nevada System of Higher Education, owns approximately 3,200 acre-feet (AF) of Truckee River water rights decreed under the Orr Ditch Decree for irrigation use through the Pioneer Ditch. Because of the relative senior priority of these water rights, acquiring these resources in TMWA's inventory would allow TMWA to conserve upstream storage and extend drought water supplies in dry years, facilitating more efficient use of water resources and advancing significant public policy interests of TMWA. As such, TMWA has always had an interest in finding ways to preserve this block of water rights for use in TMWA's service area.

TMWA initiated discussions with UNR in 2015 to explore options for keeping the Pioneer Rights in this community. An initial step occurred later that year with TMWA and UNR entering into a Water Resource Exchange Agreement pursuant to which UNR conveyed 200.32 AF of Pioneer Rights to TMWA in exchange for TMWA banking 200.32 AF of permitted municipal Truckee River rights for UNR's future beneficial use. Additional discussions began in March 2018 when TMWA explored the possibility of acquiring, exchanging or leasing the balance of the Pioneer

Rights with UNR Staff though various options that would provide value to UNR while preserving the Pioneer Rights in this community to enhance TMWA's drought supply portfolio.

A number of different options were presented to UNR over the next year, and a tentative agreement was initially reached for the sale of 1,000 AF at the end of 2019. Those discussions stalled until early in 2020 when UNR's counsel contacted TMWA and indicated a willingness to sell a portion of the Pioneer Rights (1,166 AF) at a price of \$7,700/AF. Although the proposed price was well above appraised market value, TMWA staff submitted a proposal on February 26, 2020 whereby TMWA proposed (subject to Board approval) a purchase of the 1,166 AF and an exchange of the remaining balance of the Pioneer Rights through a creative proposal that would have provided UNR with the equivalent \$7,700/AF value desired while securing additional benefits such that TMWA would not pay above fair market value. Ultimately, UNR staff felt compelled to put the water rights out to bid and submitted an open solicitation on March 27th to various third parties to purchase the 1,166 AF for a minimum price of \$7,700/AF.

Given the financial implications of the unfolding COVID pandemic and the above-market asking price, in April 2020 TMWA withdrew its prior offer. However, TMWA advised UNR of the importance of retaining the Pioneer Rights for use in this community.

UNR subsequently received three proposals to purchase the water rights, all from parties that intended to transfer the Pioneer Rights to downstream uses out of this community. The bidding parties included TRIC, who intended to dedicate them to TRIGID for use in the Tahoe Reno Industrial Center. Because of TRIC's intended use of the Pioneer Rights, TMWA recognized a unique opportunity may exist for TMWA to still secure the Pioneer Rights if TRIC were the prevailing bidder.

On July 17, 2018 TMWA, TRIGID, Reno and Sparks entered the Return Flow Management Agreement ("RFMA") in connection with the management of return flow resources to support reclaim water service to the Tahoe Reno Industrial Center. Under the RFMA, TRIGID is required to provide 1,500 AF of Truckee River water rights permitted for return flow purposes ("TRIGID Return Flow Resources") to satisfy return flow obligations in connection with the reclaimed water supply to Tahoe Reno Industrial Center. Under the RFMA, TRIGID is required to deed or lease the TRIGID Return Flow Resources to TMWA to manage. Because of the nature of the Truckee River resources held by TRIGID and complexities with permitting the TRIGID Return Flow Resources for return flow purposes, it became apparent that TRIGID would need to provide approximately 2,350 AF of Truckee River water rights in order to obtain permits for 1,500 AF of return flow supply, more than TRIC or TRIGID originally anticipated. TRIC's purchase and dedication of the Pioneer Rights was intended to cover any shortfall.

At the time the RFMA was entered, TMWA was concerned about TRIGID competing with TMWA for Truckee River resources and moving them downstream. As a result the RFMA requires TRIGID "to cooperate in good faith with TMWA to minimize acquisitions of additional Truckee River water rights or compete with TMWA for the acquisition of Truckee River water rights, and where such does not diminish the quality, quantity or availability of resources [to] cooperate with TMWA to facilitate exchange or other transfers of TRIGID water rights, acquired now or in the future, with TMWA water resources."

Given TRIC's stated intention of acquiring and dedicating the Pioneer Rights to TRIGID and TRIGID's obligations to cooperate with TMWA before acquiring additional rights, TMWA initiated discussions with TRIC and TRIGID pursuant to the RFMA to explore other alternatives. From the outset, TRIC and TRIGID were both amenable to discussions and cooperating with TMWA in these efforts.

While these discussions were ongoing, UNR identified TRIC as its preferred bidder on the Pioneer Rights. Based on TMWA's earlier comments, UNR advised TRIC that UNR staff would only be supportive of a sale to TRIC if TRIC was able to reach an agreement with TMWA before July 31, 2020.

After extensive discussions, TMWA, TRIGID and TRIC identified terms for a Water Resource Exchange Agreement pursuant to which TMWA would acquire the Pioneer Rights and TRIGID would satisfy obligations to secure and permit the TRIGID Return Flow Resources through a resource exchange. The key elements of the Exchange Agreement are as follows:

- TRIC will buy the 1,166 AF of Pioneer Rights from UNR for \$7,700/AF.
- TRIC will dedicate the 1,166 AF of Pioneer Rights to TRIGID
- TRIGID will convey to TMWA the 1,166 AF of Pioneer Rights plus an additional 834 AF of Truckee River rights held in TRIGID's inventory which are acceptable to TMWA (for a total of 2,000 AF).
- TMWA will issue a return flow will-serve commitment to TRIGID, pursuant to which TMWA will commit to provide sufficient resources to supply the 1,500 AF of return flow required to be provided by TRIGID under the RFMA through the TRIGID Return Flow Resources. TMWA will have sole discretion to determine what resources it will use to satisfy the return flow will-serve commitment and will have the right to substitute different types of uncommitted TMWA water resources from time to time.
- Consistent with the RFMA and to maximize benefits under TROA, TRIGID will become a customer of TMWA and TMWA will deliver water for return flow resources to a point on the Truckee River near TMWRF when needed up to the 1,500 AF requirement. TMWA will charge TRIGID for return flow service as contemplated under the RFMA or possibly under the newly adopted ILVNPS rate tariff.
- TRIGID may elect to terminate the return flow commitment prior to delivery of reclaimed water from TMWRF, but in such event TMWA shall retain ownership of the Pioneer Rights and re-convey 2,000 AF of such other Truckee River water rights of equal or lower duty than the water rights provided by TRIGID as mutually determined by the parties.
- The exchange is conditional on UNR selling the Pioneer Rights to TRIC, TRIGID Board approval and TMWA Board approval.

One key element that enabled TMWA to negotiate such a beneficial transaction while keeping TMWA customers whole is that TMWA is uniquely positioned under TROA and as a result of the wide variety of water resources under its control to satisfy the TRIGID Return Flow Resource

obligation with less than the estimated 2,350 AF TRIGID is required to commit¹. In other words, through more efficient management of a broader array of water resources, TMWA is able to provide 1,500 AF of return flow supply utilizing less water resources than TRIGID.

As a result, the Water Resource Exchange provides mutual benefits to all the parties consistent with and in furtherance of the intent and purpose of the RFMA. In short, TMWA gets the benefit of acquiring ownership and control over the Pioneer Rights and the drought resiliency enhancements these rights will bring to municipal supply operations at no cost to TMWA ratepayers. Moreover, the aggregate amount of Truckee River rights provided (2,000 AF) will equal or exceed the amount of TMWA resources provided to support the return flow will-serve commitment, keeping TMWA customers whole. TRIGID gets the benefit of satisfying its obligation to provide 1,500 AF of return flow supply under the RFMA Return Flow Resources by dedicating fewer water resources than it would be required to commit if it sought to permit Truckee River water resources for return flow purposes on its own, freeing up TRIGID resources for its municipal purposes and reducing the likelihood of competing against TMWA for future Truckee River water rights purchases. TRIC gets the benefit of avoiding the time, expense and uncertainty associated with permitting the TRIGID Truckee River resources at some point in the future and secures the benefits of immediately satisfying the TRIGID Return Flow Resource obligation facilitating up to 1,500 AF of reclaimed water service through TMWRF as soon as the pipeline is operational.

TRIC has approved and signed the Exchange Agreement. The Exchange Agreement was presented to the TRIGID Board for consideration on June 25th. TRIGID unanimously approved the exchange agreement between TRIGID, TRIC and TMWA conditioned upon their General Manager negotiating and bringing a companion agreement with construction stakeholders to the TRIGID Board at a future date, but authorizing the General Manager to sign the exchange agreement. Assuming the TMWA Board approves the Exchange Agreement, UNR has indicated it will present the sale of the Pioneer Rights to TRIC to the NSHE Board of Regents in September.

Attachment: Water Resource Exchange Agreement

¹ The exact amount will vary depending on hydrologic conditions and the specific rights used by TMWA to support the return flow will serve commitment. Staff is confident the commitment can be satisfied utilizing 2,000 AF (or potentially less) of uncommitted water resources currently under TMWA's control.

WATER RESOURCE EXCHANGE AGREEMENT

THIS WATER RESOURCE EXCHANGE AGREEMENT ("Agreement"), dated for identification purposes as of the ___ day of July, 2020, is entered by and between 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 ("TMWA"), TRI GENERAL IMPROVEMENT DISTRICT, a political subdivision of the State of Nevada ("TRIGID"), and TAHOE-RENO INDUSTRIAL CENTER, a Nevada limited liability company ("TRIC").

RECITALS

WHEREAS, TMWA, TRIGID, the City of Reno and City of Sparks entered that certain Return Flow Management Agreement dated July 17, 2018 (the "RFMA") pursuant to which TMWA is authorized to control and manage various water resources of the parties for return flow purposes to facilitate implementation of reclaim water delivery to TRIGID and in order to further regional water management objectives and provide indirect benefits to TMWA by reducing the demand for conversion of Truckee River water resources otherwise available for TMWA municipal supply to use in the Tahoe-Reno Industrial Center. Except as otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the RFMA.

WHEREAS, pursuant to the RFMA, TRIGID is required to provide 1,500 acre feet annually (AFA) of Truckee River water rights (defined therein as the "TRIGID Return Flow Resources") permitted for Return Flow Purposes for management by TMWA to satisfy certain return flow obligations set forth in the RFMA.

WHEREAS, TRIGID owns 834 AFA of Truckee River water rights more particularly described in Exhibit "A" attached hereto ("TRIGID Rights") banked for the benefit of TRIC which have not been committed to any will-serve commitment and which could be made available to TMWA for management as a portion of the TRIGID Return Flow Resources.

WHEREAS, TRIC has entered that certain Water Rights Purchase and Sale Agreement and Joint Escrow Instructions dated _____, 2020 ("University Agreement") with the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno ("University") pursuant to which University has agreed to sell to TRIC and TRIC has agreed to purchase 1,166 AFA of Truckee River water rights described as a portion of the rights heretofore allocated under Claim 602 to Charles Mapes or his successors in that certain action entitled *The United States of America, Plaintiff, vs. Orr Water Ditch Company, et al., Defendants*, the same in equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada (the "Pioneer Rights"). TRIC intends to dedicate and bank the Pioneer Rights with TRIGID for water service in the Tahoe-Reno Industrial Center.

WHEREAS, TMWA, as allowed by TROA, holds certain water resources and may in the future acquire other resources which in TMWA's sole discretion can be made available and used for Return Flow Purposes to satisfy the Return Flow Requirements associated with the TRIGID Return Flow Resources under the RFMA ("TMWA Return Flow Resources").

WHEREAS, pursuant to the RFMA, TRIGID is required to cooperate in good faith with TMWA to minimize acquisitions of additional Truckee River water rights and minimize competition with TMWA for the acquisition of Truckee River water rights, and where such does not diminish the quality, quantity or availability of resources, to cooperate with TMWA to facilitate exchange or other transfers of TRIGID water rights with TMWA water resources.

WHEREAS, TRIC and TRIGID desire to convey the Pioneer Rights and TRIGID Rights (collectively, the "Truckee River Exchange Rights") to TMWA in exchange for TMWA issuing an irrevocable Return Flow Will-Serve Commitment to TRIGID in the amount of up to 1,500 AFA to satisfy TRIGID's obligation to provide the TRIGID Return Flow Resources under the RFMA on the terms and conditions below.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree to the following terms and conditions:

1. WATER RESOURCE EXCHANGE AND RETURN FLOW WILL-SERVE COMMITMENT.

1.1 Conveyance of Truckee River Exchange Rights. Conditional upon and no later than fifteen (15) days after the consummation and closing of the purchase of the Pioneer Rights under the University Agreement ("Pioneer Closing"), TRIGID will convey all right, title and interest in the Truckee River Exchange Rights to TMWA by Water Rights Deed in the form attached hereto as Exhibit "B", TRIGID and TRIC will terminate any banking agreement encumbering the Truckee River Exchange Rights, and TRIC will assign to TMWA any beneficial interest held in the Truckee River Exchange Rights, if applicable. TRIC shall either direct the University to direct deed the Pioneer Rights to TRIGID or shall convey the Pioneer Rights to TRIGID at the Pioneer Closing. TRIGID and TRIC acknowledge and agree no money shall be paid for the Truckee River Exchange Rights and the sole consideration for the conveyance shall be the issuance of the Return Flow Will-Serve Commitment by TMWA pursuant to Section 1.2. TMWA acknowledges and agrees that it shall bear all fees and charges, if any, associated with any reports of conveyance or change applications sought by TMWA with respect to the Truckee River Exchange Rights. The Parties agree the Truckee River Exchange Rights shall not be construed as "water rights acquired after the Effective Date for use as TRIGID Return Flow Resources" for purposes of Section 5.2.1 of the RFMA, it being the express intent of the Parties that the Truckee River Exchange Rights shall not be governed by Section 5.2.1 of the RFMA and that TMWA shall have no obligation to commit or use the Truckee River Exchange Rights for Return Flow Purposes.

1.2 Issuance of Return Flow Will-Serve Commitment. In consideration of and conditional upon the conveyance of the Truckee River Exchange Rights, concurrently with the conveyance of the Truckee River Exchange Rights to TMWA under Section 1.1, TMWA shall issue to TRIGID a return flow will-serve commitment in the form attached hereto as Exhibit "C" ("Return Flow Will-Serve Commitment") pursuant to which TMWA irrevocably commits (except as provided in Section 1.3) sufficient water resources to provide up to 1,500 AFA for Return Flow Purposes in satisfaction of and compliance with the Return Flow Requirement associated with the TRIGID Return Flow Resources under the RFMA. Other than TRIGID being a beneficiary of the irrevocable Return Flow Will-Serve Commitment to satisfy its obligations under the RFMA,

neither TRIC nor TRIGID shall have any right, title or interest in the TMWA Return Flow Resources supporting the Return Flow Will-Serve Commitment and TMWA shall have sole and absolute discretion to identify, designate, use and substitute from time to time the specific TMWA Return Flow Resources supporting the Return Flow Will-Serve Commitment. Upon issuance of the Return Flow Will-Serve Commitment, and for purposes of implementing this Agreement TRIGID shall become a customer of TMWA under TMWA's ILVNPS rate tariff or such other tariff deemed applicable by TMWA for purposes of delivering TMWA Return Flow Resources to meet the demands of TRIGID as a TMWA customer in connection with the Return Flow Will-Serve Commitment. The rates payable by TRIGID for the TMWA Return Flow Resources used to satisfy customer deliveries under the Return Flow Will-Serve Commitment (whether under the ILVNPS rate tariff or other tariff) shall be calculated in accordance with Section 4.6 of the RFMA (which TMWA shall incorporate by reference into such tariff for customers receiving service under or in connection with the RFMA). TMWA acknowledges and agrees the Return Flow Will-Serve Commitment and deliveries thereunder to TRIGID as a customer will satisfy TRIGID's obligations to provide the TRIGID Return Flow Resources under the RFMA, and that notwithstanding any provision of the ILVNPS tariff which subjects such service to interruption or curtailment in TMWA's discretion TMWA will provide sufficient resources to support the Return Flow Will-Serve Commitment to ensure that deliveries thereunder are provided as and when necessary to satisfy the TRIGID Return Flow Resources obligation under the RFMA and in compliance with the Return Flow Requirement associated with the TRIGID Return Flow Resources under the RFMA. TRIGID may allocate all or any portion of the beneficial interest in the Return Flow Will-Serve Commitment to TRIC as separately agreed between TRIGID and TRIC.

1.3 Contingent Re-conveyance of Truckee River Rights. At any time prior to the completion of construction the Pipeline Project and commencement of delivery of Reclaimed Water to TRIGID, TRIGID may deliver TMWA written notice of its desire to terminate the Return Flow Will-Serve Commitment ("Termination Notice"). Within thirty (30) days of TMWA's receipt of the Termination Notice: i) TMWA will terminate the Return Flow Will-Serve Commitment and TRIGID shall acknowledge such termination, upon which termination neither party shall have any rights or liability in connection with the Return Flow Will-Serve Commitment; and ii) TMWA will convey to TRIGID fee title to 2,000 acre feet of Truckee River water rights with an equal or lower duty than the Truckee River Exchange Rights; provided in no event will TMWA have any obligation or liability whatsoever to reconvey the Pioneer Rights or Truckee River water rights with an equal or earlier priority than the Pioneer Rights. In addition to the foregoing, in the event TMWA terminates the RFMA pursuant to Section 7.2 of the RFMA, TMWA shall provide a resource credit in the amount of 2,000 acre feet for municipal service within TMWA's retail service area for the benefit of TRIC and TRIGID or their assignees as mutually agreed by TRIC and TRIGID.

2. REPRESENTATIONS AND WARRANTIES OF TRIGID.

As a material inducement to the TMWA to enter into this Agreement, TRIGID represents and warrants to TMWA as follows:

2.1 Organization and Power. TRIGID is duly organized, validly existing and authorized to conduct business under the laws of the State of Nevada, and conditional upon the conveyance by the University has full power and authority to own, sell and convey the Truckee

River Exchange Rights to TMWA and to enter into and perform its obligations pursuant to this Agreement. This Agreement and all other documents delivered by TRIGID to TMWA, have been or will be duly executed and delivered by TRIGID and are or will be legal, valid and binding obligations of TRIGID, and are enforceable in accordance with their respective terms. Each of the persons signing this Agreement and other instruments required under this Agreement on behalf of TRIGID is or will be authorized to so sign; and the execution, consent or acknowledgment of no other person, entity, court or governmental authority is necessary in order to validate the execution and performance of this Agreement by TRIGID.

2.2 Property, Title and Related Matters. TRIGID owns all right, title and interest in the TRIGID Rights free and clear of all security interests, mortgages, liens, pledges, charges, claims or encumbrances of any kind or character other than the TRIC banking agreement, and has not, and will not sell, encumber, pledge, assign, convey or transfer any of the TRIGID Rights, except as set forth in this Agreement. Conditional upon the conveyance by the University, TRIGID will own all right, title and interest in the Pioneer Rights free and clear of all security interests, mortgages, liens, pledges, charges, claims or encumbrances of any kind or character, and has not, and will not sell, encumber, pledge, assign, convey or transfer any of the Pioneer Rights, except as set forth in this Agreement. The Truckee River Exchange Rights have not been committed to support any will-serve commitment by TRIGID.

2.3 Transferability. TRIGID has no knowledge of any condition or fact related to the Truckee River Exchange Rights which would prevent or impede the transfer and exchange of the Truckee River Exchange Rights to TMWA.

2.4 No Litigation. There are no pending or to the best of TRIGID's knowledge threatened actions which would materially and adversely affect the Truckee River Exchange Rights, or any portion thereof, nor are there any known specific facts which might give rise to such action or proceedings, or which would or could adversely change the use of the Truckee River Exchange Rights.

2.5 No Misstatement. No representation, statement or warranty by TRIGID contained in this Agreement or in any exhibit hereto contains or will contain any untrue statements or omits, or will omit, any material fact necessary to make the statement of fact recited not misleading.

2.6 No Agreements. Neither the execution and delivery of this Agreement by TRIGID nor the consummation of the transactions contemplated hereby will result in any breach or violation of or default under any judgment, decree, order, mortgage, lease, agreement, indenture or other instrument to which TRIGID is a party, or to which it is bound.

3. REPRESENTATIONS AND WARRANTIES OF TRIC.

As a material inducement to the TMWA to enter into this Agreement, TRIC represents and warrants to TMWA as follows:

3.1 Organization and Power. TRIC is duly organized, validly existing and authorized to conduct business under the laws of the State of Nevada, and conditional upon the conveyance

by the University, has full power and authority to sell and convey all its right, title and interest in the Truckee River Exchange Rights to TMWA and to enter into and perform its obligations pursuant to this Agreement. This Agreement and all other documents delivered by TRIC to TMWA, have been or will be duly executed and delivered by TRIC and are or will be legal, valid and binding obligations of TRIC, and are enforceable in accordance with their respective terms. Each of the persons signing this Agreement and other instruments required under this Agreement on behalf of TRIC is or will be authorized to so sign; and the execution, consent or acknowledgment of no other person, entity, court or governmental authority is necessary in order to validate the execution and performance of this Agreement by TRIC.

3.2 University Agreement. TRIC will not sell, encumber, pledge, assign, convey or transfer any interest in the University Agreement or the Pioneer Rights, except as set forth in this Agreement.

3.3 Transferability. TRIC has no knowledge of any condition or fact related to the Truckee River Exchange Rights which would prevent or impede the transfer and exchange of the Truckee River Exchange Rights to TMWA.

3.4 No Litigation. There are no pending or to the best of TRIC's knowledge threatened actions which would materially and adversely affect the Truckee River Exchange Rights, or any portion thereof, nor are there any known specific facts which might give rise to such action or proceedings, or which would or could adversely change the use of the Truckee River Exchange Rights.

3.5 No Misstatement. No representation, statement or warranty by TRIC contained in this Agreement or in any exhibit hereto contains or will contain any untrue statements or omits, or will omit, any material fact necessary to make the statement of fact recited not misleading.

3.6 No Agreements. Neither the execution and delivery of this Agreement by TRIC nor the consummation of the transactions contemplated hereby will result in any breach or violation of or default under any judgment, decree, order, mortgage, lease, agreement, indenture or other instrument to which TRIC is a party, or to which it is bound.

4. REPRESENTATIONS OF TMWA.

As a material inducement to TRIGID and TRIC to enter into this Agreement, TMWA represents and warrants to the TRIGID and TRIC as follows:

4.1 Organization and Power. TMWA is duly organized, validly existing and authorized to conduct business under the laws of the State of Nevada and has full power and authority to issue the Return Flow Will-Serve Commitment to TRIGID and to enter into and perform its obligations pursuant to this Agreement. This Agreement and all other documents delivered by TMWA, have been or will be duly executed and delivered by TMWA and are or will be legal, valid and binding obligations of TMWA, and are enforceable in accordance with their respective terms. Each of the persons signing this Agreement and other instruments required under this Agreement on behalf of

TMWA is or will be authorized to so sign; and the execution, consent or acknowledgment of no other person, entity, court or governmental authority is necessary in order to validate the execution and performance of this Agreement by TMWA.

4.2 No Misstatement. No representation, statement or warranty by TMWA contained in this Agreement or in any exhibit hereto contains or will contain any untrue statements or omits, or will omit, any material fact necessary to make the statement of fact recited not misleading.

4.3 No Agreements. Neither the execution and delivery of this Agreement by TMWA nor the consummation of the transactions contemplated hereby will result in any breach or violation of or default under any judgment, decree, order, mortgage, lease, agreement, indenture or other instrument to which TMWA is a party, or to which it is bound.

5. MISCELLANEOUS.

5.1 Time. Time is of the essence in the performance of all obligations under this Agreement.

5.2 Nevada Law. The validity, interpretation and performance of this Agreement shall be controlled and governed by and construed under the laws of the State of Nevada.

5.3 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. Legible executed counterparts of this Agreement may be delivered by facsimile, PDF e-mail attachment, or any other electronic means.

5.4 Inurement. This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and/or assigns.

5.5 Entire Agreement. This Agreement contains the sole and only agreement between the parties hereto relating to their agreement regarding the subject matters and correctly sets forth the rights, duties and obligations of each to the other as of this date. Any prior agreements, promises, negotiations or representations not expressly set forth in this Agreement are of no force and effect.

5.6 Non-Merger. This Agreement and all of its conditions and covenants shall not merge with the deeds referred to herein, but shall survive the recordation of such documents and remain in full force and effect.

5.8 Recitals. The above recitals are incorporated herein by reference.

5.9 Board Approval. This Agreement is contingent upon the approval of the terms by the Board of Directors of TMWA and the Board of Trustees of the TRIGID.

5.10 University Approval. This Agreement shall automatically terminate and be of no further force or effect if the University Agreement and sale of the Pioneer Rights to TRIC is not approved by the University Board of Regents before December 31, 2020.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

“TMWA”
TRUCKEE MEADOWS WATER
AUTHORITY, a Joint Powers Authority

By: _____
Mark Foree, General Manager

“TRIGID”
TRI GENERAL IMPROVEMENT DISTRICT,
a political subdivision of the State of Nevada

By: Shari Whalen
Shari Whalen, General Manager

“TRIC”
TAHOE-RENO INDUSTRIAL CENTER,
LLC, a Nevada limited liability company

By: Norman Properties, Inc., a California
corporation
By: Don Roger Norman
Don Roger Norman, President

Exhibit A
TRIGID Rights Description

All of the rights of the Grantor to divert from the Truckee River and its tributaries the water appurtenant to the land situate in the County of Washoe, State of Nevada, more particularly describes as:

I.

A portion of Permit No. 64368 which consists of 192.22 acre-feet along with 1.265 of diversion rate. Said water rights being a portion of the Lake Ditch heretofore allocated to James L. Hash, successor to D. C. Wheeler Inc. and to others, in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 207, 207.5, 265.5 and as changed by Permit No. 11489, Certificate 4827.

II.

A portion of Permit No. 73529 which consists of 32.43 acre-feet along with 0.32 of diversion rate. Said water rights being a portion of the Coldron Ditch heretofore allocated to F. E. Durham in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 94 and 94a.

III.

A portion of Permit No. 80230 which consists of 21.145 acre-feet along with 0.165 of diversion rate. Said water rights being a portion of the Gregory/Monte Ditch and Wadsworth Power Ditch heretofore allocated to John Monte and Wadsworth Light and Power Company for: Garavanta Land and Livestock Company in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 634 and 635.

Reserving unto the Grantor any and all water and water rights over and above the 21.145 acre-feet under Permit No. 80230 specifically granted herein.

IV.

A portion of Permit No. 81144 which consists of 9.52 acre-feet along with 0.0133 of diversion rate. Said water rights being a portion of the Coldron Ditch heretofore allocated to F. E. Durham in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 94.

V.

A portion of Permit No. 88033 which consists of 95.26 acre-feet along with 0.53 of diversion rate. Said water rights being a portion of the Lake Ditch heretofore allocated to James L. Hash, successor to D. C. Wheeler Inc. and to others, in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 207.

VI.

Said water being a portion of the COLDRON DITCH heretofore allocated to F. E. DURHAM in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 94.

Said right authorizing delivery of a pro-rata share of the rate of diversion not to exceed 4.14 acre-feet, more or less, per season from COLDRON DITCH in Washoe County, Nevada, together with the right to change the point of diversion and place and manner of use thereof.

Reference is made to Washoe County Assessor Parcel Number 038-100-12 on Truckee River Mapping TR-066.

VII.

Said water being a portion of the LAKE DITCH heretofore allocated to James L. Hash, successor to D. C. Wheeler Inc. and to others, in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 207.

Said right authorizing delivery of a pro-rata share of the rate of diversion not to exceed 228.132 acre-feet, more or less, per season from LAKE DITCH in Washoe



County, Nevada, together with the right to change the point of diversion and place and manner of use thereof.

Reference is made to Washoe County Assessor Parcel Numbers 040-143-02 (New APN 040-900-06), 040-890-01, 040-900-01 (New APNs 040-900-06, 040-900-07, and 040-900-08), 040-900-02 (New APN 040-900-12), and 040-900-04 (New APNs 040-900-06 and 040-900-09) on Truckee River Mapping TR-034.

VIII.

Said water being a portion of the LAKE DITCH heretofore allocated to D. C. Wheeler Inc., in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 208.5

Said right authorizing delivery of a pro-rata share of the rate of diversion not to exceed 245.153 acre-feet, more or less, per season from LAKE DITCH in Washoe County, Nevada, together with the right to change the point of diversion and place and manner of use thereof.

Reference is made to Washoe County Assessor Parcel Numbers 040-143-04 (New APNs 040-143-17 and 040-143-18), 040-143-05 (New APNs 040-143-17 and 040-143-18), 040-151-01, 040-152-20, 040-890-01, 040-890-02, 040-890-03, 040-890-05, and 040-900-01 (New APN 040-900-08) on Truckee River Mapping TR-034.

IX.

Said water being a portion of the LARGOMARSINO-NOCE DITCH heretofore allocated to Carl J. Lockwood successor to L. M. Largomarsino and E. Noce Estate, in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under CLAIM OR RIGHT NO. 623.

Said right authorizing delivery of a pro-rata share of the rate of diversion not to exceed 6.0 acre-feet, more or less, per season from LARGOMARSINO-NOCE DITCH in Washoe County, Nevada, together with the right to change the point of diversion and place and manner of use thereof.

Reference is made to Washoe County Assessor Parcel Number 084-070-07 on Truckee River Mapping TR-105.

Grantee does hereby agree to assume the payment of all water master fees and charges that may hereafter become due and payable in respect to said rights referred to herein by reason of the

Decree in the *United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants*, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, and Grantee does hereby further agree to pay all administration, operation and maintenance charges that may be herein payable arising for periods from and after the date hereof to Washoe county Water Conservation District and constitute a charge or lien against the lands herein described by reason of the Boca Dam construction.



EXHIBIT

The following is a list of the lands described in the decree of the District Court of the United States in and for the District of Nevada, in the case of *Orr Water Ditch Company, et al, Defendants*, and the same are hereby further agreed to be paid for by the Grantee to the Washoe County Water Conservation District for the purpose of the construction of the Boca Dam.

EXHIBIT

The following is a list of the lands described in the decree of the District Court of the United States in and for the District of Nevada, in the case of *Orr Water Ditch Company, et al, Defendants*, and the same are hereby further agreed to be paid for by the Grantee to the Washoe County Water Conservation District for the purpose of the construction of the Boca Dam.

The following is a list of the lands described in the decree of the District Court of the United States in and for the District of Nevada, in the case of *Orr Water Ditch Company, et al, Defendants*, and the same are hereby further agreed to be paid for by the Grantee to the Washoe County Water Conservation District for the purpose of the construction of the Boca Dam.

The following is a list of the lands described in the decree of the District Court of the United States in and for the District of Nevada, in the case of *Orr Water Ditch Company, et al, Defendants*, and the same are hereby further agreed to be paid for by the Grantee to the Washoe County Water Conservation District for the purpose of the construction of the Boca Dam.

Exhibit "B"
Form of Deed

APN: N/A
When Recorded mail Document to:
Truckee Meadows Water Authority
Water Resources Dept.
P.O. Box 30013
Reno, NV 89520-3013

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.

WATER RIGHTS DEED

THIS INDENTURE, made and entered into this _____ day of _____, 2020 by and between TRI GENERAL IMPROVEMENT DISTRICT, a political subdivision of the State of Nevada hereinafter referred to as "Grantor", and the 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 "Authority".

WITNESSETH:

That the Grantor, for good and valuable consideration, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell and convey unto the Authority, and to its successors and assigns forever, all of Grantor's right, title, and interest in and to those certain water and water rights more particularly described in Exhibits "1" attached hereto and incorporated herein, including without limitation any and all rights arising in connection with pending Applications to Change, Permits and Certificates related to such Water Rights on file in the office of the Nevada State Engineer.

To have and to hold said Water Rights together with the tenements, hereditaments and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof unto The Authority, its successors and assigns, forever.

The Authority does hereby agree to assume the payment of all water master fees and charges that may hereafter become due and payable in respect to said rights referred to herein by reason of the Decree in The United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada, and the Authority does hereby further agree to pay all administration and operation and maintenance charges that may be herein payable to Washoe County Water Conservation District and constitute a charge or lien against the lands herein described by reason of Boca Dam construction.

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereunto subscribed the day and year first above written.

“AUTHORITY”

“GRANTOR”

TRUCKEE MEADOWS WATER
AUTHORITY, a Joint Powers Authority

TRI GENERAL IMPROVEMENT DISTRICT,
a political subdivision of the State of Nevada

By: _____
Mark Foree, General Manager

By: _____
Shari Whalen, General Manager

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2020,
by Shari Whalen, as General Manager of the TRI General Improvement District, as therein named.

Notary Public

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2020 by Mark
Foree as General Manager of TRUCKEE MEADOWS WATER AUTHORITY, on behalf of said
Joint Powers Authority therein named.

Notary Public

RM

Exhibit "C"
Return Flow Will-Serve Commitment



1355 Corporate Blvd, Reno, Nevada 89502
www.tmwa.com

P.O. Box 30013, Reno, Nevada 89520-3013

RETURN FLOW WILL SERVE COMMITMENT LETTER
(Tariff ILVNPS)

_____, 2020

TRI General Improvement District
Attn: Shari Whalen

Return Flow Demand: 1,500 AFA

Approval Date: _____

RE: Commitment for Return Flow Purposes/Return Flow Management Agreement

Dear Ms. Whalen:

Pursuant to that certain Water Resource Exchange Agreement between the Truckee Meadows Water Authority (TMWA), TRI General Improvement District (TRIGID) and the Tahoe-Reno Industrial Center dated _____, 2020, and in furtherance of the Return Flow Management Agreement dated July 17, 2018 between TMWA, TRIGID, the City of Reno and City of Sparks ("RFMA"), this letter constitutes an irrevocable commitment that TMWA has assumed a legal obligation to supply sufficient water resources to deliver water to the Truckee River for Return Flow Purposes under Tariff ILVNPS or such other tariff deemed applicable by TMWA to meet the return flow demand of TRIGID as a customer of TMWA up to the amount stated above. Notwithstanding any provision of the ILVNPS tariff or such other tariff deemed applicable which subjects such service to interruption or curtailment in TMWA's discretion, TMWA will provide sufficient resources to support the Return Flow Will-Serve Commitment to ensure that deliveries hereunder are provided as and when necessary to satisfy the TRIGID Return Flow Resources obligation under the RFMA. TRIGID shall be the customer of record with TMWA in connection with water deliveries pursuant to this commitment and the rates payable by TRIGID for the TMWA Return Flow Resources used to satisfy customer deliveries under this Return Flow Will-Serve Commitment shall be governed by Section 4.6 of the RFMA (as incorporated by reference into the applicable tariff). Except as otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the RFMA as of the date of this Commitment. This commitment is made subject to all

applicable TMWA Rules and payment of fees for water delivery in accordance with the Water Resource Exchange Agreement and RFMA. This commitment does not constitute an obligation to provide municipal water service.

Very truly yours,

cc: _____

RM



STAFF REPORT

TO: Board of Directors
FROM: Mark Foree, General Manager
DATE: July 8, 2020
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*).



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Scott Estes, Director of Engineering
BY: Bill Hauck, Water Supply Administrator
DATE: July 7, 2020
SUBJECT: July 2020 Operations Report

Summary

- The regional water supply outlook is very good
- Lake Tahoe reservoir storage is in great shape @ 77% of maximum capacity
- Combined upstream reservoir storage is also in good shape @ 73% of maximum capacity
- The demand for water is high as we approach the middle of our peak demand season
- Hydroelectric revenue for June 2020 was approximately \$241,000

(A) Water Supply

- **River Flows** - Truckee River flows at the CA/NV state line are slightly better than what is typical for this time of year. Discharge was approximately 690 cubic feet per second (CFS) this morning. The median flow for July 7th based on 111 years of record is 562 CFS.
- **Reservoir Storage** - Truckee River reservoir storage is looking good overall at 73% of capacity. The elevation of Lake Tahoe is 6227.73 feet (1.37' below legal maximum storage elevation). Storage values for each reservoir as of 7/7 are as follows:

Reservoir	Current Storage (Acre-Feet)	% of Capacity (Percent)
Tahoe	576,300	77%
Boca	14,903	37%
Donner	8,948	94%
Independence	13,937	80%
Prosser	23,489	79%
Stampede	146,053	65%

In addition to approximately 22,900 acre-feet of storage in Donner and Independence reservoirs, TMWA has about 13,700 acre-feet of water stored between Lake Tahoe, Boca and Stampede reservoirs under the terms of TROA. TMWA's total combined upstream reservoir storage is approximately 36,600 acre-feet as of 7/7.

- **Outlook** - The water supply outlook for this region is strong for the foreseeable future as Lake Tahoe is still $\frac{3}{4}$ of the way full (77% of capacity) to start the month of July. Total upstream reservoir storage on the Truckee River system is in great shape overall as well, at 73% of capacity. TMWA's water supply is on solid footing as adequate upstream reservoir storage levels will help to ensure that the Truckee River will continue to flow normally for at least the next couple of years or so.

(B) Water Production

- **Demand** - TMWA's customer demand averaged 120 million gallons per day for the previous week. We are now just about in the middle of our peak demand season. Overall, surface water is providing about 84% of our supply and groundwater the other 16%.

(C) Hydro Production

Generation - Average Truckee River flow at Farad (CA/NV state line) for the month of June 2020 averaged 976 CFS. The Fleish and Verdi power plants were on-line the entire month and 100% available. The Washoe Power plant was taken out of service on April 23rd due to a catastrophic flume failure. It is anticipated that the plant will remain off-line through the fall and into the winter months as the flume is rebuilt. Monthly statistics are as follows:

Hydro Plant	Days On-Line	Generation (Megawatt hours)	Est. Revenue (Dollars)	Est. Revenue (Dollars/Day)
Fleish	30	1,730	\$ 127,899	\$ 4,263
Verdi	30	1,537	\$ 112,616	\$ 3,754
Washoe	0	0	\$ 0	\$ 0
Totals	60	3,267	\$ 240,515	\$ 8,017



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: John Zimmerman, Manager, Water Resources
DATE: July 8, 2020
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		4,072.33 AF
Purchases of water rights	0.00 AF	
Refunds	0.00 AF	
Sales	– 6.83 AF	
Adjustments	0.00 AF	
Ending Balance		4,065.50 AF

Price per acre foot at report date: \$7,700

FISH SPRINGS RANCH, LLC GROUNDWATER RESOURCES

Through the merger of Washoe County’s water utility, TMWA assumed a Water Banking and Trust Agreement with Fish Springs Ranch, LLC, a subsidiary of Vidler. Under the Agreement, TMWA holds record title to the groundwater rights for the benefit of Fish Springs. Fish Springs may sell and assign its interest in these groundwater rights to third parties for dedication to TMWA for a will-serve commitment in Areas where TMWA can deliver groundwater from the Fish Springs groundwater basin. Currently, TMWA can deliver Fish Springs groundwater to Area 10 only (Stead-Silver Lake-Lemmon Valley). The following is a summary of Fish Springs’ resources.

Beginning Balance		7,755.94 AF
Committed water rights	– 0.00 AF	
Ending Balance		7,755.94 AF

Price per acre foot at report date: \$41,500 (for SFR and MFR); \$36,000 (for all other services)¹

¹ Price reflects avoided cost of Truckee River water right related fees and TMWA Supply & Treatment WSF charge.

WATER SERVICE AREA ANNEXATIONS

There have been no annexations since the date of the last Board meeting.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Marci Westlake, Manager Customer Service
DATE: July 15, 2020
SUBJECT: **June Customer Service Report**

The following is a summary of Customer Service activity for June 2020.

Ombudsman

- Nothing for June

Communications

Customer outreach in June Only included:

- Kara Steeland, John Enloe, John Zimmerman, Laine Christman, Bill Hauck and Mark Foree gave a 2020-40 Draft Water Resource Plan Zoom meeting and 1 attended.
- Kara Steeland, John Enloe, John Zimmerman, Laine Christman and Mark Foree gave a 2020-40 Draft Water Resource Plan Zoom meeting and 1 attended.
- Kara Steeland, John Enloe, John Zimmerman, Laine Christman, Bill Hauck and Mark Foree gave a 2020-40 Draft Water Resource Plan Zoom and Facebook Live meeting and 28 attended.

Conservation (2020 Calendar year to date)

- 431 Water Watcher Contacts
- 657 Water Usage Reviews

Customer Calls – June

- 7,850 phone calls handled
- Average handling time – 4 minutes, 30 seconds per call
- Average speed of answer – 18 seconds per call

Billing –June

- 132,138 bills issued.
- 8 (0.00%) corrected bills.
- 22,934 customers (17%) have signed up for paperless billing to date.

Service Orders –June (% is rounded)

- 7,253 service orders taken
- 4,032 (56%) move-ins / move-outs
- 164 (2%) cut-out-for-non-payment and cut-in after receiving payments, including deposits and checks for tamper only
- 609 (8%) zero consumption meter checks
- 634 (9%) re-read meters
- 729 (10%) new meter sets and meter/register/ERT exchanges and equipment checks
- 615 (9%) problems / emergencies, including cut-out for customer repairs, dirty water, no water, leaks, pressure complaints, safety issues, installing water meter blankets, etc.
- 172 (2%) high-bill complaints / audit and water usage review requests
- 298 (4%) various other service orders

Remittance – June

- 29,596 mailed-in payments
- 26,822 electronic payments
- 38,772 payments via RapidPay (EFT)
- 19,392 one-time bank account payments
- 6,992 credit card payments
- 268 store payments
- 1,191 payments via drop box or at front desk

• **Collections –June**

- 0 accounts received a late charge
- Mailed 0 10-day delinquent notices, 0% of accounts
- Mailed 0 48-hour delinquent notices, 0% of accounts
- 0 accounts eligible for disconnect
- 0 accounts were disconnected (including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- 0.05% write-off to revenue

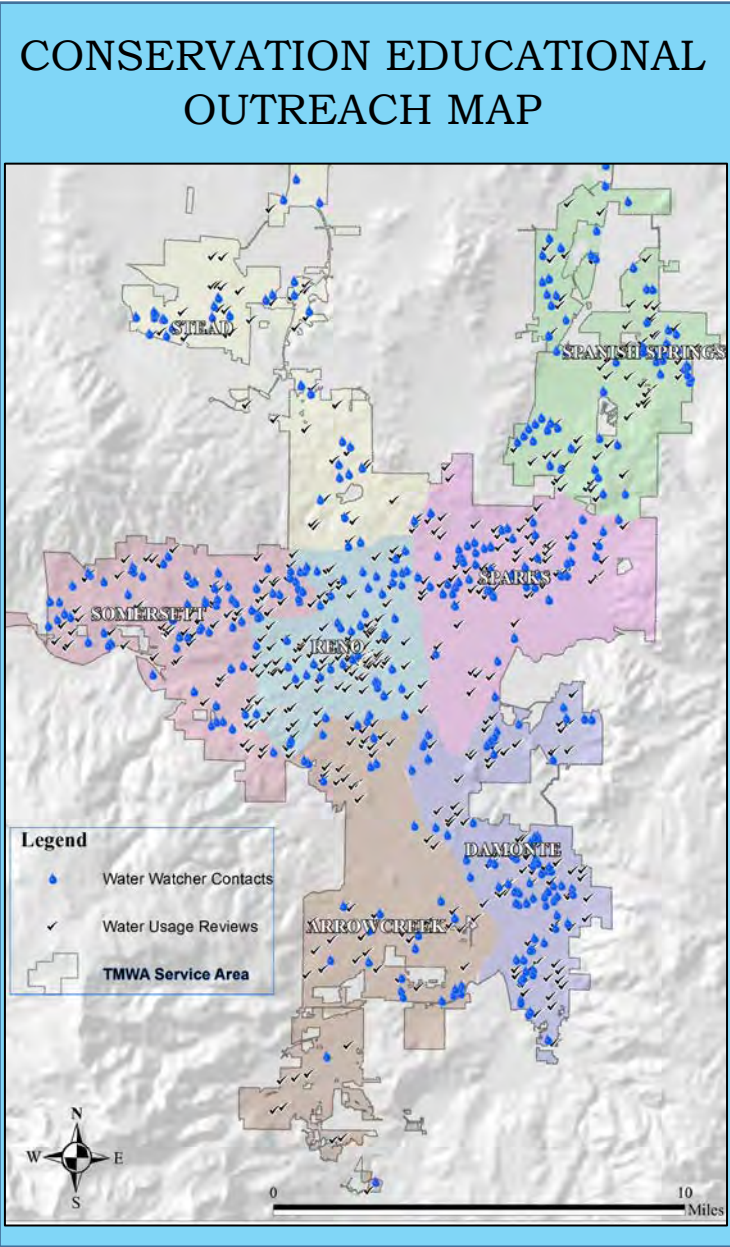
Meter Statistics – Fiscal Year to Date

- 0 Meter retrofits completed
- 3,205 Meter exchanges completed
- 2,406 New business meter sets completed
- 129,279 Meters currently installed



MONTHLY CONSERVATION REPORT – June 2020

SUMMARY – With the temperature gradually climbing in June, we saw an increase in the number of reports of water waste and wrong day/time watering by the community. As well, with the transition into Phase II of the recovery, the Conservation staff began limited patrolling the service area in search of “teachable moments”. Moreover, TMWA’s Tree Care consultation program resumed last month - much to the delight of many customers. All in all, it was a successful month given the circumstances. – **Conservation Dept.**



Water Watcher Contact Initiation Type	
Drive-bys	143
Deliveries	3
Hotline Reports	96
Email Reports	189
Total	431

Watering Violations Observed	
Waste	61
Wrong Day	92
Wrong Time	14
Total	167

Water Watcher Actions Taken	
Educational Visits	30
A.M. Letters	0
Courtesy Calls	374
No Actions	25
Total	429

Efficiency Devices Supplied	
Faucet Aerators	0
Hose Timers	8
Nozzles	5
Low-flow Shower heads	0
Tree Root Feeder	0
Total	13

Other Conservation Actions	
Water Usage Reviews	654
Tree Care Visits	45
Total	699

Attendees at Workshops /Tours	
Irrigation System Start-up Workshop #1	CANCELED
Irrigation System Start-up Workshop #2	CANCELED
Landscape Planning & Design Workshop	CANCELED
Tree Care Workshop	CANCELED
Drip System Maintenance Workshop	CANCELED
Walking Tour - Valley Wood Park #1	13
Sprinkler System Maintenance Workshop	CANCELED
Walking Tour - River School Farm	
Walking Tour, Part 2 - Valley Wood Park #2	
Winterize Your Irrigation System Workshop #1	
Winterize Your Irrigation System Workshop #2	
Winterize Your Irrigation System Workshop #3	
Winterize Your Irrigation System Workshop #4	
Total	13

