



TRUCKEE MEADOWS WATER AUTHORITY
Board of Directors
AGENDA

NEW DAY: Thursday May 20, 2021 at 10:00 a.m.
Virtual meeting 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 or microphones on mute, and do not place the call on hold)

Please click the link below to join the webinar:

<https://tmwa.zoom.us/j/93199705901?pwd=b1BNd2hHM2pqVkVhZFJCcGgzV1NkUT09>

Password: 205040

Or call:

Phone: (888) 788-0099

Webinar ID: 931 9970 5901

Board Members

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

Vice Chair Kristopher Dahir
Member Alexis Hill
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. the day before the scheduled meeting. 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. Possible Board comments or acknowledgements*
 5. Approval of the agenda (**For Possible Action**)
 6. Approval of the minutes of the April 21, 2021 meeting of the TMWA Board of Directors (**For Possible Action**)
 7. Presentation of Fiscal Year 2021 Q3 Year to Date Financial Results — Matt Bowman*
 8. PUBLIC HEARING ON ADOPTION OF BUDGET
 - A. Discussion, and action on request for adoption of Resolution No. 292: A resolution to adopt the final budget for the Fiscal Year ending June 30, 2022 and the 2022-2026 Five-Year Capital Improvement Plan — Matt Bowman and Sandra Tozi (**For Possible Action**)
 - B. Public comment — limited to no more than three minutes per speaker*
- CLOSE PUBLIC HEARING
9. Discussion, and action on request for adoption of Resolution No. 293: A resolution designated by the short title “2021 Refunding Bond Resolution” authorizing the issuance by the authority of its “Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021,” in the aggregate principal amount not to exceed \$13,350,000, for the purpose of defraying wholly or in part the cost of refunding certain outstanding commercial paper notes; providing the form, terms, and conditions of the bonds and the security therefor; providing for the collection and disposition of revenues derived from the operation of the Authority’s water system; pledging such revenues to the payment of the bonds; approving the form of a continuing covenant agreement to be entered into between the initial purchaser and the Authority; providing other covenants, agreements, details and other matters relating thereto — Michele Sullivan and Matt Bowman (**For Possible Action**)
 10. Discussion, action and possible approval of Feasibility Study Agreement between TMWA and Palomino Farms, LLC and LW Land Company LLC authorizing feasibility study in collaboration with OneWater Nevada to evaluate the feasibility of using recycled water for irrigation in Warm Springs Valley and to provide water sustainability benefits — John Enloe and John Zimmerman (**For Possible Action**)(*discussion may be combined with item #11*)
 11. Discussion and action, possible direction to staff and possible approval of an interlocal agreement with the City of Reno, City of Sparks and Washoe County for reimbursement of costs to conduct a feasibility study to evaluate the feasibility of using recycled water for

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irrigation in Warm Springs Valley (Palomino Farms and LW Land Company) and to provide water sustainability benefits — John Enloe and John Zimmerman **(For Possible Action)**

12. Discussion and action on appointments to the Standing Advisory Committee (SAC) to fill the multi-family customer primary representative, and senior citizen and residential 3 customer alternate representatives, and other possible vacancies for terms beginning May 1, 2021 to December 31, 2023 from the following pool of candidates listed in alphabetical order: Al Black, Russ Foreman, Jordan Graham, Tom Kurtz, Kevin Ryan and Alex Talmant — Sonia Folsom **(For Possible Action)** *(continued from April 21, 2021 meeting)*
13. Water Supply Update — Bill Hauck*
14. Discussion and possible action, and direction to staff regarding 2021 legislative activities, current bills, including SCR 11, and TMWA recommended positions on legislative proposals — John Zimmerman and Leo Drozdoff **(For Possible Action)**
15. General Manager's Report*
16. Public comment — limited to no more than three minutes per speaker*
17. Board comments and requests for future agenda items*
18. Adjournment **(For Possible Action)**

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TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE APRIL 21, 2021
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, April 21, 2021, via Zoom Virtual Meeting, Reno, Nevada. Chair Hartung called the meeting to order at 10:07 a.m.

1. ROLL CALL

Members Present: Paul Anderson, Jenny Brekhus, Kristopher Dahir, Naomi Duerr, Neoma Jardon, Vaughn Hartung, and *Alexis Hill.

A quorum was present by telephonic appearance.

**Member Hill left the meeting at 12:59 p.m.*

2. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Member Jardon.

3. PUBLIC COMMENT

There was no public comment.

4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS*

There were no Board comments.

5. APPROVAL OF THE AGENDA

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

6. APPROVAL OF THE MINUTES OF THE MARCH 17, 2021 MEETING

Upon motion by Member Dahir, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the March 17, 2021 minutes.

7. DISCUSSION, ACTION, AND POSSIBLE AUTHORIZATION TO THE GENERAL MANAGER AND APPROVAL OF WATER RESOURCE EXCHANGE AGREEMENT BETWEEN TMWA, TRI GENERAL IMPROVEMENT DISTRICT (TRIGID) AND TAHOE-RENO INDUSTRIAL CENTER (TRIC) IN FURTHERANCE OF THE JULY 17, 2018 TMWA, TRIGID, RENO AND SPARKS RETURN FLOW MANAGEMENT AGREEMENT AND RECLAIMED WATER SERVICE TO THE TAHOE RENO INDUSTRIAL CENTER (CONTINUED FROM THE MARCH 17, 2021 MEETING)

John Enloe, TMWA Director of Natural Resources, presented the staff report.

Member Brekhus expressed concerns regarding the water rights, whether the \$9M was a good market value for the water rights, and encouraged TMWA to maintain control of purchasing water rights without competition. Mr. Enloe confirmed the 1,100 acre feet (AF) are being dedicated without payment by TMWA, our analysis shows that \$9M is sufficient to acquire the balance of water rights needed, and the return flow management agreement approved in 2018 required cooperation among the parties on water rights' acquisitions and the agreement before the Board today is a result of that cooperation.

At this time the Board discussed concerns brought forth previously by the Pyramid Paiute Lake Tribe (PLPT) regarding permitting of water rights for instream uses. Staff indicated the use of these water rights will be subject to Federal water master and State Engineer regulation and the PLPT is involved in that process; Staff also noted TMWA cannot control or restrict other parties from purchasing water rights, but the return flow management agreement requires cooperation to minimize competition; TRIGID originally purchased approximately 3,500 AF which is sufficient to satisfy their obligations, but needs water rights to satisfy return flow and through this agreement the river will be made whole from a return flow perspective, which also addresses the concern raised by PLPT.

Vice Chair Dahir asked if TMWA is putting water back into the river and using effluent water for return flow. Mr. Enloe replied yes, this agreement with TRIGID is separate from what is used to satisfy Truckee Meadows Water Reclamation Facility (TMWRF) reclaimed water use and there is a groundwater component along with other Truckee River water rights available under that agreement.

Member Anderson agreed that it is a win-win situation for TMWA and community as a whole. Appreciated the discussion to have wording in the agreement to minimize competition, and noted the agreement itself assists in deferring costs to TMWRF.

Member Hill inquired about PLPT input into the agreement. Mr. Enloe replied they will be able to participate when this goes before the State Engineer for permitting.

Member Jardon inquired if staff needed Board approval today, what would happen next and stressed that this agreement is not taking additional water, rather it ensures there is plenty of return flow and should appease any concerns by PLPT. Mr. Enloe replied yes, and the next step would be to meeting with the State Engineer's office and the PLPT when this goes before the State Engineer for permitting.

Member Brekhus said she would like to approve the agreement because it is innovative and in the best interest of TMWRF, but has outstanding concerns about PLPT, questions about public concerns regarding

growth, drought and would like to see surrounding areas grow and to have good water supply. But, TRIC is problematic with the favoritism they received and the water rights that have should be TMWA's.

Member Hill requested the PLPT be consulted when staff presents updates to the Board on these matters.

Member Duerr said this is the final step on the commitments set out in the initial agreement to ensure water rights are used for potable use and addressing the management of wastewater issues.

Upon motion by Member Jardon, second by Member Duerr, which motion duly carried six to one with Member Brekhus dissenting, the Board authorized the general manager, and approved, the Water Resource Exchange Agreement between TMWA, TRI General Improvement District and Tahoe-Reno Industrial Center in furtherance of the July 17, 2018 TMWA, TRIGID, Reno and Sparks Return Flow Management Agreement and reclaimed water service to the Tahoe Reno Industrial Center.

8. PRESENTATION AND INFORMATIONAL REPORT ON A PROPOSED ONEWATER NEVADA FEASIBILITY STUDY TO EVALUATE FEASIBILITY OF USING RECYCLED WATER FOR IRRIGATION IN WARM SPRINGS VALLEY (PALOMINO FARMS AND LW LAND COMPANY) AND TO PROVIDE WATER SUSTAINABILITY BENEFITS

Mr. Enloe presented the staff report and answered questions from the Board.

The Board addressed the potential issue of contamination at the Rocketdyne area spreading out into the area (staff considered the issue, but it is outside of the influence area); how it connects to TMWRF (use existing effluent distribution system out in Spanish Springs Valley which has capacity, Palomino Farms is about 10-11 miles beyond existing infrastructure; why this aquifer (the area has been farmed for over 40 years and agriculture irrigation has drawn down the aquifer almost 100 feet); would it be mixed potable and treated effluent water (no, they would irrigate the land with about 3k AF recycled water and recharge through wells with about 2k AF of potable water); the potential to use federal funds for this type of infrastructure and can be used as an emergency water source during drought (this is a water banking type project that could store a lot of water which can be used intermittently during certain years); how is the recharge piped back into the system and does this relate to the feasibility study (it is a good water producing area since it has been farmed for over 40 years and has space to recharge water, unlike Bedell Flat)

Member Duerr stated she has been a strong advocate of underground storage, especially in Nevada, since it would be difficult to permit a reservoir today and would like to ensure this land is not developed in the future. Mr. Enloe replied there is potential to add or switch to A+ water in the future once the concept is proved up and yes, the property owners will agree to farm this land in perpetuity.

John Flansberg, City of Reno Director of Public Works, confirmed that all parties will pay \$400k evenly and City of Reno will use sewer funds. Mr. Zimmerman added the legal vehicle would be to have a permanent easement granting TMWA, Cities of Reno and Sparks & Washoe County the ability to deliver recycled water.

Member Brekhus stated her concern with having a private party in dialogue and negotiations, and, before moving forward, to understand key elements of land ownership and entitlements before committing \$27M.

Michael Benjamin, Palomino Farms LLC, stated he, and interested parties, have had many discussions to put either a farming or conservation easement in perpetuity as they feel it is their responsibility and obligation to the Valley (and people who live there) to ensure it is not developed; after seeing how the expansion in the region has affected the community. Their goal is to preserve the rural nature of Palomino Valley, help facilitate northern Nevada water issues, and to capitalize on their investment. It has been a pleasure to work with all the professionals at TMWA, Cities of Reno and Sparks, and Washoe County.

Chair Hartung said he was not completely convinced with this project, but will support it because we need look at these different solutions and studying these concepts is the first step.

Member Duerr complimented staff on presenting this information first and not requiring them to decide today. As well as for engaging the public and suggested holding a town hall before they vote.

9. DISCUSSION AND POSSIBLE APPROVAL OF AN INTERLOCAL AGREEMENT (ILA) BETWEEN TMWA AND THE CITY OF RENO FOR TMWA TO PROVIDE SUPPLEMENTAL IRRIGATION WATER TO RENO'S AMERICAN FLAT ROAD PROJECT

Mr. Zimmerman presented the proposed interlocal agreement (ILA) for Board consideration.

Mr. Flansberg informed the Board the water level Swan Lake is about 25%, due to the dry weather forecast, anticipate it will run out of water before the irrigation season ends, and existing infrastructure will be used to supply water to the farm. It is important to continue supplying water as part of the American Flat project and proving the water source long-term.

Member Brekhus said she supported the farming expedition at the time, but stated she does not understand the continued obligation especially with having to pull groundwater to fulfill the obligation, and she would like to see the data to ensure there won't be any adverse conditions when the wells go online. Mr. Flansberg replied staff did not anticipate the level at Swan Lake would be dry at the end of the year. Also, Nevada Department of Environmental Protection (NDEP) will require us to begin drawing water for testing before it can meet potable water use standards and having the farm where it can be used will allow time to prove up A+ water before it is turned into potable water use, and staff wanted to bring this to the Board first to ensure they were on board with rates before bringing it to the Reno City Council.

Upon motion by Member Anderson, second by Member Duerr, which motion duly carried six to one with Member Brekhus dissenting, the Board approved Interlocal Agreement between TMWA and the City of Reno for TMWA to provide supplemental irrigation water to Reno's American Flat Road Project.

10. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF FOR THE RATIFICATION OF THE COLLECTIVE BARGAINING AGREEMENT BETWEEN TMWA AND THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW) LOCAL 1245 FOR THE PERIOD OF JULY 1, 2021 THROUGH JUNE 30, 2023

Andy Gebhardt, TMWA Director of Operations & Water Quality, and Jessica Atkinson, TMWA Human Resources Manager, presented the agreement for Board consideration.

The Board thanked staff and IBEW for working together and coming to a reasonable agreement presented today, and thanked TMWA staff for their incredible work during this past year.

Mike Ventrino, IBEW 1245 Business Representative, thanked Chair Hartung and the Board for their consideration and approval; they all worked well together in finalizing the agreement and thanked TMWA.

Upon motion by Member Brekhus, second by Member Hartung, which motion duly carried by unanimous consent of the members present, the Board approved the ratification of the Collective Bargaining Agreement between TMWA and the International Brotherhood of Electrical Workers (IBEW) Local 1245 for the period of July 1, 2021 through June 30, 2023.

11. DISCUSSION AND POSSIBLE ACTION, AND DIRECTION TO STAFF REGARDING 2021 LEGISLATIVE ACTIVITIES, CURRENT BILLS, AND TMWA RECOMMENDED POSITIONS ON LEGISLATIVE PROPOSALS

John Zimmerman, TMWA Water Resources Manager, Leo Drozdoff, TMWA Lobbyist, and Michael Pagni, TMWA General Counsel, updated the Board on the status of significant bills approved for recommendation by the legislative subcommittee. Mr. Zimmerman stated there have been about 935 bills introduced to date, and about 280 bills did not pass the April 9 deadline. Of those that did not pass the deadline were AB354 (State Engineer's water banking bill) and SB155 (change the qualifications of eligibility to become State Engineer).

Staff reported on new bills: SCR9 and SB368 (both of which deal with environmental improvement projects at Lake Tahoe) and the Legislative Subcommittee recommend support.

Staff reported on existing bills: AB3 (allows parcel maps and documents be sent electronically) technical amendments included allowing for electronic stamps and passed through the Assembly, support; AB86 (made clear the State Engineer has discretion to publish temporary change applications), support; AB87 (proposes to streamline the process by which certain easements of cities and counties can be vacated and abandoned without a hearing), TMWA's amendment language was not included, and staff is working with the Senate committee to ensure it is added, remain opposed; AB90 (requires counties to pay impact fees to certain local governments) carried from last session and now it is an interim study to look at areas of the state that received economic incentives and review the outcome of those benefits, and make recommendations; AB97 (revises provisions governing toxic chemicals), the bill sponsor agreed to TMWA's proposed amendment language, change position from monitor to support; AB325 (allows

submission of certified copies of electronic documents) passed as amended through the Assembly, support; AB333 (proposed by the Stonegate Development recommending that stormwater flows held in retention or detention basins do not require a water right), monitor; AB356 (State Engineer's water conservation bill) was significantly amended and now states Colorado River water cannot be used to irrigate non-functional turf in the Las Vegas Valley after 2026, monitor; and SB67 (increases the threshold by which an agency can self-perform capital projects from \$100k to \$250k), TMWA's proposed language was not included. Staff will continue monitoring it in the interim session and perhaps submit bill language before the next legislative session if needed, monitor.

Upon motion by Member Hartung, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved recommended positions on legislative proposals.

12. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, reported that the snowpack level on April 1 was 67% and 64% of normal for the Lake Tahoe and Truckee River Basins, respectively; entering into a second dry year in a row; after the March Board meeting the forecast still showed normal river flows for the rest of the year, but that has changed significantly and are not projected to be met past September 13, 2021; the Federal Water Master has declared a drought situation, but normal river flows are projected past Labor Day and carrying through peak demand season; according to TMWAs 2020-40 Water Resource Plan (pages 52-55) TMWA will operate under a Drought Level 1 situation and the carry over storage in Lake Tahoe will be used; and TMWA has over 47,000 AF of upstream storage under the Truckee River Operating Agreement (TROA) and expect to have about 52k AF at the onset of summer.

Members Brekhus and Duerr requested Mr. Hauck rerun the analysis, since it has been a few years, of the 2015 drought year repeated over 20 years under TROA to see if it yields similar results.

13. PRESENTATION ON PROPOSED CONSERVATION, COMMUNICATIONS AND OUTREACH PLAN FOR 2021, DISCUSSION AND POSSIBLE DIRECTION TO STAFF

Mr. Gebhardt introduced Cammy Elquist LoRe, GoodStanding, who presented the 2021 Communications and Outreach Plan (the Plan). Ms. Elquist LoRe explained the Plan is very fluid and adaptive to any and all situations that may arise throughout the year, not only in the summer; the new customer information service (CIS) system allows them to target messaging through bills to TMWA customers; communicate to customers and the community on water quality, conservation, infrastructure, and water management; updated TMWA's Smart About Water website focused on water resource management topics, including website links to partnership agencies; addressed TMWA's 20th Anniversary and new logos for the occasion; conservation messaging will focus on assigned day watering and schedule from Memorial Day to Labor Day, for now we are in Standard Drought Situation (no additional conservation measures required

at this time); and with digital advertising and new CIS system, staff can quickly change messaging to the community if the situation changes.

No action taken.

14. PRESENTATION AND DISCUSSION REGARDING CONSIDERATION OF ADDING A RISK MANAGER POSITION, AND POSSIBLE DIRECTION TO STAFF

This agenda item was continued to the May 20, 2021 TMWA Board meeting.

15. DISCUSSION AND ACTION ON APPOINTMENTS TO THE STANDING ADVISORY COMMITTEE (SAC) TO FILL THE MULTI-FAMILY CUSTOMER PRIMARY REPRESENTATIVE, AND SENIOR CITIZEN AND RESIDENTIAL 3 CUSTOMER ALTERNATE REPRESENTATIVES, AND OTHER POSSIBLE VACANCIES FOR TERMS BEGINNING MAY 1, 2021 TO DECEMBER 31, 2023 FROM THE FOLLOWING POOL OF CANDIDATES LISTED IN ALPHABETICAL ORDER: AL BLACK, RUSS FOREMAN, JORDAN GRAHAM, TOM KURTZ, KEVIN RYAN AND ALEX TALMANT

This agenda item was continued to the May 20, 2021 TMWA Board meeting.

16. GENERAL MANAGER'S REPORT

Mr. Foree had no other comments.

17. PUBLIC COMMENT

There was no public comment.

18. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

19. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 1:04 p.m.

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

Sonia Folsom, Board Clerk.

****Member Hill was present for agenda items 1 thru 13 only.***



TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Michele Sullivan, Chief Financial Officer
 Matt Bowman, Financial Controller
DATE: May 11, 2021
SUBJECT: Presentation of Fiscal Year 2021 Q3 Year to Date Financial Results

Summary

Please refer to Attachments A-1 and A-2 for full Statements of Revenues, Expenses and Changes in Net Position for both actual to budget and year-over-year comparisons as discussed in the report below.

Budget to Actual

	Actual YTD 2021	Budget YTD 2021	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 36,781,209	\$ 25,916,372	\$ 10,864,837	42 %

Change in net position was \$10.9m or 42% higher than budget through three quarters of fiscal year 2021. This is due primarily to higher than budgeted water sales, lower operating expenses and higher capital contributions offset by lower investment income.

Year over Year

	Actual YTD 2021	Actual YTD 2020	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 36,781,209	\$ 40,158,426	\$ (3,377,217)	(8)%

Change in net position was \$3.4m or 8% lower than the prior year through three quarters for fiscal year 2021. This was due to higher operating income, offset by lower investment income and lower capital contributions.

RevenueBudget to Actual

	Actual YTD 2021	Budget YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	80,496,525	77,306,846	3,189,679	4 %
Hydroelectric Sales	1,883,044	2,093,982	(210,938)	(10)%
Other Operating Sales	1,867,036	2,100,087	(233,051)	(11)%
Total Operating Revenues	84,246,605	81,500,915	2,745,690	3 %

Operating revenue was \$2.7m or 3% higher than budget through the first three quarters of the fiscal year due to higher water sales offset slightly by lower hydroelectric and other operating sales. Water sales were up \$3.2m or 4% due to higher water usage in residential and irrigation categories. Active water services are in line with projections, showing about a 2% increase year over year. However, hot and dry weather during the summer months of 2020 led to higher water use than average and projected. In the third quarter water sales were slightly lower than budget, but due a dry start to the spring, it's expected that water sales will meet or exceed budget for the fourth quarter of the fiscal year.

Year over Year

	Actual YTD 2021	Actual YTD 2020	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	80,496,525	75,684,803	4,811,722	6 %
Hydroelectric Sales	1,883,044	2,479,911	(596,867)	(24)%
Other Operating Sales	1,867,036	1,922,078	(55,042)	(3)%
Total Operating Revenues	84,246,605	80,086,792	4,159,813	5 %

Total operating revenues were \$4.2m higher than prior year due to higher water sales offset by lower hydroelectric and other operating sales revenue. Water sales revenue was higher by \$4.8m or 6% due to more consumption and added service connections as discussed above. While the first half of FY 2021 was above average for water use, the first half of FY 2020 was below average, so change year over year is substantial. Third quarter water sales was slightly lower in FY 2021 than FY 2020. Hydroelectric revenue was lower due to the Washoe plant being out of service for the first three quarters for the rebuilding of the damaged flume. Generation at the hydro facility is expected to resume in May 2021. Other operating sales were lower than prior year due to lower late fee and service call revenue, primarily due to the pandemic.

Operating Expenses

Budget to Actual

	Actual YTD 2021	Budget YTD 2021	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	16,593,615	18,360,894	(1,767,279)	(10)%
Employee Benefits	7,280,979	8,052,102	(771,123)	(10)%
Services and Supplies	20,562,487	23,760,935	(3,198,448)	(13)%
Total Operating Expenses Before Depreciation	44,437,081	50,173,931	(5,736,850)	(11)%
Depreciation	24,809,848	25,139,139	(329,291)	(1)%
Total Operating Expenses	69,246,929	75,313,070	(6,066,141)	(8)%

Total operating expenses were \$6.1m lower (8%) than budget. Salaries and wages and employee benefits are lower due to position vacancies and increased labor charged to capital projects. Services and supplies expenses are lower than budget for a number of reasons. Primarily, expenses are lower due to slower rates of spend on expensed projects and other work that is expected to be completed in Q4. Specific timing differences amount to approximately \$1.5m and it's estimated that most of this will be incurred in Q4. Additionally, permanent variances include lower power costs, lower training costs, lower supplies costs and lower professional services. While some of the variance is expected to be made up in Q4, we are expected to be well under budget by the end of the fiscal year.

Year over Year

	Actual YTD 2021	Actual YTD 2020	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	16,593,615	16,424,885	168,730	1 %
Employee Benefits	7,280,979	8,705,016	(1,424,037)	(16)%
Services and Supplies	20,562,487	20,478,626	83,861	— %
Total Operating Expenses Before Depreciation	44,437,081	45,608,527	(1,171,446)	(3)%
Depreciation	24,809,848	24,772,871	36,977	— %
Total Operating Expenses	69,246,929	70,381,398	(1,134,469)	(2)%

Year over year through the third quarter, operating expenses were \$1.1m lower than the prior year. This is due to a fairly large variance in employee benefits with offsetting minimal increases in salaries and wages, services and supplies and depreciation. The decrease in employee benefits is due to a non cash adjustment made in Q3 2020 amortization of deferred outflows related to pension accounting (PERS). This adjustment was not necessary in FY 2021, although pension expense may change at year end once the Nevada PERS employer allocation expense report is received. There are no significant changes expected in the second half of the year so it's expected to finish the year with similar variances.

Non-Operating ExpensesBudget to Actual

	Actual YTD 2021	Budget YTD 2021	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,006,748	2,898,829	(892,081)	(31)%
Net Increase (Decrease) in FV of Investments	(2,147,338)	—	(2,147,338)	— %
Gain (Loss) on Disposal of Assets	—	—	—	— %
Amortization of Bond/note Issuance Costs	(107,136)	(143,100)	35,964	(25)%
Interest Expense	(9,192,031)	(9,050,266)	(141,765)	2 %
Other Nonoperating Revenue	—	—	—	— %
Other Nonoperating Expense	—	—	—	— %
Total Nonoperating Revenues (Expenses)	(9,439,757)	(6,294,537)	(3,145,220)	50 %

Nonoperating expenses were \$3.1m higher than budgeted. This is due almost entirely to lower investment income and a net decrease in the fair value of investments due to lower interest rates on invested cash balances. As rates began to increase slightly at the end of Q3, the change in fair value decreased from the end of Q2.

Year over Year

	Actual YTD 2021	Actual YTD 2020	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,006,748	3,228,716	(1,221,968)	(38)%
Net Increase (Decrease) in FV of Investments	(2,147,338)	2,898,604	(5,045,942)	(174)%
Gain (Loss) on Disposal of Assets	—	(130,830)	130,830	(100)%
Amortization of Bond/note Issuance Costs	(107,136)	(163,979)	56,843	(35)%
Interest Expense	(9,192,031)	(9,570,216)	378,185	(4)%
Other Nonoperating Revenue	—	—	—	— %
Other Nonoperating Expense	—	—	—	— %
Total Nonoperating Revenues (Expenses)	(9,439,757)	(3,737,705)	(5,702,052)	153 %

Nonoperating expenses were higher than prior year in the first three quarters by \$5.7m or 153%. Similar to the reasons above, this variance is primarily due to lower investment earnings and a decrease in the fair value of investments. Offsetting decreases in those categories were lower gain/loss on disposal of assets (timing related, will be recognized in Q4) and lower interest expense (lower rates on commercial paper).

Capital Contributions

Budget to Actual

	Actual YTD 2021	Budget YTD 2021	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	—	1,425,000	(1,425,000)	(100)%
Water Resource Sustainability Program	1,190,845	652,274	538,571	83 %
Developer Infrastructure Contributions	8,657,287	8,419,910	237,377	3 %
Developer Will-serve Contributions (Net of Refunds)	3,823,411	3,139,057	684,354	22 %
Developer Capital Contributions - Other	7,835,082	7,681,617	153,465	2 %
Developer Facility Charges (Net of Refunds)	9,681,865	4,498,956	5,182,909	115 %
Contributions from Others	32,800	206,250	(173,450)	(84)%
Net Capital Contributions	31,221,290	26,023,064	5,198,226	20 %

Capital contributions were \$5.2m higher than budget through three quarters. This was mostly driven by developer facility charges. Developer facility charges include supply, treatment and storage charges. Both the volume of projects and higher dollar projects continue to come in leading to this variance. All other developer related contributions are up as well, reflecting continued new business volume in the area. This variance is expected to carry through the remainder of the fiscal year. Grant revenue is lower due to timing of receiving grant awards for two outstanding FEMA grants which are in process and may be received before fiscal year end.

Year over Year

	Actual YTD 2021	Actual YTD 2020	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	—	—	—	— %
Water Resource Sustainability Program	1,190,845	1,159,771	31,074	3 %
Developer Infrastructure Contributions	8,657,287	15,109,231	(6,451,944)	(43)%
Developer Will-serve Contributions (Net of Refunds)	3,823,411	3,673,848	149,563	4 %
Developer Capital Contributions - Other	7,835,082	6,186,680	1,648,402	27 %
Developer Facility Charges (Net of Refunds)	9,681,865	7,717,577	1,964,288	25 %
Contributions from Others	32,800	343,630	(310,830)	(90)%
Net Capital Contributions	31,221,290	34,190,737	(2,969,447)	(9)%

Year over year, capital contributions are \$3.0m or 9% lower through three quarters. The main driver of this is developer infrastructure contributions which is \$6.5m lower. Other developer contributions are higher than prior year.

Capital Spending

Cash spent on capital outlays and construction projects during the first three quarters was approximately \$26.4m. Total budgeted capital spend for fiscal year 2021 is \$54.7m. Projected capital spending for the year is \$35m - \$40m. Top project spend through the first three quarters is shown below -

- | | |
|---|--------|
| • Mount Rose Water Treatment Plant | \$3.9m |
| • Washoe Flume Reconstruction | \$3.9m |
| • Customer Information System Replacement | \$2.6m |
| • Boomtown to TMWA Connection | \$2.3m |

Cash Position

At March 31, 2021 total cash on hand was \$212.0m or \$6.2m higher than at the beginning of the fiscal year. Of the total cash on hand, \$153.7m was unrestricted to be used to meet upcoming and future operating & maintenance expenses, principal & interest payments and construction project payments. The remaining \$58.3m was restricted to pay for scheduled bond principal and interest payments as well as maintaining required reserves as stipulated in our bond covenants.

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position

For the nine months ended March 31, 2021

	Actual YTD 2021	Budget YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 80,496,525	\$ 77,306,846	\$ 3,189,679	4 %
Hydroelectric Sales	1,883,044	2,093,982	(210,938)	(10)%
Other Operating Sales	1,867,036	2,100,087	(233,051)	(11)%
Total Operating Revenues	84,246,605	81,500,915	2,745,690	3 %
OPERATING EXPENSES				
Salaries and Wages	16,593,615	18,360,894	(1,767,279)	(10)%
Employee Benefits	7,280,979	8,052,102	(771,123)	(10)%
Services and Supplies	20,562,487	23,760,935	(3,198,448)	(13)%
Total Operating Expenses Before Depreciation	44,437,081	50,173,931	(5,736,850)	(11)%
Depreciation	24,809,848	25,139,139	(329,291)	(1)%
Total Operating Expenses	69,246,929	75,313,070	(6,066,141)	(8)%
OPERATING INCOME	14,999,676	6,187,845	8,811,831	142 %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,006,748	2,898,829	(892,081)	(31)%
Net Increase (Decrease) in FV of Investments	(2,147,338)	—	(2,147,338)	— %
Gain (Loss) on Disposal of Assets	—	—	—	— %
Amortization of Bond/note Issuance Costs	(107,136)	(143,100)	35,964	(25)%
Interest Expense	(9,192,031)	(9,050,266)	(141,765)	2 %
Other Nonoperating Revenue	—	—	—	— %
Other Nonoperating Expense	—	—	—	— %
Total Nonoperating Revenues (Expenses)	(9,439,757)	(6,294,537)	(3,145,220)	50 %
Gain (Loss) Before Capital Contributions	5,559,919	(106,692)	5,666,611	(5,311)%
CAPITAL CONTRIBUTIONS				
Grants	—	1,425,000	(1,425,000)	(100)%
Water Resource Sustainability Program	1,190,845	652,274	538,571	83 %
Developer Infrastructure Contributions	8,657,287	8,419,909.5	237,377	3 %
Developer Will-serve Contributions (Net of Refunds)	3,823,411	3,139,057	684,354	22 %
Developer Capital Contributions - Other	7,835,082	7,681,617	153,465	2 %
Developer Facility Charges (Net of Refunds)	9,681,865	4,498,956	5,182,909	115 %
Contributions from Others	—	—	—	— %
Net Capital Contributions	31,221,290	26,023,064	5,198,226	20 %
CHANGE IN NET POSITION	\$ 36,781,209	\$ 25,916,372	\$ 10,864,837	42 %

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position

For the nine months ended March 31, 2021

	Actual YTD 2021	Actual YTD 2020	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 80,496,525	\$ 75,684,803	\$ 4,811,722	6 %
Hydroelectric Sales	1,883,044	2,479,911	(596,867)	(24)%
Other Operating Sales	1,867,036	1,922,078	(55,042)	(3)%
Total Operating Revenues	84,246,605	80,086,792	4,159,813	5 %
OPERATING EXPENSES				
Salaries and Wages	16,593,615	16,424,885	168,730	1 %
Employee Benefits	7,280,979	8,705,016	(1,424,037)	(16)%
Services and Supplies	20,562,487	20,478,626	83,861	— %
Total Operating Expenses Before Depreciation	44,437,081	45,608,527	(1,171,446)	(3)%
Depreciation	24,809,848	24,772,871	36,977	— %
Total Operating Expenses	69,246,929	70,381,398	(1,134,469)	(2)%
OPERATING INCOME	14,999,676	9,705,394	5,294,282	55 %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	2,006,748	3,228,716	(1,221,968)	(38)%
Net Increase (Decrease) in FV of Investments	(2,147,338)	2,898,604	(5,045,942)	(174)%
Gain (Loss) on Disposal of Assets	—	(130,830)	130,830	(100)%
Amortization of Bond/note Issuance Costs	(107,136)	(163,979)	56,843	(35)%
Interest Expense	(9,192,031)	(9,570,216)	378,185	(4)%
Other Nonoperating Revenue	—	—	—	— %
Other Nonoperating Expense	—	—	—	— %
Total Nonoperating Revenues (Expenses)	(9,439,757)	(3,737,705)	(5,702,052)	153 %
Gain (Loss) Before Capital Contributions	5,559,919	5,967,689	(407,770)	(7)%
CAPITAL CONTRIBUTIONS				
Grants	—	—	—	— %
Water Resource Sustainability Program	1,190,845	1,159,771	31,074	3 %
Developer Infrastructure Contributions	8,657,287	15,109,231	(6,451,944)	(43)%
Developer Will-serve Contributions (Net of Refunds)	3,823,411	3,673,848	149,563	4 %
Developer Capital Contributions - Other	7,835,082	6,186,680	1,648,402	27 %
Developer Facility Charges (Net of Refunds)	9,681,865	7,717,577	1,964,288	25 %
Contributions from Others	—	—	—	— %
Net Capital Contributions	31,221,290	34,190,737	(2,969,447)	(9)%
CHANGE IN NET POSITION	\$ 36,781,209	\$ 40,158,426	\$ (3,377,217)	(8)%



STAFF REPORT

TO: TMWA Board of Directors
THRU: Mark Foree, General Manager
FROM: Michele Sullivan, Chief Financial Officer/Treasurer
Matt Bowman, Financial Controller
Sandra Tozi, Senior Financial Analyst
DATE: May 10, 2021
SUBJECT: **Discussion, and action on request for adoption of Resolution No. 292: A resolution to adopt the final budget for the Fiscal Year ending June 30, 2022 and the 2022-2026 Five-Year Capital Improvement Plan**

Recommendation

Staff recommends the TMWA Board approve the proposed Final Budget for the fiscal year ending June 30, 2022 and direct staff to file the adopted Final Budget and related 2022-2026 Capital Improvement Plan with the State of Nevada Department of Taxation as required by statute.

Summary

TMWA has prepared the proposed Final Budget for consideration and approval by the TMWA Board. Changes to the tentative budget presented originally at the March 17, 2021 board meeting result in a decrease to change in net position of \$1.4m due to lower expected hydroelectric revenue. CIP spending for 2022-2026 remained the same at \$254.2m.

Discussion

A comparison of the proposed Final Budget to the original approved Tentative Budget is accompanying this report in ***Attachments A and B***. The only change to the FY 2022 operating budget is a decrease in hydroelectric revenue of \$1.4m due to decreased expected river flows in the late summer into the early fall. Recent hydrologic forecasts show river flows will dropping below the minimum required flow for generation at some point in August 2021. At that point the plants are expected to be offline until Spring 2022.

To optimize the downtime, TMWA has made a change to the CIP for FY 2022 at the Washoe hydroelectric facility to accelerate the replacement of the plant's two tailraces. The tailraces are steel structures at the bottom (or outlet) of the hydro facility that transport the "spent" water from both turbines back to the river. In the tentative CIP, this work was planned for FY 2023, however, due to expected downtime in FY 2022 this project was moved up one year. In preparation for the work, a more accurate estimate was developed which resulted in an increase

of \$420,000 to the project for FY22 however, the total over the five-year CIP stayed the same at \$6.1m for work to be completed at the Washoe hydro facility.

The only other change to the CIP is for the Automated Meter Infrastructure (AMI) project, estimated to begin in July 2021, and continue through the first part of FY 2025. However, in recent weeks this project was delayed due to supply chain problems specifically caused by the ongoing chip shortage. The total cost of the project has not changed, but \$2.5m has been moved from FY 2022 to FY 2025.

These changes in CIP affected the budgeted statement of cash flows for FY 2022. See *Attachment B*.

Sponsorship Costs

At the March 17, 2021 board meeting there was discussion around allocation of TMWA's sponsorship expenses. Sponsorship expenses are a component of services and supplies in the Statement of Revenues, Expenses and Changes in Net Position. Based on the Board's discussion and direction, TMWA has allocated a total of \$950,000 as follows:

Truckee River Fund Contribution	\$700,000
Truckee River Water Quality Projects	\$200,000
Desert Research Institute – Cloud Seeding	\$50,000
Total Sponsorship Costs	\$950,000

TRUCKEE MEADOWS WATER AUTHORITY
(TMWA)

RESOLUTION NO. 292

A RESOLUTION ADOPTING THE FINAL BUDGET FOR THE FISCAL YEAR ENDING
JUNE 30, 2022 AND
THE 2022-2026 CAPITAL IMPROVEMENT PLAN FOR THE
TRUCKEE MEADOWS WATER AUTHORITY AFTER PUBLIC HEARING

WHEREAS, pursuant to NRS 354.596, TMWA is required to hold a public hearing on its tentative budget to allow interested persons to be heard; and

WHEREAS, pursuant to NRS 354.596, TMWA scheduled and held a public hearing on the tentative budget and Capital Improvement Plan as prescribed on May 21, 2020, the fourth Thursday in May; and

WHEREAS, the tentative budget and Capital Improvement Plan have been presented to the interested public and the Board; and

WHEREAS, the Board has considered and approved the revisions to the tentative budget and Capital Improvement Plan and has heard and considered comments from the public.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority to adopt the tentative budget as the final budget for the fiscal year ending June 30, 2022 and adopt the 2022-2026 Capital Improvement Plan and to direct staff to submit the final budget and Capital Improvement Plan to the State of Nevada Department of Taxation.

Upon motion of _____, seconded by _____, the foregoing Resolution was passed and adopted on May 20, 2021 by the following vote of the Board:

Ayes: _____

Nays: _____

Abstain: _____ Absent: _____

Approved: May 20, 2021.

Vaughn Hartung, Chairman

TRUCKEE MEADOWS WATER AUTHORITY

Comparative Statements of Revenues, Expenses and Changes in Net Position

Final Budget

	Final Budget FY 2022	Tent. Budget FY 2022	Final Budget FY 2021	Variance \$	Variance %
OPERATING REVENUES					
Charges for Water Sales	\$ 108,503,854	\$ 108,503,854	\$ 102,260,229	\$ 6,243,625	6%
Hydroelectric Sales	1,837,239	3,239,970	3,193,880	(1,356,641)	-42%
Other Operating Sales	2,219,679	2,219,679	2,800,120	(580,441)	-21%
Total Operating Revenues	112,560,772	113,963,503	108,254,229	4,306,543	4%
OPERATING EXPENSES					
Salaries and Wages	26,634,314	26,634,314	24,563,727	2,070,587	8%
Employee Benefits	11,622,696	11,622,696	10,661,572	961,124	9%
Services and Supplies	32,188,000	32,188,000	31,419,113	768,887	2%
Total Operating Expenses Before Depreciation	70,445,010	70,445,010	66,644,412	3,800,598	6%
Depreciation	34,234,118	34,234,118	33,518,852	715,266	2%
Total Operating Expenses	104,679,128	104,679,128	100,163,264	4,515,864	5%
OPERATING INCOME	7,881,644	9,284,375	8,090,965	(209,321)	-3%
NONOPERATING REVENUES (EXPENSES)					
Investment Earnings	2,583,886	2,583,886	2,854,243	(270,357)	-9%
Loss on Disposal of Assets	(750,000)	(750,000)	-	(750,000)	0%
Debt Issuance Costs	(133,000)	(133,000)	(87,400)	(45,600)	52%
Interest Expense	(11,880,610)	(11,880,610)	(12,514,133)	633,523	-5%
Total Nonoperating Revenues (Expenses)	(10,179,724)	(10,179,724)	(9,747,290)	(432,434)	4%
Gain (Loss) Before Capital Contributions	(2,298,080)	(895,349)	(1,656,325)	(641,755)	39%
CAPITAL CONTRIBUTIONS					
Grants	1,350,000	1,350,000	1,900,000	(550,000)	-29%
Water Resource Sustainability Program	607,168	607,168	869,696	(262,528)	-30%
Developer Infrastructure Contributions	18,177,481	18,177,481	11,226,546	6,950,935	62%
Developer Will-serve Contributions (Net of Refunds)	2,884,048	2,884,048	4,185,412	(1,301,364)	-31%
Developer Capital Contributions - Other	9,360,299	9,360,299	10,242,156	(881,857)	-9%
Developer Facility Charges (Net of Refunds)	7,301,331	7,301,331	5,998,608	1,302,723	22%
Contributions from Other Governments	200,000	200,000	275,000	(75,000)	-27%
Net Capital Contributions	39,880,327	39,880,327	34,697,418	5,182,909	15%
CHANGE IN NET POSITION	37,582,247	38,984,978	33,041,093	4,541,154	14%
NET POSITION, BEGINNING PERIOD	816,011,810	816,011,810	760,033,398		
NET POSITION, END OF PERIOD	\$ 853,594,057	\$ 854,996,788	\$ 793,074,491		

TRUCKEE MEADOWS WATER AUTHORITY

Statements of Cash Flows

Final Budget

	Final Budget FY 2022	Tent. Budget FY 2022	Final Budget FY 2021	Variance \$	Variance %
OPERATING ACTIVITIES					
Cash Received From Customers	\$ 112,560,772	\$ 113,963,503	\$ 108,254,229	\$ 4,306,543	4%
Cash Paid to Employees	(38,257,010)	(38,257,010)	(35,225,299)	(3,031,711)	9%
Cash Paid to Suppliers	(32,188,000)	(32,188,000)	(31,419,113)	(768,887)	2%
Net Cash From Operating Activities	42,115,762	43,518,493	41,609,817	505,945	1%
CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition & Construction of Capital Assets	(60,125,000)	(62,205,000)	(54,720,000)	(5,405,000)	10%
Interest Paid on Financing	(16,391,528)	(16,391,528)	(17,165,004)	773,476	-5%
Principal Paid on Financing	(13,599,193)	(13,599,193)	(13,460,867)	(138,326)	1%
Redemptions of Commercial Paper Notes	(5,500,000)	(5,500,000)	(5,000,000)	(500,000)	10%
Grants	1,900,000	1,900,000	2,401,825	(501,825)	-21%
Contributions for Water Resource Sustainability Program	607,168	607,168	869,696	(262,528)	-30%
Contributions From Developers-Will-Serve Letters	2,884,048	2,884,048	4,185,412	(1,301,364)	-31%
Contributions from Developers - Other	9,360,299	9,360,299	10,242,156	(881,857)	-9%
Contributions from Developers - Facility Charges	7,301,331	7,301,331	5,998,608	1,302,723	22%
Contributions from (to) Other Governments	200,000	200,000	-	200,000	0%
Bond/Note Issuance Costs	(133,000)	(133,000)	(87,400)	(45,600)	52%
Net Cash Used For Capital & Relating Financing Activities	(73,495,875)	(75,575,875)	(66,735,574)	(6,760,301)	10%
INVESTING ACTIVITIES					
Interest Received	2,583,886	2,583,886	2,854,243	(270,357)	-9%
Net Cash From Investing Activities	2,583,886	2,583,886	2,854,243	(270,357)	-9%
NET CHANGE IN CASH AND CASH EQUIVALENTS	(28,796,227)	(29,473,496)	(22,271,514)	(6,524,713)	29%
CASH AND CASH EQUIVALENTS, BEGINNING PERIOD	211,972,331	211,972,331	198,132,592	13,839,739	7%
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 183,176,104	\$ 182,498,835	\$ 175,861,078	\$ 7,315,026	4%



Photo: Chalk Bluff Filter Underdrain System

Photo By: Jason Phinney, TMWA Sr. Construction Engineer

Five Year Capital Improvement Plan

Fiscal Year 2022 - 2026

Truckee Meadows Water Authority is a not-for-profit, community-owned water utility, overseen by elected officials and citizens from Reno, Sparks and Washoe County

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

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Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

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INTRODUCTION

The Truckee Meadows Water Authority's (TMWA's) Five-Year Capital Improvement Plan 2022-2026 (CIP), describes all infrastructure construction and major capital outlays that will take place between July 1, 2021 and June 30, 2026. Guidance for identifying and scheduling projects in the CIP is provided by TMWA's 2015-2035 Water Facility Plan (WFP) and the 2020-2040 Water Resource Plan (WRP). The updated Plans will reflect the acquisition of West Reno Water Company, and other small connections in Verdi.

TMWA is a joint powers authority formed in November 2000, pursuant to a Cooperative Agreement (as amended and restated as of February 3, 2010, the "Cooperative Agreement") among the City of Reno, Nevada ("Reno"), the City of Sparks, Nevada ("Sparks") and Washoe County, Nevada (the "County"). The Authority owns and operates a water system (the "Water System") and develops, manages and maintains supplies of water for the benefit of the Truckee Meadows communities. On January 1, 2015, TMWA, the WCWU and STMGID consolidated to create a regional water system under TMWA. TMWA has a total of 162 square miles of service area, which includes the cities of Reno and Sparks and other surrounding populated areas of the County (except certain areas in the vicinity of Lake Tahoe and other small areas bordering California). TMWA has no authority to provide water service outside of its service area; however, may provide service in the future to developments that are annexed into its service area.

The CIP incorporates a comprehensive compilation of water system improvements for TMWA. A major feature of the CIP is the construction of several projects that will expand the conjunctive use of the region's water resources. The philosophy behind conjunctive use of local water resources is to maximize the use of surface water while preserving the integrity of groundwater resources which are drawn upon during periods of persistently dry weather. Another aspect of the CIP is to expand the Aquifer Storage and Recovery Program (ASR Program) which is the recharge of groundwater basins with treated surface water, and explore the possibilities related to Advanced Purified Water (APW). In addition, this CIP includes several major projects to extend limited water service to the Verdi area, made possible by cost effective oversizing of developer main extensions. Full capacity water service for the entire Verdi area will not be available until an additional \$17.0 million of new backbone water facilities are constructed.

The CIP constitutes an essential component in TMWA's system of planning, monitoring and managing the activities of purveying water and generating hydroelectric power. The CIP is incorporated into a broader, constantly-updated Five-Year Funding Plan (FP) for a comparable period. This Funding Plan (FP) will determine adequate levels and sources of funding for projects contained in the CIP.

The 2021-2025 FP indicates that TMWA can fund the CIP in light of a significant funding gap. This situation is the result of substantial reductions in water demands resulting from the drought that ended in the spring of 2017. Otherwise there appears to be adequate treasury and revenues

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from various sources to fund operations, pay principal and interest on existing debt, and capital improvements as presented in the CIP.

The CIP includes total spending of \$254.2 million with approximately 73.5% or \$187.0 million dedicated to upgrades or replacement of existing infrastructure, and approximately 17.2% or \$43.8 million allocated to construction of new water system capacity projects, conjunctive use construction projects, retrofit of remaining unmetered services, and potential opportunistic acquisition of water rights. Construction and capital outlays associated with the former STMGID service area are estimated to be approximately 2.0% or \$5.2 million of total spending over fiscal years 2022-2026. Of the total projected spending over the next five years 6.0% or \$15.1 million is considered contingency spending which is dependent on certain events occurring to trigger spending. The \$254.2 million in projected spending is grouped into broad categories of improvements and spending outlays. These categories are described below with detailed project descriptions to be found in the Project Description Section.

Raw Water Supply Improvements contains 7.1% or approximately \$18.1 million of total spending in the CIP. Projects focus on improvements to the Highland Canal/Siphon raw water conveyance infrastructure, upstream storage improvements for Donner Lakes where TMWA stores Privately-Owned Stored Water (POSW) and expenses associated with the storage and implementation of the Truckee River Operating Agreement (TROA). Construction of an APW Demonstration Facility is also included in this category which will be built as a follow up to the OneWater NV advanced purified water feasibility study, and will be a joint effort with other agencies.

Ground Water Supply Improvements contains 7.5% or approximately \$19.1 million of total spending in the CIP. These projects focus on preserving existing well capacities, drilling and equipping of new wells and at times complete replacement of existing wells.

Treatment Plant Improvements contains 9.8% or approximately \$24.8 million of total spending in the CIP. The Orr Ditch pump station project will increase redundancy and reliability by enhancing the Truckee River source of supply to the Chalk Bluff Water Treatment Plant. Other spending in this category targets fix and finish projects with the primary focus on the Chalk Bluff and Glendale Surface Water Treatment Plants located on the Truckee River. Other improvements focus on satellite water system treatment upgrades and a complete upgrade of the Supervisory Control and Data Acquisition (SCADA) system which provides centralized automated system control and data storage for the distribution system and treatment plants.

Distribution System Pressure Improvements contains 17.4% or approximately \$44.2 million of total spending. This spending is bifurcated into pressure improvements and water main and service line improvements. Pressure improvements include pump station rebuilds and new construction, correction of pressure or fire flow deficiencies, pressure regulating station rebuilds and new construction, as well as reconstruction of pressure regulating valves.

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Water Main Distribution & Service Line Improvements contains 23.4% or approximately \$59.6 million of total spending in the CIP. These improvements include replacement of aged water mains reaching end of service life, installation of new mains for new and expanded service, water main oversizing and extensions, off-river supply improvements, and two of the three major conjunctive use projects to extend surface water supplies to the areas that rely heavily on year round groundwater pumping. This last set of projects furthers the conjunctive use philosophy of water resource management, and include Mount Rose 5 Distribution/Pressure Improvements, Boomtown water system improvements, and STMGID Conjunctive Use Facilities (\$1.6 million to be funded by STMGID reserves).

Potable Water Storage Improvements contains 13.6% or approximately \$34.6 million of total spending in the CIP. These projects are comprised mainly of new treated water storage tank construction to serve new and expanded service (STMGID Tank East Zone 11 Tank), some replacement of existing treated water tank capacity as well as systematic recoating of treated water tank interiors and exteriors to extend service life of these facilities.

Hydroelectric Improvements contains 5.5% or approximately \$14.0 million of total spending in the CIP. Included in this category is the new Orr Ditch Hydro Facility, which will generate hydroelectric power for the Chalk Bluff Treatment Plant, and directly offset power costs at TMWA's largest treatment plant. Other spending centers on the three run-of-river hydroelectric facilities currently owned by TMWA. Efforts on these facilities focus primarily on flume, forebay, diversion and canal improvements as well as equipment upgrades.

Customer Service Outlays contains 9.3% or approximately \$23.7 million of total spending in the CIP. Spending in this category focuses on meter reading device replacements and meter replacement if required. The principal spending in this category focuses on consolidating the meter system to one format which will provide more frequent and automatic meter reading, and meter data management. Also, in this category is a spending provision for new business meters which is funded by development.

Administrative Outlays contains 3.8% or approximately \$9.7 million of total spending in the CIP. These outlays are primarily for Information Technology equipment, licenses, and hardware replacements as required. Included in this category of spending are fleet upgrades for heavy and light vehicles as well as excavation equipment.

Special Programs Funded by Development include outlays for opportunistic water rights purchases. They are separated from a presentation standpoint because in the case of water right acquisitions, spending is currently driven by pricing opportunity. These projects comprise 0.5% or approximately \$1.4 million of total spending in the CIP.

Former STMGID System Improvements are separated from a presentation standpoint because projects in this category are funded by the STMGID reserve, which TMWA acquired through the acquisition of former STMGID. It contains 2.0% or approximately \$5.2 million of total spending

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in the CIP. Improvements in this category focus on conjunctive use, well replacement and improvements, and tank recoats. This reserve fund is expected to be depleted by the end of the five year plan.



Photo: Washoe Flume Reconstruction

Photo By: Corine Lucich, TMWA Accounts Payable Representative

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DEFINITIONS**Capital Improvement Program Definitions**

The Five-Year CIP is a planning and budgeting tool, which provides information about TMWA's infrastructure needs for a five-year time frame. Each year, the list of projects is reviewed for cost and priority. New projects may be added and other projects delayed or deleted entirely. Since most projects are mandatory or necessary, deletion of a project would be rare with the exception of contingency spending. However, capital spending plans must remain flexible, and it is often necessary to take revisions to the approved fiscal year's CIP back to the TMWA Board for approval. If construction or outlays can be deferred, TMWA will defer spending in order to preserve cash reserves, regardless whether or not there are difficult economic times. These decisions are made on a case by case basis.

Generally, capital improvements/outlays are defined as physical assets, constructed or purchased, that have a useful life greater than one year and a cost of \$5,000 or more.

Definition of Capital Outlays

"Capital Outlays," which are in TMWA's capital budget, include construction projects that improve the life of current TMWA infrastructure, or are new additions to TMWA infrastructure, as well as computer equipment and software, vehicles, and heavy equipment needed to support TMWA's operations. These items are generally found in the Administrative category of projects. For Customer Service category, these outlays involve meter installations and related infrastructure, and acquiring meter reading equipment.

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PRIORITIZATION OF PROJECTS/OUTLAYS

TMWA may not have sufficient funding to meet all its capital needs each year or may divert funding to meet unexpected capital improvements. If such conditions arise, projects are prioritized based on the effect each project has on TMWA's ability to meet customer demand and maintain water system reliability. TMWA's Five-Year Funding Plan is used to analyze total spending, identify various funding alternatives, and determine whether or not water rate adjustments will be required.

The priority categories represent a relative degree of need for any particular project and are described below.

- * **PRIORITY 1 MANDATORY:** These are considered absolutely required, and are the highest priority of all capital projects. Mandatory projects include those in final design or already under construction, or those required by legislation or regulation for protection of public health and safety. These projects are generally found in the first fiscal year of the 2022-2026 CIP. Water demands or infrastructure conditions are such that if the project is not completed TMWA runs the risk of eventually being unable to reliably provide water service to its existing customers and/or new and expanded service, or incur extended outages.
- * **PRIORITY 2 NECESSARY:** A project that is important for providing water service to customers, yet timing of construction or spending outlay is not as critical as a mandatory project. These projects are required and are generally found in the last four years of the 2022-2026 CIP. External factors such as the pace of new development or the condition of existing infrastructure may delay or accelerate the timing of project construction.
- * **PRIORITY 3 CONTINGENCY:** These projects or capital outlays are not immediately critical to the operation of the water system. Expenditures in this category generally require a business case study or specific criteria to be met before spending can occur. If such criteria are not met, then spending may or may not be justified. Also, some projects are deferrable if spending is required in an area of higher priority. Even though these projects and outlays are in the 2022-2026 CIP the likelihood that spending will occur may be remote and is based upon future conditions that are difficult to predict.

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FUNDING OF CAPITAL SPENDING

Funding Sources

The CIP will rely on various funding sources to pay for capital projects/capital outlays. TMWA relies heavily on revenues generated from water sales, hydroelectric, and other operating sales to fund the majority of projects. Developer contributions have historically been an important funding source for certain construction projects for new and expanded water system capacity. Investment income is also available to augment other revenue sources but is minor in relation to other funding sources. Collection of developer fees have rebounded since reaching historical lows during the great recession. TMWA continues a non-reliance policy on these fees to fund operations or fund annual principal and interest payments on TMWA's outstanding debt. Residential and commercial development activity has accelerated in a meaningful manner providing financial resources to fund projects listed in the CIP for new and expanded service. TMWA may rely on the issuance of new money debt to fund large levels of capital spending in a particular period. The CIP does not anticipate reliance on funding from new money at this time. TMWA has relied on a number of new money debt issuances in the past to fund capital spending.

Developer Contributions

TMWA looks to the development community for developer contributions in the form of system development charges or direct reimbursements to fund capital expenditures related to new or expanded water service, including pump station construction or expansions and feeder main extension projects. In June 2003, the TMWA Board adopted facility charges to pay for new treatment/supply capacity projects and new storage capacity projects. TMWA began collecting these facility charges in January 2004. Under TMWA's Rule 5 these proceeds are used to support new capacity construction. Rule 7 governs the purchase of water rights and reimbursement by developers for issuance of will-serve commitments for water service. However, because of the timing of certain growth driven capital projects, additional financial resources may be called upon as needed. The most recent update to the water system facility charges, which updated area fees, supply and treatment fees, as well as storage unit costs was approved by the TMWA Board in August, 2019 with an effective date of October, 2019. These fees are subject to periodic review for funding adequacy.

Financing Background

New money revenue bond issuance has been historically an integral part of funding construction spending. TMWA has also taken advantage of lower rate, subordinated debt financing obtained through the Drinking Water State Revolving Loan Fund (DWSRF) and a tax-exempt commercial paper program (TECP) due to lower cost of capital and

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repayment subordination features of these funding vehicles. Federal and State Grants and loan forgiveness programs have also been identified in the past to fund projects. Customer water sales and various developer fees may not be immediately sufficient to pay for construction spending and capital outlays so there may be some reliance on new money debt and reliance on future tax-exempt commercial paper note sales. TMWA plans to avoid relying on additional debt whenever possible and reasonable. TMWA has been able to reduce debt by over \$105.5 million, and 20% during the last 5 years, and currently has no plan to increase debt to fund projects in this plan.

Rule 5 and Rule 7 Fees

These fees are collected from the development community. Rule 5 fees are paid by developers to TMWA for the construction of new water feeder mains, new treatment/supply capacity, new storage capacity, and for new or rebuilt pump stations to meet demand resulting from new and expanded service. Rule 7 Fees are derived from will-serve sales to development. TMWA historically purchased water rights on the open market and reserves these rights for will-serve letters to be sold to development. TMWA also recovers a modest amount of administrative and financing costs with the sale of each will-serve. The title to water rights are retained by and dedicated to TMWA. TMWA has sufficient inventory of water rights to meet the demands for new and expanded service for the foreseeable future.

Water Meter Retrofit Fees

TMWA has been retrofitting flat rate water services with meter boxes, setters and meters. The intent is to meter the entire water system which is now in the final stages. To accomplish this task TMWA has collected \$1,830 for each acre-foot of demand when will-serve commitments based on surface water right dedications are issued for new or expanded service. Proceeds from the fee are used to fund water meter retrofits. Pursuant to Resolution 272 passed by the Board of Directors on January 16, 2019, the fee was broadened to include other uses. The pre-January 16, 2019 balance of these fees will be used to complete any remaining water meter retrofits and other water meter replacement projects.

Water Resource Sustainability Fund Fees

Resolution 272, passed by the Board of Directors on January 16, 2019, broadened the purpose of the Water Meter Retrofit Fee to support 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. The fee has been reduced from \$1,830 to \$1,600 for each acre-foot of demand when will-serve commitments based on surface water right dedications are issued for new or expanded service.

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Capital Contributions from Other Governments

TMWA is a water wholesaler to the Sun Valley General Improvement District (SVGID). From time to time, new infrastructure must be constructed to service this retail water-service provider. There are no expectations of any need for reimbursement from this source in the CIP although historically SVGID has made contributions to TMWA.

Reserves from the Water Utility Consolidation

TMWA, the WCWU and STMGID consolidated on January 1, 2015. As a result of the consolidation, the respective treasuries of the WCWU and STMGID were transferred to TMWA. The WCWU treasury that was transferred to TMWA amounted to approximately \$43.4 million after the final transfer of funds (which was absorbed into TMWA's account) while the STMGID treasury transferred to TMWA was approximately \$15.7 million of which \$5.2 million remains. These cash and investment reserves will continue to be used to make necessary improvements in the former water utility service areas including conjunctive use enhancements.

Other Resources

One method of generating additional funds for capital improvements is to increase existing fees/charges or to add new fees/charges. However, future increases will be provisional if TMWA is able to meet revenue requirements and maintain bond coverage ratios that will suffice to maintain strong investment-grade credit ratings. TMWA has obtained many benefits of Aa2 and AA+ credit ratings from Moody's and S&P, respectively. The Board approved a five-year customer water rate plan in early 2017 which included a water rate increase of 3.0% in May of 2017 and 2018. TMWA Board deferred the 2.5% rate increases scheduled for 2019 through 2021 to 2020 through 2022, effectively delaying the rate increase plan by one year. They again deferred the 2.5% water rate increases scheduled for 2020 through 2022 to 2021 through 2023 due to the pandemic. Water rate increases are essential for TMWA to maintain sound credit ratings and to preserve access to opportunities in the capital markets. TMWA also funds rehabilitative capital projects in a meaningful manner due to water delivery being an essential municipal service.

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FISCAL YEAR 2022 CAPITAL SPENDING-THE CAPITAL BUDGET

TMWA expects to spend \$60.1 million for fiscal year 2022, the first year of the FY 2022-2026 CIP. Of this total \$34.2 million will be paid for by customer rates for water system rehabilitation, hydroelectric improvements, pressure system improvements, water main distribution service line improvements, and administrative and customer service outlays. While \$13.6 million will be paid for by developer fees and will be dedicated to water system expansion, limited opportunistic acquisition of water rights and some water meter retrofit activities. The water meter retrofit fund will pay for \$5.7 million for meter replacements, and the Sustainability fund will pay for \$2.0 million in projects. Insurance settlements will pay for \$2.5 million in hydroelectric improvements, and STMGID reserves account for \$2.1 million of improvements in the STMGID area.

SUMMARY OF PROJECTS FOR THE FISCAL YEAR 2022 BUDGET

TMWA has established the following projects for the capital budget in fiscal year 2022 (Amounts presented in thousands of dollars):

Summary of Projects for FY 2022	Amount
Raw Water Supply Improvements	
Highland Canal-Upgrades-Downstream	225
Highland Canal-Upgrades-Diversion to Chalk Bluff	500
TROA Drought Storage / Implementation	150
Donner Lake Outlet Improvements Phase 2	150
Advanced Purified Water Demonstration Facility	3,000
Independence Lake Bathymetric Survey and Monitoring	100
Marlette Lake System Improvements	100
Washoe Lake System Improvements	100
Total Raw Water Supply	4,325
Ground Water Supply Improvements	
Well Rehabilitation Improvements	200
Double Diamond #5 and Equipping	50
Callamont Well South Equipping	60
Well Fix & Finish	350
Well Plugging/Conversion	150
Thomas Creek Well Replacement and Spring Creek 5	1,000
Truckee Canyon Well 3 Site Modifications	50
Well Head TTHM Mitigation	500
Spring Creek Well #7 Recharge	500
Fish Springs Ranch TDS Monitoring Wells	250
Geothermal Fluid Monitoring Well	100
Spring Creek Well 9 (Spring Creek 4 Replacement)	910
Spring Creek Wells PH Adjustment	300
Total Ground Water Supply	4,420

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Summary of Projects for FY 2022 (continued)	
Treatment Plant Improvements	
Chalk Bluff Treatment Plant Improvements	750
Glendale Treatment Plant Improvements	375
Chalk Bluff Filter Underdrains	800
Orr Ditch Pump Station Rehab	4,400
Truckee Canyon Water Treatment Improvements	100
Lightning W Treatment Improvements	60
SCADA Rehab / Plant Operating Software	500
Longley Plant HV 3 and HV 4 Treatment Improvements	200
Spanish Springs Nitrate Treatment Facility	300
Total Treatment Plant	7,485
Pressure Improvements	
Pressure Regulators Rehabilitation	500
Land Acquisitions	250
Desert Fox Standby Generator	150
Disc Drive Low Head Pump Station and Mains	3,800
Pump Station Oversizing	100
Pump Station Rebuilds, Rehabilitations	250
Mount Rose Well #3 Pump Station Improvements	250
Standby Generator Improvements	150
Spanish Springs #1 Pump Zone Intertie	600
Twin Lakes Booster Pump Station	620
Kings Row 2 Booster Pump Station	150
Spring Creek Tanks #3 and #4 BPS Modifications	200
Lazy 5 Low Head Pump Station and Mains	300
Common (Stonegate) Booster Pump Station	2,200
Caughlin 5C Pump and Motor Replacement	150
Kinglet Pump Station	900
Caughlin 2 Tanks	500
7th Street High and Low BPS Replacements	500
Total Pressure Improvements	11,570
Water Main-Distribution-Service Line Improvements	
Street & Highway Main Replacements	4,500
Spring Creek South Zone Conversion	750
South Virginia 24" Main - Kumle to Peckham	700
Goldeney Parkway Main Tie and Check Valve	180
General Waterline Extensions	100
Mount Rose 5 Distribution/Pressure Improvements	400
Boomtown Water System Improvements	1,250

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Project Summary for FY 2022 (continued)	Amount
Lemmon Valley Sand Yard	530
Verdi Hydro Main Extension	320
Watt Area Main Replacements	2,000
Oddie Wells Main Replacements	1,100
Lemmon Drive - Double Diamond Interchange (DDI)	500
Shriver and G Streets Main Replacement	500
Total	12,830
Potable Water Storage Improvements	
Storage Tank Recoats, Access, Drainage Improvements	1,600
Highland Reservoir Tank	3,700
US 40 Tank and Feeder Main	170
Prater Tank Rehabilitation	1,400
Total Potable Water Storage	6,870
Hydroelectric Improvements	
Forebay, Diversion, and Canal Improvements	100
Orr Ditch Hydro Facility	2,500
Verdi Canal Sandgate Improvements	335
Washoe Plant_Tailraces Unit 1 and Unit 2	420
Total Hydroelectric	3,355
Customer Service Outlays	
Meter Reading Equipment	60
New Business Meters	100
Mueller Pit Replacements former Washoe County	125
Galvanized / Poly Service Line Replacements	250
AMI Automated Meter Infrastructure	4,565
Total Customer Service Outlays	5,100
Administrative Outlays	
GIS/GPS System Mapping Equipment	20
IT Server Hardware	30
IT Network Security Upgrades	160
IT Physical Access Security Upgrades	60
Printer / Scanner Replacement	50
Crew Trucks / Vehicles	750
Emergency Management Projects	150
System Wide Asphalt Rehabilitation	450
Physical Access Control System Upgrade	250
Total Administrative Outlays	1,920

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Project Summary for FY 2022 (continued)	Amount
Special Projects Funded by Development	
Water Right Purchases	150
Total Special Projects	150
Former STMGID System Improvements	
STMGID Conjunctive Use Facilities	1,600
STMGID NAC Deficiencies - Saddlehorn, Upper Toll, STMGID East	500
Total STMGID System Improvements	2,100
Total Capital Spend for FY 2022	60,125

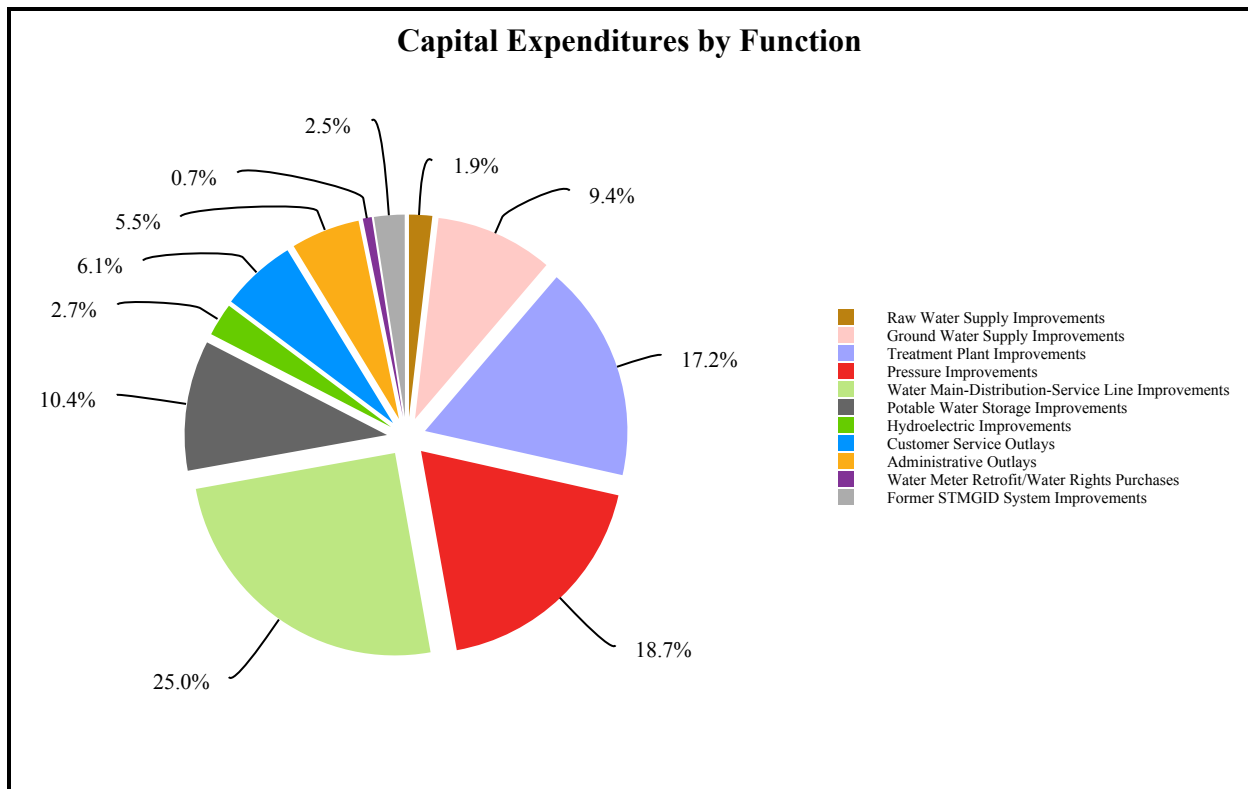
Detailed project descriptions are provided for all projects in the CIP. These descriptions cover the fiscal year 2022 capital budget as well as the four additional years from 2023-2026.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

CAPITAL EXPENDITURES BY FUNCTION

(Amounts in thousands of dollars)

Summary of Capital Expenditures by Function	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Five Year CIP Total
Raw Water Supply Improvements	4,325	3,325	2,925	3,775	3,775	18,125
Ground Water Supply Improvements	4,420	5,850	3,170	3,540	2,110	19,090
Treatment Plant Improvements	7,485	9,220	4,205	2,455	1,445	24,810
Distribution System Pressure Improvements	11,570	7,700	10,240	9,910	4,750	44,170
Water Main Distribution Service Line Improvements	12,830	9,625	11,830	13,800	11,520	59,605
Potable Water Storage Improvements	6,870	7,950	6,230	4,020	9,495	34,565
Hydroelectric Improvements	3,355	6,305	100	750	3,455	13,965
Customer Service Outlays	5,100	7,505	7,600	3,010	475	23,690
Administrative Outlays	1,920	1,475	1,870	1,550	2,850	9,665
Water Meter Retrofit / Water Rights Purchases	150	300	300	300	300	1,350
Sub-Total TMWA Construction Spending & Outlays	58,025	59,255	48,470	43,110	40,175	249,035
Former STMGID System Improvements	2,100	600	2,500	—	—	5,200
Total Projected Capital Spending, Including STMGID	60,125	59,855	50,970	43,110	40,175	254,235



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

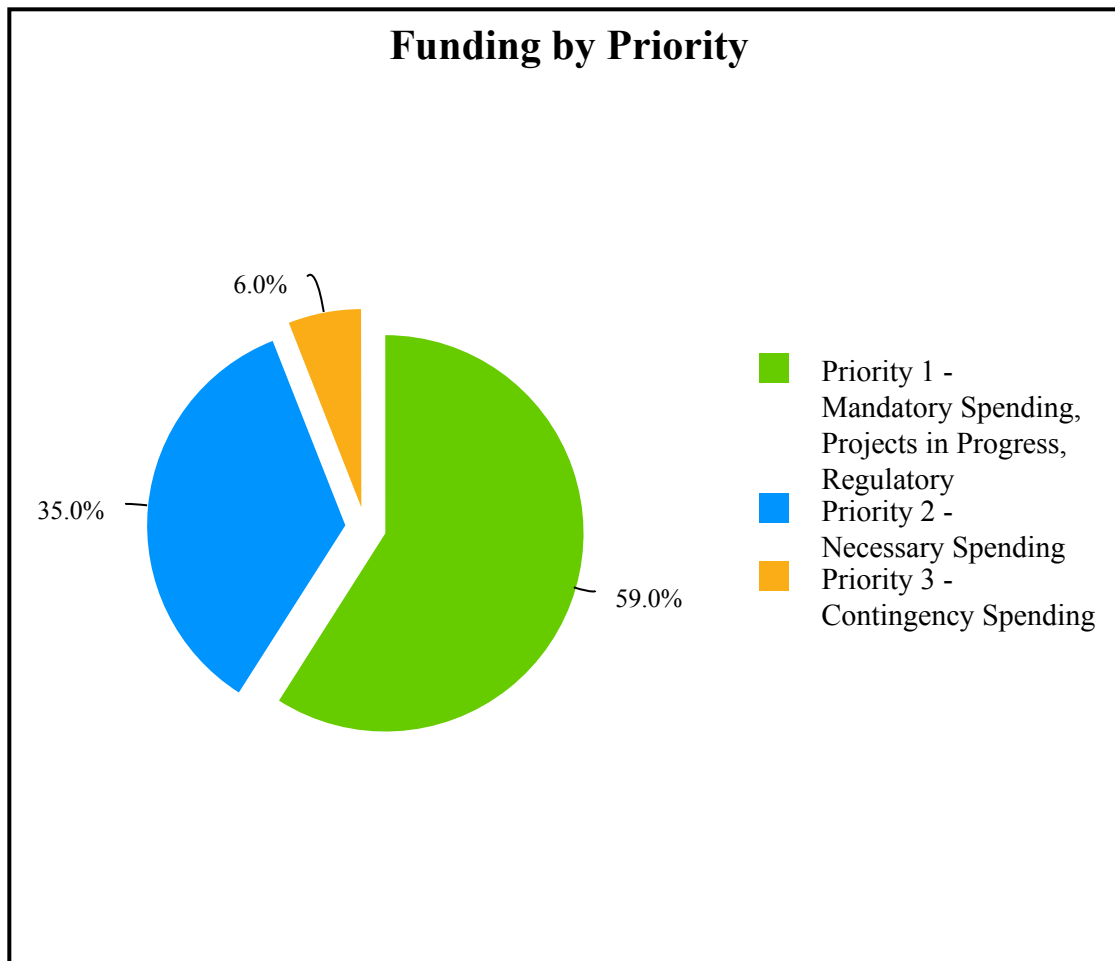
PRELIMINARY FUNDING PLAN
FUNDING SOURCES
(Amounts in thousands of dollars)

Summary of Funding Sources	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Five Year CIP Total
Capital Improvements Funded by Customer Rates	34,240	45,713	40,455	37,098	29,463	186,969
Capital Improvements Funded by Developer Fees	10,474	9,292	7,765	5,762	10,462	43,755
Capital Improvements Funded by Developer Reimbursements	3,100	—	—	—	—	3,100
Capital Improvements Funded with former STMGID Reserve Funds	2,100	600	2,500	—	—	5,200
Water Meter Retrofit / Water Rights Purchases	5,711	—	—	—	—	5,711
Capital Improvements Funded by Sustainability Fees	2,000	1,250	250	250	250	4,000
Farad Insurance Settlement - Applied to Orr Ditch Hydro	2,500	3,000	—	—	—	5,500
Total Projected Capital Spending	60,125	59,855	50,970	43,110	40,175	254,235

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

FUNDING BY PRIORITY
(Amounts in thousands of dollars)

Summary of Funding by Priority	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Five Year CIP Total
Priority 1 - Mandatory Spending, Projects in Progress, Regulatory	38,395	30,840	34,210	19,875	26,735	150,055
Priority 2 - Necessary Spending	17,920	24,015	14,835	20,985	11,290	89,045
Priority 3 - Contingency Spending	3,810	5,000	1,925	2,250	2,150	15,135
Total Projected Capital Spending	60,125	59,855	50,970	43,110	40,175	254,235



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

PROJECT FUNCTIONS AND DESCRIPTIONS
RAW WATER SUPPLY IMPROVEMENTS
Summary

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Highland Canal- Upgrades-Downstream	225	225	225	225	225	1,125
1	Customer Rates	Highland Canal- Upgrades-Diversion to Chalk Bluff	500	500	2,000	100	100	3,200
1	Customer Rates	TROA Drought Storage / Implementation	150	150	100	100	100	600
2	Customer Rates	Donner Lake Outlet Improvements Phase 2	150	150	250	3,000	3,000	6,550
2	Developer Fees / Sustainability Fees	Advanced Purified Water Demonstration Facility	3,000	2,000	—	—	—	5,000
2	Customer Rates	Independence Lake System Improvements	100	50	—	—	—	150
2	Customer Rates	Marlette Lake System Improvements	100	100	100	100	100	500
1	Customer Rates	Washoe Lake System Improvements	100	150	250	250	250	1,000
Subtotal Raw Water Supply			4,325	3,325	2,925	3,775	3,775	18,125

Project Locations: Map of all *Raw Water Supply Improvements* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Raw Water Supply Improvements Highland Canal-Upgrades-Downstream

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Highland Canal-Upgrades-Downstream	225	225	225	225	225	1,125

PROJECT DESCRIPTION: The improvements reflected in this capital project item are for betterments along the canal downstream of the Chalk Bluff Water Treatment Plant to the Rancho San Rafael Park. Approximately 2,000 feet of “smart ditch” (a molded plastic trapezoidal channel section) has been installed downstream of Chalk Bluff in recent years. This product reduces leakage and maintenance and it is planned to continue to extend the installation in the future. Other efforts are rehabilitative in nature and may address access and security concerns.

SCHEDULE: Projects are identified and prioritized on an annual basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Raw Water Supply Improvements

Highland Canal – Upgrades – Diversion to Chalk Bluff

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Highland Canal-Upgrades-Diversion to Chalk Bluff	500	500	2,000	100	100	3,200

PROJECT DESCRIPTION: These improvements are for the stretch of canal between the diversion on the Truckee River and Chalk Bluff Water Treatment Plant. The proposed spending is to secure the canal from trespass to enhance public safety and prevent encroachment on TMWA property. Due to swift flows in the Highland Canal TMWA will also complete fencing along the canal for public safety, install security cameras and access barriers. The proposed FY 2022 budget is for replacement of the existing 54-inch siphon pipe under the Truckee River just downstream of the diversion installed in 1954.

SCHEDULE: Projects are identified and prioritized on an annual basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Raw Water Supply Improvements TROA Drought Storage/Implementation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	TROA Drought Storage / Implementation	150	150	100	100	100	600

PROJECT DESCRIPTION: TROA became effective and TMWA began implementation officially on December 1, 2015.

SCHEDULE: Ongoing budget under TROA implementation is for additional stream gauges in new locations as required, as well as improving the monitoring capabilities of existing gauges as needed on an annual basis. Other smaller capital improvements are related to the operation of reservoir sites.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Raw Water Supply Improvements Donner Lake Outlet Improvements Phase 2

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Donner Lake Outlet Improvements Phase 2	150	150	250	3,000	3,000	6,550

PROJECT DESCRIPTION: Dredging of a portion of the Donner Lake outlet channel was completed in FY2019. The project was scaled back to fit within the CEQA emergency permitting requirements. Additional work is required to extend and improve the outlet channel further into the lake, including possible bank stabilization improvements to minimize future dredging requirements.

SCHEDULE: Permitting and preliminary design will be conducted over the next three years. Construction of improvements is scheduled beyond FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Raw Water Supply Improvements

Advanced Purified Water Demonstration Facility

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees / Sustainability Fees	Advanced Purified Water Demonstration Facility	3,000	2,000	—	—	—	5,000

PROJECT DESCRIPTION: Funds are needed to continue the OneWater NV advanced purified water feasibility study. Following the small scale-pilot study, which will be completed in FY 2021, it is likely that a larger facility will be considered for demonstration purposes. There will likely be cost sharing on this project from other local agencies and outside funding sources.

SCHEDULE: Construction for this project will begin in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Raw Water Supply Improvements

Independence Lake Bathymetric Survey and Monitoring

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Independence Lake System Improvements	100	50	—	—	—	150

PROJECT DESCRIPTION: This project includes mapping of natural lake beds, inlet and outlet channel as required under Truckee River Operating Agreement for maintaining fish passage.

SCHEDULE: Construction for this project will begin in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Raw Water Supply Improvements Marlette Lake System Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Marlette Lake System Improvements	100	100	100	100	100	500

PROJECT DESCRIPTION: This project includes improvements as necessary to the Marlette and East Slope water systems to monitor, capture and deliver raw water as necessary to meet regional

SCHEDULE: Projects are identified and prioritized on an annual basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Raw Water Supply Improvements Washoe Lake System Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Washoe Lake System Improvements	100	150	250	250	250	1,000

PROJECT DESCRIPTION: Improvements as necessary to Washoe Lake Dam and related infrastructure to monitor, capture, store and deliver raw water as necessary to meet regional water supply objectives.

SCHEDULE: Projects are identified and prioritized on an annual basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

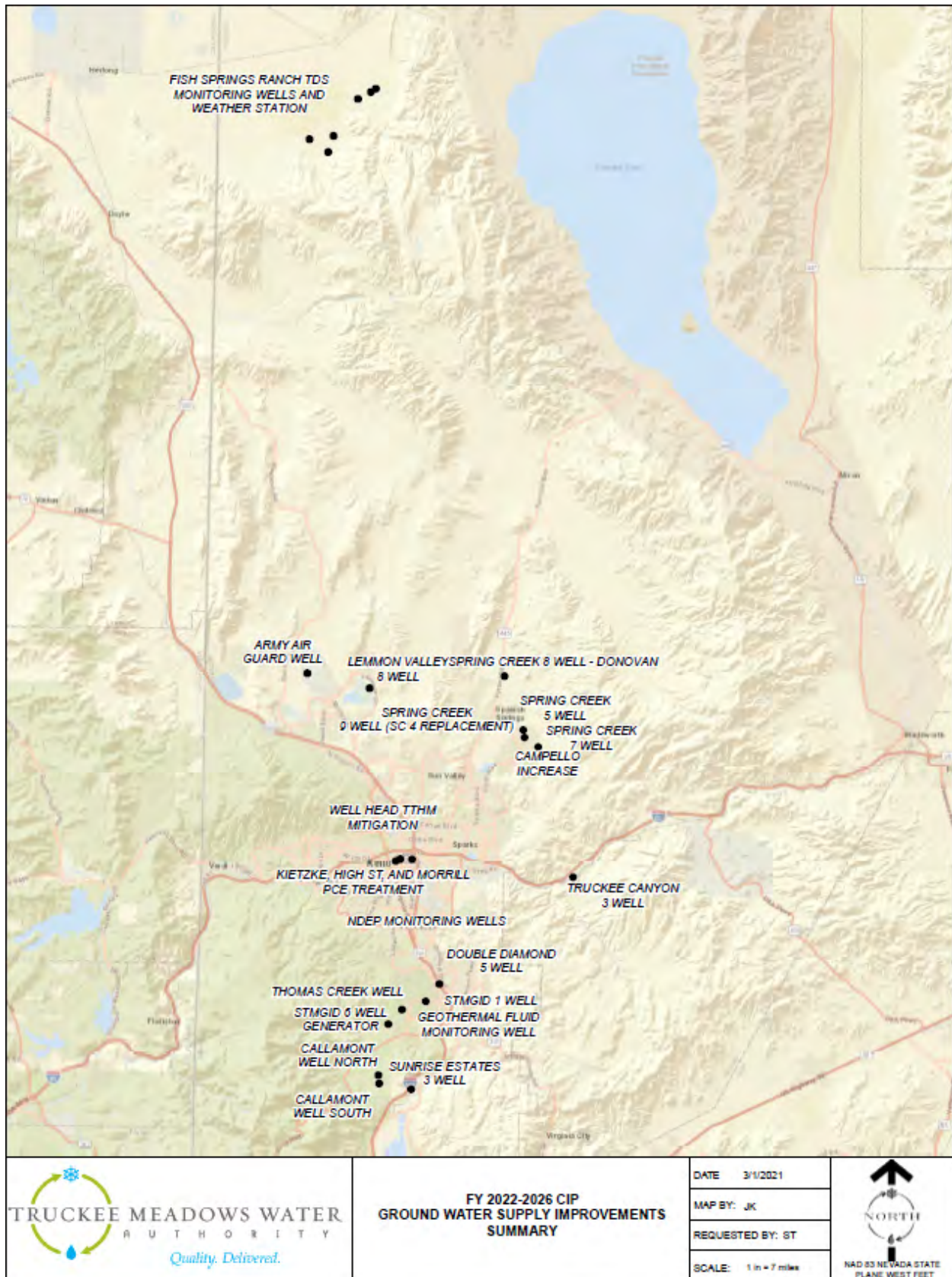
GROUND WATER SUPPLY IMPROVEMENTS

Summary

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Well Rehabilitation Improvements	200	200	200	200	200	1,000
1	Developer Fees	Double Diamond #5 Equipping & Blending Main	50	450	—	—	60	560
2	Developer Fees	Callamont Well South Equipping	60	1,140	—	—	—	1,200
2	Customer Rates	Replacement Equipping	—	—	—	1,100	—	1,100
2	Customer Rates	Lemmon Valley Well #8 Replacement	—	—	—	250	1,000	1,250
1	Customer Rates	Well Fix & Finish	350	350	350	350	350	1,750
2	Customer Rates	Well Plugging / Conversion	150	—	—	—	—	150
1	Customer Rates	Thomas Creek Well & Spring Creek #5 Equipping	1,000	1,000	—	—	—	2,000
2	Customer Rates	Truckee Canyon Well #3 Site Modifications	50	—	—	—	—	50
1	Customer Rates / Sustainability Fees	Well Head TTHM Mitigation	500	500	500	500	500	2,500
1	Customer Rates / Sustainability Fees	Spring Creek Well #7 Recharge	500	—	—	—	—	500
2	Developer Fees	Callamont Well North Equipping	—	—	60	1,140	—	1,200
2	Developer Fees	Spring Creek Well #10 - Donovan	—	150	1,060	—	—	1,210
1	Customer Rates	Fish Springs Ranch TDS Monitoring Wells	250	—	—	—	—	250
1	Customer Rates	Geothermal Fluid Monitoring Well	100	—	—	—	—	100
1	Customer Rates	Spring Creek Well 9 (Spring Creek 4 Replacement)	910	1,060	—	—	—	1,970
1	Customer Rates	Spring Creek Wells pH Adjustment	300	—	—	—	—	300
1	Customer Rates	STMGID Well #1 Re Drill and Equipping	—	1,000	1,000	—	—	2,000
Subtotal Ground Water Supply			4,420	5,850	3,170	3,540	2,110	19,090

Project Locations: Map of all *Ground Water Supply Improvements* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Well Rehabilitation Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Well Rehabilitation Improvements	200	200	200	200	200	1,000

PROJECT DESCRIPTION: Funds are budgeted to rehabilitate TMWA production wells as required. Typically for subgrade rehabilitation efforts, five to six wells are inspected, tested and evaluated every year to determine if rehabilitation is required. Typical subgrade rehab activities include but are not limited to pump and pump column pipe replacements; rehabilitation of well casing and screen; and other enhancements to maintain well function and capacities. Spending in fiscal years 2022-2026 will include improvements at several wells to provide general above grade well equipment and building and/or electrical upgrades. Some of the spending will go towards converting an oil lubed shaft vertical turbine to water lubed and eliminate any standing oil in the well. TMWA has over 90 production wells operating throughout the water system. TMWA relies on these wells to provide drought and emergency supply and as a supplemental source to meet peak demands on the water system.

SCHEDULE: Wells targeted for rehabilitation improvements in FY 2022 include Nugget Well, Corbett Well, STMGID 2 Well, and Boomtown 10.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Double Diamond #5 Equipping & Blending Main

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	Double Diamond #5 Equipping & Blending Main	50	450	—	—	60	560

PROJECT DESCRIPTION: Construct pumping facilities for the existing Double Diamond Well #5 including the pump house building, electrical power, pump/motor and valves and piping to provide an additional 1,200 gallons per minute of peak period supply to the Double Diamond area. The project also includes construction of a blending main between Double Diamond Wells #4 & #5.

SCHEDULE: Based on current growth rates, it is anticipated that the additional capacity from the new well will be needed in the summer of FY 2027.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements Callamont Well South Equipping

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Callamont Well South Equipping	60	1,140	—	—	—	1,200

PROJECT DESCRIPTION: Construct pumping facilities for one of the existing Callamont wells in the Mt. Rose system including the pump house building, electrical power, pump/motor and valves and piping to provide an additional 500 gallons per minute of peak period supply to the area.

SCHEDULE: This project is currently scheduled for construction in FY 2023, but may be constructed sooner (or later) depending on the actual schedule for the proposed 210 unit Callamont residential development.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Air Guard Well Replacement Equipping

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Air Guard Well Replacement Equipping	—	—	—	1,100	—	1,100

PROJECT DESCRIPTION: Replacement of the Air Guard Well in Stead was necessary to reduce sanding and provide additional capacity to the Stead system. The new/replacement well was drilled and constructed in FY 2016. Test pumping indicates the new well will have a capacity of about 2,500 gallons per minute which is twice the capacity of the old well. The budget for FY 2024 is for constructing the pumping facilities including the well building, pump and motor, valves and piping, electrical and controls, etc.

SCHEDULE: The pumping facilities are scheduled for construction in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements Lemmon Valley Well #8 Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Lemmon Valley Well #8 Replacement	—	—	—	250	1,000	1,250

PROJECT DESCRIPTION: The existing Lemmon Valley 8 Well has been in service since 1974, making it one of the older wells in the East Lemmon Valley system. The existing well casing and screens show signs of significant corrosion. With the potential for a well casing failure, TMWA intends to drill and equip a replacement well on the existing well property. In addition, the replacement well is expected to have similar construction while producing at least 20 percent more capacity than the original Lemmon Valley 8 Well. The additional capacity will provide supply to support base load supplied from the Fish Springs groundwater system.

SCHEDULE: Well drilling will occur in FY 2025 and well equipping in FY 2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements Well Fix & Finish

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Well Fix & Finish	350	350	350	350	350	1,750

PROJECT DESCRIPTION: Equipment improvements are expected to bring existing wells up to modern standards, including antiquated equipment replacements and improvements for water quality purposes. This project includes improvements to sodium hypochlorite rooms, pump to waste lines and drainage improvements. It also includes well retrofit for recharge where needed.

SCHEDULE: Projects are identified and prioritized on an annual basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Well Plugging / Conversion

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Well Plugging / Conversion	150	—	—	—	—	150

PROJECT DESCRIPTION: There are a number of old wells in the TMWA system that were recently replaced by new wells (or system supply) and are no longer viable or necessary. These old production wells may be plugged or, if they occur in areas where water level and water chemistry data are needed, they will be converted to monitoring wells. Wells slated for plugging will be disconnected from the distribution system and filled with neat cement to 2 feet below land surface. Wells slated for conversion will be designed to accommodate a 2" PVC monitoring well liner, appropriate gravel pack, and sanitary seal to allow formerly screened aquifer intervals to transmit water to the new monitoring well. Plugged wells will be terminated 1 foot below grade. Monitoring wells will be completed to 2' above land surface and secured with a steel monument where possible; otherwise they will be completed at grade with a traffic-rated vault.

SCHEDULE: New monitoring well drilling and installation as well as old monitoring well plugging activities will occur in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Thomas Creek Well & Spring Creek 5 Equipping

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Thomas Creek Well & Spring Creek #5 Equipping	1,000	1,000	—	—	—	2,000

PROJECT DESCRIPTION: The Thomas Creek and Spring Creek 5 production wells were both replaced in FY 2019. Each well will require new infrastructure prior to use. Allocated funds will be utilized for engineering and construction activities required to bring the wells online.

SCHEDULE: This project requires new well infrastructure in FY 2022 and well equipping in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Truckee Canyon Well #3 Site Modifications

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Truckee Canyon Well #3 Site Modifications	50	—	—	—	—	50

PROJECT DESCRIPTION: Project includes minor site modifications in cooperation with an A&K Earthmovers project to expand their equipment yard by backfilling an existing drainage channel, relocating the Truckee Canyon Well 3 pump to waste discharge, and installing a security fence and gate. The improvements will provide a new TMWA access point to the well site that does not require travel through the A&K equipment yard.

SCHEDULE: Design was completed in FY 2019 and construction will be completed in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Well Head TTHM Mitigation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates / Sustainability Fees	Well Head TTHM Mitigation	500	500	500	500	500	2,500

PROJECT DESCRIPTION: Planning, permitting and implementation of tank mixers and ventilation equipment technologies to reduce disinfection by product (DBP) formation in recharged water and receiving groundwater.

SCHEDULE: Planning and design began in FY 2018 and is ongoing. Construction of tank mixers and ventilation equipment at Zolezzi and Verdi Business Park tanks were completed in FY 2019 . Other technologies will be implemented at key recharge well sites in subsequent years based on priority.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements Spring Creek Well #7 Recharge

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates / Sustainability Fees	Spring Creek Well #7 Recharge	500	—	—	—	—	500

PROJECT DESCRIPTION: A new 12-inch diameter recharge water line and well piping improvements are needed to provide the necessary capacity to allow TMWA to recharge SC Well 7. TMWA is in the process of expanding its ASR program into areas formerly served by Washoe County.

SCHEDULE: Construction will begin in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Callamont Well North Equipping

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Callamont Well North Equipping	—	—	60	1,140	—	1,200

PROJECT DESCRIPTION: Construct pumping facilities for the remaining existing Callamont well in the Mt. Rose system including the pump house building, electrical power, pump/motor and valves and piping to provide an additional 500 gallons per minute of peak period supply to the area.

SCHEDULE: This project is currently scheduled for construction in FY 2025, but may be constructed sooner (or later) depending on the actual schedule for the proposed 210 unit Callamont residential development.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Spring Creek Well #10 - Donovan

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Spring Creek Well #10 - Donovan	—	150	1,060	—	—	1,210

PROJECT DESCRIPTION: The project involves construction and equipping of a new production well located just south of Indian Sage Court in Spanish Springs Valley. TMWA owns a 6,000 square foot parcel at this location where a test well was previously constructed but will need access and pipeline/utility easements. It is anticipated that the new well will produce up to 500 gallons per minute of new supply for the area.

SCHEDULE: This project schedule assumes the new well is drilled and constructed in FY 2023 and the pumping facilities are constructed in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Fish Springs Ranch TDS Monitoring Wells

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Fish Springs Ranch TDS Monitoring Wells	250	—	—	—	—	250

PROJECT DESCRIPTION: This project involves installing a network of wells that will monitor TDS concentrations and vertical gradients near the Fish Springs Ranch production wellfield in Honey Lake Valley. These monitoring locations will provide critical water quality information associated with increased groundwater production at Fish Springs Ranch. Allocated funds will be utilized to drill and construct three nested monitoring wells completed to approximately 450-feet below land surface.

SCHEDULE: Design and construction for the project is scheduled to be completed in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

Geothermal Fluid Monitoring Well

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Geothermal Fluid Monitoring Well	100	—	—	—	—	100

PROJECT DESCRIPTION: This project involves drilling and constructing a new well that will monitor fluid flux on the boundary of the Steamboat Hills geothermal outflow zone in South Truckee Meadows. The well will be installed to monitor water quality changes that may eventually impact down gradient municipal supply wells. Allocated funds will be utilized to drill, construct and test a four- to six-inch monitoring well completed to approximately 600-feet below land surface.

SCHEDULE: New monitoring well drilling and construction will occur in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements Spring Creek 9 (Spring Creek 4 Replacement)

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Spring Creek Well 9 (Spring Creek 4 Replacement)	910	1,060	—	—	—	1,970

PROJECT DESCRIPTION: The project involves construction and equipping of a new production well in Spanish Springs Valley, located north of the intersection of La Posada Dr. and La Posada Ct (pending land approvals). The well will be a dual purpose ASR/Production Well and it is anticipated that the new well will produce up to 1,500 gpm. 500 gallons per minute of new supply for the area.

SCHEDULE: Drilling and installation will be in FY2022 and equipping in FY2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Ground Water Supply Improvements

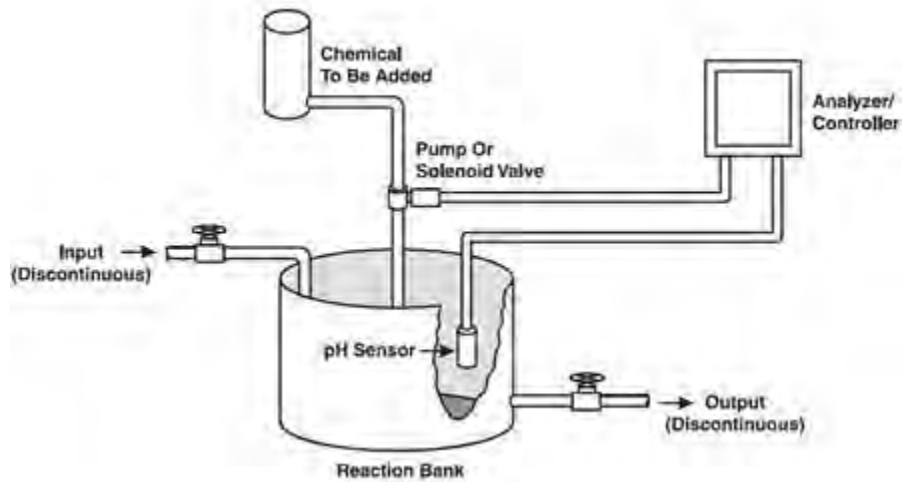
Spring Creek Wells pH Adjustment

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Spring Creek Wells pH Adjustment	300	—	—	—	—	300

PROJECT DESCRIPTION: This project involves design, permit, and construct pH control systems at Spring Creek 6 & Spring Creek 7 wells.

SCHEDULE: The project is scheduled for FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

STMGID Well #1 Re-Drill and Equipping

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	STMGID Well #1 Re Drill and Equipping	—	1,000	1,000	—	—	2,000

PROJECT DESCRIPTION: This project involves the complete replacement of STMGID 1. Recent rehabilitation work on the production well indicated the screens have deteriorated enough to allow sediment and gravel pack to pass through. The well is a critical groundwater supply asset as it currently accounts for ~24% of the max day demand in STMGID Tank Zone 1.

SCHEDULE: The well is estimated to be drilled and constructed in FY 2023 - FY2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

TREATMENT PLANT IMPROVEMENTS

Summary

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Chalk Bluff Treatment Plant Improvements	750	550	365	360	350	2,375
1	Customer Rates	Glendale Treatment Plant Improvements	375	200	1,000	375	325	2,275
1	Customer Rates	Chalk Bluff Filter Underdrains	800	800	800	800	—	3,200
1	Customer Rates	Glendale Filter Underdrains	—	—	500	500	500	1,500
3	Customer Rates	Chalk Bluff Lighting Upgrade	—	—	350	—	—	350
3	Customer Rates	Glendale Lighting Upgrade	—	250	—	—	—	250
2	Customer Rates	Orr Ditch Pump Station Rehabilitation	4,400	5,250	—	—	—	9,650
1	Customer Rates	Truckee Canyon Water Treatment Improvements	100	100	20	20	10	250
1	Customer Rates	Lightning W Treatment Improvements	60	20	20	150	10	260
1	Customer Rates	SCADA Rehab / Plant Operating Software	500	500	250	250	250	1,750
2	Customer Rates	Longley Plant HV 3 & 4 Treatment Improvements	200	900	400	—	—	1,500
2	Customer Rates	Spanish Springs Nitrate Treatment Facility	300	500	500	—	—	1,300
1	Customer Rates	Chalk Bluff Electrical System Upgrades	—	150	—	—	—	150
Subtotal Treatment Improvements			7,485	9,220	4,205	2,455	1,445	24,810

Project Locations: Map of all *Treatment Plant Improvements* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Chalk Bluff Treatment Plant Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Chalk Bluff Treatment Plant Improvements	750	550	365	360	350	2,375

PROJECT DESCRIPTION: The Chalk Bluff Water Treatment Plant is 24 years old and requires rehabilitation work to remain operational 24/7/365. This spending is classified as necessary due to the criticality of maintaining plant operations during rehabilitation work. Plant improvements include, but are not limited to, plate settlers inspections, valve and instrument replacement, filter media replacement, UPS upgrades, Trac Vac/sludge removal improvements, treatment train isolation valves, flow meter improvements and safety improvements.

SCHEDULE: Major projects and timelines include: ice fighting improvements to maintain raw water supply via the Highland Canal will continue in FY 2022, instrumentation upgrades will continue within the next five years as obsolete instruments are no longer supported by suppliers. Work to isolate sections of the treatment plant influent trains began in FY 2019. Filter media replacement will occur when yearly filter media evaluation indicates that replacement will soon be necessary. Since the Chalk Bluff plant is operated year-round, most work will continue over the course of the five-year CIP and when system demands allow maintenance.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

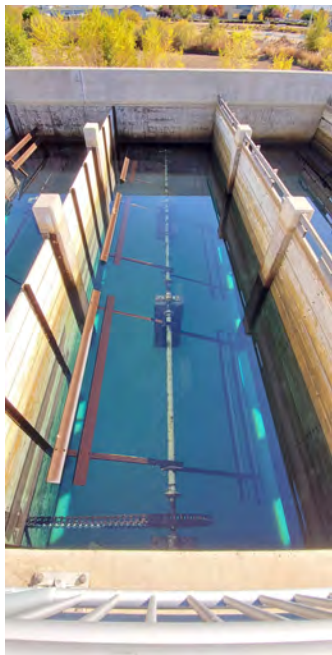
Glendale Treatment Plant Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Glendale Treatment Plant Improvements	375	200	1,000	375	325	2,275

PROJECT DESCRIPTION: The Glendale Water Treatment Plant is 40 years old and while there have been significant upgrades, Glendale remains a significant piece of the water supply portfolio by operating 24/7 typically during the months of April through October. Glendale plays an important role due to its availability to treat off-river water supplies, such as groundwater wells that cannot pump straight to the distribution system. This spending is classified as necessary due to the criticality of maintaining plant operations. Plant improvements include, but are not limited to, plate settler inspections, valve and instrument replacement, Trac Vac improvements, flow meter improvements, treatment chemical upgrades and maintenance storage/shop upgrades.

SCHEDULE: The treatment plant maintenance shop and storage improvements are currently scheduled in FY 2024. Instrumentation upgrades will continue within the next five years as obsolete instruments are no longer supported by suppliers. Filter media replacement will occur when yearly filter media evaluation indicates that replacement will soon be necessary. Since the Glendale plant is used seasonally, most work will continue over the course of the five-year CIP and during the periods that the plant is not operating.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Chalk Bluff Filter Underdrains

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Chalk Bluff Filter Underdrains	800	800	800	800	—	3,200

PROJECT DESCRIPTION: The dual media filters at Chalk Bluff are nearing 27 years old and maintenance and/or repairs are needed on filters that have experienced recent underdrain performance issues. An engineering evaluation of the filters has been completed and an entire replacement of one or more filter underdrains is recommended.

SCHEDULE: Due to cost and operational complexities associated with taking a filter out of service, this will be a multi-year effort beginning with design and bidding in FY 2021 and construction taking place in at least FY's 2022-25.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Glendale Filter Underdrains

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Glendale Filter Underdrains	—	—	500	500	500	1,500

PROJECT DESCRIPTION: The dual media filters at Glendale are nearing 24 years old and maintenance and/or repairs are needed on filters that have experienced recent underdrain performance issues. An engineering evaluation of the filters has been completed and an entire replacement of one or more filter underdrains is recommended.

SCHEDULE: Due to cost and operational complexities associated with taking a filter out of service, this will be a multi-year effort beginning with design and bidding in FY 2024 and construction taking place in FY 2024-2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Chalk Bluff Lighting Upgrade

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Chalk Bluff Lighting Upgrade	—	—	350	—	—	350

PROJECT DESCRIPTION: Upgrade lighting at the Chalk Bluff Water Treatment Plant. Work will include all areas and buildings outside of the most recent remodel areas as well as upgrades to outside area lighting.

SCHEDULE: Lighting upgrade is scheduled to begin in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Glendale Lighting Upgrade

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Glendale Lighting Upgrade	—	250	—	—	—	250

PROJECT DESCRIPTION: Upgrade lighting at the Glendale Water Treatment Plant. Work will include all areas and buildings outside of the most recent remodel areas as well as upgrades to outside area lighting.

SCHEDULE: Lighting upgrade is scheduled to begin in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Orr Ditch Pump Station Rehabilitation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Orr Ditch Pump Station Rehabilitation	4,400	5,250	—	—	—	9,650

PROJECT DESCRIPTION: This project will increase redundancy and reliability by enhancing the Truckee River source of supply to the Chalk Bluff Water Treatment Plant. Currently, there are very limited options to facilitate repairs or conduct preventative maintenance due to the location and arrangement of the intake structure and wet well. The project design may include modifying the existing proprietary wet well submersible pump design into a pedestal-style vertical turbine pump arrangement with non-submerged motors, may include the construction of a building over the top of the wet well to increase security and allow a safer means of performing maintenance activities and may also incorporate a system to eliminate silting issues within the intake structure.

SCHEDULE: Planning and design will be completed in FY 2022. Construction will commence in FY's 2022-23 and scheduled to be completed in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Truckee Canyon Water Treatment Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Truckee Canyon Water Treatment Improvements	100	100	20	20	10	250

PROJECT DESCRIPTION: The current treatment system which removes arsenic, iron, and manganese consists of a greensand filter system and an evaporation pond for backwash water with a total capacity of about 100 gallons per minute. Scheduled improvements may include the addition of a polymer feed system to improve filter performance, fine tuning of the treatment process to reflect chemical changes in the raw water and replacement of miscellaneous components and control upgrades.

SCHEDULE: Expenditures in FY's 2022 - 2026 are contingent spending related to treatment efficiency and for chemical changes in the raw water.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Lightning W Treatment Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Lightning W Treatment Improvements	60	20	20	150	10	260

PROJECT DESCRIPTION: The existing treatment process consists of two ion exchange resin pressure vessels to remove uranium. Previous work included change out/replacement of the filter media, disposal of the spent media. The remaining work includes miscellaneous improvements to the building that houses the treatment equipment.

SCHEDULE: The FY 2022 work includes miscellaneous building improvements.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

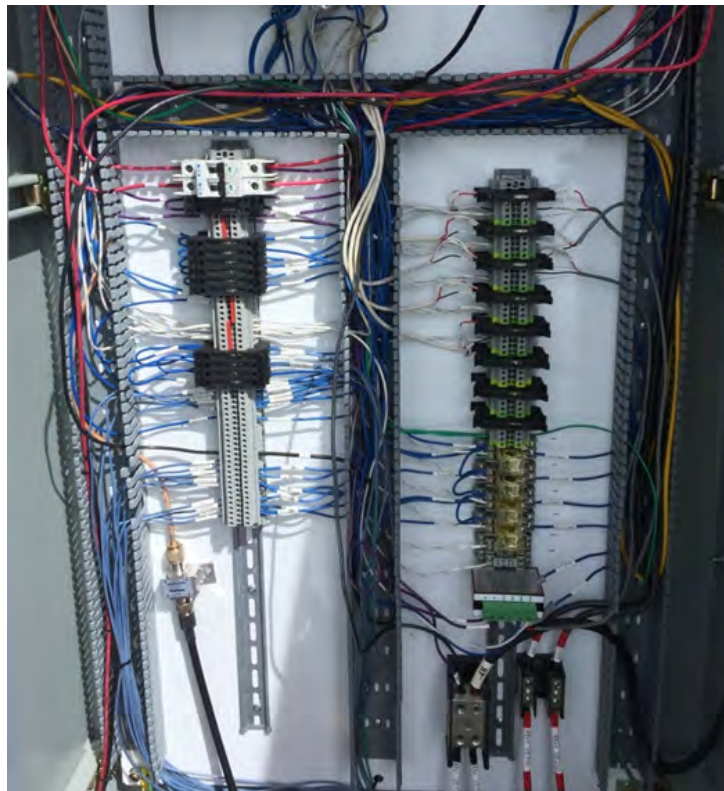
SCADA Rehab/Plant Operating Software

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	SCADA Rehab / Plant Operating Software	500	500	250	250	250	1,750

PROJECT DESCRIPTION: SCADA (Supervisory Control and Data Acquisition) is the system by which TMWA monitors, records and controls the water system inputs, outputs, flows and pressures. Data acquired by these system controls are primarily monitored at the treatment plants, but the system equipment and technology are spread throughout the water system infrastructure. Much of the technology is approaching obsolescence and needs to be replaced with emphasis on standardization of programmable logic controllers (PLC) and other equipment. Therefore, TMWA decided on a systematic approach to updating the equipment and operating software starting in fiscal year 2015 with telemetry improvement in the ensuing four years to convert to wireless transmission of data feeds where possible.

SCHEDULE: The improvements and replacements of the equipment and operating software have already begun and will continue through FY 2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Longley Lane HV 3 and HV 4 Treatment Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Longley Plant HV 3 & 4 Treatment Improvements	200	900	400	—	—	1,500

PROJECT DESCRIPTION: TMWA completed planning and preliminary design of an innovative UV disinfection / Arsenic blending water treatment process to treat the HV 3 and HV 4 groundwater wells that are out of service due to surface water influence and elevated arsenic. These wells were formerly treated at the Longley Lane WTP which is currently not being utilized as a treatment facility due to needed safety improvements on the chemical feed, membrane clean-in-place and the solids handling piping systems. An assessment of the plant was completed, and short-term improvements identified to modify the facility to serve as a booster pump station using either surface water or groundwater supply sources.

SCHEDULE: Planning and permitting to be completed in FY 2022. Design and construction to be performed in FY's 2022-2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Spanish Springs Nitrate Treatment Facility

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Spanish Springs Nitrate Treatment Facility	300	500	500	—	—	1,300

PROJECT DESCRIPTION: Initiation of planning, permitting, site acquisition and design for a 3 MGD biological water treatment process to treat several groundwater wells in Spanish Springs that are out of service due to elevated nitrate and arsenic. Treatment is required to maintain and restore the service capacity of the wells.

TMWA completed the operation and testing of a 5 GPM pilot treatment plant in 2018. Biological treatment of nitrate in potable water is currently not permitted in Nevada. TMWA, working with Carollo Engineers, UNR and WaterStart, has evaluated this innovative technology and determined it to be a cost-effective treatment solution compared to traditional, high cost alternatives such as ion exchange.

SCHEDULE: Planning, permitting, site acquisition and design to be conducted in FY's 2022-2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Treatment Plant Improvements

Chalk Bluff Electrical System Upgrades

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Chalk Bluff Electrical System Upgrades	—	150	—	—	—	150

PROJECT DESCRIPTION: Evaluation of the existing electrical system at the Chalk Bluff Treatment Plant to identify the cause of main breaker power disruption when electrical faults occur in auxiliary plant equipment.

SCHEDULE: Electrical System upgrades are scheduled to be completed in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

DISTRIBUTION SYSTEM PRESSURE IMPROVEMENTS

Summary

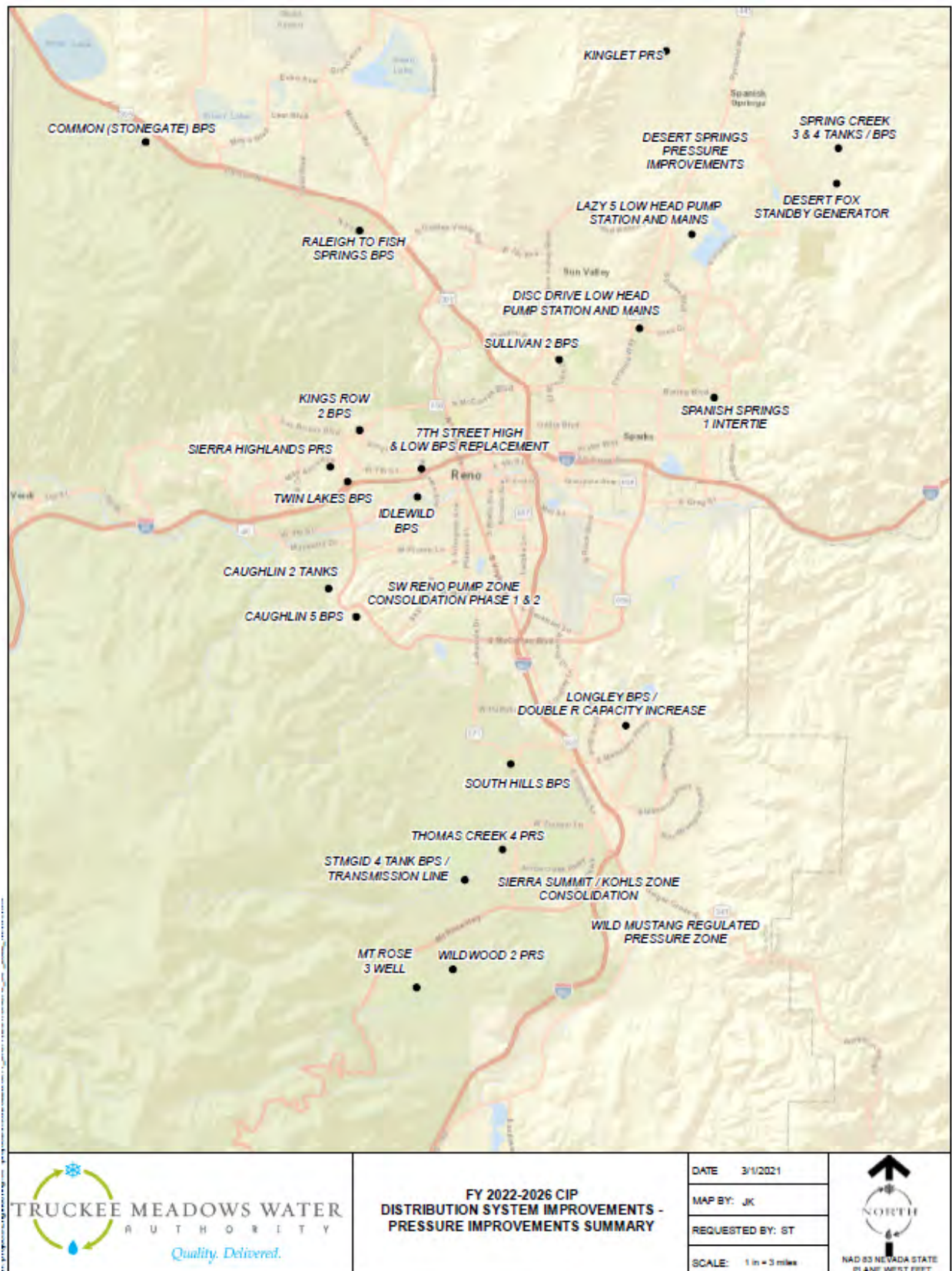
Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Pressure Regulators Rehabilitation	500	500	500	500	500	2,500
2	Customer Rates	Land Acquisitions	250	250	250	250	250	1,250
2	Customer Rates	Desert Fox Standby Generator	150	—	—	—	—	150
1	Developer Fees	Disc Drive Low Head Pump Station & Mains	3,800	—	—	—	—	3,800
1	Developer Fees	Longley BPS / Double R Capacity Increase	—	—	250	1,000	—	1,250
3	Customer Rates	Pump Station Oversizing	100	100	100	100	100	500
1	Customer Rates	Pump Station Rebuilds, Rehabilitations	250	250	250	250	250	1,250
2	Customer Rates / Developer Fees	Sullivan #2 BPS Replacement	—	—	—	80	1,150	1,230
1	Customer Rates	Mount Rose Well #3 Pump Station Improvements	250	—	—	—	—	250
3	Customer Rates	Standby Generator Improvements	150	150	150	150	150	750
2	Customer Rates	Idlewild BPS Improvements	—	100	1,200	—	—	1,300
1	Developer Fees	Raleigh to Fish Springs BPS Station	—	—	—	—	300	300
2	Customer Rates / Developer Fees	South-West Reno Pump Zone Consolidation Phase 1	—	—	330	6,330	—	6,660
2	Customer Rates	Spanish Springs #1 Pump Zone Intertie	600	—	—	—	—	600
1	Developer Fees	STMGID Tank #4 BPS / Transmission Line	—	—	—	550	2,000	2,550
2	Developer Fees	Wildwood Pressure Regulating Station SCADA Control	—	100	—	—	—	100
2	Customer Rates / Developer Fees	South-West Reno Pump Zone Consolidation Phase 2	—	—	—	—	50	50

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Sierra Summit-Kohl's Zone Consolidation	—	380	400	—	—	780
2	Customer Rates	Wild Mustang Regulated Pressure Zone	—	50	380	—	—	430
1	Customer Rates	Twin Lakes BPS	620	—	—	—	—	620
2	Customer Rates	Thomas Creek #4 PRS	—	—	170	—	—	170
1	Customer Rates	Kings Row 2 BPS	150	150	1,500	—	—	1,800
2	Developer Fees	Spring Creek Tanks #3 & #4 BPS Modifications	200	900	—	—	—	1,100
2	Developer Fees	Lazy 5 Low Head Pump Station & Mains	300	1,200	—	—	—	1,500
1	Developer Reimbursements	Common (Stonegate) Booster Pump Station	2,200	—	—	—	—	2,200
2	Customer Rates	Caughlin 5C Pump and Motor Replacement	150	—	—	—	—	150
1	Developer Reimbursement	Kinglet Pump Station	900	—	—	—	—	900
2	Customer Rates	South Hills BPS Replacement	—	70	3,760	490	—	4,320
2	Customer Rates	Sierra Highlands PRS	—	—	—	210	—	210
1	Customer Rates	Caughlin 2 Tanks	500	2,000	—	—	—	2,500
2	Customer Rates	7th Street High & Low BPS Replacement	500	1,500	1,000	—	—	3,000
Sub-Total Pressure Improvements			11,570	7,700	10,240	9,910	4,750	44,170

Project Locations: Map of all *Distribution System Pressure Improvements* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Pressure Regulators Rehabilitation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Pressure Regulators Rehabilitation	500	500	500	500	500	2,500

PROJECT DESCRIPTION: Provision is made in the annual budget for major rehabilitation or complete reconstruction of several pressure regulators in the distribution system. TMWA has evaluated nearly 130 pressure regulator stations currently in service and has identified a number of pressure regulator stations requiring a certain amount of rehabilitation on an annual basis.

SCHEDULE: This is an ongoing rehabilitation project with about 130 individual stations identified as requiring rehabilitation or replacement over the next fifteen years.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Land Acquisitions

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Land Acquisitions	250	250	250	250	250	1,250

PROJECT DESCRIPTION: TMWA has over 120 pump stations in service. Many of these pump stations have 480 volt electrical services and are underground (below grade) in locations that allows for water infiltration. Many underground pump stations will be reaching the end of their service life, which will require replacement of the underground vault. Rather than replace the stations in place TMWA is planning to acquire other sites so these stations can be rebuilt above grade improving access and safety. Acquisition of sites may be time consuming and may not be purchased in a particular year.

SCHEDULE: This is an ongoing project with funding to allow purchase of 3-4 sites per year depending on location and market conditions.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Desert Fox Standby Generator

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Desert Fox Standby Generator	150	—	—	—	—	150

PROJECT DESCRIPTION: This project involves furnishing and installing a new standby generator and ATS to power one 50 Hp pump at the existing Desert Fox booster pump station. This alternative pumping capacity is needed when the existing 0.5 MG Spring Creek #5A Tank is out of service for recoating or other maintenance or if an extended power outage occurs in the area.

SCHEDULE: The installation of the generator is scheduled in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Disc Drive Low Head Pump Station and Mains

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	Disc Drive Low Head Pump Station & Mains	3,800	—	—	—	—	3,800

PROJECT DESCRIPTION: This involves construction of a new low head pump station located just north of the intersection of Disc Dr. and Sparks Blvd. in North-East Sparks/Spanish Springs Valley, along with suction and discharge mains. TMWA owns a 6,000 square foot parcel in this location and has obtained an easement out to Vista Blvd. A suction pipe must be extended from Disc Dr. to Sparks Blvd. The pump station is needed to maintain peak period distribution pressure in the area and to provide adequate suction pressure to the Vista #1 and Spanish Springs #2 pump stations. The low-head pumping option was determined to be more cost effective than oversizing of the Sparks Feeder Main projects.

SCHEDULE: Improvements are scheduled for design and construction in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Longley Booster Pump Station/Double R Capacity Increase

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	Longley BPS / Double R Capacity Increase	—	—	250	1,000	—	1,250

PROJECT DESCRIPTION: Increase pumping capacity at the existing Longley Lane Booster Pump Station and make improvements at the Double R Intertie to provide additional peak supply to the Double Diamond area. The improvements at the Longley pump station will consist of replacing one of the existing pumps/motors with a new higher capacity unit along with electrical and motor starter upgrades. Certain components of the Double R Intertie will be replaced to provide the additional capacity without excessive friction losses.

SCHEDULE: The improvements are scheduled for FY 2024 - 2025. The improvements are necessary when supply through the Double R Intertie must exceed 5,400 gallons per minute.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Pump Station Oversizing

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Pump Station Oversizing	100	100	100	100	100	500

PROJECT DESCRIPTION: The project may consist of cash contributions towards construction of a new above ground booster pump stations. From time to time, TMWA may provide oversizing to certain booster stations that are development driven. Each is reviewed on a case by case basis.

SCHEDULE: The improvements are ongoing, but the schedule is subject to change based on development & operational needs.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Pump Station Rebuilds, Rehabilitations

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Pump Station Rebuilds, Rehabilitations	250	250	250	250	250	1,250

PROJECT DESCRIPTION: TMWA has over 120 pump stations in service. An amount is budgeted annually for rehabilitation of TMWA's older pump stations. Other pump stations may require pump, motor, and electrical upgrades. Budget for future years will allow TMWA to complete up to one above ground replacement project per year if suitable sites can be acquired. Otherwise, normal rehabilitation work will be performed per the priorities established by the study at a lower overall annual cost.

SCHEDULE: In FY 2022, TMWA is preparing to reconstruct a number of booster stations above ground. Depending on land acquisition timing and priorities of rehabilitation, it could be the Seventh Street High Pump Station, Seventh Street Low Pump Station, Kings Row #2 Pump Station or the South Hills BPS.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Sullivan #2 Booster Pump Station Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates / Developer Fees	Sullivan #2 BPS Replacement	—	—	—	80	1,150	1,230

PROJECT DESCRIPTION: The project involves construction of a new above grade pump station at the site of the existing Sullivan Tank on El Rancho. The new pump station will pump to the proposed Sun Valley #2 Tank tentatively located off of Dandini Drive near the TMCC/DRI complex. Completion of these facilities should allow the retirement of the existing Sun Valley #1 pump station.

SCHEDULE: Construction is scheduled to begin in FY 2026 to reflect delays in obtaining a tank site due to unknowns with the US 395 Connector Project.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Mt. Rose Well #3 Pump Station Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Mount Rose Well #3 Pump Station Improvements	250	—	—	—	—	250

PROJECT DESCRIPTION: The project involves rehab of the building, removal of pipe and valves that will no longer be necessary following completion of the Mt. Rose Well #3 improvements and upgrades to electrical and control systems.

SCHEDULE: Construction is scheduled in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Standby Generator Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Standby Generator Improvements	150	150	150	150	150	750

PROJECT DESCRIPTION: A number of TMWA pumps stations have backup generation in case of power failures. TMWA incorporates a contingency for replacement of a generator in case of failure or if the Washoe County Health District requires backup generation at a particular site. No spending will occur unless necessary. This spending does not include backup generation for new pump stations required by and paid for by growth.

SCHEDULE: No single project has been identified for the current 5-year CIP and no funds will be expended unless necessary.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Idlewild Booster Pump Station Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Idlewild BPS Improvements	—	100	1,200	—	—	1,300

PROJECT DESCRIPTION: The project will replace existing pumps and motors at the Idlewild BPS Transfer Station to insure adequate and reliable emergency capacity. It is the only booster station that is capable of transferring water from the Highland Reservoir Zone to the Hunter Creek Reservoir Zone. The station was originally constructed as part of the Idlewild WTP, and was never designed specifically for the purpose that it is used for today. Improvements identified in the project include: Properly sizing new pumps and motors for today's application, upgrading antiquated electrical systems and HVAC systems and bringing building up to modern construction codes. Evaluations by TMWA indicated this was the most cost effective alternative to provide a redundant supply for the zone and allowed retirement of the old 24-inch transmission pipeline on Plumb Lane all the way to the Hunter Creek Reservoir.

SCHEDULE: Design is scheduled for FY2023 and construction should begin in FY 2024. This schedule may be moved based on system needs.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Raleigh to Fish Springs Booster Pump Station

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	Raleigh to Fish Springs BPS Station	—	—	—	—	300	300

PROJECT DESCRIPTION: The project involves construction of a new pump station to pump water from the Raleigh Heights zone to the Fish Springs terminal tank when the Fish Springs Wells are off-line or if a main break occurs on the Fish Springs transmission line. In the future, there will be a number of customers served directly from the Fish Springs terminal tank; therefore, it is necessary to provide a secondary supply to maintain continuous water service.

SCHEDULE: Implementation will begin in FY 2026 and construction in FY 2027.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

South-West Reno Pump Zone Consolidation Phase 1

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates / Developer Fees	South-West Reno Pump Zone Consolidation Phase 1	—	—	330	6,330	—	6,660

PROJECT DESCRIPTION: The project includes a new high head booster pump station located on Lakeridge golf course property adjacent to Plumas; a new 12-inch suction pipeline from Lakeside Dr.; a high pressure transmission pipeline from the pump station across golf course property to Greensboro and McCarran Blvd.; and another 12-inch pipeline tie to the Ridgeview #1 pump zone. The completion of Phase 1 will allow the retirement of four existing below ground pump stations (Lakeside, Lakeridge, Plumas, Ridgeview #1).

SCHEDULE: Design of the improvements is scheduled to begin in FY 2024. Construction is scheduled for FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Spanish Springs #1 Pressure Zone Intertie

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Spanish Springs #1 Pump Zone Intertie	600	—	—	—	—	600

PROJECT DESCRIPTION: The project consists of about 1,600 feet of 8-inch main from Rio Alayne Ct to Martini Rd. paralleling the Orr Ditch and a new pressure regulating station. Completion of the facilities will allow the retirement of the existing underground Spanish Springs #1 pump station.

SCHEDULE: The project is scheduled for FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

STMGID Tank #4 Booster Pump Station / Transmission Line

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	STMGID Tank #4 BPS / Transmission Line	—	—	—	550	2,000	2,550

PROJECT DESCRIPTION: The project includes a new booster pump station located near the STMGID Tank 4/5 site and approximately 6,000 feet of 12-inch discharge main to the Mt Rose WTP. The facilities will provide a supplemental source to the Mt Rose WTP that will back up plant production on the maximum day during drought and will also provide another source of supply for implementing conjunctive use in the area.

SCHEDULE: Design and construction will begin in FY 2025 and construction will continue into FY 2026. Schedule assumes that the STMGID Conjunctive Use Facilities are completed by FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Wildwood Pressure Regulating Station/Scada Control

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Wildwood Pressure Regulating Station SCADA Control	—	100	—	—	—	100

PROJECT DESCRIPTION: The project involves retrofitting an existing pressure regulating station to SCADA (remote) control to provide additional transfer capacity into the Mt Rose Tank #2 zone. It will be necessary to obtain electrical service to the existing vault; install a new PLC; and to equip the existing pressure regulating valve with solenoid control to allow the valve to be remotely operated from the Glendale control room.

SCHEDULE: The project is scheduled for FY 2023 but may be delayed or accelerated depending on the timing of growth and the need for the additional tank fill capacity.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

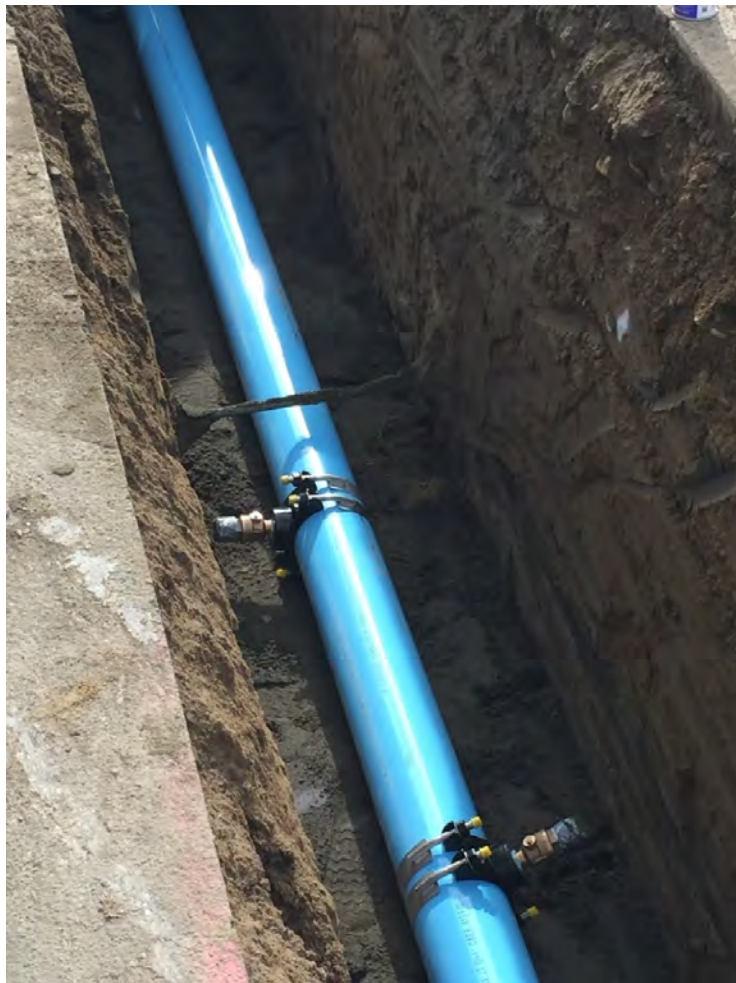
South-West Reno Pump Zone Consolidation Phase #2

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates / Developer Fees	South-West Reno Pump Zone Consolidation Phase 2	—	—	—	—	50	50

PROJECT DESCRIPTION: The project is a continuation of Phase 1 and involves construction of additional water main to further integrate the new South-West Reno pump station and allow the retirement of one more existing underground pump station plus provide backup to two other pump zones.

SCHEDULE: Design of the facilities is scheduled to begin in FY 2026. Construction is scheduled to start in FY 2027.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Sierra Summit-Kohl's Zone Consolidation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Sierra Summit-Kohl's Zone Consolidation	—	380	400	—	—	780

PROJECT DESCRIPTION: The project involves construction of a new pressure regulating station (PRS) at Old Virginia and Sutherland; a short main tie between the former STMGID Well #9 site and the distribution system; and about 950 feet of 8-inch main in Sutherland from the PRS to Sage Hill Road. The improvements will convert an area with very high distribution system pressures to the existing Kohl's Regulated Zone and would expand the regulated zone by consolidating the Kohl's, Walmart and Old Virginia #2 regulated pressure zones.

SCHEDULE: The project is scheduled for construction in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Wild Mustang Regulated Pressure Zone

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Wild Mustang Regulated Pressure Zone	—	50	380	—	—	430

PROJECT DESCRIPTION: The project involves construction of a new pressure regulator station and approximately 750 LF of water main to create a new pressure zone in the Geiger Grade area of the South Truckee Meadows to reduce distribution system pressures in the area.

SCHEDULE: Design of the construction is scheduled to begin in FY 2023. Construction is scheduled to start in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Twin Lakes Booster Pump Station

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Twin Lakes BPS	620	—	—	—	—	620

PROJECT DESCRIPTION: The project cost contains oversizing of a developer funded booster pump station to provide redundant supply to the Summit Ridge Regulated Zone which is currently fed off of the Chalk Bluff / Highland Zone. Supply will be provided from the Hunter Creek zone.

SCHEDULE: Construction is planned to be completed in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Thomas Creek #4 PRS

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Thomas Creek #4 PRS	—	—	170	—	—	170

PROJECT DESCRIPTION: The project involves construction of a new PRS and approximately 160 LF of water main to increase capacity to the Moonrise pressure zone. The increase in capacity will help with replenishing storage in the STMGID Tank and increase fire flow within the zone.

SCHEDULE: The project is scheduled for FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Kings Row 2 Booster Pump Station

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Kings Row 2 BPS	150	150	1,500	—	—	1,800

PROJECT DESCRIPTION: This project will replace the existing underground Kings Row #1 pump station with a new above ground pump station on TMWA property. The project is part of annual booster pump station rehabilitation/replacement program focused on reconstructing existing pump stations above grade.

SCHEDULE: Planning and design will occur in FY 2022 - FY 2023 with construction scheduled in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Spring Creek Tanks #3 & #4 Booster Pump Station Modifications

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Spring Creek Tanks #3 & #4 BPS Modifications	200	900	—	—	—	1,100

PROJECT DESCRIPTION: This project will replace an existing 200 GPM pump with a new pump/motor rated for 1800 GPM at the existing Spring Creek 3/4 Tanks site in Spanish Springs Valley. The existing regulated bypass will also be equipped for SCADA control. The improvements will provide redundant supply to the Desert Springs 3 and Spring Creek 6 tank zones.

SCHEDULE: Planning and design will occur in FY 2022 with construction scheduled in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

Lazy 5 Low Head Pump Station & Mains

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Lazy 5 Low Head Pump Station & Mains	300	1,200	—	—	—	1,500

PROJECT DESCRIPTION: The project involves construction of a new low head pump station located near the existing Lazy 5 Intertie in NE Sparks/Spanish Springs Valley along with suction and discharge mains. TMWA will need to acquire a parcel of land and pipeline easements out to the Pyramid Hwy. The project will increase TMWA's ability to transfer surface water to the Spanish Springs Valley and may defer more costly groundwater treatment options to increase capacity for growth.

SCHEDULE: Planning and design will occur in FY 2022 with construction scheduled in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Common (Stonegate) Booster Pump Station

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Reimbursements	Common (Stonegate) Booster Pump Station	2,200	—	—	—	—	2,200

PROJECT DESCRIPTION: The project consists of design and construction of a new booster pump station to deliver the water supply for the proposed Stonegate development in Cold Springs. Suction and discharge pipelines on North Virginia and terminal storage facilities in Cold Springs will be constructed by Stonegate as applicant-installed projects. The pump station will be located on a parcel on North Virginia that has already been acquired by Stonegate. Stonegate is responsible for 100 percent of the project costs.

SCHEDULE: Design was initiated in FY 2020 with construction scheduled in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Caughlin 5C Pump and Motor Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Caughlin 5C Pump and Motor Replacement	150	—	—	—	—	150

PROJECT DESCRIPTION: The project involves replacement of the existing Caughlin #5 pump station “C” Pump with a higher capacity unit and construction of a main tie near Foxcreek Trail and Village Green Parkway to avoid a 300+ customer outage when Caughlin #5 Pump Station is off-line.

SCHEDULE: The project will be designed and built in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

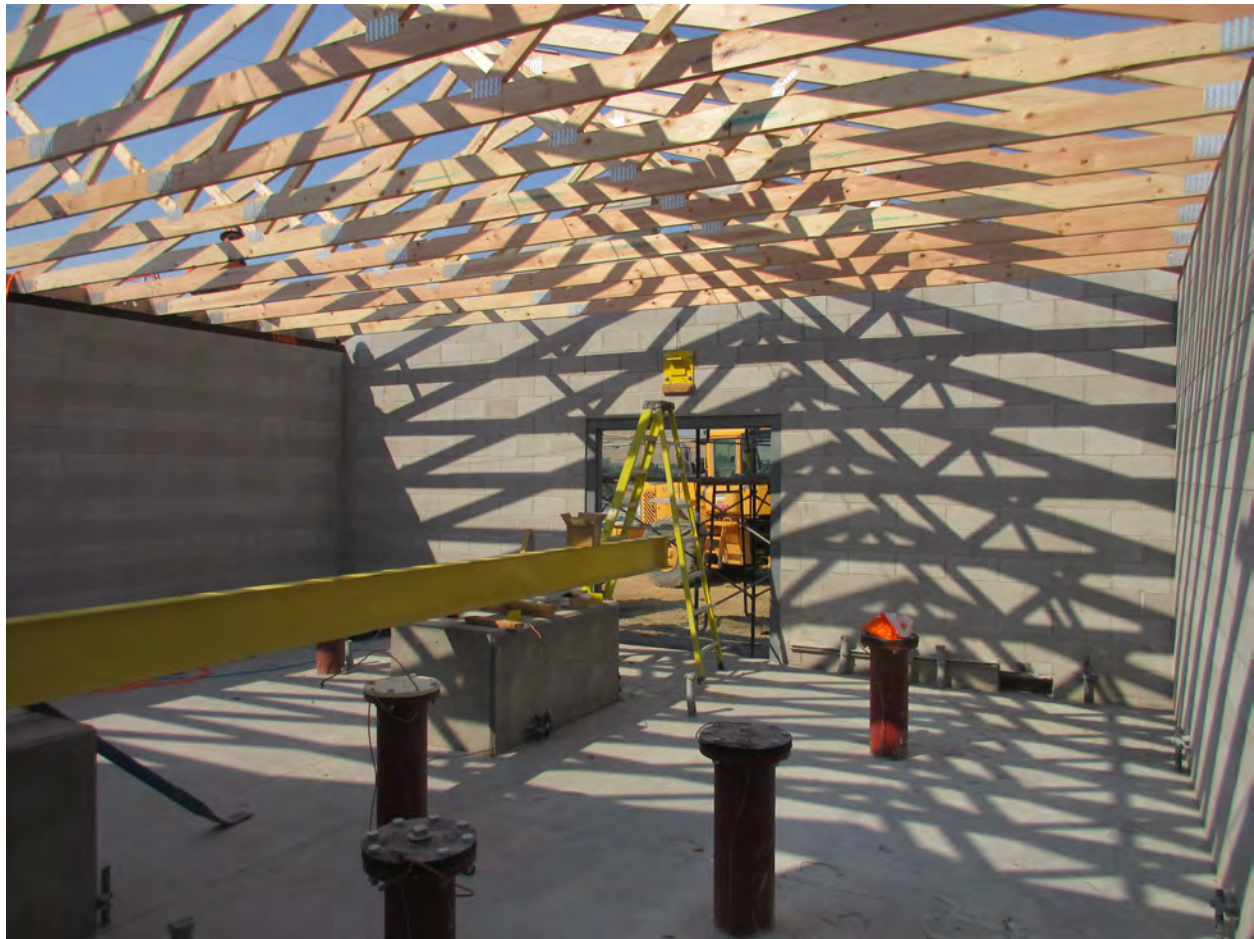
Distribution System Pressure Improvements Kinglet Pump Station

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Reimbursement	Kinglet Pump Station	900	—	—	—	—	900

PROJECT DESCRIPTION: The project involves construction of a new, above grade Booster Pump Station with a standby generator to serve the Broken Hills residential development in Spanish Springs. The developer is responsible for 100% of the pump station project costs. The pump station will fill a developer designed and built water storage tank for the project.

SCHEDULE: Design work began in FY 2021 with construction scheduled in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

South Hills BPS Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	South Hills BPS Replacement	—	70	3,760	490	—	4,320

PROJECT DESCRIPTION: The project involves construction of a new, above grade BPS with genset; 3,700 feet of 16-inch main, 250 feet of 14-inch main and 2,300 feet of 12-inch main on Broken Hills Rd, Foothill Rd and Broili; a new Caribou PRS; and 9 each individual PRV'S on customer service lines.

SCHEDULE: Planning and design is scheduled to begin in FY 2023 and construction is scheduled to begin in FY 2024 with the project completing in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Sierra Highlands PRS

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Sierra Highlands PRS	—	—	—	210	—	210

PROJECT DESCRIPTION: The project involves construction of a new PRS located near the intersection of Sierra Highlands Drive and North McCarran Blvd. to provide a secondary/supplemental supply from the Mae Anne-McCarran zone to the Chalk Bluff zone.

SCHEDULE: Construction for the project is scheduled for FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements Caughlin 2 Tanks

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Caughlin 2 Tanks	500	2,000	—	—	—	2,500

PROJECT DESCRIPTION: The project involves the Caughlin 2 tanks that will provide redundancy for an existing continuous pumping zone and will expand emergency storage for the entire southwest area. The tanks will also provide a greater level of redundancy to a fire prone area by relying less on pumping and power, and more on elevated storage.

SCHEDULE: Construction for the project is scheduled for FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

7th Street High & Low BPS Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	7th Street High & Low BPS Replacement	500	1,500	1,000	—	—	3,000

PROJECT DESCRIPTION: The project will replace 2 underground pump stations in the intersection of Keystone Avenue and 7th Street in Northwest Reno. The pump stations need rehabilitation and accessing them for maintenance is unsafe and requires major traffic control in the highly traveled intersection. TMWA has been in discussions with NDOT for purchasing a remnant parcel on 7th street east of Keystone Avenue and West of Vine Street.

SCHEDULE: Construction for the project is scheduled for FY 2025 - FY2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

WATER MAIN DISTRIBUTION & SERVICE LINE IMPROVEMENTS

Summary

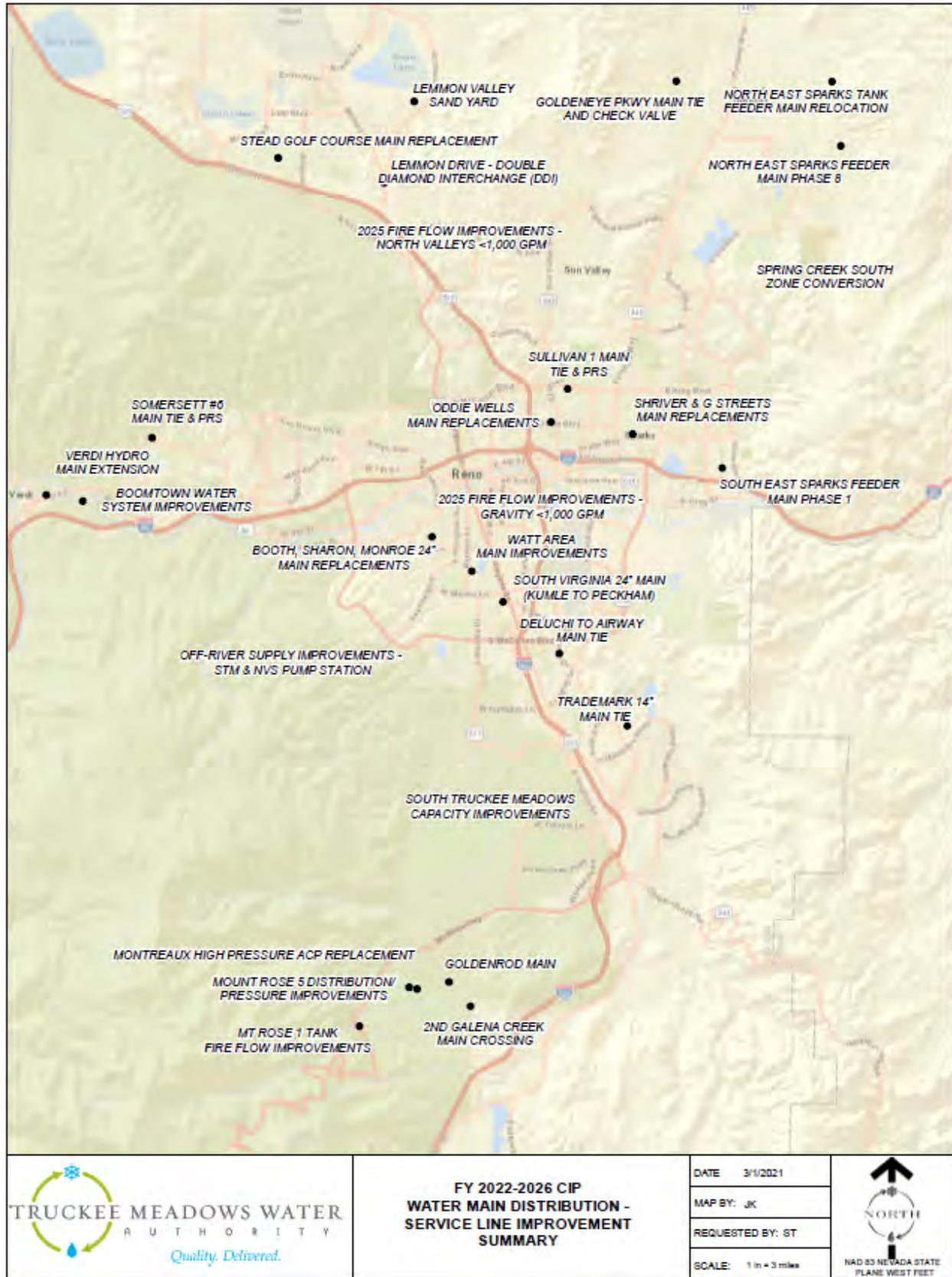
Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Street & Highway Main Replacements	4,500	4,500	5,000	5,000	5,000	24,000
2	Customer Rates	Spring Creek South Zone Conversion	750	300	—	—	—	1,050
2	Customer Rates	Booth, Sharon Way, Monroe 24" Main Replacements	—	1,800	1,100	2,200	—	5,100
1	Developer Fees	South Virginia 24" Main - Kumle to Peckham	700	—	—	—	—	700
2	Customer Rates	North-East Sparks Feeder Tank Main Relocation	—	975	—	—	—	975
2	Customer Rates	Goldeneye Parkway Main & CV Tie	180	—	—	—	—	180
2	Developer Fees	Trademark 14" Main Tie	—	—	—	—	350	350
2	Customer Rates	Mt. Rose Tank 1 Fire Flow Improvements	—	400	570	—	—	970
2	Customer Rates / Developer Fees	Stead Golf Course Main Replacement	—	—	170	2,400	—	2,570
3	Customer Rates	General Waterline Extensions	100	100	100	100	100	500
1	Developer Fees	North-East Sparks Feeder Main Phase 8	—	50	2,050	—	—	2,100
1	Developer Fees	Mount Rose 5 Distribution / Pressure Improvements	400	—	—	—	—	400
2	Developer Fees	Goldenrod Main	—	50	1,200	—	—	1,250
1	Developer Fees	Boomtown Water System Improvements	1,250	1,250	—	—	—	2,500
2	Customer Rates	Lemmon Valley Sand Yard	530	—	—	—	—	530
2	Customer Rates / Developer Fees	Sullivan #1 Main Tie & PRS	—	—	—	50	570	620
2	Customer Rates	Montreux High Pressure ACP Replacement	—	—	520	1,060	—	1,580
2	Customer Rates	2nd Galena Creek Main Crossing	—	—	40	560	—	600
2	Customer Rates	Off-River Supply Improvements - STM	—	—	—	50	1,050	1,100
2	Customer Rates	Off-River Supply Improvements - NVS Pump Station	—	—	—	400	—	400

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Somersett #6 Main Tie & PRS	—	—	280	—	—	280
1	Customer Rates	2025 Fire Flow Improvements - Gravity <1,000 GPM	—	—	—	550	—	550
1	Customer Rates	2025 Fire Flow Improvements - North Valleys <1,000 GPM	—	—	—	940	—	940
2	Developer Fees	Deluchi to Airway Main Tie	—	—	—	440	—	440
1	Developer Fees	South-East Sparks Feeder Main Phase 1	—	—	—	50	4,450	4,500
1	Developer Fees	South Truckee Meadows Capacity Improvements	—	200	800	—	—	1,000
2	Customer Rates	Verdi Hydro Main Extension	320	—	—	—	—	320
1	Customer Rates	Watt Area Main Replacements	2,000	—	—	—	—	2,000
1	Customer Rates	Oddie Wells Main Replacements	1,100	—	—	—	—	1,100
1	Customer Rates	Lemmon Drive - Double Diamond Interchange (DDI)	500	—	—	—	—	500
1	Customer Rates	Shriver & G Streets Main Replacements	500	—	—	—	—	500
Subtotal Water Main Distribution Improvements			12,830	9,625	11,830	13,800	11,520	59,605

Project Locations: Map of all *Water Main Distribution Service Line Improvements* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Street & Highway Main Replacements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Street & Highway Main Replacements	4,500	4,500	5,000	5,000	5,000	24,000

PROJECT DESCRIPTION: Provision is made each year for water main replacements in conjunction with repaving efforts by the City of Reno, City of Sparks, Washoe County and RTC. In addition to repaving projects, TMWA coordinates water main replacements with sewer main replacements in areas where TMWA also has older water lines. TMWA plans for approximately \$5.0 million annually for these efforts, so that TMWA can capitalize on repaving projects planned by other entities. Anticipated spending in the out years is reflective of historical activity. Levels of spending can vary year to year and are difficult to predict. These efforts by far are the largest expenditure in the water system rehabilitation category.

SCHEUDLE: Projects are identified and prioritized on an annual basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements Spring Creek South Zone Conversion

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Spring Creek South Zone Conversion	750	300	—	—	—	1,050

PROJECT DESCRIPTION: The project involves construction of approximately 2,800 linear feed of various size water mains, several interties, retirement of several mains and facilities including the existing Spring Creek Tanks. New water mains include 2060 linear feet of 12-inch on Pyramid Highway and 300 linear feet of 8-inch main across Pyramid Highway at Spring Ridge.

SCHEDULE: Implementation and construction will be completed by FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements Booth, Sharon Way, Monroe 24" Main Replacements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Booth, Sharon Way, Monroe 24" Main Replacements	—	1,800	1,100	2,200	—	5,100

PROJECT DESCRIPTION: This project is a continuation of the previously constructed California-Marsh Intertie to provide reliable emergency capacity to the Hunter Creek gravity zone. The project consists of about 6,900 feet of 24-inch main on Booth, Sharon to Plumb Lane and on Monroe between Sharon and Nixon to supply the Nixon-Monroe regulator.

SCHEDULE: Construction is scheduled for FY 2023 - 2025. TMWA will attempt to coordinate construction with other municipal infrastructure projects if possible, but the existing pipes will be 73-years old by the proposed construction date.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

South Virginia 24" Main (Kumle to Peckham)

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	South Virginia 24" Main - Kumle to Peckham	700	—	—	—	—	700

PROJECT DESCRIPTION: The project consists of construction of about 1,700 feet of new 24-inch water main on South Virginia Street between Kumle Lane and Peckham Lane. The project is required to expand transmission capacity to the South Truckee Meadows area.

SCHEDULE: Construction is scheduled to be completed in FY 2022 subject to adjustment for actual growth or coordination with road improvements.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

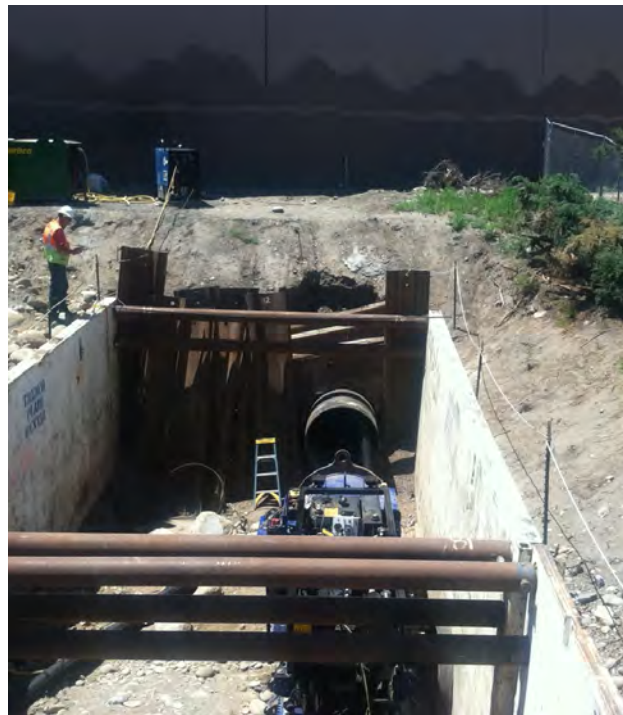
North-East Sparks Tank Feeder Main Relocation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	North-East Sparks Feeder Tank Main Relocation	—	975	—	—	—	975

PROJECT DESCRIPTION: The North-East Sparks Tank Feeder Main was constructed in 1988 within private easements several years prior to the construction of South Los Altos Parkway. The final alignment selected for South Los Altos Parkway does not follow the alignment of the tank feeder main. As a result, the tank feeder main now runs through developed properties next to buildings, under parking areas and at considerable depth in some locations. This situation presents potential problems for access to the pipe for maintenance and repair of the critical pipeline. This project will relocate approximately 3,000 feet of the 18-inch tank feeder main out into the public right-of-way in South Los Altos Parkway.

SCHEDULE: Design and the improvements are scheduled for FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Goldeneye Parkway Main & CV Tie

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Goldeneye Parkway Main & CV Tie	180	—	—	—	—	180

PROJECT DESCRIPTION: The project involves construction of approximately 450 linear of 8-inch water main with a Check Valve from the Eagle Canyon PRS to Longspur Way to provide a secondary supply to the Nightingale Regulated Zone and avoid customer outages when maintenance of the Nightingale pressure regulator station is required.

SCHEDULE: Implementation and construction will be completed in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Trademark 14" Main Tie

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Trademark 14" Main Tie	—	—	—	—	350	350

PROJECT DESCRIPTION: This project involves construction of approximately 350 LF of 14" water main from Trademark to South Meadows Parkway, including crossing of an existing major drainage channel. The project will increase transmission capacity in the Double Diamond system to meet the needs of growth.

SCHEDULE: Construction is scheduled to be completed in FY 2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Mt. Rose Tank 1 Fire Flow Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Mt. Rose Tank 1 Fire Flow Improvements	—	400	570	—	—	970

PROJECT DESCRIPTION: The project involves reconstruction of an existing PRS at Mt. Rose Tank #1, a new PRS on Blue Spruce and approximately 3100 linear feet of 10-inch water main on Blue Spruce and Douglas Fir to increase system pressure and fire flow capacity to existing customers in Galena Forest Estates. Existing fire flows are currently less than 1,000 GPM in the area.

SCHEDULE: Planning and design will be completed in FY 2023. Construction will occur in FY's 2023-2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Stead Golf Course Main Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates / Developer Fees	Stead Golf Course Main Replacement	—	—	170	2,400	—	2,570

PROJECT DESCRIPTION: The project consists of replacement of about 10,000 feet of 14-inch steel pipe installed around 1945. The pipe provides an important hydraulic tie between the Stead tanks and the northeast extremities of the Stead distribution system. The pipeline may also be useful to alleviate an existing bottleneck between the Stead wells and the distribution system.

SCHEDULE: The project is scheduled for construction in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

General Waterline Extensions

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	General Waterline Extensions	100	100	100	100	100	500

PROJECT DESCRIPTION: A nominal amount of funding is budgeted each year to accommodate water main extensions to correct pressure, dead ends and fire flow deficiencies as they are identified. Funds will not be expended unless determined necessary.

SCHEDULE: This is an ongoing annual project budget. Projects will not be constructed unless determined necessary to correct deficiencies identified above.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

North-East Sparks Feeder Main Ph. 8

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	North-East Sparks Feeder Main Phase 8	—	50	2,050	—	—	2,100

PROJECT DESCRIPTION: The project involves construction of approximately 6,400 linear feet of 14-inch water main on Satellite Drive from Vista Blvd to Sparks Blvd to increase capacity for growth in Spanish Springs and maintain adequate suction pressure at the Satellite Hills booster pump station.

SCHEDULE: Design is scheduled for FY 2023 and the improvements will be constructed in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements Mount Rose 5 Distribution / Pressure Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	Mount Rose 5 Distribution / Pressure Improvements	400	—	—	—	—	400

PROJECT DESCRIPTION: Improvements are intended to provide off-peak conjunctive use supply. The proposed improvements are intended to be consistent with future improvements to improve peaking supply to the Mt. Rose system and will reduce pressure in the high pressure pipeline downhill of Mt. Rose Well 5. It will also increase the off-peak pumping capacity of surface water into the Mt. Rose 1 and 4 tanks to 650 gpm from 400 gpm. Future phases are intended to increase system redundancy and further reduce high pressures in the system.

SCHEDULE: Construction is scheduled for FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements Goldenrod Main

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Goldenrod Main	—	50	1,200	—	—	1,250

PROJECT DESCRIPTION: The project involves construction of approximately 4,500 LF of 12" water main from the Tessa West Well to the intersection of Goldenrod and Mountain Meadows Lane. This project will provide additional capacity between the Arrowcreek and Mt Rose systems for Mt Rose 2 tank fills and for on-peak supply from the Mt Rose Water Treatment Plant.

SCHEDULE: Design is planned in FY 2023 and construction is planned in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Boomtown Water System Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	Boomtown Water System Improvements	1,250	1,250	—	—	—	2,500

PROJECT DESCRIPTION: If TMWA successfully acquires the Boomtown water system assets, the system will initially be operated as a stand-alone system that will be 100 percent dependent upon local groundwater resources. To insure reliable water service to existing Boomtown customers, several high priority improvements are necessary to bring the system into compliance with NAC 445A regulations and TMWA standards and to allow efficient operation and maintenance of the water facilities. The improvements consist of upgrades to three existing wells (pump to waste facilities, SCADA, new pumps, new motors, new starters and arc flash analyses), tank site improvements (grading, drainage, overflow, fencing, paving, sampling vault, SCADA) and tank access improvements (improved gravel road, improvements to the existing bridge over Steamboat Ditch).

SCHEDULE: The improvements will be designed and constructed in FY's 2022-2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements Lemmon Valley Sand Yard

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Lemmon Valley Sand Yard	530	—	—	—	—	530

PROJECT DESCRIPTION: With continued growth in the area including the acquisition of the Lemmon Valley water system formerly owned by Washoe County, it is very inefficient for TMWA crews to respond to a main break or other major issue in the North Valleys and have to either return to the Truckee Meadows or call out a second crew to transport materials to the site to complete the repairs. To increase the efficiency of maintenance operations in the North Valleys, TMWA plans to improve the balance of the 1.25 acre lot surrounding Lemmon Valley Well #6 (near the intersection of Lemmon Drive and Arkansas Drive) to store the common materials such as sand and base rock normally used in water system maintenance. The improvements consist of import, grading, fencing, drainage, material storage bins, lighting and landscaping. The project has been designed and the building permit has been acquired.

SCHEDULE: Assuming flood water recede sufficiently, the project would be constructed in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Sullivan #1 Main Tie & PRS

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates / Developer Fees	Sullivan #1 Main Tie & PRS	—	—	—	50	570	620

PROJECT DESCRIPTION: The project involves construction of about 1,300 LF of 10” main on El Rancho and a new PRS to supply the Sullivan #1 zone. The project timeline assumes that the proposed Sun Valley #2 Tank and Sullivan #2 pump station are in service.

SCHEDULE: Planning and design is scheduled to begin in FY 2025 with construction scheduled in FY 2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Montreux High Pressure ACP Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Montreux High Pressure ACP Replacement	—	—	520	1,060	—	1,580

PROJECT DESCRIPTION: The project involves replacement of approximately 6,500 linear feet of existing 10-inch transite water main between Mt Rose Well #5 and Joy Lake Road. The existing ACP pipe installed in the 1970's is currently operated at pressures between 120-250 psi.

SCHEDULE: Planning and design will occur in FY 2024 with construction to be completed in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

2nd Galena Creek Main Crossing

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	2nd Galena Creek Main Crossing	—	—	40	560	—	600

PROJECT DESCRIPTION: The project involves construction of approximately 2,200 linear feet of 10-inch ductile iron water main between Breithorn Cir. and Piney Creek Parklet including a crossing of Galena Creek. The existing 10" ACP pipe that crosses Galena Creek is currently the only tie between well sources and storage tanks.

SCHEDULE: Design will occur in FY 2024 with construction to be completed in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements Off-River Supply Improvements - South Truckee Meadows

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Off-River Supply Improvements - STM	—	—	—	50	1,050	1,100

PROJECT DESCRIPTION: The project involves construction of four SCADA controlled, pressure reducing bypass stations in strategic locations in the South Truckee Meadows to allow excess well capacity and excess Mt. Rose Water Treatment Plant capacity to be provided to the Highland gravity zone in case of loss supply from the Truckee River. Two additional bypasses (Arrowcreek BPS & future Veteran's BPS) will be constructed separately under the budget for those facilities.

SCHEDULE: Planning and design will occur in FY 2025 with construction to be completed in FY 2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Off-River Supply Improvements - North Virginia-Stead Pump Station

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Off-River Supply Improvements - NVS Pump Station	—	—	—	400	—	400

PROJECT DESCRIPTION: The project involves construction of a SCADA controlled, pressure reducing bypass station at the North Virginia-Stead booster pump station to allow excess Fish Springs well capacity to be provided to the Highland gravity zone in case of loss supply from the Truckee River.

SCHEDULE: Project implementation and construction will occur in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements Somerset #6 Main Tie & Pressure Regulator Station

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Somerset #6 Main Tie & PRS	—	—	280	—	—	280

PROJECT DESCRIPTION: The project involves construction of about 600 linear feet of 10-inch main within improved paved pathway and a new pressure regulator station to provide a secondary source (looping) to Somerset Village 6.

SCHEDULE: Project implementation and construction will occur in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

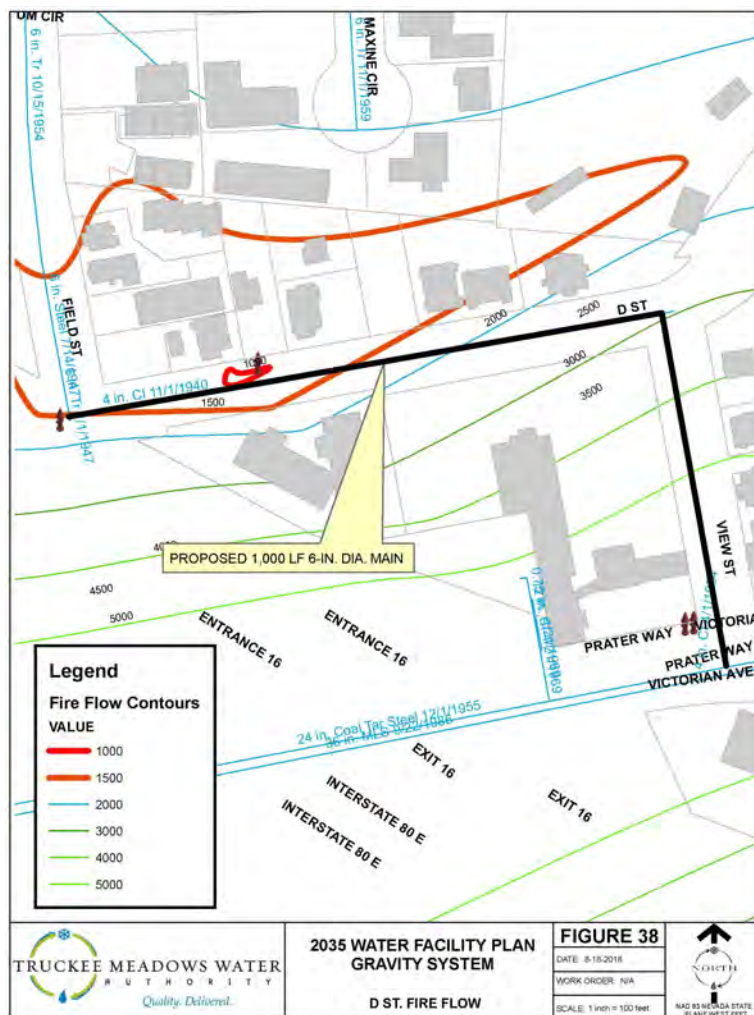
2025 Fire Flow Improvements - Gravity < 1,000 GPM

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	2025 Fire Flow Improvements - Gravity <1,000 GPM	—	—	—	550	—	550

PROJECT DESCRIPTION: The project involves improvements at 5 separate locations in the gravity zone that have an available fire flow of less than 1000 GPM. Reference Pages 20-22 of the 2035 WFP – Items 14,18,20,25,31 (also Figures 38,42,44,49,55). Construction consists of approximately 1,900 linear feet of new 6-inch & 8-inch main including new hydrant taps and laterals.

SCHEDULE: The improvements are scheduled for construction in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

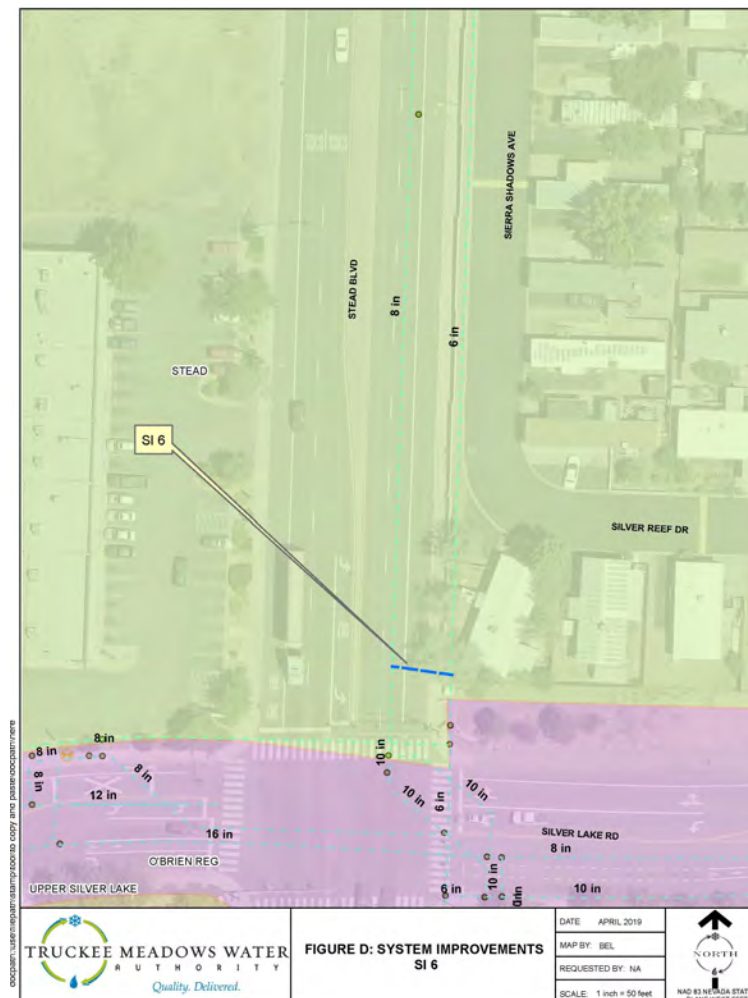
2025 Fire Flow Improvements - North Valleys < 1,000 GPM

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	2025 Fire Flow Improvements - North Valleys <1,000 GPM	—	—	—	940	—	940

PROJECT DESCRIPTION: This project involves improvements at two separate locations that have an available fire flow of less than 1,000 GPM. Reference Items SI6 and SI7 on pages 6-7 of the North Valleys section of the 2035 Water Facilities Plan (also Figures D and E). Construction of approximately 3,500 linear feet of new 6-inch and 8-inch main and new high pressure Regulating Station.

SCHEDULE: The improvements are scheduled for construction in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Deluchi to Airway Main Tie

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Deluchi to Airway Main Tie	—	—	—	440	—	440

PROJECT DESCRIPTION: The project involves construction of approximately 1,200 linear feet of 14-inch main from Deluchi to Airway including crossing a major storm drainage channel. The project promotes looping of the distribution system and provides additional North to South peak period capacity.

SCHEDULE: The project is scheduled for construction in FY 2025.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

South-East Sparks Feeder Main Phase 1

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	South-East Sparks Feeder Main Phase 1	—	—	—	50	4,450	4,500

PROJECT DESCRIPTION: The project involves construction of approximately 9,700 linear feet of 24-inch main on Greg Street between 21st Street and Stanford to provide additional capacity for future growth and to lower peak period pressure in the area.

SCHEDULE: Planning and design are scheduled to begin in FY 2025 and construction is scheduled to begin in FY 2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

South Truckee Meadows Capacity Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Developer Fees	South Truckee Meadows Capacity Improvements	—	200	800	—	—	1,000

PROJECT DESCRIPTION: The project involves construction of approximately 1,500 linear feet of 14-inch main on Offenhauser and Gateway with a SCADA controlled valve installed an underground vault to provide an intertie between the Longley and Double Diamond systems. Also included is a short 8-inch main tie at Bluestone and Portman. The improvements increase capacity to the South Truckee Meadows system.

SCHEDULE: Design for the project is scheduled to begin in FY 2023 and construction is scheduled for FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Verdi Hydro Main Extension

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Verdi Hydro Main Extension	320	—	—	—	—	320

PROJECT DESCRIPTION: The project involves construction of approximately 1,700 linear feet of 8-inch main and 750 linear feet of 6-inch main parallel to the penstock from Verdi Elementary School to the Hydro building. Approximately half of the cost will be reimbursed by growth in the area. Completion of the main will also provide fire protection for the hydro facility and will allow the existing water service from the Verdi Mutual Water Co. to be retired, saving about \$21,000 per year.

SCHEDULE: Construction is scheduled for FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Watt Area Main Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Watt Area Main Replacements	2,000	—	—	—	—	2,000

PROJECT DESCRIPTION: The project involves retiring and replacing approximately 5,400' of cast iron and steel water main. Existing services and main connections to be tied over to new water mains. Relocate 12 water meters from backyard to lot frontages. Work to be completed ahead of COR street project which is tentatively scheduled for spring 2022.

SCHEDULE: Construction is scheduled for FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

Oddie Wells Main Replacements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Oddie Wells Main Replacements	1,100	—	—	—	—	1,100

PROJECT DESCRIPTION: The project involves replacing approximately 3,500' of cast iron water main. Existing water main to be grouted in place.

SCHEDULE: Construction is scheduled for FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements

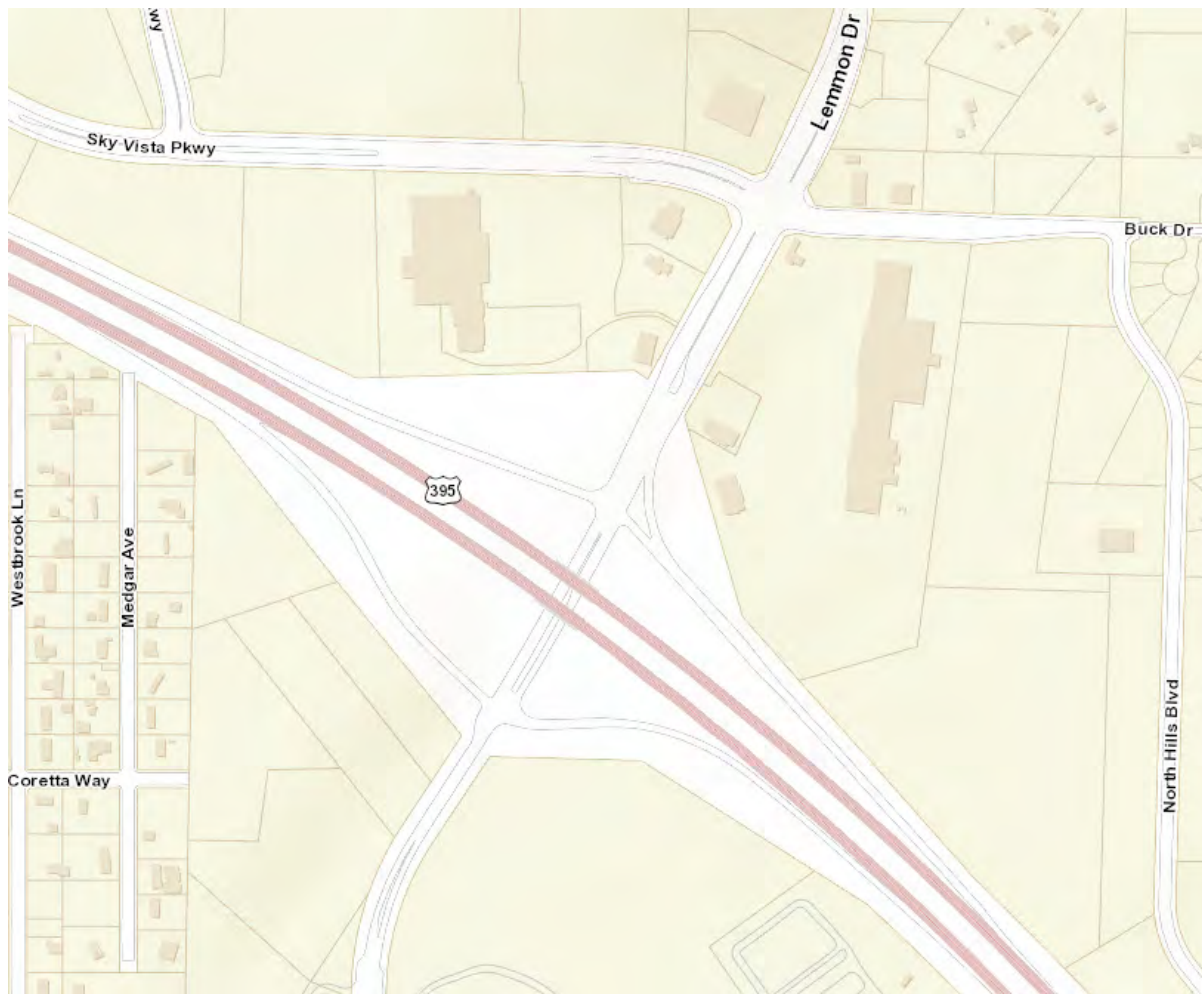
Lemmon Drive - Double Diamond Interchange (DDI)

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Lemmon Drive - Double Diamond Interchange (DDI)	500	—	—	—	—	500

PROJECT DESCRIPTION: The project involves relocating (lower and offset) approximately 500' of 24" transmission main at Lemmon Dr/US395 intersection. Work being driven by NDOT/RTC redesign to create double divergent interchange/intersection, DDI.

SCHEDULE: Construction is scheduled for FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution Service Line Improvements Shriver & G Streets Main Replacements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Shriver & G Streets Main Replacements	500	—	—	—	—	500

PROJECT DESCRIPTION: The project involves retiring and replacing approximately 5,200' of cast iron and steel water main. Existing services and main connections to be tied over to new water mains. Work to be completed ahead of COR street project which is tentatively scheduled for spring/summer 2021.

SCHEDULE: Construction is scheduled for FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

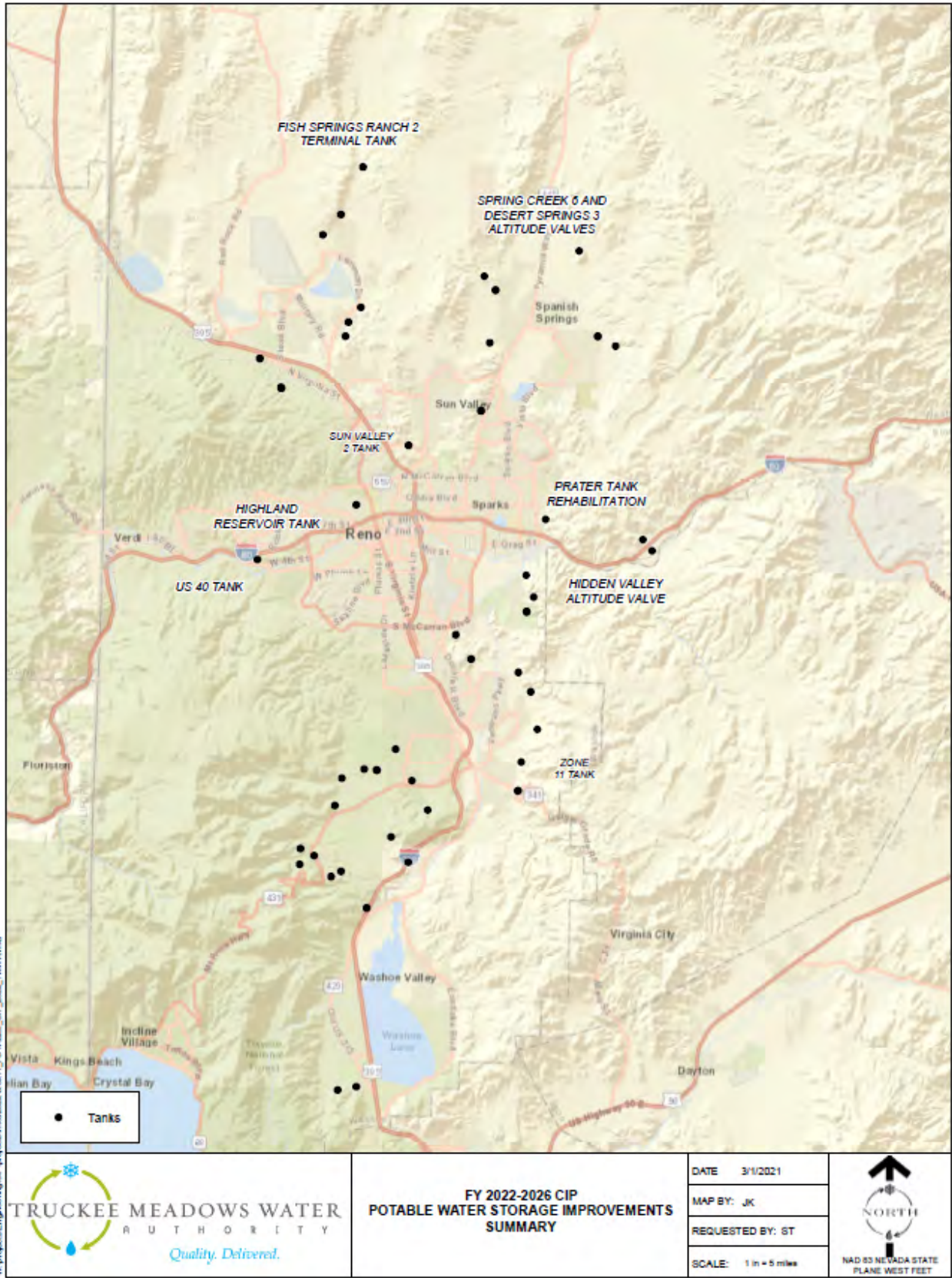
POTABLE WATER STORAGE IMPROVEMENTS

Summary

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates / Developer Fees	Sun Valley Tank #2	—	—	—	420	2,980	3,400
2	Developer Fees	Fish Springs Terminal Tank #2	—	—	—	—	40	40
1	Customer Rates	Storage Tank Recoats; Access; Drainage Improvements	1,600	3,000	3,500	3,500	3,500	15,100
2	Customer Rates / Developer Fees	Highland Reservoir Tank	3,700	4,000	—	—	—	7,700
1	Customer Rates / Developer Fees	STMGID Tank East Zone 11 Tank	—	—	—	100	2,975	3,075
1	Customer Rates / Developer Fees	US 40 Tank & Feeder Main	170	300	2,730	—	—	3,200
2	Customer Rates / Developer Fees	Spanish Springs Altitude Valves	—	300	—	—	—	300
2	Customer Rates	Hidden Valley Tank Altitude Valve	—	350	—	—	—	350
1	Customer Rates	Prater Tank Rehabilitation	1,400	—	—	—	—	1,400
Subtotal Storage Improvements			6,870	7,950	6,230	4,020	9,495	34,565

Project Locations: Map of all *Potable Water Storage Improvements* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements Sun Valley #2 Tank

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates / Developer Fees	Sun Valley Tank #2	—	—	—	420	2,980	3,400

PROJECT DESCRIPTION: TMWA continues to analyze opportunities to consolidate pump zones to eliminate future pump station replacement costs and to increase reliability to continuous pumping zones. Several years ago, TMWA consolidated the Sutro #1 pump zone with the Sun Valley/Sullivan pump zone, placing additional capacity requirements on the Sun Valley zone. This tank is needed to provide the required emergency storage capacity to the expanded zone and will also provide the capacity for the Sun Valley zone to reach buildout.

SCHEDULE: The project is scheduled for construction in FY 2026 subject to successful acquisition of a suitable tank site which is elevation sensitive and is complicated by the US 395 Connector project alignment.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements

Fish Springs Terminal Tank #2

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	Fish Springs Terminal Tank #2	—	—	—	—	40	40

PROJECT DESCRIPTION: Ultimately, a second 2.5 MG storage tank is needed at the terminus of the Fish Springs pipeline at the north end of Lemmon Valley to equalize demand and supply during peak use periods.

SCHEDULE: The project is currently scheduled for design in FY 2026 with construction to follow in FY 2027. The actual schedule will be dependent upon the rate of growth in the North Valleys.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements

Storage Tank Recoats; Access; Drainage Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Storage Tank Recoats; Access; Drainage Improvements	1,600	3,000	3,500	3,500	3,500	15,100

PROJECT DESCRIPTION: TMWA has a very proactive tank reservoir maintenance program whereby 20% of all tanks are inspected annually on a rotating basis. Based upon these inspection observations, a determination is made as to whether interior tank coatings (for steel tanks) or other fix and finish work is required. TMWA has 95 storage tanks in service, with combined storage of approximately 121 million gallons. Interior coating/liners are generally replaced every 20 years resulting in the need to recoat several tanks per year to maintain the rehabilitation cycle. The budget and plan also includes exterior painting of steel tanks and any replacement of any interior components that may be corroded.

SCHEDULE: This is an ongoing annual project. It is anticipated that several tanks will need to be recoated approximately every year.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements Highland Reservoir Tank

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates / Developer Fees	Highland Reservoir Tank	3,700	4,000	—	—	—	7,700

PROJECT DESCRIPTION: TMWA has two large finished water storage reservoirs, one at Hunter Creek and one at the Highland site just west of the intersection of Washington and College Drive. These reservoirs are lined and covered with flexible polyethylene or hypalon membranes. As such, they are more maintenance intensive and susceptible to damage than a conventional steel or concrete tank. To provide reliability during repairs or during extended outages for inspection and cleaning, it is proposed to construct a conventional 4 million gallon water storage tank at the reservoir site. Due to topography and proximity to residential areas the tank may need to be a buried pre-stressed concrete tank, which is reflected in the project budget. The tank will also provide additional storage capacity to meet future system requirements as required by the NAC regulations.

SCHEDULE: The tank is scheduled for construction in FY's 2022 - 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements STMGID Tank East (Zone 11 Tank)

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates / Developer Fees	STMGID Tank East Zone 11 Tank	—	—	—	100	2,975	3,075

PROJECT DESCRIPTION: The project involves construction of a 3.7 MG above ground welded steel storage tank in the South Truckee Meadows area off of Geiger Grade formerly owned by STMGID. Due to growth in the area over the last several years, additional storage is required to meet the requirements of the NAC 445A regulations and TMWA standards. The tank will replace an existing 0.75 MG tank providing a net increase in storage of about 3 MG.

SCHEDULE: The project is currently scheduled for construction in FY 2026, subject to acquisition of the Special Use Permit and Bureau of Land Management (BLM) permitting.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements

US 40 Tank & Feeder Main

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates / Developer Fees	US 40 Tank & Feeder Main	170	300	2,730	—	—	3,200

PROJECT DESCRIPTION: The project involves construction of two 800,000 gallon steel tanks with site improvements, utilities, drain line and access road including about 2,100 LF of 20" feeder main. The project will improve reliability and hydraulic performance in the zone which experiences a lot of surge issues due to cycling of the Mae Anne pump train and the closed system on the Mogul end. This situation is only expected to worsen when pumping to Verdi begins.

SCHEDULE: The project is currently scheduled for design in FY's 2022-2023 and construction in FY 2024.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements

Spanish Springs Altitude Valves

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates / Developer Fees	Spanish Springs Altitude Valves	—	300	—	—	—	300

PROJECT DESCRIPTION: The project involves the construction of altitude valves in underground vaults at the Desert Springs Tank #3 and at Spring Creek Tank #6. The altitude valves will keep the existing tanks from overflowing when well recharge operations are conducted in Spanish Springs Valley.

SCHEDULE: Implementation and construction will occur in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements

Hidden Valley Tank Altitude Valve

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Hidden Valley Tank Altitude Valve	—	350	—	—	—	350

PROJECT DESCRIPTION: The project involves installation of a new altitude valve in a vault on the Hidden Valley Tank #1 in/out line. Requires cutting into and rerouting existing piping, addition of new valves, etc.

SCHEDULE: The project is schedule for construction in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Potable Water Storage Improvements

Prater Tank Rehabilitation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Prater Tank Rehabilitation	1,400	—	—	—	—	1,400

PROJECT DESCRIPTION: The project involves significant structural restoration to prater 1 tank which is failing, in addition to typical improvements for tank rehab projects. Project includes structural evaluation, structural engineering services, and likely replacement of structural steel members of the tank.

SCHEDULE: Construction is scheduled in FY 2022.



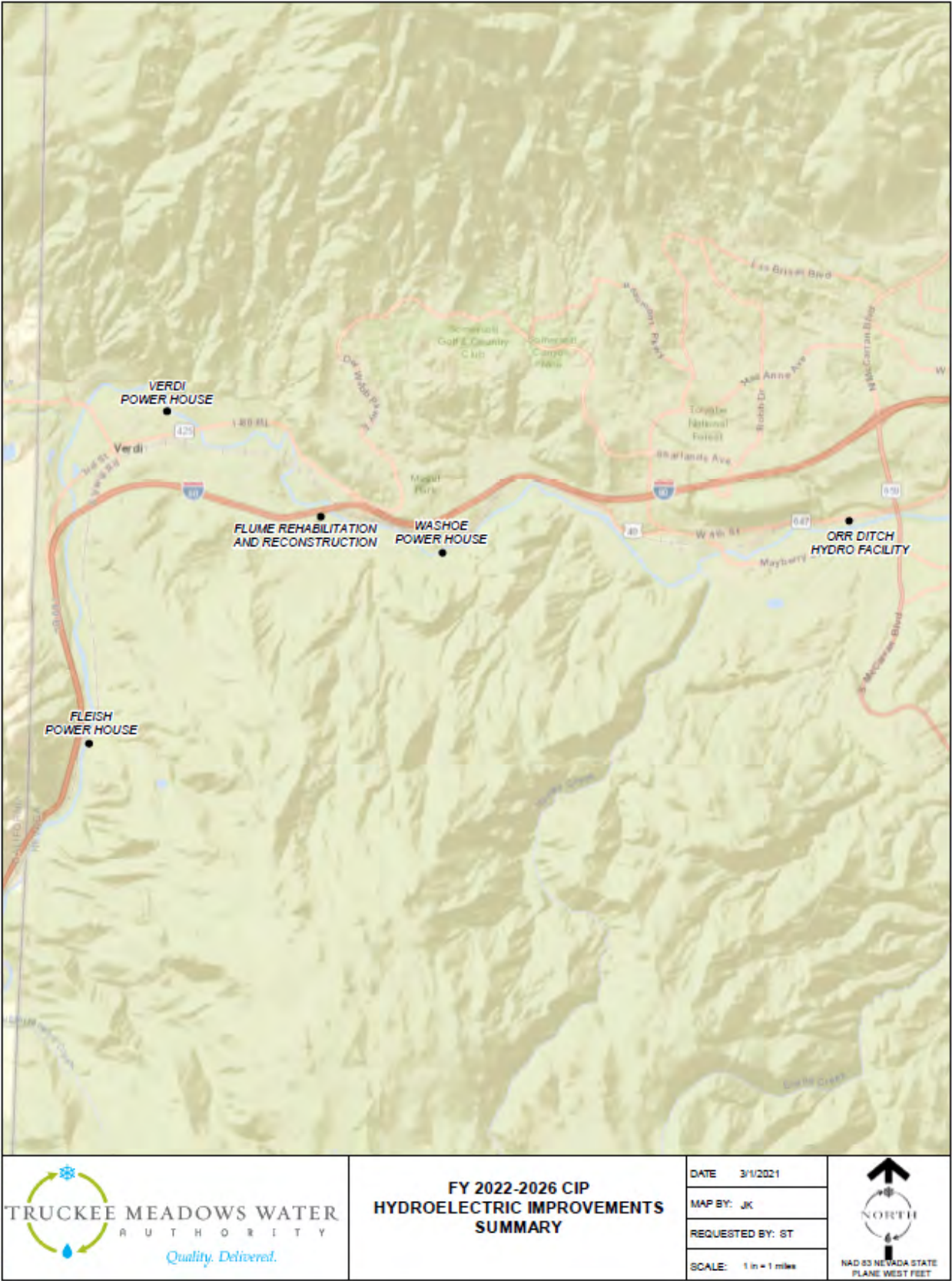
Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

HYDROELECTRIC IMPROVEMENTS**Summary**

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Forebay, Diversion, & Canal Improvements	100	100	100	100	100	500
3	Customer Rates	Flume Rehabilitation	—	—	—	150	150	300
3	Customer Rates	Hydro Plant Generator Rewinds	—	350	—	500	350	1,200
3	Insurance Settlement	Orr Ditch Hydro Facility	2,500	3,000	—	—	—	5,500
2	Customer Rates	Verdi Canal Sand Gate Improvements	335	—	—	—	—	335
1	Customer Rates	Washoe Plant Tailraces Unit 1 and Unit 2	420	—	—	—	—	420
1	Customer Rates	Washoe Plant Turbine Rebuild and Rebuild/Replacement Unit 1	—	2,855	—	—	—	2,855
2	Customer Rates	Washoe Plant Turbine Rebuild and Rebuild/Replacement Unit 2	—	—	—	—	2,855	2,855
Subtotal Hydroelectric Improvements			3,355	6,305	100	750	3,455	13,965

Project Locations: Map of all *Hydroelectric Improvements* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Hydroelectric Improvements

Forebay, Diversion, and Canal Improvements

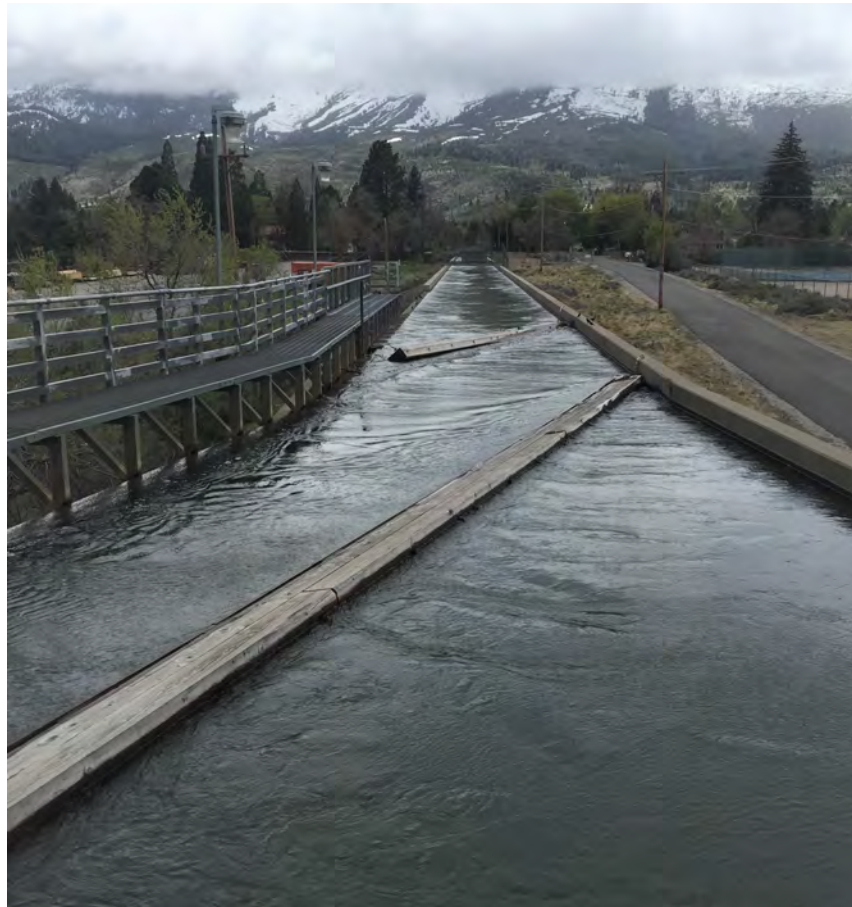
FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Forebay, Diversion, & Canal Improvements	100	100	100	100	100	500

PROJECT DESCRIPTION:

Provision is made each year for hydroelectric flume reconstruction to mitigate damage from unexpected rock falls, landslides and/or flooding events. Diversion structures including gates, canals, flumes, forebays and all hydro-plant water conveyance structures are monitored and evaluated for reliable and safe operation.

SCHEDULE: Ongoing annual evaluation and prioritization of forebay and canal conditions in the early spring (winter weather can change priorities) to identify projects for fall construction when historically, river flows are lower.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Hydroelectric Improvements

Flume Rehabilitation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Flume Rehabilitation	—	—	—	150	150	300

PROJECT DESCRIPTION: TMWA's three operating hydroelectric facilities have nearly 12,150 feet of flume. The average service life for flume structures is 35 years using treated timbers, at an average replacement cost of approximately \$1,000 per lineal foot of flume. The present cost to replace a linear foot of flume depends on the location and height of the flume structure.

SCHEDULE: Ongoing annual evaluation and prioritization of flume condition in the early spring (winter weather can change priorities) to identify projects for fall construction when historically, river flows are lower.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Hydroelectric Improvements

Hydro Plant Generator Rewinds

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Hydro Plant Generator Rewinds	—	350	—	500	350	1,200

PROJECT DESCRIPTION:

The Fleish generator was last rewound in 1958 and is still operational. The typical in-service life of this type of generator is about 50 years. The two Washoe generators were damaged in a flood in 2006. The units were cleaned and repaired but suffered damage to the core laminations that has shortened the operating life.

SCHEDULE: This schedule is assessed as needed and may be adjusted depending on river flows and generator condition evaluation.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Hydroelectric Improvements

Orr Ditch Hydro Facility

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Insurance Settlement	Orr Ditch Hydro Facility	2,500	3,000	—	—	—	5,500

PROJECT DESCRIPTION: During periods of low demand, the Highland Canal has available capacity to bring water to the Chalk Bluff Facility. An existing pipeline brings water from the river via the Orr Ditch Pump Station up to Chalk Bluff. A feasibility and financial study will be completed to analyze the possibility of using existing infrastructure with the addition of power generation equipment to produce power for direct use at the Chalk Bluff Water Treatment Facility.

SCHEDULE: A feasibility study was completed in FY 2020. Construction on the projected is scheduled to begin in FY 2022 and be completed in FY 2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Hydroelectric Improvements

Verdi Canal Sand Gate Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Verdi Canal Sand Gate Improvements	335	—	—	—	—	335

PROJECT DESCRIPTION: The project includes construction of a new concrete weir structure on the canal side of an existing sand gate. Included in the project will be the replacement of the sand gate itself as well as design and construction of a sediment sand trap.

SCHEDULE: The project is scheduled for FY2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Hydroelectric Improvements

Washoe Plant Tailraces Unit 1 and Unit 2

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Washoe Plant Tailraces Unit 1 and Unit 2	420	—	—	—	—	420

PROJECT DESCRIPTION: This project is to replace both Tailraces that discharge off of Hydroelectric Turbines 1 and 2. The canal in which the Tailraces discharge will be blocked off so as to isolate the Tailraces from the river. The Tailraces will be separated from the building foundation and removed from the drainage channel. Any needed repairs to the buildings foundation will be completed. Prefabricated Tailraces will then be installed and the drainage canal made ready for operations.

SCHEDULE: Construction on the project is scheduled to begin in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Hydroelectric Improvements**Washoe Plant Turbine Rebuild and Rebuild/Replacement of Unit 1****FUNDING TIMELINE:**

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Washoe Plant Turbine Rebuild and Rebuild/Replacement Unit 1	—	2,855	—	—	—	2,855

PROJECT DESCRIPTION: The project involves replacing the No. 1 Hydroelectric Turbine, complete a rewind of the Unit 1 Generator. To expedite completion of the project and minimize the plant outage time, procurement of the new No. 1 Turbine as well as fabrication of the two new Tailraces will be completed first as a separate project. Replace the No. 1 Plant Turbine and rewind the associated generator. The turbine will be dismantled with the pressure case and Turbine appurtenances removed from the building. Work for rewinding the No. 1 Generator will commence as soon as the plant is taken off line for the project. If work for replacing the Tailraces is completed prior to the No 1 Turbine replacement and Generator rewind work then the No. 2 Hydroelectric Turbine/Generator will be put back into service while work is underway for the No. 1 Turbine and Generator. The new No. 1 Turbine will be installed and the associated rewind generator re-installed.

SCHEDULE: Construction is scheduled for FY2023.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Hydroelectric Improvements**Washoe Plant Turbine Rebuild and Rebuild/Replacement of Unit 2****FUNDING TIMELINE:**

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Washoe Plant Turbine Rebuild and Rebuild/Replacement Unit 2	—	—	—	—	2,855	2,855

PROJECT DESCRIPTION: The project involves This project will replace the No. 2 Hydroelectric Turbine and complete a rewind of the Unit 2 Generator. To expedite completion of the project and minimize the unit outage time, the No. 2 Turbine will be procured before work begins. Once equipment is procured, work will begin for completing the Unit 2 Generator rewind and dismantling of the No. 2 Turbine pressure cases and appurtenances. During this work, the Unit 1 Turbine/Generator will continue with generation as much as possible. The new No. 2 Turbine will be installed and the rewind generator re-installed.

SCHEDULE: Construction is scheduled for FY2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

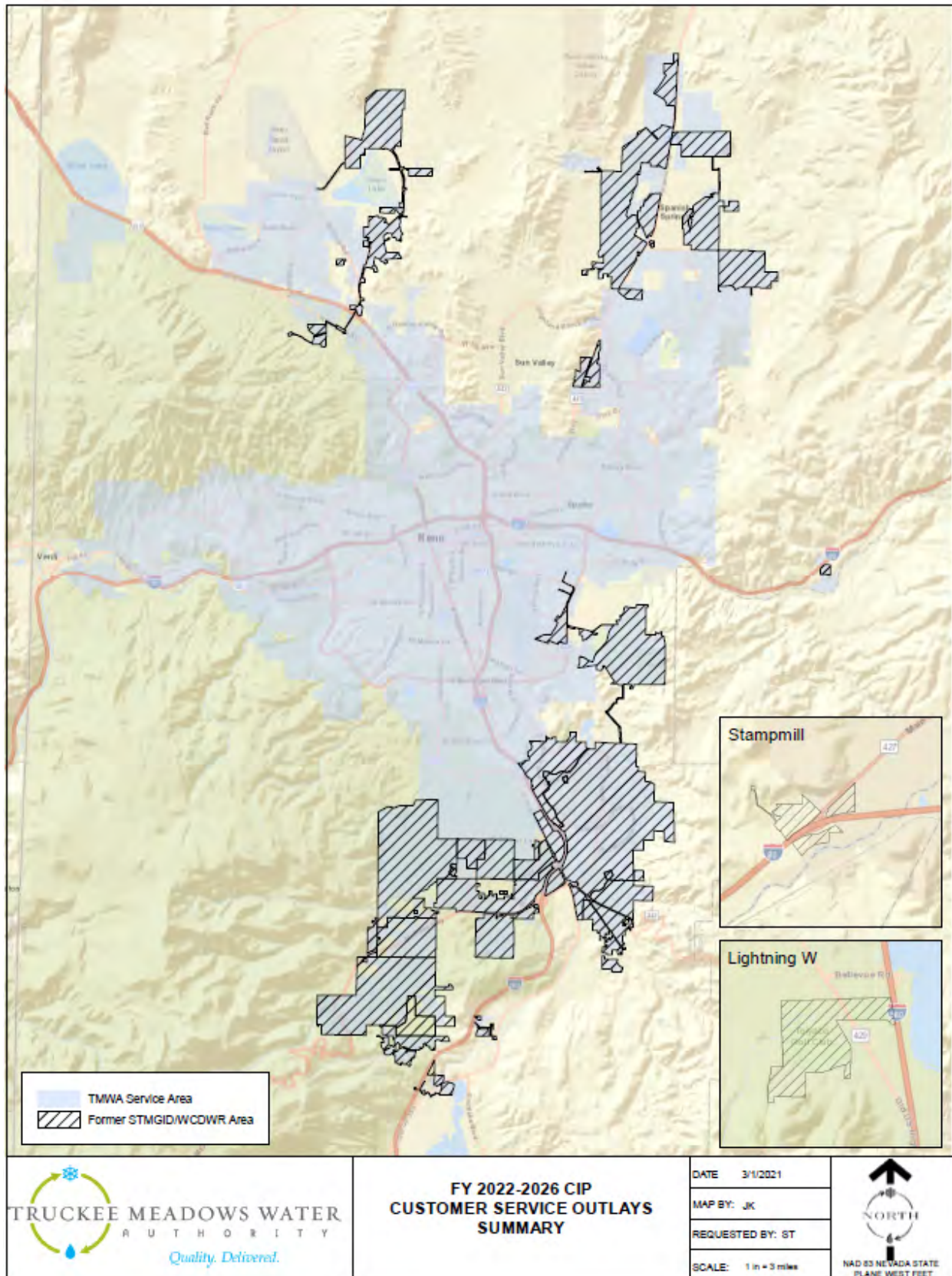
CUSTOMER SERVICE OUTLAYS

Summary

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Meter Reading Equipment	60	—	75	—	—	135
2	Developer Fees	New Business Meters	100	100	100	100	100	500
1	Customer Rates	Mueller Pit Replacements former Washoe County	125	125	125	125	125	625
2	Customer Rates	Galvanized / Poly Service Line Replacements	250	250	250	250	250	1,250
1	Customer Rates / Meter Retrofit Fees	AMI Automated Meter Infrastructure	4,565	7,030	7,050	2,535	—	21,180
Subtotal Customer Service			5,100	7,505	7,600	3,010	475	23,690

Project Locations: Map of all *Customer Service Outlays* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Customer Service Outlays

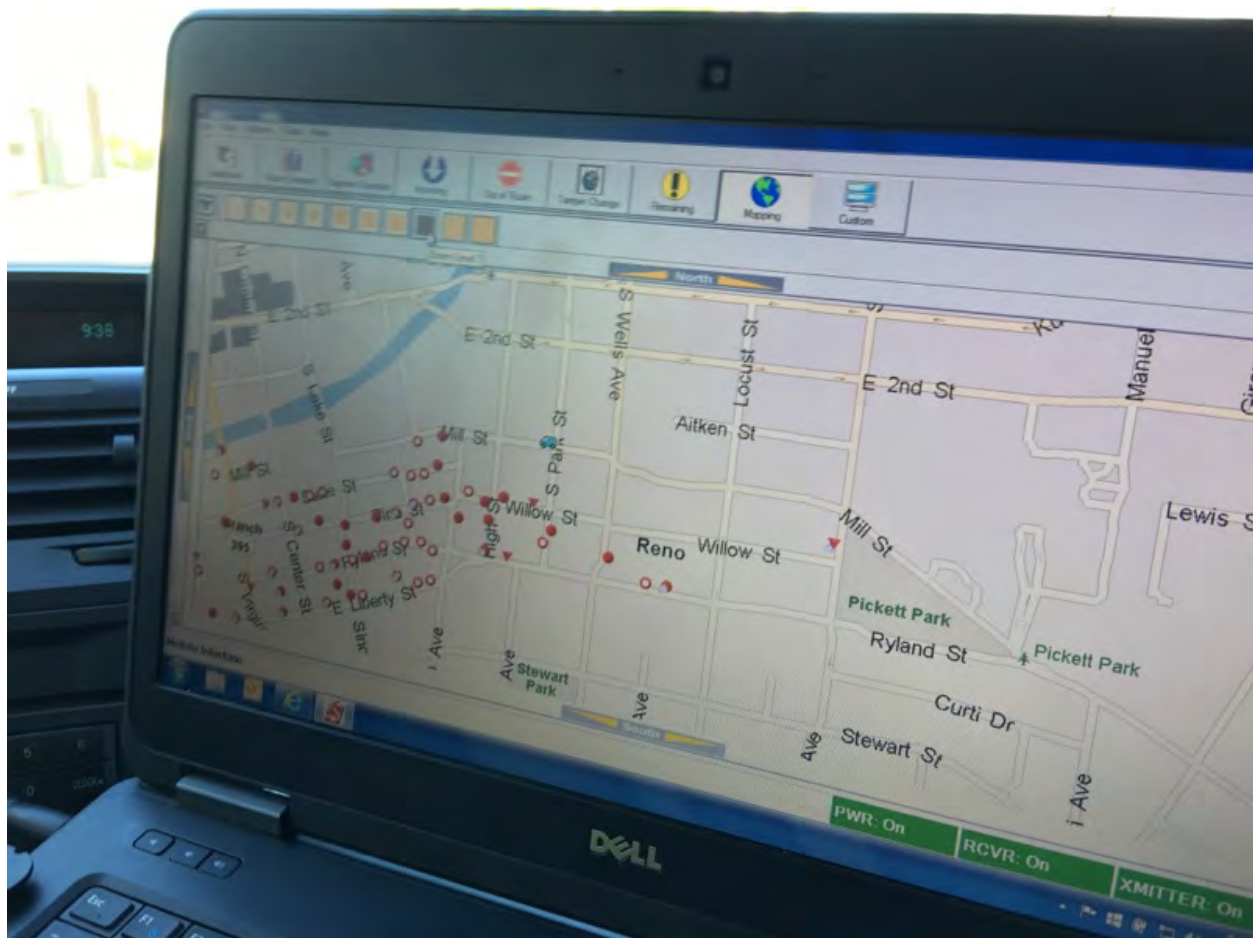
Meter Reading Equipment

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Meter Reading Equipment	60	—	75	—	—	135

PROJECT DESCRIPTION: TMWA utilizes a multiple meter reading systems in which the transmitters attached to the meters send a signal out to be collected by data collectors. These collectors are mounted in the meter reading vehicles or on various mountain peaks surrounding the valley. TMWA is anticipating replacing units that have degraded.

SCHEDULE: Will need to purchase equipment on an as needed basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Customer Service Outlays

New Business Meters

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Developer Fees	New Business Meters	100	100	100	100	100	500

PROJECT DESCRIPTION: All new water services are required to be metered. Meters are purchased by TMWA and installed for new development. New business fees pay for these installations.

SCHEDULE: As development picks up, more meters will need to be purchased.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Customer Service Outlays

Mueller Pit Replacements Former Washoe County

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Mueller Pit Replacements former Washoe County	125	125	125	125	125	625

PROJECT DESCRIPTION: The Mueller metering pits are a very high maintenance metering facility and are prone to leaks and failures. TMWA plans to replace these facilities in response to leaks and or subsidence of these facilities.

SCHEDULE: Equipment and employee needs are evaluated and updated annually.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Customer Service Outlays

Galvanized / Poly Service Line Replacements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Galvanized / Poly Service Line Replacements	250	250	250	250	250	1,250

PROJECT DESCRIPTION: TMWA has shifted from just repairing service lines from the street main to the curb valve or meter box to completely replacing service lines that are galvanized steel or polybutylene. These two materials are responsible for many after-hours call outs which escalate overtime expenses to repair leaks in the street because the galvanized lines are corroded, and polybutylene once thought very durable, becomes brittle and cracks or splits very easily. Just repairing these lines does not prevent them from leaking in the near future, escalating repair costs while further damaging city streets. Complete replacement provides a permanent repair in a cost effective manner and prevents further water system losses.

SCHEDULE: This is an ongoing annual project budget. Service lines will be replaced as they are identified.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Customer Service Outlays

AMI Automated Meter Infrastructure

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates / Meter Retrofit Fees	AMI Automated Meter Infrastructure	4,565	7,030	7,050	2,535	—	21,180

PROJECT DESCRIPTION: TMWA utilizes multiple meter reading systems in which the transmitters attached to the meters send a signal out to be collected by data collectors. We currently are utilizing two separate systems to collect this data. TMWA utilized a drive-by data collection system and Washoe County used a radio read system. The technology in these systems have improved vastly over the last couple of years and we are currently analyzing both systems, with the goal to move to one system. We are currently using a consultant to assist TMWA in the move to one remote reading data collection system.

SCHEDULE: Once identified this project would be staged and implemented over the next 4 years, the equipment to be replaced or upgraded in many instances is already scheduled for replacement.



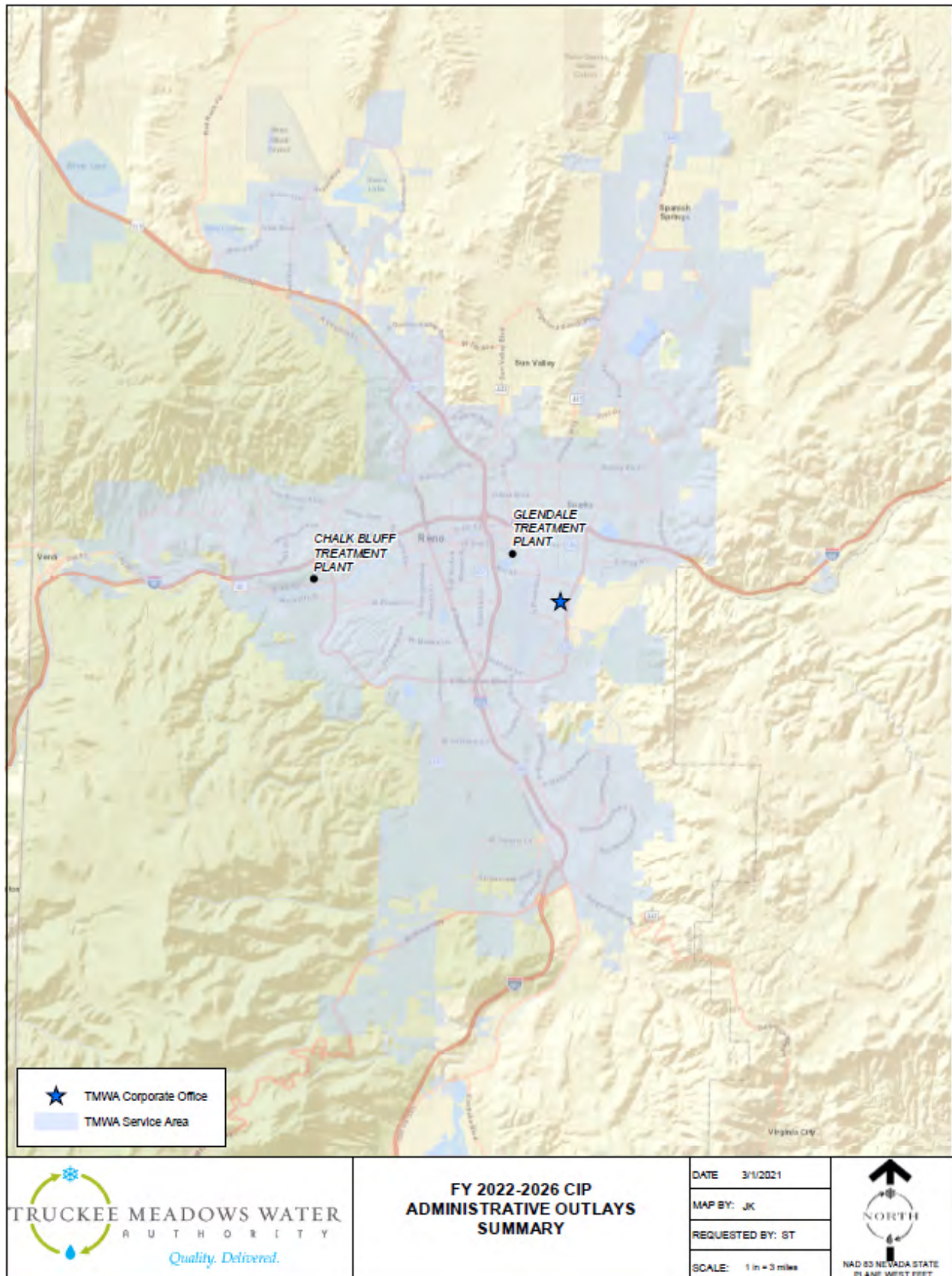
Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

ADMINISTRATIVE OUTLAYS**Summary**

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	GIS / GPS System Mapping Equipment	20	—	20	—	—	40
2	Customer Rates	IT Server Hardware	30	45	30	—	—	105
2	Customer Rates	IT Network Security Upgrades	160	70	10	—	—	240
2	Customer Rates	IT Physical Access Security Upgrades	60	60	60	—	—	180
2	Customer Rates	Printer / Scanner Replacement	50	—	100	—	—	150
3	Customer Rates	Crew Trucks / Vehicles	750	750	850	950	1,000	4,300
1	Customer Rates	Emergency Management Projects	150	150	150	150	150	750
1	Customer Rates	Emergency Operations Annex Design / Construction	—	—	250	250	1,500	2,000
2	Customer Rates	System Wide Asphalt Rehabilitation	450	200	200	200	200	1,250
1	Customer Rates	Physical Site Security Improvements	250	200	200	—	—	650
Subtotal Administrative Outlays			1,920	1,475	1,870	1,550	2,850	9,665

Project Locations: Map of all *Administrative Outlays* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

GIS/GPS System Mapping Equipment

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	GIS / GPS System Mapping Equipment	20	—	20	—	—	40

PROJECT DESCRIPTION: TMWA will have to update mapping equipment on a periodic basis to keep up with changes in technology; and to replace existing equipment as it reaches obsolescence.

SCHEDULE: Equipment is replaced and/or purchased as needed.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

IT Server Hardware

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	IT Server Hardware	30	45	30	—	—	105

PROJECT DESCRIPTION: TMWA currently has over 50 physical servers and 130 virtual servers, hosting a variety of enterprise software applications that support TMWA's daily business operations. All physical servers are typically purchased with a three year warranty, with the expectation that they will reach the end of their system life cycle in a three to five year time frame, requiring a replacement. TMWA annually reviews its server platforms and can option a strategy of warranty extension, if cost effective, rather than outright hardware replacement. All servers require an Operating System Software license to run. Operating System Software is upgraded only when the current release is obsolete or a newer version offers a significant advantage over the current iteration.

SCHEDULE: Spending would be determined on an as needed basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

IT Network Security Upgrades

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	IT Network Security Upgrades	160	70	10	—	—	240

PROJECT DESCRIPTION: As a leading water purveyor for a major metropolitan area, TMWA is reliant on the internet for employee productivity enhancement and providing valuable customer information and outreach. Such dependency on the internet also carries a significant degree of risk, as it makes TMWA a major target for external security threats looming within globalized networks. To offset this risk and combat network threats, a variety of security specific hardware and software solutions are used, weaving them into a layered deployment strategy called Defense in Depth. In order to continually evolve and reinforce this Defense in Depth strategy and effectively fight new unforeseen threats, TMWA must continually acquire new security platforms that adapt to the continually changing security landscape.

SCHEDULE: Spending occurs only on an as needed basis.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

IT Physical Security Upgrades

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	IT Physical Access Security Upgrades	60	60	60	—	—	180

PROJECT DESCRIPTION: Security measures that are designed to deny unauthorized access to facilities, equipment and resources to protect personnel from damage or harm such as theft or attacks. Physical security involves the use of multiple layers of interdependent systems which can include surveillance, security guards, protective barriers, locks and other techniques.

SCHEDULE: Equipment is replaced and/or purchased as needed.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

Printer / Scanner Replacement

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	Printer / Scanner Replacement	50	—	100	—	—	150

PROJECT DESCRIPTION: TMWA currently has variety of printers and scanners that support TMWA's daily business operations. All printers are typically purchased with a three-year warranty, with the expectation that they will reach the end of their system life cycle in a three to five year time frame, requiring a replacement. TMWA annually reviews its printer/scanner performance and business needs and can option a strategy of warranty extension, if cost effective, rather than outright replacement.

SCHEDULE: Equipment is replaced and/or purchased as needed.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

Crew Trucks/Vehicles

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
3	Customer Rates	Crew Trucks / Vehicles	750	750	850	950	1,000	4,300

PROJECT DESCRIPTION: TMWA's service fleet consists of light duty and heavy duty crew trucks. TMWA plans to cycle the light crew fleet over a period of seven to ten years. Spending is determined annually depending on vehicle availabilities and other factors. Spending only occurs if justified. TMWA's fleet cycles older vehicles to the treatment plants or other less demanding activities prior to disposal at auction. TMWA has scaled back spending on light vehicles for the past several years and a number of vehicles will be in excess of ten years old and greater than 120,000 miles of duty.

SCHEDULE: Equipment and employee needs are evaluated and updated annually.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

Emergency Mangement Projects

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Emergency Management Projects	150	150	150	150	150	750

PROJECT DESCRIPTION: Various ongoing improvements to security infrastructure are required to protect TMWA facilities. TMWA has performed vulnerability assessment studies in the past and reviews the applicability of the findings to continually improve physical security as needed. In addition, TMWA is preparing a new disaster recovery plan with procedures to recover and protect water system operations.

SCHEDULE: Upgrades to security projects is ongoing and completed on a review of priorities each year.

PROJECT LOCATION: Various locations at treatment plants, at well sites, storage area for water fill station manifolds.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

Emergency Operations Annex-Design / Construction

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Emergency Operations Annex Design / Construction	—	—	250	250	1,500	2,000

PROJECT DESCRIPTION: TMWA is currently in the planning and conceptual design phase for a Primary Emergency Operations Center (EOC) including Disaster Recovery (DR) capacity. TMWA's EOC will relocate from the current location at the corporate office to the Chalk Bluff Water Treatment Plant. Which includes scope review, design, and contract bid packages, bid and award, construction, and testing. Potential emergency operations would include responding to earthquakes, floods, or other emergency related events.

SCHEDULE: Construction of water fill stations at four tank sites, standby power retrofits at four existing wells and ten portable water fill manifold stations to be completed in FY's 2024-2026.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

System Wide Asphalt Rehabilitation

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
2	Customer Rates	System Wide Asphalt Rehabilitation	450	200	200	200	200	1,250

PROJECT DESCRIPTION: TMWA has 95 tanks, 99 wells, 114 pump stations, 2 storage reservoirs and 4 treatment plants, most of which have some asphalt pavement. It is much more economical to extend the life of existing pavement with routine maintenance such as repairing cracks and applying slurry seals than it is to prematurely replace the pavement.

SCHEDULE: This is a new reoccurring maintenance item. It is originally assumed that up to 15 sites per year will receive some sort of rehabilitation that may include patching, crack repair, slurry seal and/or partial replacement.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Administrative Outlays

Physical Site Security Improvements

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Customer Rates	Physical Site Security Improvements	250	200	200	—	—	650

PROJECT DESCRIPTION: Physical site security improvements for Chalk Bluff, Glendale and Corporate based on recommendations from the Department of Homeland Security Infrastructure Survey, Security & Resilience Report dated 18 July 2018. These recommendations were echoed in the Department of Emergency Managements Vulnerability Assessment completed in December 2019. Recommended priority improvements include:

1. Enhanced perimeter fencing with outriggers and barbed wire around 100% of site perimeters, fencing secured into the ground, and repairs as needed to existing fencing.
2. Dedicated security camera system for perimeter fence coverage as well as critical points in and around key buildings.
3. Solar powered LED lighting with motion detection along full fence perimeter of both WTP's.
4. 3M window film application for windows on exteriors of Corporate building not within fenced perimeters.
5. Intrusion detection systems for perimeter fencing and gate areas to be used with the new security camera system.
6. Landscaping improvements including the placement of large boulders around the SE corner of the Chalk Bluff Control Room to protect against high speed vehicle ramming. Cleared areas along both sides of all perimeter fencing.

SCHEDULE: The project began in FY 2021 and will continue through FY 2024.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

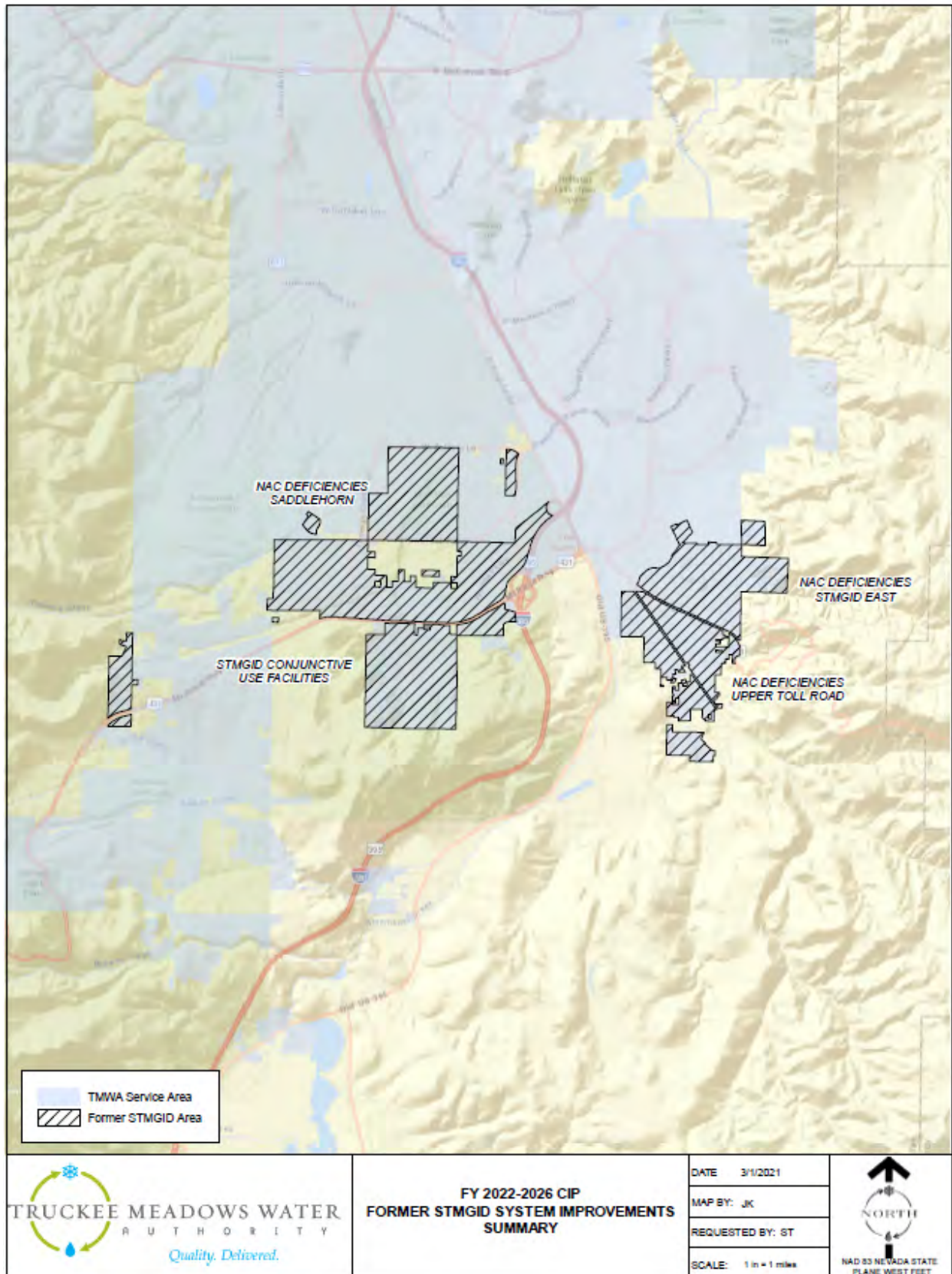
FORMER STMGID SYSTEM IMPROVEMENTS

Summary

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Reserve	STMGID Conjunctive Use Facilities	1,600	—	—	—	—	1,600
1	Reserve	STMGID NAC Deficiencies - Saddlehorn, Upper Toll, STMGID East	500	600	2,500	—	—	3,600
Subtotal STMGID System Improvements			2,100	600	2,500	—	—	5,200

Project Locations: Map of all *Former STMGID System Improvements* projects are highlighted in the following map.

Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Water Main-Distribution & Service Line Improvements

STMGID Conjunctive Use Facilities

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Reserve	STMGID Conjunctive Use Facilities	1,600	—	—	—	—	1,600

PROJECT DESCRIPTION: The project involves construction of a new booster pump station on the reclaim water reservoir site on Arrowcreek Parkway and approximately 8,100 feet of 14-inch discharge pipe on Arrowcreek Parkway to the STMGID Tank 4/5 pressure zone. Approximately \$0.5 million of the \$3.6 million will be used for pipeline oversizing which will be allocated to new development. The facilities will provide off-peak supply which will allow TMWA to implement conjunctive use in the STMGID West system.

SCHEDULE: Construction of the pipeline was completed in FY 2019 and the booster station design/construction is scheduled to begin in FY 2022.



Truckee Meadows Water Authority FY 2022 - 2026 Capital Improvement Plan

Distribution System Pressure Improvements

NAC Deficiencies-Saddlehorn, Upper Toll Road, STMGID East

FUNDING TIMELINE:

Priority	Funding Source	Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	CIP Total
1	Reserve	STMGID NAC Deficiencies - Saddlehorn, Upper Toll, STMGID East	500	600	2,500	—	—	3,600

PROJECT DESCRIPTION: The project consists of main ties, hydrant installations and individual booster pump systems to be constructed in multiple locations in former STMGID service areas to correct NAC pressure and fire flow deficiencies. In order to correct deficiencies in the upper Toll Road area, it will be necessary to create a new higher pressure zone by constructing a new tank, booster pump station and approximately 6,300 linear feet of 12-inch main.

SCHEDULE: The new pressure zone on upper Toll Road will be constructed in FY 2024 subject to acquisition of the tank site property which may be private or on BLM property.





STAFF REPORT

TO: TMWA Board of Directors
THRU: Mark Foree, General Manager
FROM: Michele Sullivan, Chief Financial Officer
Matt Bowman, Financial Controller
DATE: May 14, 2021
SUBJECT: Discussion, and action on request for adoption of Resolution No. 293: A resolution designated by the short title “2021 Refunding Bond Resolution” authorizing the issuance by the authority of its “Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021,” in the aggregate principal amount not to exceed \$13,350,000, for the purpose of defraying wholly or in part the cost of refunding certain outstanding commercial paper notes; providing the form, terms, and conditions of the bonds and the security therefor; providing for the collection and disposition of revenues derived from the operation of the Authority’s water system; pledging such revenues to the payment of the bonds; approving the form of a continuing covenant agreement to be entered into between the initial purchaser and the Authority; providing other covenants, agreements, details and other matters relating thereto

RECOMMENDATION

Staff recommends that the Board of Directors of the Truckee Meadows Water Authority approve the resolution providing for the issuance of approximately \$13,055,000 in third level subordinate lien bonds to pay down TMWA’s tax exempt commercial paper (TECP) in the amount of \$13,000,000. This debt would have the same lien level as the TECP and would be paid off over a seven-year term with payment semiannually in June and December beginning in December, 2021. This would reduce the outstanding TECP balance to zero. It was originally planned to pay the TECP of by May, 2023; however, fixing this debt out for seven years will keep this cash available to TMWA for a longer period of time. Given the impending drought situation and increased construction projections, additional available cash will put TMWA in a better position to deal with these situations. Wells Fargo has presented TMWA with a fixed seven-year rate of 1.22% which PFM has vetted and determined is below market.

BACKGROUND

TMWA currently has a balance of \$13,000,000 in TECP. The direct pay letter of credit providing credit and liquidity for the TECP is with Wells Fargo and expires May 29, 2023. When TMWA signed this letter of credit in May, 2018 we intended to pay the TECP off over the five year period of the letter of credit. Given the current environment with a drought in the

forecast, increasing cost of materials for construction, and a growing community, staff would like to pay off the TECP with a seven year fixed rate loan so the cash is available for a longer time period.

Currently, the all-in rate on the TECP is around 1.14%. We will pay a slightly higher interest rate at approximately 1.22% (this is subject to change up to three days before the transaction), however, the rate will be fixed and the cash will be available for a longer period of time. PFM has evaluated the terms of this transaction, and has determined that it will save TMWA more than if we were to go out with an RFP or a public bond offering. Given the size of the transaction, we would like to accept their analysis and move forward without further offers.

RESOLUTION NO. 293

A RESOLUTION DESIGNATED BY THE SHORT TITLE “2021 REFUNDING BOND RESOLUTION” AUTHORIZING THE ISSUANCE BY THE AUTHORITY OF ITS “TRUCKEE MEADOWS WATER AUTHORITY, SUBORDINATE WATER REVENUE REFUNDING BONDS, SERIES 2021” IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$13,350,000, FOR THE PURPOSE OF DEFRAYING WHOLLY OR IN PART THE COST OF REFUNDING CERTAIN OUTSTANDING COMMERCIAL PAPER NOTES; PROVIDING THE FORM, TERMS, AND CONDITIONS OF THE BONDS AND THE SECURITY THEREFOR; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES DERIVED FROM THE OPERATION OF THE AUTHORITY’S WATER SYSTEM; PLEDGING SUCH REVENUES TO THE PAYMENT OF THE BONDS; APPROVING THE FORM OF A CONTINUING COVENANT AGREEMENT TO BE ENTERED INTO BETWEEN THE INITIAL PURCHASER AND THE AUTHORITY; PROVIDING OTHER COVENANTS, AGREEMENTS, DETAILS AND OTHER MATTERS RELATING THERETO.

WHEREAS, the Truckee Meadows Water Authority (the “Authority” or “TMWA”) was duly organized and is operating in accordance with the provisions of the “Truckee Meadows Water Authority Cooperative Agreement among City of Reno, City of Sparks, County of Washoe” dated December 4, 2000, as amended (the “TMWA Cooperative Agreement”) entered into pursuant to the provisions of Nevada Revised Statutes (“NRS”) 277.080 to 277.180, inclusive, as amended (the “Authority Act”); and

WHEREAS, the Board of Directors (the “Board”) of the Authority, in Washoe County, Nevada (the “County” and the “State,” respectively), has the authority to issue revenue and other bonds, notes and other obligations and incur liabilities for the purposes of refunding, paying and discharging all of the outstanding Truckee Meadows Water Authority, Water Revenue Commercial Paper Notes, Series 2006B” (the “2006B Notes”); and

WHEREAS, pursuant to the TMWA Cooperative Agreement, the Board is authorized to issue revenue bonds secured by revenues of the TMWA Water System (hereinafter defined); and

WHEREAS, the Authority is a body corporate and politic, a quasi-municipal corporation, and a political subdivision of the State, and the Authority and its Board are organized and operating under the Authority Act and all laws supplemental thereto; and

WHEREAS, pursuant to the Local Government Securities Law and all laws amendatory thereof (herein the “Bond Act”), cited as NRS 350.500 through 350.720, and all laws

supplemental thereto, the Authority has the power to issue its “Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021” (herein the “2021 Bonds” or the “Bonds”), which constitute special obligations of the Authority without the necessity of such revenue bonds being authorized at any election or of any other preliminaries being taken; and

WHEREAS, the Board hereby elects to have the provisions of Chapter 348 of NRS (the “Supplemental Bond Act”) apply to the 2021 Bonds; and

WHEREAS, after negotiating the purchase of the 2021 Bonds, the TMWA Manager, or, in his absence, the Chief Financial Officer of the Authority (the “Chief Financial Officer”), is hereby authorized to sell the Bonds to Wells Fargo Bank, National Association (or any wholly owned subsidiary thereof), as the initial purchaser thereof (the “Initial Purchaser”) in accordance with the purchase proposal submitted by the Initial Purchaser (the “Purchase Proposal”); to accept the Purchase Proposal by execution of a certificate dated on or before the date of delivery of the 2021 Bonds (the “Certificate of the Chief Financial Officer”); and to specify in the Escrow Agreement (as defined herein) what principal amount of the maturing 2006B Notes, if any (not to exceed the outstanding principal amount of the refunded 2006B Notes of \$13,000,000), shall be refunded with a portion of the proceeds of the 2021 Bonds (collectively, the “Refunded Notes”); and

WHEREAS, the 2021 Bonds are to bear interest at the rates per annum provided in the Certificate of the Chief Financial Officer, which rates must not exceed by more than 3% the “25 Bond Revenue Index” most recently published in The Bond Buyer before a negotiated offer is accepted and are to be sold at a price equal to the principal amount thereof (not to exceed the principal amount sufficient to pay the Cost of the Refunding Project (as defined below), not to exceed \$13,350,000), plus a premium, or less a discount not exceeding 9% of the principal amount thereof, all as specified by the TMWA Manager or, in his absence, the Chief Financial Officer of the Authority, in the Certificate of the Chief Financial Officer; and

WHEREAS, the Board has considered, found, and determined, and does hereby declare that this resolution pertains to the sale, issuance, and payment of the 2021 Bonds and such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of subsection 2 of NRS 350.579.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS WATER AUTHORITY DO RESOLVE:

ARTICLE I

SHORT TITLE, DEFINITIONS, INTERPRETATION, RATIFICATION, AUTHENTICATION, AND EFFECTIVE DATE

Section 101. Short Title. This resolution shall be known as the, and may be cited by the short title, “2021 Refunding Bond Resolution” (herein, the “Instrument” or the “Resolution”).

Section 102. Meanings and Construction.

A. Definitions. The terms in this Section defined for all purposes of this Instrument and of any instrument amendatory hereof or supplemental hereto, and of any other instrument or any other document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

(1) “Authority” or “TMWA” means the Truckee Meadows Water Authority, the Authority being situate in the County and the State, and constituting a body corporate and politic, a quasi-municipal corporation, and a political subdivision of the State, and means any successor corporation thereof.

(2) “Authority Act” means NRS 277.080 to 277.180, inclusive, the act creating the Authority, under which act the Authority and its Board are operating, and all laws amendatory thereof.

(3) “Banking Institution” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation, which is located within the United States.

(4) “Board” means the board of directors of the Authority, or the Board’s successor in functions, if any.

(5) “Bond Act” means NRS 350.500 through 350.720, and all laws amendatory thereof, and is designated in NRS 350.500 thereof as the “Local Government Securities Law.”

(6) “Bond Fund” means the special and separate account designated as the “Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Bond Fund,” created herein. The Bond Fund consists of two separate subaccounts, the Interest Account and the Principal Account.

(7) “Bond Requirements” means the principal of, any redemption premiums due in connection with, and the interest on the 2021 Bonds and any additional bonds or other additional securities payable from Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities or such other securities pertaining to the TMWA Water System as may be designated, as such principal, any such premiums, and such interest become due. “Bond

Requirements” does not include any capitalized interest on bonds payable from the proceeds of those bonds as designated by the Chief Financial Officer.

For purposes of computing the Bond Requirements of variable interest rate Superior Securities or Parity Securities with respect to which a Qualified Swap is in effect, the interest payable on such variable interest rate securities (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable on such variable interest rate securities in accordance with the terms thereof plus any amount required to be paid by the Authority to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the Authority pursuant to the Qualified Swap, or (b) for purposes of computing the maximum annual principal and interest requirements and for purposes of any other computation for the issuance of additional Superior Securities or Parity Securities (including refunding securities), shall be deemed to be the amount accruing at the fixed rate as provided in the Qualified Swap. No computation of Bond Requirements under this Instrument shall take into account payments due to the Qualified Swap Provider on the termination of the Qualified Swap unless such payments on termination are then unconditionally due and payable in accordance with the terms of the related Qualified Swap.

For purposes of computing the Bond Requirements of a Qualified Swap with respect to which no Superior Securities or Parity Securities remain Outstanding or of that portion of a Qualified Swap with respect to which the notional amount is greater than the principal amount of Outstanding Superior Securities or Parity Securities to which such Qualified Swap relates, (a) for purposes of Article V hereof, the interest payable thereon shall be deemed to be the net amount positive or negative, if any, required to be paid by the Authority to the Qualified Swap Provider pursuant to the Qualified Swap, and (b) for purposes of any computation of Bond Requirements for a period after the date of computation, the interest payable thereon shall be deemed to be the net amount most recently paid, as of the date of computation, by the Authority to the Qualified Swap Provider thereunder or (expressed as a negative number) by the Qualified Swap Provider to the Authority thereunder.

In addition, if any Superior Credit Facility Loan or Parity Credit Facility Loan is incurred, the principal and interest due on the Superior Credit Facility Loan or Parity Credit Facility Loan shall be taken into account in calculating the Bond Requirements as provided in this paragraph. “Superior Credit Facility Loan” or “Parity Credit Facility Loan,” as applicable, means a loan made to the Authority pursuant to a letter of credit, line of credit or similar credit support arrangement (a “Credit Facility”) that secures Superior Securities or Parity Securities (as applicable, the “Credit Secured Bonds”) for the purposes of acquiring the Credit Secured Bonds or to pay the purchase price of or principal of or interest on the Credit Secured Bonds. The amounts payable as principal and interest on a Superior Credit Facility Loan or Parity Credit Facility Loan shall be taken into account in determining whether additional Superior Securities or other Parity Securities (including the applicable Credit Secured Bonds and the Superior Credit Facility Loan or Parity Credit Facility Loan) may be issued (but not for purposes of Article X hereof):

(i) the Superior Credit Facility Loan or Parity Credit Facility Loan shall be treated as issued on the date of issue of the applicable Credit Secured Bonds and all calculations shall be made as of that date;

(ii) the principal amount of the Superior Credit Facility Loan or Parity Credit Facility Loan taken into account shall be deemed to be the maximum amount of the Superior Credit Facility Loan or Parity Credit Facility Loan under the terms of the applicable Credit Facility;

(iii) the Superior Credit Facility Loan or Parity Credit Facility Loan shall be deemed to be repayable in 20 level installments of principal and interest commencing in the first Bond Year in which there is no capitalized interest with respect to the applicable Credit Secured Bonds and ending 20 years after that Bond Year;

(iv) interest shall be deemed to accrue on the Superior Credit Facility Loan or Parity Credit Facility Loan at a rate equal to the lesser of the maximum rate permitted under the terms of the Superior Credit Facility Loan or Parity Credit Facility Loan or a rate equal to the “25 Bond Revenue Index” most recently published in The Bond Buyer prior to the date a firm offer to purchase the applicable Credit Secured Bonds is accepted by the Authority, or, if the “25 Bond Revenue Index” is no longer published, such other index as the Authority reasonably selects; and

(v) the sum of the (i) principal of and interest on the applicable Credit Secured Bonds plus (ii) the principal of and interest on the Superior Credit Facility Loan or Parity Credit Facility Loan shall not be taken into account; rather, whichever of such obligations results in the highest combined maximum annual principal and interest requirements shall be taken into account.

The actual amount payable on a Superior Credit Facility Loan or a Parity Credit Facility Loan in any Bond Year shall be taken into account in calculating the “Bond Requirements” for the purposes of Article X hereof.

(8) “Bond Year” for the purposes of this Instrument means the 12 months commencing on July 2nd of any calendar year and ending on July 1st of the next succeeding calendar year.

(9) “Budget Act” means NRS 354.470 through 354.626, and all laws amendatory thereof, and is designated in NRS 354.470 thereof as the “Local Government Budget Act.”

(10) “Budget Year” means the Fiscal Year for which a budget is being prepared.

(11) “Chairman” means the de jure or de facto chairman of the Board and the Authority and chosen as such officer by the Board, and means the de jure or de facto vice chairman of the Board and the Authority whenever the chairman of the Board and the Authority is unable to act in such capacity, and the defined term means his successor in functions, if any.

(12) “Chief Financial Officer” means the de jure or de facto Chief Financial Officer of the Authority, designated as such by the Authority (but if there is no Chief Financial Officer of the Authority, Chief Financial Officer means the TMWA Manager), and means the de jure or de facto assistant Chief Financial Officer or acting Chief Financial Officer, if any, of the Authority whenever the Chief Financial Officer is unable to act in such capacity, or the successor of the Chief Financial Officer in functions, if any. The Chief Financial Officer is the “chief financial officer” of the Authority for purposes of Chapter 350 of NRS.

(13) “Cities” means the City of Reno and the City of Sparks, in the County and the State, and constituting political subdivisions thereof and bodies politic and corporate, or any successor municipal corporations.

(14) “combined maximum annual principal and interest requirements” means the maximum sum of the principal of and the interest (including any payments to be made (positive or negative) on any Qualified Swap (as provided in the definition of “Bond Requirements”), on the Superior Securities, the 2021 Bonds and any other Parity Securities, falling due during any one succeeding Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any 2021 Bonds last become due and payable but not including any securities which are no longer Outstanding under the defeasance provisions of Section 1201 hereof. If any Superior Security or Parity Security bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those Parity Securities or a rate equal to the “25 Bond Revenue Index” as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed Superior Security or Parity Securities is accepted by the Authority or if such index is no longer published, such long-term bond securities index as the Authority reasonably selects.

Superior Credit Facility Loans and Parity Credit Facility Loans (each as defined within the definition of “Bond Requirements”) shall be taken into account in calculating combined maximum annual principal and interest requirements.

(15) “Comparable Bond Year” means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year. For example, for the Fiscal Year commencing on July 1, 2020, and ending on June 30, 2021, the Comparable Bond Year commences on July 2, 2020, and ends on July 1, 2021.

(16) “Continuing Covenant Agreement” means, initially, the Continuing Covenant Agreement, dated as of June 3, 2021, between the Authority and the Initial Purchaser, as the same may be amended, supplemented, restated or otherwise modified from time to time, setting forth certain additional covenants and agreements of the Authority relating to the 2021 Bonds, and thereafter any subsequent Continuing Covenant Agreement executed between the Authority and any subsequent Purchaser, if any, as the same may be amended, supplemented, restated or otherwise modified from time to time.

(17) “Continuing Covenant Agreement Obligations” means all fees, expenses, and other obligations (excluding the principal of, premium, if any, and interest on the 2021 Bonds) due and owing any Purchaser under any Continuing Covenant Agreement.

(18) “Cost of the Refunding Project,” or any phrase of similar import, means, in connection with the 2021 Bonds, all or any part designated by the Board of the cost of refunding the Refunded Notes, which cost may include all or any part of the incidental costs pertaining to the Refunding Project.

(19) “Costs of Issuance Account” means the special account designated as the “Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021, Costs of Issuance Account” created herein.

(20) “County” means the County of Washoe, in the State, and constituting a political subdivision thereof, or any successor municipal corporation; and where the context so indicates, such term means the geographical area comprising the County of Washoe.

(21) “Debt” means, with respect to the Authority, at any date and without duplication, (i) all obligations of the Authority for borrowed money, and all obligations of the Authority evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (ii) all direct or contingent obligations of the Authority arising under letters of credit, bankers’ acceptances, bank guaranties, surety bonds and similar instruments, (iii) capital lease obligations, (iv) all obligations of the Authority to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered and other personnel expenses), (v) all indebtedness of others secured by a lien on any asset of the Authority, whether or not such indebtedness is assumed by the Authority, (vi) all indebtedness of others guaranteed by, or secured by any of the revenues or assets of, the Authority and (vii) payment obligations of the Authority under any Qualified Swap.

(22) “Default Rate” has the meaning set forth in the Continuing Covenant Agreement, if any.

(23) “Determination of Taxability” has the meaning set forth in the Continuing Covenant Agreement, if any.

(24) “Directors” means members of the Authority’s governing body, i.e., the Board.

(25) “disposal” or “dispose” means the sale, destruction, razing, loan, lease, grant, transfer, assignment, option to sell, other contract, other disposition, or any combination thereof, of the TMWA Water System, other property, or any interest therein.

(26) “Drinking Water State Revolving Fund Loans” means the (i) Truckee Meadows Water Authority, Water Revenue Bond, Series 2005 (also known as the Drinking Water SRF Loan, Series 2005), (ii) Truckee Meadows Water Authority, Water Revenue Bond, Series

2009A (also known as the Drinking Water SRF Loan, Series 2009A), (iii) Truckee Meadows Water Authority, Water Revenue Bond, Series 2010A (also known as the Drinking Water SRF Loan, Series 2010A), (iv) Truckee Meadows Water Authority, Water Revenue Bond, Series 2014 (also known as the Drinking Water SRF Loan, Series 2014) and (v) Truckee Meadows Water Authority, Water Revenue Bond, Series 2015B (also known as the Drinking Water SRF Loan, Series 2015B), and each similar loan, series of bonds or other obligation hereafter issued under or pursuant to the Nevada Drinking Water State Revolving Fund with a lien on the Net Revenues on a parity with any of the bonds referenced in this definition; provided that the lien of the Drinking Water State Revolving Fund Loans on the Net Revenues shall be subordinate to the lien thereon of the 2015 Bonds, 2016 Bonds, 2017 Bonds and 2018 Bonds and any bonds issued on a parity with those bonds.

(27) “Emergency Capital Amount” means the amount designated by the Professional Engineer as a continuing reserve to be deposited, accumulated, reaccumulated, and maintained in the Renewal and Replacement Account in accordance with Section 514 hereof.

(28) “equip” or “equipment” means the furnishing of all related or appurtenant machinery, furnishings, apparatus, paraphernalia, or other gear, or any combination thereof, pertaining to the Project, the TMWA Water System, or other property, or any interest therein.

(29) “Escrow Account” means the special account designated as the “Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021, Escrow Account,” created in this Resolution.

(30) “Escrow Agent” means The Bank of New York Mellon Trust Company, N.A. or any successor banking institution.

(31) “Escrow Agreement” means the escrow agreement between the Authority and the Escrow Agent relating to the deposit of amounts in the Escrow Account, in substantially the form now on file with the Authority, with such changes as designated by the Chief Financial Officer, or in her absence, the TMWA Manager, which are consistent with the provisions of this Resolution.

(32) “Event of Taxability” has the meaning set forth in the Continuing Covenant Agreement, if any.

(33) “events of default” means the events stated in Section 1303 hereof.

(34) “Federal Government” means the United States, or any agency, instrumentality, or corporation thereof.

(35) “Federal Securities” means bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States.

(36) “Fiscal Year” for the purposes of this Instrument means the 12 months commencing on July 1st of any calendar year and ending on June 30th of the next succeeding calendar year.

(37) “General Purpose Account” means the special and separate account designated as the “Truckee Meadows Water Authority, TMWA Water System General Purpose Account,” heretofore created and continued herein.

(38) “Gross Revenues” means all income and revenues received or accrued under generally accepted accounting principles derived directly or indirectly by the Authority from the water and other goods and services provided by, or from the operation and use of and otherwise pertaining to, the TMWA Water System, including, without limitation, all rates, fees, and other charges for the use of the TMWA Water System, or for any service rendered by the Authority in the operation thereof, or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the TMWA Water System, or otherwise, and includes all revenues received by the Authority from the TMWA Water System, including, without limitation, all fees, rates, and other charges for the use of the TMWA Water System, or for any service rendered by the Authority in the operation thereof, directly or indirectly, the availability of any such service or the sale or other disposal of any commodity derived therefrom, but excluding any moneys borrowed and used for the acquisition of capital improvements and any moneys received as grants, appropriations or gifts from the United States, the State or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the TMWA Water System, except to the extent any such moneys shall be received as payments for the use of the TMWA Water System, services rendered thereby, the availability of any such service or the disposal of any such commodities. “Gross Revenues” shall also include:

(i) all income or other gain from the investment of such income and revenues and of the proceeds of securities payable from Gross Revenues or Net Revenues; and

(ii) all amounts withdrawn from the Rate Stabilization Account and deposited in the Revenue Fund as described in Section 515 hereof.

(39) “hereby,” “herein,” “hereinabove,” “hereinafter,” “hereinbefore,” “hereof,” “hereto,” “hereunder,” or any similar term refer to this Instrument and not solely to the particular portion thereof in which such word is used; “heretofore” means before the adoption of this Instrument; and “hereafter” means after the adoption of this Instrument.

(40) “holder,” or any similar term, when used in conjunction with any Bonds, or any other designated securities, means the registered owner of any Bond or other security which is registered for payment.

(41) “Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the Board on the behalf and in the name of the Authority:

(a) Who is, in fact, independent and not under the domination of the Authority;

(b) Who does not have any substantial interest, direct or indirect, with the Authority; and

(c) Who is not connected with the Authority as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the Authority.

(42) “Instrument” means this resolution, cited in Section 101 hereof by the short title “2021 Refunding Bond Resolution”; and the term “instrument of the Authority,” “instrument of the Board,” “amendatory instrument,” “supplemental instrument,” or any phrase of similar import, means any resolution adopted by the Board on behalf of the Authority.

(43) “Interest Account” means the special and separate subaccount designated as the “Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Interest Account,” created within the Bond Fund herein.

(44) “I.R.C.” or “Tax Code” means the Internal Revenue Code of 1986, as of the date of delivery of the 2021 Bonds and the regulations promulgated thereunder.

(45) “Member” means the Cities and the County and any other entity that may hereafter become a member of the Authority.

(46) “Minimum Operation and Maintenance Reserve” means at any time in each Fiscal Year an amount at least equal to one-sixth of the aggregate amount of the Operation and Maintenance Expenses of the TMWA Water System for the Fiscal Year as fixed by the then current budget for that year, which minimum amount is required to be deposited, accumulated or reaccumulated, and maintained in the Operation and Maintenance Reserve Account pursuant to Section 513 hereof.

(47) “Net Revenues” means the Gross Revenues remaining after the deduction of the “Operation and Maintenance Expenses,” of the TMWA Water System, or any other facilities in connection with which the defined term is used.

(48) “NRS” means Nevada Revised Statutes, the State’s code of general laws.

(49) “Operation and Maintenance Expenses,” or any phrase of similar import, means all reasonable and necessary current expenses of the Authority, paid or accrued under generally accepted accounting principles, of operating, maintaining, and repairing the TMWA Water System or any other designated facilities in connection with which such term is used; and the term includes, without limitation:

(a) Engineering, auditing, reporting, legal, planning and other overhead expenses relating to the administration, operation, and maintenance of the TMWA Water System;

(b) Fidelity bond and property and liability insurance premiums pertaining to the TMWA Water System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the TMWA Water System;

(c) Payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) Any general taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the Authority, the TMWA Water System, revenues therefrom, or the Authority's income from or operations of any properties under its control and pertaining to the TMWA Water System, or any privilege in connection with the TMWA Water System or its operation;

(e) The reasonable charges of the Trustee, Paying Agent, Registrar and any other depository bank pertaining to the bonds and any other securities payable from Pledged Revenues or otherwise pertaining to the TMWA Water System;

(f) Contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, pertaining to the TMWA Water System or to the issuance of the 2021 Bonds or any other securities relating to the TMWA Water System, including, without limitation, the expenses and compensation of the Trustee, any receiver, or other fiduciary under the Bond Act;

(g) The costs incurred by the Board in the collection and any refunds of all or any part of Pledged Revenues;

(h) Any costs of utility services furnished to the TMWA Water System;

(i) Any lawful refunds of any Pledged Revenues;

(j) The cost of calculating and verifying any amount due the United States as rebate payments under Section 148(f), I.R.C.; and

(k) All other administrative, general, and commercial expenses pertaining to the TMWA Water System; but

(i) Excluding any allowance for depreciation, amortization, or noncash allocation of pension liabilities;

(ii) Excluding any costs of extensions, enlargements, betterments, and other improvements, or any combination thereof;

(iii) Excluding any reserves for major capital replacements, other than normal (noncapital) repairs;

(iv) Excluding any reserves for operation, maintenance, or repair of the TMWA Water System;

(v) Excluding any allowance for the redemption of any bond or other security evidencing a loan or other obligation, or the payment of any interest thereon, or any prior redemption premium due in connection therewith;

(vi) Excluding any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities, or any combination thereof, pertaining to the TMWA Water System, or otherwise; and

(vii) Excluding any liabilities imposed on the Authority for any ground of legal liability not used on contract, including, without limitation, negligence in the operation of the TMWA Water System.

(50) “Operation and Maintenance Account” means the special and separate account designated as the “Truckee Meadows Water Authority, TMWA Water System Operation and Maintenance Account,” heretofore created and continued herein, and required to be applied in accordance with Section 506 hereof.

(51) “Operation and Maintenance Reserve Account” means the special and separate account designated as the “Truckee Meadows Water Authority, TMWA Water System Operation and Maintenance Reserve Account,” heretofore created and continued herein.

(52) “Outstanding” when used with reference to the 2021 Bonds or any other designated securities and as of any particular date means all the 2021 Bonds or any such other securities payable from Pledged Revenues or otherwise pertaining to the TMWA Water System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except any bond or other security canceled by the Authority, by the Registrar, Paying Agent or otherwise on the Authority’s behalf, at or before such date;

(b) Except any bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Sections 520 or 1201 hereof; and

(c) Except any bond or other security in lieu of or in substitution for which another bond or other security shall have been executed and delivered pursuant to Sections 306 or 1509 hereof.

(53) “Parity Securities” means bonds, notes, securities and other similar instruments pertaining to the TMWA Water System and secured by Pledged Revenues and with a lien on Pledged Revenues on a parity with the lien thereon of the Outstanding 2021 Bonds.

(54) “Paying Agent” means The Bank of New York Mellon Trust Company, N.A., a “Banking Institution” and a “trust bank,” as herein defined, and designated by the Authority as the paying agent for the 2021 Bonds, which Banking Institution is also the “Registrar” hereunder and is an agent of the Authority for the payment of the Bond Requirements of the 2021 Bonds and for other administration of moneys pertaining to the Authority; and the term “Paying Agent” includes any successor Banking Institution as such a paying agent.

(55) “Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the Authority), partnership, association, or individual, and also includes an executor, administrator, trustee, receiver, or other representative appointed according to law.

(56) “Pledged Revenues” means all of the Net Revenues.

(57) “Principal Account” means the special and separate subaccount designated as the “Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Principal Account,” created within the Bond Fund herein.

(58) “Professional Engineer” means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, as from time to time determined by the Authority, which Person or Persons shall:

(a) Have a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, water systems and water facilities;

(b) Be entitled to practice and are practicing as such under the laws of the State; and

(c) Be selected, retained, and compensated by the Board, in the name and on behalf of the Authority, and who may be in the regular employ or control of the Authority.

(59) “Purchaser” means, initially, the Initial Purchaser, and upon the receipt from time to time by the Trustee and the Authority of a notice described in the Continuing Covenant Agreement from time to time means the person designated in such notice as the Purchaser, as more fully provided in the Continuing Covenant Agreement.

(60) “Qualified Swap” means, to the extent from time to time permitted by law, any financial arrangement entered into by the Authority with respect to the Superior Securities, the 2021 Bonds or Parity Securities for the purpose of moderating interest rate fluctuations or any

other purpose, (i) which is entered into with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which is any of the following, or any combination thereof, or any option with respect thereto: a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Superior Securities, 2021 Bonds or Parity Securities, as the case may be, as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Superior Securities, 2021 Bonds or Parity Securities, or such other exchange or rate protection transaction agreement; or other similar transaction (however designated); and (iii) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such bonds.

(61) “Qualified Swap Provider” means, except as otherwise provided in Section 1135 hereof, a counterparty whose senior long term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated by whichever of Standard and Poor’s Ratings Services, Moody’s Investors Service or Fitch Investors Services as then has a rating in effect for the bonds or all such agencies if all then have a rating in effect for the bonds, at the time the subject Qualified Swap is entered into of at least “A” in the case of Moody’s, “A” in the case of Standard & Poor’s, or “A” by Fitch Investors Services.

(62) “Rate Stabilization Account” means the “Truckee Meadows Water Authority, TMWA Water System Rate Stabilization Account” heretofore created and continued herein.

(63) “Rebate Account” means the “Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Rebate Account” created herein.

(64) “Redemption Date” means the date fixed for the redemption prior to their respective fixed maturity dates of any bonds or other designated securities payable from Pledged Revenues or other moneys pertaining to the TMWA Water System in any notice of prior redemption, or otherwise fixed and designated by the Authority.

(65) “Redemption Price” means, when used with respect to a bond or other designated security payable from Pledged Revenues or other moneys pertaining to the TMWA Water System, the principal amount thereof plus accrued interest thereon to the Redemption Date plus the applicable premium, if any, payable upon the redemption thereof prior to the stated fixed maturity date of such bond or other security on a Redemption Date in the manner contemplated in accordance with the security’s terms.

(66) “Refunding Project” means the refunding of the Refunded Notes, if any, financed wholly or in part with a portion of the proceeds of the 2021 Bonds.

(67) “Registrar” means The Bank of New York Mellon Trust Company, N.A., which Banking Institution is required to keep records for the registration, transfer, and exchange of the 2021 Bonds or any successor thereof.

(68) “Renewal and Replacement Account” means the special and separate account designated as the “Truckee Meadows Water Authority, TMWA Water System Renewal and Replacement Account,” heretofore established and authorized and continued herein.

(69) “Revenue Fund” means the special and separate account designated as the “Truckee Meadows Water Authority, TMWA Water System Gross Revenues Fund,” heretofore established and authorized and continued herein.

(70) “Secretary” means the de jure or de facto secretary of the Board and the Authority and chosen as such officer by the Board, and means the de jure or de facto assistant secretary or acting secretary, if any, of the Board and the Authority whenever the secretary is unable to act in such capacity, the individual designated as secretary may be (but is not necessarily) a member of the Board and may be (but is not necessarily) the same individual as the Treasurer, and the defined term means his successor in functions, if any.

(71) “State” means the State of Nevada, in the United States; and where the context so indicates, means the geographical area comprising the State of Nevada.

(72) “Subordinate Securities” means bonds, notes, securities and other similar instruments pertaining to the TMWA Water System and secured by Pledged Revenues with a lien on Pledged Revenues subordinate and junior to the lien thereon of the Outstanding 2021 Bonds and any Parity Securities hereafter issued.

(73) “Superior Securities” means the outstanding Drinking Water State Revolving Fund Loans, 2015 Bonds, 2016 Bonds, 2017 Bonds and 2018 Bonds and any other bonds, notes, securities and other similar instruments pertaining to the TMWA Water System and secured by Pledged Revenues with a lien on Pledged Revenues superior to the lien thereon of the Outstanding 2021 Bonds and any Parity Securities hereafter issued.

(74) “Tax Code” means the I.R.C., as herein defined.

(75) “Taxable Date” has the meaning set forth in the Continuing Covenant Agreement, if any.

(76) “Taxable Rate” has the meaning set forth in the Continuing Covenant Agreement, if any.

(77) “Taxable Rate Factor” has the meaning set forth in the Continuing Covenant Agreement, if any.

(78) “TMWA Manager” means the de jure or de facto General Manager of the Authority and any deputy director designated by the TMWA Manager for purposes of this Instrument, and means any de jure or de facto deputy director or acting TMWA Manager, if any, of the Authority whenever the TMWA Manager is absent or is unable to act in such capacity, or the TMWA Manager’s successor in functions, if any. The TMWA Manager is the “chief administrative officer” of the Authority for the purposes of Chapter 350 of NRS.

(79) “TMWA Asset Purchase Agreement” means the asset purchase agreement between Sierra Pacific Power Company and the Authority dated as of January 15, 2001.

(80) “TMWA Water System” means the water facilities described in the TMWA Asset Purchase Agreement, and consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the Authority through purchase, construction or otherwise, and used in connection with such system of the Authority, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the County, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof.

(81) “Treasurer” means the de jure or de facto treasurer of the Board and the Authority and chosen as such officer by the Board, and means the de jure or de facto assistant treasurer or acting treasurer, if any, of the Board and the Authority whenever the treasurer is unable to act in such capacity, the individual designated as treasurer may be (but is not necessarily) a member of the Board and may be (but is not necessarily) the same individual as the Secretary, and the defined term means his successor in functions, if any.

(82) “Trust bank” means the Trustee and any “Banking Institution,” as defined herein, which is also authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

(83) “Trustee” means The Bank of New York Mellon Trust Company, N.A., which Banking Institution is the fiduciary appointed by Section 1401 hereof, and the term “Trustee” includes any successor “trust bank,” as herein defined, which may at any time be substituted in its place as such a trustee.

(84) “2021 Bonds or Bonds” means the “Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021,” authorized to be issued by this Instrument.

(85) “2018 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2018.

(86) “2017 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2017.”

(87) “2016 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2016.”

(88) “2015 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2015A.”

(89) “United States” means the United States of America; and where the context so indicates, such term means the geographical area comprising the United States of America.

(90) “Vice Chairman” means the de jure or de facto vice chairman or the Board and the Authority and chosen as such officer by the Board, and the defined term means his successor in functions, if any.

(91) “Water Fund” means the separate fund designated as the “Truckee Meadows Water Authority, Water Fund,” heretofore authorized and continued herein, which fund consists of a self-balancing group of accounts pertaining to the TMWA Water System, and to which the various accounts herein created or otherwise designated relate.

B. Construction. This Instrument, except where the context by clear implication herein otherwise requires, shall be construed as follows:

(1) Words in the singular number include the plural, and words in the plural include the singular.

(2) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender refer to any gender.

(3) Articles, sections, subsections, paragraphs, and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs, and subparagraphs of this Instrument so numbered or otherwise so designated.

(4) The titles and leadlines applied to articles, sections, and subsections of this Instrument are inserted only as a matter of convenience and ease in reference and in no way define, limit, or describe the scope or intent of any provisions of this Instrument.

(5) Any 2021 Bonds held by the Authority shall not be deemed to be Outstanding for the purpose of redemption or Outstanding for the purpose of consents hereunder or for any other purpose provided herein.

Section 103. Successors. All of the covenants, stipulations, obligations, and agreements by or on behalf of and other provisions for the benefit of the Authority or the Board contained herein shall bind and inure to the benefit of any successors thereof and shall bind and inure to the benefit of any officer, board, district, commission, authority, agent, or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power, or duty of the Authority or the Board or of their respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements, or other provisions hereof.

Section 104. Parties Interested Herein. Except as herein otherwise expressly provided, nothing herein expressed or implied is intended or shall be construed to confer upon or to give to any Person, other than the Authority, the Board, the Directors, the Paying Agent, the Trustee,

and the holders from time to time of the 2021 Bonds, including, without limitation, the Paying Agent in its capacity as a paying agent and as the Registrar, any right, remedy, or claim under or by reason hereof or any covenant, condition, or stipulation hereof. All the covenants, stipulations, promises, and agreements herein contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Board, the Directors, the Paying Agent, the Trustee, and any holder of any 2021 Bonds, except as herein otherwise provided.

Section 105. Ratification. All action taken (not inconsistent with the provisions of this Instrument) by the Board, the officers of the Authority, and otherwise by the Authority, including without limitation, directed:

- A. Refunding Project. Toward the Refunding Project.
- B. Bonds. Toward the sale and delivery of the Authority's 2021 Bonds for purpose of paying the Cost of the Refunding Project.
- C. Certificate of the Chief Financial Officer. Toward the acceptance of the Purchase Proposal via the completion and execution of the Certificate of the Chief Financial Officer by the officers designated therein, and otherwise towards any and all of the purposes and objectives of the Authority be, and the same hereby is, ratified, approved, and confirmed.

Section 106. Execution of Continuing Covenant Agreement. The TMWA Manager or, in his absence, the Chief Financial Officer is hereby further authorized to execute and deliver the Continuing Covenant Agreement with the Initial Purchaser for and on behalf of the Authority, in substantially the form on file with the Secretary, with only such changes therein as are approved by the TMWA Manager or, in his absence, the Chief Financial Officer and not inconsistent with this Resolution (the execution thereof by such person is evidence of the approval of such changes on behalf of the Authority). The TMWA Manager or, in his absence, the Chief Financial Officer is further authorized to execute and deliver all agreements, certificates, instruments or other documents related to this Resolution or the Continuing Covenant Agreement for and on behalf of the Authority.

Section 107. Instrument Irrepealable. In consideration of the purchase and acceptance of the 2021 Bonds by those who shall hold the same from time to time, after any of the 2021 Bonds are issued, this Instrument shall constitute an irrevocable contract between the Authority and the holder or holders of the 2021 Bonds; and this Instrument (subject to the provisions of Section 1201 and of Article XV hereof), if any 2021 Bonds are in fact issued, shall be and shall remain irrepealable until the 2021 Bonds, as to all Bond Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise expressly provided.

Section 108. Repealer. All bylaws, orders, and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, or other instrument, or part thereof, heretofore repealed.

Section 109. Severability. If any section, subsection, paragraph, clause, or other provision of this Instrument shall for any reason be held to be invalid or unenforceable, the invalidity

or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Instrument.

Section 110. Execution of Instrument. This Instrument, immediately on its final passage and adoption, shall be recorded in the official records of the Authority kept for that purpose, shall be executed by the signature of the Chairman, shall be attested by the Secretary, and the seal of the Authority shall be affixed thereto.

Section 111. Effective Date. This Instrument shall be in effect upon its adoption.

ARTICLE II

BOARD'S DETERMINATIONS, AUTHORITY FOR AND AUTHORIZATION OF REFUNDING PROJECT, NECESSITY OF REFUNDING PROJECT AND BONDS, COST OF REFUNDING PROJECT, OBLIGATION OF AUTHORITY, AND TERMS OF BOND SALE

Section 201. Authority for this Instrument. This Instrument is adopted by virtue of the Authority Act, the Bond Act, the Supplemental Bond Act and pursuant to their provisions; and the Authority has ascertained and hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the Authority in accordance with the Authority Act and the Bond Act.

Section 202. Necessity of Refunding Project and Bonds. It is necessary and for the best interests of the Authority and the inhabitants thereof, that the Authority effect the Refunding Project and defray the cost thereof wholly or in part by issuing the 2021 Bonds therefor; and the Board hereby so determines and declares.

Section 203. Authorization of Refunding Project. The Board, on behalf of the Authority, does hereby determine, that it is in the best interests of the Authority, to refund the Refunded Notes with the proceeds of the 2021 Bonds; and the Refunding Project is hereby so authorized.

Section 204. Cost of the Refunding Project. The Cost of the Refunding Project is estimated not to exceed an amount received from the sale of the 2021 Bonds, excluding any such cost defrayed or to be defrayed by funds other than with the proceeds of the 2021 Bonds.

Section 205. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection, and security of the holders of any and all of the Outstanding 2021 Bonds and any Outstanding Parity Securities payable from Pledged Revenues and hereafter authorized, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any of the 2021 Bonds or other such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Instrument.

Section 206. Special Obligations. All of the 2021 Bonds, as to all Bond Requirements, shall be payable and collectible solely out of the Net Revenues pertaining to the TMWA Water System, which Net Revenues are so pledged; the holder or holders thereof may not look to any general or other fund for the payment of the Bond Requirements, except the herein-designated special funds pledged therefor; the 2021 Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the 2021 Bonds shall not be considered or held to be general obligations of the Authority but shall constitute its special obligations. The Authority has no taxing power and, therefore, does not pledge its full faith and credit for the payment of the 2021 Bonds.

Section 207. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in the 2021 Bonds issued hereunder, in the absence of any breach thereof, shall ever impose or shall be construed as imposing any monetary liability, obligation, or charge against the Authority (except for the special funds pledged therefor) or its general credit, payable out of its general fund or out of any funds derived from taxation.

Section 208. No Pledge of Property. The payment of the 2021 Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the Authority, except the Net Revenues and any other moneys pledged for the payment of the 2021 Bonds. No property of the Authority, subject to such exception, shall be liable to be forfeited or taken in payment of the 2021 Bonds.

Section 209. No Recourse against Officers and Agents. Pursuant to NRS 350.606, no recourse shall be had for the payment of the Bond Requirements of the 2021 Bonds, the Continuing Covenant Agreement Obligations or for any claim based thereon, or otherwise, upon this Instrument authorizing their issuance or any other instrument pertaining thereto, against any individual member of the Board or the Authority, or any officer or other agent of the Authority, past, present, or future, either directly or indirectly through the Board of the Authority, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the 2021 Bonds and as a part of the consideration of their issuance specially waived and released.

Section 210. Limitations upon State. Pursuant to NRS 350.610, the faith of the State is hereby pledged that the Authority Act, the Bond Act, any law supplemental or otherwise pertaining thereto, and any other act concerning the 2021 Bonds or other securities, Pledged Revenues, or any combination of such securities and such revenues, shall be neither repealed nor amended nor otherwise directly or indirectly modified in such a manner as to impair adversely any Outstanding securities of the Authority until all such securities have been discharged in full or provision for their payment and redemption has been fully made.

Section 211. No Election or Other Preliminaries. The 2021 Bonds shall be issued without their being authorized at an election by any electors of the Authority or without any other preliminaries being taken other than as herein otherwise provided.

Section 212. Sale of Bonds. The TMWA Manager, or in his absence, the Chief Financial Officer, is authorized to proceed with the sale of the 2021 Bonds to the Initial Purchaser on the terms and conditions provided herein, and to accept the Purchase Proposal by the execution of the Certificate of the Chief Financial Officer and the Continuing Covenant Agreement; the 2021 Bonds are to bear interest at the rates per annum provided in the Certificate of the Chief Financial Officer, which rates must not exceed by more than 3% the “25 Bond Revenue Index” most recently published in The Bond Buyer before a negotiated offer is accepted (the “Statutory Maximum”) and are to be sold at a price equal to the principal amount thereof (not to exceed the principal amount sufficient to pay the Cost of the Refunding Project, not to exceed \$13,350,000), plus a premium, or less a discount not exceeding 9% of the principal amount thereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND FORM OF BONDS

Section 301. Authorization of Bonds. For the purpose of protecting the public health, conserving the property, and advancing the general welfare of the citizens of the Authority, the “Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021,” in the aggregate principal amount set forth in the Certificate of the Chief Financial Officer, payable as to all Bond Requirements solely out of the Net Revenues pertaining to the TMWA Water System, are hereby authorized to be issued, pursuant to the Authority Act and the Bond Act; the Authority pledges irrevocably, but not necessarily exclusively, the Net Revenues to the payment of the Bond Requirements of the 2021 Bonds; and the proceeds of the 2021 Bonds are to be used solely to defray wholly or in part the Cost of the Refunding Project, except as herein otherwise provided.

Section 302. 2021 Bond Details. The 2021 Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The 2021 Bonds shall be dated as of the date of delivery of the 2021 Bonds and issued in definitive certificated form as physical Bonds to the Initial Purchaser. The 2021 Bonds shall be issued in denominations of \$250,000 or any integral multiple of \$5,000 thereof. The 2021 Bonds shall bear interest calculated based on a 360-day year of twelve 30-day months, from their date until their respective maturity dates (or, if redeemed prior to maturity as provided below, their redemption dates) at the respective dates set forth in the Certificate of the Chief Financial Officer, payable semiannually on June 1 and December 1 of each year commencing on December 1, 2021; provided that those 2021 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates shown in the Certificate of the Chief Financial Officer from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the 2021 Bond. Notwithstanding the foregoing: (i) from and after any Taxable Date, the 2021 Bonds shall bear interest at the Taxable Rate; and (ii) upon the occurrence and during the continuation of an event of default set forth in Section 1303, the 2021 Bonds shall bear interest at a rate equal to the greater of (a) the Default Rate (not to exceed the Statutory Maximum) and (b) the interest rate that would otherwise be applicable to the 2021 Bonds but for the provisions of this subsection (a). In clarification of the foregoing, only one of the Taxable Rate or the Default Rate may apply at any given time to the 2021 Bonds; and for the avoidance of doubt, upon the occurrence and during the continuation of an event of default set forth in Section 1303, the Default Rate shall apply. The 2021 Bonds shall mature semiannually on June 1 and December 1 of each year in each of the designated amounts of principal and designated dates/years and interest rates, as set forth in the Certificate of the Chief Financial Officer (not to exceed 7 years from the date of delivery of the 2021 Bonds).

The principal of and redemption premium, if any, on any 2021 Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof in accordance with the wire transfer instructions provided by the Holder of such Bond on record with the Registrar and without requirement of presentment or surrender; provided, however, that presentation and surrender at the office of the Paying Agent or such other office as designated by the Paying Agent may be required for payment of the final maturity of the 2021 Bonds. If any 2021 Bond shall not be paid when due, it shall continue to draw

interest at the applicable interest rate borne by said 2021 Bond (which may include the Default Rate, if applicable) until the principal thereof is paid in full. Payment of interest on any 2021 Bond shall be made to the registered owner thereof by check or draft mailed by first class mail by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the 2021 Bonds not less than ten days prior thereto by first-class mail to each such owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2021 Bond by such alternative means as may be mutually agreed to between the owner of such 2021 Bond and the Paying Agent. Upon the occurrence and during the continuation of an event of default set forth in Section 1303 hereof, interest at the Default Rate is payable as set forth in the Continuing Covenant Agreement. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Section 303. Prior Redemption and Partial Redemption

A. Optional Redemption. Subject to any limitations and requirements (including, payment of a make-whole fee, if any) set forth in any Continuing Covenant Agreement, the 2021 Bonds, or portions thereof (\$5,000 or any integral multiple), shall be subject to optional redemption prior to their respective maturities, at the option of the Authority, on and after the date set forth in the Certificate of the Chief Financial Officer, in whole or in part at any time from any maturities selected by the Authority and by lot within a maturity (giving proportionate weight to 2021 Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each 2021 Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium, if any, as set forth in the Certificate of the Chief Financial Officer.

B. Mandatory Sinking Fund Redemption. The 2021 Bonds maturing on June 1 or December 1 of the years set forth in the Certificate of the Chief Financial Officer, if any, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the 2021 Bonds, there shall be deposited into the Bond Fund on or before June 1 and December 1 of the years set forth in the Certificate of the Chief Financial Officer, a sum which, together with other moneys available in the Bond Fund, is sufficient to redeem the 2021 Bonds plus accrued interest to the redemption date, on June 1 or December 1 of the years and in the principal amounts as set forth in the Certificate of the Chief Financial Officer.

Not more than sixty days nor less than thirty days prior to the sinking fund payment dates for the 2021 Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all Outstanding 2021 Bonds of a series, a principal amount of the 2021 Bonds equal to the aggregate principal amount of the 2021 Bonds redeemable with the required sinking fund payments, and shall call such 2021 Bonds or portions thereof for redemption from the sinking fund on the next June 1 or December 1, as applicable, and give notice of such call as provided in Section 304 of this Instrument.

At the option of the Authority to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation 2021 Bonds, or portions thereof (\$250,000 or any integral multiple of \$5,000 in excess thereof) in an aggregate principal amount desired by the Authority or, (ii) specify a principal amount of 2021 Bonds, or portions thereof (\$250,000 or any integral multiple of \$5,000 in excess thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portions thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Authority on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Authority determines. In the event the Authority shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective 2021 Bonds or portions thereof to be canceled.

C. Partial Redemption. In the case of 2021 Bonds in a denomination larger than \$5,000, a portion of such 2021 Bond (\$250,000 or any integral multiple of \$5,000 in excess thereof) may be redeemed, in which case the Registrar shall, without charge to the owner of such 2021 Bond, authenticate and issue a replacement 2021 Bond or 2021 Bonds for the unredeemed portion thereof. In the case of a partial redemption of 2021 Bonds of a single maturity pursuant to Subsection A of this Section, the Paying Agent shall select the 2021 Bonds to be redeemed by lot at such time as directed by the Authority (but at least 30 days prior to the redemption date), and if such selection is more than 60 days before a redemption date, shall direct the Registrar to appropriately identify the 2021 Bonds so called for redemption by stamping them at the time any 2021 Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as deemed adequate by the Registrar, and any 2021 Bond or 2021 Bonds issued in exchange for, or to replace, any 2021 Bond or 2021 Bonds so called for prior redemption shall likewise be stamped or otherwise identified.

Section 304. Notice of Redemption. Unless waived by any registered owner of a 2021 Bond to be redeemed, notice of prior redemption shall be given electronically by the Registrar, at least 30 days but not more than 60 days prior to the Redemption Date to the registered owner of any 2021 Bond all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. Actual receipt of notice by the any registered owner of 2021 Bonds shall not be a condition precedent to redemption of such 2021 Bonds. Failure to give such notice to the registered owner of any 2021 Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption

of any other 2021 Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose 2021 Bond is called for redemption or any other owner of any 2021 Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

All official notices of redemption shall be dated and shall state:

- (1) the redemption date,
- (2) the purchase prices,
- (3) the identification by CUSIP number and maturity (and, in the case of partial redemption of a maturity, other appropriate identification) of the 2021 Bonds to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such 2021 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (5) the place where such 2021 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent or such other office as designated by the Paying Agent (accrued interest to the redemption date being payable by mail or as otherwise provided in this Instrument).

Unless waived by the Registrar, written direction to give a notice of optional redemption shall be given by the Authority to the Registrar in writing not less than 60 days prior to the redemption date. No such written direction need be provided for mandatory redemption under Section 303B, and the Registrar shall call Bonds in accordance with Section 303B without further direction.

Each notice may further state that such redemption shall be conditional upon the Paying Agent receiving for deposit in the Bond Fund on or prior to the date fixed for redemption, monies authorized by the Authority to be deposited into the Bond Fund that are sufficient to pay the principal of and interest and prior redemption premium, if any, on the 2021 Bonds to be redeemed and that if such monies have not been so received, the notice shall be of no force and effect and the Authority shall not be required to redeem such 2021 Bonds. Unless waived by the Registrar, the Authority, not less than 60 days prior to the redemption date, shall advise the Registrar, in writing, of its election to conditionally redeem any 2021 Bonds as provided in this paragraph.

Official notice of redemption having been given as aforesaid, the 2021 Bonds or portions of 2021 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Authority shall not have deposited payment of the redemption price into the Bond Fund) such 2021 Bonds or portions of 2021 Bonds shall cease to bear interest. Upon surrender of such 2021 Bonds for redemption in accordance with said notice, such 2021 Bonds shall be paid by the Paying Agent at the redemption price, if the Authority has deposited with the Paying Agent an amount of money sufficient to pay the

redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon partial redemption of any 2021 Bond, the applicable amount being redeemed shall be reflected on the prepayment panel appended to the 2021 Bonds. All 2021 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Section 305. Negotiability. The 2021 Bonds shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

Section 306. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 303 hereof:

A. Records for the registration and transfer of the 2021 Bonds shall be kept by the Registrar. Upon the surrender of any 2021 Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his or her attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new 2021 Bond or 2021 Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. 2021 Bonds may be exchanged at the Registrar for an equal aggregate principal amount of 2021 Bonds of the same maturity of other authorized denominations, as provided in Section 302 hereof. The Registrar shall authenticate and deliver a 2021 Bond or 2021 Bonds which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange or transfer of 2021 Bonds requested by the owner thereof, the Registrar may make a sufficient charge to the bondholder to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and may charge a sum sufficient to pay the cost of preparing and authenticating a new 2021 Bond. No such charge shall be levied in the case of an exchange resulting from an optional redemption of a 2021 Bond. Notwithstanding the foregoing, the 2021 Bonds may only be transferred in whole or in part to (i) any affiliate of the registered owner or to a trust or custodial arrangement established by the registered owner or an affiliate of the registered owner, the owners of any beneficial interest in which are “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”), or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act, and subject to the limitations, if any, set forth in any Continuing Covenant Agreement or (ii) one or more transferees each of which constitutes (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act, or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act, and (2) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this Section, of not less than \$5,000,000,000, and in each case, unless otherwise not required by any Continuing Covenant Agreement, upon receipt by the Authority and the Paying Agent of an investor letter in the form set forth in any Continuing Covenant Agreement or, if no Continuing Covenant Agreement then exists with respect to the 2021 Bonds, in a form reasonably acceptable to the Authority.

B. The Registrar shall not be required to transfer or exchange (i) any 2021 Bond, or portion thereof, subject to redemption during a period beginning at the opening of business fifteen (15) days before the date of mailing by the Registrar of a notice of prior redemption of 2021 Bonds and ending at the close of business on the date of such mailing; (ii) any 2021 Bond, or any portion thereof, subject to redemption after the mailing of such notice as herein provided; or (iii) any 2021 Bond, or portion thereof, during a period beginning fifteen (15) days before the maturity date of such 2021 Bond presented for transfer.

C. The person in whose name any 2021 Bond shall be registered, on the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 302 hereof with respect to interest payments); and payment of or on account of either principal or interest on any 2021 Bond shall be made only to or upon the written order of the owner thereof or his or her legal representative. All such payments shall be valid and effectual to discharge the liability upon such 2021 Bond to the extent of the sum or sums so paid.

D. If any 2021 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the Authority may reasonably require, and upon payment by the holder of all expenses in connection therewith, authenticate and deliver a replacement 2021 Bond or 2021 Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated 2021 Bond shall have matured or shall have been called for redemption, the Registrar may direct that such 2021 Bond be paid by the Paying Agent in lieu of replacement.

E. Whenever any 2021 Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such 2021 Bond shall be promptly canceled or destroyed by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation or proof of destruction shall be furnished by the Paying Agent or Registrar to the Board upon request.

Section 307. Reserved.

Section 308. Execution of Bonds. The 2021 Bonds shall be executed as follows:

A. Filings with Secretary of State. Pursuant to NRS 350.638 and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, cited as chapter 351 of NRS, and prior to the execution of any 2021 Bonds by facsimile signature, the Chairman, the Treasurer, and the Secretary shall each file with the Secretary of State of the State of Nevada such officer's manual signature certified by such officer under oath.

B. Manner of Execution. Pursuant to NRS 350.636, each Bond shall be signed and executed in the name and on behalf of the Authority with the manual or reproduced facsimile of the signature of the Chairman, and shall be countersigned and executed with a manual or facsimile signature of the Treasurer; each Bond shall be authenticated with the manual or facsimile

impression of the official seal of the Authority; and each Bond shall be signed, subscribed, executed, and attested by the manual or facsimile signature of the Secretary.

Section 309. Use of Predecessor's Signature. The 2021 Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the Authority, notwithstanding that before the delivery thereof and the payment thereof any or all of the individuals whose signatures appear thereon shall have ceased to fill their respective offices. At the time of the execution of the 2021 Bonds and of a signature certificate pertaining thereto the Chairman, the Treasurer, and the Secretary, respectively, may adopt as and for his own signature the signature of his predecessor in office if such signature appears upon any of the 2021 Bonds pertaining thereto.

Section 310. Authentication of the Bonds. No 2021 Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By authenticating any of the 2021 Bonds initially delivered pursuant to this Instrument, the Registrar shall be deemed to have assented to all of the provisions of this Instrument.

Section 311. Incontestable Recital in Bonds. Pursuant to NRS 350.628, each 2021 Bond shall recite that it is issued pursuant to the Authority Act, the Supplemental Bond Act and to the Bond Act, which recital shall be conclusive evidence of the validity of the 2021 Bonds and the regularity of their issuance.

Section 312. State Tax Exemption. The 2021 Bonds and the income therefrom are exempt from all State, County, and municipal taxation, except for the tax on estates imposed pursuant to the provisions of chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to chapter 375B of NRS.

Section 313. Bond Execution. The Chairman, the Treasurer, and the Secretary are hereby authorized and directed to prepare and to execute the 2021 Bonds as herein provided.

Section 314. Bond Delivery. After registration, execution and authentication, the TMWA Manager or the Chief Financial Officer shall cause the 2021 Bonds to be delivered to the Initial Purchaser, upon payment being made therefor on the terms of the sale of the 2021 Bonds.

Section 315. Bond Form. Subject to the provisions of this Instrument, each 2021 Bond shall be, respectively, in substantially the following form, with such omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Instrument, including, without limitation, if applicable, a statement of insurance to guarantee the payment of the principal of and the interest on each 2021 Bond of a designated portion or all of the issue by any insurer or insurers thereof, or be consistent with this Instrument and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

**TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE
AND THIS BOND IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AS
DESCRIBED HEREIN AND IN THE RESOLUTION.**

TRUCKEE MEADOWS WATER AUTHORITY
SUBORDINATE WATER REVENUE REFUNDING BOND
SERIES 2021

No. _____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As of</u>	<u>CUSIP</u>
_____ % per annum	_____ 1, ____	_____, 2021	

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The Truckee Meadows Water Authority, in Washoe County, in the State of Nevada (the “Authority”, “County”, and the “State”, respectively) for value received, hereby acknowledges itself to be indebted and for value received promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay interest thereon on June 1 and December 1 of each year, commencing on December 1, 2021, at the interest rate per annum specified above (the “Interest Rate”), until the principal sum is paid or payment has been provided for or, if such payment date is not a business day, on or before the next succeeding business day. This bond shall bear interest from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of the initial delivery of the series of bonds of which this bond is one (the “Bond”). Notwithstanding the foregoing, this Bond shall bear interest at the Default Rate or the Taxable Rate instead of the Interest Rate from the dates, and to the extent required, by the Resolution (as defined below) and any Continuing Covenant Agreement. Except as otherwise provided in any Continuing Covenant Agreement, the principal of and redemption premium, if any, on this Bond are payable in accordance with the wire transfer instructions provided by the Holder of such Bond on record with The Bank of New York Mellon Trust Company, N.A., who is acting as the Authority’s registrar and paying agent for the Bonds (the “Registrar” and the “Paying Agent,” as applicable) and without requirement of presentment or surrender; provided, however, that and upon presentation and surrender at the office of the Paying Agent or such other office as designated by the Paying Agent may be required for payment of the final maturity of the 2021 Bonds. Interest on this Bond will be paid on each interest payment date (or, if such date is not a business day, on the next succeeding business day) by check or draft mailed, by first class mail, to the person in whose name this Bond or any predecessor bond is registered (the “registered owner”) in the registration records of the Authority maintained by the Registrar, at the address appearing thereon, as of the close of business

on the 15th day of the calendar month next preceding such interest payment date (the “Regular Record Date”). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the “Special Record Date”). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Upon the occurrence and during the continuation of an event of default set forth in Section 1303 of the Resolution (as defined below), interest on the Bonds shall be payable at the Default Rate (as defined in the Continuing Covenant Agreement) is payable as set forth in the Continuing Covenant Agreement. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the Resolution of the Board of Directors of the Authority (the “Board”) authorizing the issuance of the Bonds and designated in Section 101 thereof as the “2021 Refunding Bond Resolution” (the “Resolution”), duly adopted by the Board on May 20, 2021. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar. If this Bond is not paid upon presentation at its maturity, interest at the rate specified above shall continue to be borne hereby until the principal hereby is discharged as provided in the Resolution.

This Bond is one of a series of Bonds issued by the Authority upon its behalf and upon the credit thereof, for the purpose of defraying wholly or in part of the cost of refunding certain outstanding commercial paper notes of the Authority under the authority of and in full compliance with the Constitution and laws of the State, and pursuant to the Resolution.

The Bonds are issued pursuant to NRS 277.080 to 277.180, inclusive (the “Authority Act”); pursuant to NRS 350.500 through 350.720, and all laws amendatory thereof designated in NRS 350.500 thereof as the Local Government Securities Law (the “Bond Act”); pursuant to NRS chapter 348 (the “Supplemental Bond Act”); and pursuant to NRS 350.628, Bond Act, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and the Bonds and the income therefrom are exempt from all State, County, and municipal taxation, except for the tax on estates imposed pursuant to chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to chapter 375B of NRS.

Subject to any limitations and requirements (including, payment of a make-whole fee to the holders thereof, if any) set forth in any Continuing Covenant Agreement, the Bonds, or portions thereof, are subject to redemption prior to their respective maturities, at the option of the Authority as provided in the Resolution, the Certificate of the Chief Financial Officer and any applicable Continuing Covenant Agreement.

[Certain of the Bonds are also subject to mandatory sinking fund redemption as provided in the Resolution and the Certificate of the Chief Financial Officer.]

Redemption shall be made upon not less than 30 days prior notice in the manner and upon the conditions provided in the Resolution. If this Bond is called for redemption and payment is

duly provided for as specified in the Resolution, interest shall cease to accrue hereon from and after the date fixed for redemption.

The Bonds do not constitute a debt or an indebtedness of the Authority within the meaning of any constitutional or statutory provision or limitation, and shall not be considered or held to be general obligations of the Authority. The Authority has not pledged its full faith and credit for the payment of the Bonds. The Bonds are special obligations and are payable and collectible solely out of and are secured by an irrevocable pledge of the gross revenues (the "Gross Revenues") derived from the operation and use of, and otherwise pertaining to, certain water facilities of the Authority (herein the "TMWA Water System"), after provision is made for the payment of all necessary and reasonable Operation and Maintenance Expenses of the TMWA Water System (the "Net Revenues"), which Net Revenues are so pledged, as more specifically provided in the Resolution; and the holder hereof may not look to any general or other fund for the payment of the principal of, interest on, and any prior redemption premiums due on this Bond (the "Bond Requirements") of this obligation except the special funds pledged therefor.

Payment of the Bond Requirements due in connection with the Bonds shall be made solely from and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Resolution two special and separate subaccounts identified as the "Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Interest Account" and the "Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Principal Account," which two subaccounts are within the "Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Bond Fund" (the "Bond Fund"), into which two subaccounts within the Bond Fund the Authority covenants to pay from the Net Revenues sums sufficient to pay when due the Bond Requirements of the Bonds and any additional Parity Securities hereafter issued and payable from such Net Revenues.

The Bonds are equally and ratably secured by a lien on the Net Revenues, and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Revenues, subject to and subordinate to the lien thereon of any Superior Securities, and on a parity with the lien thereon of any Parity Securities hereafter issued; provided that the lien of the Continuing Covenant Agreement Obligations on the Net Revenues shall be subordinate to the Authority's obligations to pay the Bond Requirements of the Bonds. Bonds and other securities, subject to expressed conditions, may be issued and made payable from the Net Revenues of the TMWA Water System having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on superior or on a parity with the lien of the Bonds, in accordance with the provisions of the Resolution.

Reference is made to the Resolution and to the Bond Act, for an additional description of the nature and extent of the security for the Bonds, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities, and obligations of the Authority, and other rights and remedies of the owners of the Bonds.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution may be amended or otherwise modified by action of the Authority taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of Net Revenues under the Resolution may be discharged at or prior to the respective maturities or prior redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

This Bond shall not be entitled to any benefit under the Resolution, or be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

The Bonds are issuable solely in fully registered form in denominations of \$250,000 each or (subject to certain conditions) any integral multiple of \$5,000 thereof, and are exchangeable for fully registered Bonds of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations, and on payment of charges provided in the Resolution.

This Bond is fully transferable by the registered owner in person or by his or her duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, on payment of the charges and subject to the terms and conditions as set forth in the Resolution. Notwithstanding the foregoing, this Bond may only be transferred in whole or in part to (i) any affiliate of the registered owner or to a trust or custodial arrangement established by the registered owner or an affiliate of the registered owner, the owners of any beneficial interest in which are “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”), or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act, and subject to the limitations, if any, set forth in any Continuing Covenant Agreement or (ii) one or more transferees each of which constitutes (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act, or an “accredited investor” as defined in Rule 501 of Regulation D under the 1933 Act, and (2) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this Section, of not less than \$5,000,000,000, and in each case, unless otherwise not required by any Continuing Covenant Agreement, upon receipt by the Authority and the Paying Agent of an investor letter in the form set forth in any Continuing Covenant Agreement or, if no Continuing Covenant Agreement then exists with respect to this Bond, in a form reasonably acceptable to the Authority.

The Authority and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest.

The Registrar will not be required to transfer or exchange (i) any Bond, or portion thereof, subject to redemption during the period beginning at the opening of business fifteen (15) days before the day of mailing by the Registrar of a notice of prior redemption of Bonds and ending at the close of business on the day of such mailing; (ii) any Bond, or portion thereof, subject to redemption after the mailing of such notice; or (iii) any Bond, or portion thereof, during a period beginning fifteen (15) days before the maturity date of such Bond presented for transfer.

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper officers of the Authority in the issuance of this bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and particularly under the terms and provisions of the Authority Act, the Bond Act, and all laws supplemental thereto, and with the Resolution; and that this Bond does not contravene any constitutional or statutory limitation.

No transfer of this Bond shall be valid unless made on the registration records maintained at the principal office of the Registrar by the registered owner or his or her attorney duly authorized in writing.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Resolution or other instrument pertaining thereto against any individual member of the Board, or any officer or other agent of the Authority, past, present, or future, either directly or indirectly through the Board or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

In the event of any conflict between the terms of this Bond and the terms of the Resolution, the terms of the Resolution shall control.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Board of Directors of the Truckee Meadows Water Authority, in the County of Washoe and State of Nevada has caused this Bond to be executed in the name and on behalf of the Authority with the manual or facsimile signature of the Chairman, to be attested, signed and executed with a manual or facsimile signature of the Authority Secretary, has caused a manual or facsimile impression of the seal of the Authority to be affixed hereon, and has caused this Bond to be countersigned with the manual or facsimile signature of the Authority Treasurer, all as of _____, 2021.

TRUCKEE MEADOWS WATER AUTHORITY

By: (Manual or Facsimile Signature) Chairman
Countersigned:

 (Manual or Facsimile Signature)
Treasurer

(MANUAL OR FACSIMILE SEAL)

Attest:

 (Manual or Facsimile Signature)
Secretary

(End of Form of Bond)

(Form of Registrar’s Certificate of Authentication for Bonds)

Date of authentication
and registration _____

This is one of the Bonds described in the within-mentioned Resolution, and this Bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Registrar

By _____
Manual Signature
Authorized Officer

(End of Form of Registrar’s Certificate of Authentication for Bonds)

(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by the Truckee Meadows Water Authority, in accordance with the terms of the Resolution authorizing the issuance of this Bond:

Date of <u>Prepayment</u>	Principal Amount <u>Prepaid</u>	Signature of <u>Registrar</u>

(End of Form of Prepayment Panel)

(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Name of Transferee:

Address of Transferee:

Social Security or other tax
identification number of
Transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED RESOLUTION.

(End of Form of Assignment for Bonds)

ARTICLE IV

USE OF BOND PROCEEDS AND OTHER REVENUES

Section 401. Disposition of Bond Proceeds. The proceeds of the 2021 Bonds, upon the receipt thereof at any time, or from time to time, shall be applied in the following manner:

(1) Escrow Account. First, there shall be: (i) transferred directly to the issuer of the irrevocable transferable direct-pay letter of credit supporting the Refunded Notes an amount fully sufficient, together with any other legally available moneys of the Authority, to pay and cancel any Refunded Notes (including any fees due in connection therewith) maturing on the date of issuance of the Bonds; and/or (ii) deposited into a special account hereby created and designated as the “Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021, Escrow Account” (the “Escrow Account”) to be held by the Escrow Agent, an amount fully sufficient to establish the Escrow Account, together with any other legally available moneys of the Authority, to purchase the Federal Securities designated in the Escrow Agreement for credit to the Escrow Account, together with any uninvested funds, to be used solely for the purpose of effecting the Refunding Project, including, without limitation, defeasing and paying the principal of and accrued interest due on the Refunded Notes (including any fees due in connection therewith) on the applicable maturity date(s) of the Refunded Notes (each a “Refunded Notes Payment Date”), as provided in the Escrow Agreement.

(2) Costs of Issuance Account. Second, an amount sufficient to pay the costs of issuing the 2021 Bonds shall be deposited into the Costs of Issuance Account, a special account to be held under the control of the Authority hereby created, and shall be applied to the costs of issuing the 2021 Bonds. After payment of the costs of issuance, if there is a balance remaining in the Costs of Issuance Account, the remaining balance shall be deposited in the Bond Fund.

Section 402. Purchaser Not Responsible. The validity of the 2021 Bonds shall neither be dependent upon nor be affected by the validity or regularity of any proceedings relating to the Refunding Project. No Purchaser of the 2021 Bonds, any associate thereof, and any subsequent holder of the 2021 Bonds shall in any manner be responsible for the application or disposal by the Authority or by any of the officers, agents, and employees of the Authority of the moneys derived from the sale of the 2021 Bonds or of any other moneys herein designated. This provision does not relieve the Escrow Agent of its duties under the Escrow Agreement.

Section 403. Maintenance of Escrow Account; Notices for Refunded Notes.

A. The Escrow Account shall be maintained by the Authority in an amount at the time of those initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay the interest due in connection with the Refunded Notes, both accrued and not accrued, as the same become due on each Refunded Notes Payment Date; and to pay, on each Refunded Notes Payment Date, the Refunded Notes outstanding, in accordance with the resolution of the Board authorizing the issuance of the Refunded Notes.

B. Moneys shall be withdrawn by the Escrow Agent from the Escrow Account in sufficient amounts and at such times to permit the payment without default of principal and interest due in connection with the Refunded Notes in accordance with the provisions of the Escrow Agreement. Any moneys remaining in the Escrow Account after provision shall have been made for the payment in full of the Refunded Notes shall be applied to any lawful purpose of the Authority as the Board may hereafter determine.

C. If for any reason the amount in the Escrow Account shall at any time be insufficient for its purpose, the Authority shall forthwith from the first moneys available therefore deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal of and interest due in connection with the Refunded Notes as herein provided.

D. If the 2021 Bonds are issued, the Authority hereby elects to pay and cancel the Refunded Notes on the applicable maturity date(s) of the Refunded Notes at a price equal to the principal amount thereof plus accrued interest thereon to the applicable maturity date(s). In connection therewith, the officers of the Authority are hereby authorized and directed to give any and all necessary notices to accomplish the Refunding Project, including, without limitation, applicable notices to the issuing and paying agent for the Refunded Notes, the dealer for the Refunded Notes and the issuer of the irrevocable transferable direct-pay letter of credit supporting the Refunded Notes.

ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

Section 501. Pledge Securing Bonds. The Net Revenues and all moneys and securities paid or to be paid to or held or to be held in any account or subaccount under this article or under Section 401 hereof, are hereby pledged and a lien is placed thereon to secure the payment of the Bond Requirements of the 2021 Bonds and any Continuing Covenant Agreement Obligations. This pledge of and lien on Net Revenues shall be valid and binding from and after the date of the first delivery of any 2021 Bonds; and the moneys, as received by the Authority and hereby pledged, shall immediately be subject to the lien of this pledge of and lien on Net Revenues without any physical delivery thereof, any filing, or further act. The lien on the Net Revenues and the obligation to perform the contractual provisions hereby made shall be subject to and subordinate to the lien thereon of any Superior Securities, and on a parity with the lien thereon of any Parity Securities hereafter issued; provided that the lien of the Continuing Covenant Agreement Obligations on the Net Revenues shall be subordinate to the Authority's obligations to pay the Bond Requirements of the 2021 Bonds. The lien of this pledge of and lien on Net Revenues shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 502. Establishment of Trustee Accounts and Subaccounts. The Authority hereby authorizes the following special and separate subaccounts within the Bond Fund, hereby created and designated the "Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Bond Fund," which shall be held by the Trustee, within which are hereby designated:

A. Interest Account. The "Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Interest Account" (herein the "Interest Account");

B. Principal Account. The "Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Principal Account" (herein the "Principal Account"); and

Section 503. Continuation of Authority Accounts. The Authority hereby continues the previously established and authorized following special and separate accounts, which shall be under the control of the Authority, which shall not be held by the Trustee (except in a capacity other than as Trustee, e.g., as custodian), and which are designated:

A. Revenue Fund. The "Truckee Meadows Water Authority, TMWA Water System Gross Revenues Fund" (herein the "Revenue Fund").

B. Operation and Maintenance Account. The "Truckee Meadows Water Authority, TMWA Water System Operation and Maintenance Account" (herein the "Operation and Maintenance Account");

C. Operation and Maintenance Reserve Account. The “Truckee Meadows Water Authority, TMWA Water System Operation and Maintenance Reserve Account” (herein the “O & M Reserve Account”).

D. Renewal and Replacement Account. The “Truckee Meadows Water Authority, TMWA Water System Renewal and Replacement Account” (herein the “Renewal and Replacement Account”).

E. Rate Stabilization Account. The “Truckee Meadows Water Authority, TMWA Water System Rate Stabilization Account” (herein the “Rate Stabilization Account”).

F. General Purpose Account. The “Truckee Meadows Water Authority, TMWA Water System General Purpose Account” (herein the “General Purpose Account”).

Section 504. Revenue Fund Deposits. So long as any of the 2021 Bonds shall be Outstanding, all Gross Revenues, upon their receipt from time to time by the Authority, shall be deposited at least weekly, as far as practicable, and shall be set aside and credited immediately to the Revenue Fund.

Section 505. Administration of Revenue Fund. So long as any of the 2021 Bonds hereby authorized shall be Outstanding, in each Fiscal Year the Revenue Fund shall continue to be administered, and the moneys on deposit therein shall continue to be applied in the order of priority, all as provided in Sections 506 through 516 hereof.

Section 506. Operation and Maintenance Expenses. First, as a first charge on the Revenue Fund, from time to time there shall be set aside in and credited to the Operation and Maintenance Account, moneys sufficient to pay Operation and Maintenance Expenses by the last day of the month that is at least one month before such expenses are to be paid, and thereupon they shall be promptly paid. Any surplus remaining at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be transferred for credit to the Revenue Fund and shall be used for the purposes thereof, as herein provided.

Section 507. Superior Bond Fund Payments. Second, payments shall be made, as required, from the Revenue Fund into the bond funds created by the resolutions authorizing any Superior Securities for the payment of the principal of and interest (including payments due on any Qualified Swap) on the Superior Securities of the Authority, when due and payable, and any reasonably required reserve accounts and rebate funds therefor.

Section 508. Payment of 2021 Bonds. Third, and subject to the aforesaid provisions, from any moneys remaining in the Revenue Fund, and concurrently with the transfers into the Interest Account and Principal Account required by any Parity Securities hereafter issued, but subsequent to the payments required by Sections 506 and 507 and subject to the provisions of Section 519 hereof, any moneys remaining in the Revenue Fund, there shall be transferred to the Trustee and credited to the Bond Fund, the following:

A. Interest Payments. Monthly, into the Interest Account, within the Bond Fund, commencing on the first day of the month that is one full month after the delivery date of the 2021 Bonds, and on the first day of the month succeeding the delivery of any other Parity Securities hereafter issued and payable from the Bond Fund, an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor or from whatever source, to pay the next accruing installment of interest on the 2021 Bonds and any additional Parity Securities then Outstanding (including payments due on any Qualified Swap) and monthly thereafter, commencing on each interest payment date, the amount necessary to accumulate the next accruing installment of interest on the 2021 Bonds and any additional Parity Securities then Outstanding (including payments due on any Qualified Swap) in equal monthly installments prior to the due date thereof, except to the extent any other moneys are available therefor on the due date of such installment.

B. Principal Payments. Monthly, into the Principal Account, within the Bond Fund, commencing on the first day of the month of the year immediately preceding the first principal payment date of the 2021 Bonds or any Parity Securities hereafter issued and payable from the Bond Fund (i.e., 12 months prior to the first date on which the principal of such bonds is due), an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal (including any mandatory sinking fund or prior redemption payments then due) of the 2021 Bonds and any additional Parity Securities then Outstanding, and monthly thereafter, commencing on each principal payment date, the amount necessary to accumulate the next maturing installment of principal (including any mandatory sinking fund or prior redemption payments then due) of the 2021 Bonds, and any such additional Parity Securities then Outstanding, in equal monthly installments prior to the due date thereof, except to the extent any other moneys are available therefor on the due date of such installment.

The moneys credited to the Interest Account and the Principal Account within the Bond Fund shall be used to pay the Bond Requirements of the 2021 Bonds and any additional Parity Securities hereafter issued as such Bond Requirements become due.

Section 509. Reserve Payments. Fourth, but subsequent to the payments into the Interest Account and the Principal Account within the Bond Fund, except as provided in Sections 512 and 1135 hereof, from any moneys remaining in the Revenue Fund there shall be transferred to the Trustee and credited monthly to any reserve account established in connection with any Parity Securities, such amount as may be required by the resolution or other instrument authorizing such Parity Securities. No reserve account is being established in connection with the issuance of the 2021 Bonds.

Section 510. Continuing Covenant Agreement Obligations. Fifth, payments shall be made from the Revenue Fund to pay any Continuing Covenant Agreement Obligations then due and owing.

Section 511. Rebate Account. Sixth, and subject to the provisions hereinabove in this article, such amounts as are required to be deposited in “Truckee Meadows Water Authority, TMWA Water System Subordinate Revenue Securities, Rebate Account” (herein the “Rebate

Account”). to meet the Authority’s obligations under the covenant contained in Section 1134 hereof, in accordance with Section 148(f) of the Tax Code with respect to the 2021 Bonds. Amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein by Section 1134 hereof and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose as provided herein.

Section 512. Termination of Deposits. No payment need be made into the Interest Account or the Principal Account, or all or any other combination thereof, within the Bond Fund, if the amount in the Bond Fund totals a sum at least equal to all Bond Requirements of the Outstanding 2021 Bonds and any Outstanding Parity Securities, to their respective maturities or to any Redemption Date or Redemption Dates on which the Authority shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the 2021 Bonds and any Parity Securities (or any part thereof) then Outstanding and thereafter maturing, whichever date is the earlier, if any, and both accrued and not accrued, in which case moneys in those 3 subaccounts in an amount at least equal to such Bond Requirements, except for any interest or other gain to accrue from any investment of moneys in Federal securities or otherwise pursuant to Article VI hereof from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in those 3 subaccounts and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Board or the TMWA Manager, if the TMWA Manager certifies that the Rebate Account is sufficiently funded to meet the requirements of 148(f) of the Tax Code.

Section 513. Operation and Maintenance Reserve Account. Seventh, and subject to the provisions hereinabove in this article, from any moneys remaining in the Revenue Fund there shall be credited to the Operation and Maintenance Reserve Account monthly, an amount sufficient to accumulate the Minimum Operation and Maintenance Reserve in 60 substantially equal monthly installments. For this purpose, in each Fiscal Year during such 60 month period the Authority will calculate the substantially equal monthly amount that would be sufficient to accumulate over the then remaining months in such 60 month period, an amount equal to the Minimum Operation and Maintenance Reserve. In any Fiscal Year, the amount of the Minimum Operation and Maintenance Reserve shall be determined based on that Fiscal Year’s budget.

After the balance in the Operation and Maintenance Reserve Account initially has reached an amount equal to the Minimum Operation and Maintenance Reserve, if, at the beginning of any Fiscal Year, the amount accounted for in the Operation and Maintenance Reserve Account is less than the Minimum Operation and Maintenance Reserve for the Fiscal Year as stated in the budget therefor, there shall be credited to the Operation and Maintenance Reserve Account, in 12 substantially equal monthly installments commencing on the first day of the Fiscal Year, an amount at least equal to the remainder of the Minimum Operation and Maintenance Reserve for the Fiscal Year less the amount accounted for in that account at the beginning of the Fiscal Year. No payment need be made into the Operation and Maintenance Reserve Account so long as the moneys therein shall then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account shall be accumulated or reaccumulated and maintained

as a continuing reserve to be used only to prevent deficiencies in the payment of the TMWA Water System's Operation and Maintenance Expenses resulting from the failure to deposit into the Operation and Maintenance Account pursuant to Section 506 hereof sufficient funds to pay such expenses as the same accrue and become due. If at any time the moneys credited to the Operation and Maintenance Account are not sufficient to pay Operation and Maintenance Expenses, the Authority acting by and through the TMWA Manager or the Chief Financial Officer may requisition the additional moneys needed therefor, and thereupon such money shall be withdrawn from the Operation and Maintenance Reserve Account and transferred to the Operation and Maintenance Account. Any moneys accounted for in the Operation and Maintenance Reserve Account and exceeding the Minimum Operation and Maintenance Reserve for the then current Fiscal Year may be transferred to and deposited in the Revenue Fund.

Section 514. Renewal and Replacement Account. Eighth, and subject to the provisions hereinabove in this article, from any moneys remaining in the Revenue Fund there shall be credited to the Renewal and Replacement Account monthly, the sum of \$166,000 per month, unless the amount of \$10,000,000.00 (the "Emergency Capital Amount") is on deposit therein. If the Professional Engineer determines that the aforesaid monthly payments and the Emergency Capital Amount are insufficient or excessive for the purposes for which the Renewal and Replacement Account is established, the monthly payments into that account shall be adjusted in the amount directed by the Professional Engineer until the aggregate amount so determined by the Professional Engineer is on deposit therein, but in no event at a rate less than \$33,333.00 per month or in an aggregate amount less than \$2,000,000.00 (except for any period during which the Emergency Capital Amount is being accumulated or reaccumulated). The Authority shall expend moneys in the Renewal and Replacement Account only to make up deficiencies in the Bond Fund and to pay the cost of, and to create a reserve for the payment of the cost of, emergency capital improvements, extraordinary maintenance, repairs, renewals, and replacements to the TMWA Water System as shall not be annually recurring in nature, as determined by the Professional Engineer, unless otherwise provided by the Board.

Section 515. Rate Stabilization Account. Ninth, and subject to the provisions hereinabove in this article, from any moneys remaining in the Revenue Fund there shall be withdrawn from the Revenue Fund, and credited monthly, to the Rate Stabilization Account, an amount sufficient to accumulate in 12 substantially equal monthly installments the Rate Stabilization Amount (which shall not be less than \$500,000) as is designated by the Authority for that Fiscal Year and pertaining to the TMWA Water System. No deposit need be made into the Rate Stabilization Account if the amount therein equal or exceeds the Rate Stabilization Amount for the Fiscal Year. Such amounts shall be used for expenditure from time to time for any lawful purpose or purposes of the Authority pertaining to the Authority's TMWA Water System, and any other water facilities of the Authority, and to be held as a reserve therefor. Expenditures from the Rate Stabilization Account shall be in accordance with an annual budget for the account established by the Authority. At the beginning of each Fiscal Year any moneys accounted for in the Rate Stabilization Account, whether or not encumbered to pay obligations accrued and to accrue under any existing contract made by the Authority prior to such Fiscal Year, shall remain in the Rate Stabilization Account for the purposes of the account designated above in this Section, until expended for any such purposes. Amounts in the Rate Stabilization Account at the beginning of a

Fiscal Year which are deposited into the Revenue Fund in that Fiscal Year are Gross Revenues for Fiscal Year in which they are deposited into the Revenue Fund.

Section 516. General Purpose Account. Tenth, and subject to the provisions hereinabove in this article, from any moneys remaining in the Revenue Fund, at least annually by the end of each Fiscal Year, there shall be set aside and credited to the General Purpose Account, on or before the last day of each Fiscal Year the remaining revenues in the Revenue Fund. Moneys accounted for in such account, as may be determined and directed from time to time by the TMWA Manager within budget limitations fixed by the Board, but subject to any limitations herein or in any other contract pertaining to such account, may be withdrawn in any priority for any one, all, or any other combination of the following, as the TMWA Manager may from time to time determine:

A. Capital Costs. To pay the costs of constructing or otherwise acquiring any betterments of, enlargement of, extensions of, or any other improvements to the TMWA Water System, or any part thereof, and any equipment therefor, authorized by law;

B. Major Maintenance Costs. To pay the costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any properties of the TMWA Water System of a type not recurring annually or at shorter intervals and not defrayed by the monies in the Extraordinary Maintenance Account or otherwise as Operation and Maintenance Expenses;

C. Lawful Refunds. To make any lawful refund of any Pledged Revenues due any Person;

D. Bond Requirements. To pay any bonds or other securities pertaining to the TMWA Water System and payable from the Net Revenues (regardless of whether such securities are secured by a lien thereon), including, without limitation, the 2021 Bonds, as to Bond Requirements and any other appurtenant charge, at the fixed maturity dates pertaining to such Bond Requirements, or any Redemption Date or Redemption Dates, or by purchase in the open market, or otherwise; and

E. Law Suits Obligations. To pay any obligations pertaining to the TMWA Water System and arising from a judgment against the Authority or any officer, employee, or other agent of the Authority acting within the scope of his official duties, rights, or privileges, or the scope of his employment, as the case may be, in any suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, or a settlement by the Authority of any claim to avoid or to settle such a suit, action, or special proceedings, except to the extent revenues are otherwise available to defray such an obligation, including, without limitation, insurance proceeds.

F. Lawful Purpose. For any other lawful purpose as the Authority may determine, provided that no such amount shall be used for a purpose that is not a capital or working capital expense of the Authority unless the balance in the General Purpose Account, after payment of such non-capital or non-working capital expense, is at least equal to six months of Operation and Maintenance Expenses based on the then current budget of the Authority.

Section 517. Application of General Purpose Account. Moneys shall be withdrawn from the General Purpose Account for any one, all, or other combination of such purposes

designated in Section 515 hereof pursuant to any such directive of the TMWA Manager upon approval by the Board, drawn by the TMWA Manager or the Chief Financial Officer, and countersigned by the Chairman or the Treasurer, in the same manner that other claims against the Authority are presented and paid.

Section 518. Water Fund and Water Fund Accounts. There is hereby authorized to be created a separate fund designated as the “Truckee Meadows Water Authority, Water Fund” (herein the “Water Fund”), which fund consists of a self-balancing group of accounts, including, without limitation, the respective special and separate accounts and subaccounts herein designated, and constitutes an independent fiscal and accounting entity. Separate accounts and subaccounts (other than those herein designated) pertaining to the Water Fund may from time to time be created, terminated, and otherwise modified, but in no manner inconsistent with the provisions of this Instrument.

Section 519. Repayment of Interaccount Loans. If the Authority makes an interaccount loan and transfer to any account or subaccount within the Water Fund for the benefit of the TMWA Water System to the extent hereby permitted, the Authority’s obligation to repay the loan and any interest accruing thereon to the account from which the loan is made may be deemed by the Authority to be Outstanding Parity Securities thereof payable from the Net Revenues as to the Bond Requirements of such obligation in accordance with Section 508 hereof at such time or times and in such amount or amounts as the Authority may determine in accordance with an annual budget for such account or subaccount or as may otherwise be provided for the payment of such securities in this Instrument or any other instrument of the Authority.

Section 520. Funds Held for Securities. The amounts held or applied for the payment of the Bond Requirements due on any date with respect to particular 2021 Bonds, any Superior Securities, Parity Securities and any securities payable from the General Purpose Account, pending such payment, shall be set aside and held in trust for the holders of the respective securities entitled thereto by any paying agent holding moneys for such payment; and for the purposes of this Instrument, such Bond Requirements, after the due date thereof, shall no longer be considered to be unpaid or Outstanding.

ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The separate accounts and subaccounts designated in Articles IV and V hereof shall be administered as provided in this article (but not any account under Section 1201 hereof).

Section 602. Places and Times of Deposits. Each of the separate accounts and subaccounts hereinabove designated in Articles IV and V hereof shall be maintained as an account and kept separate from all other accounts solely for the purposes herein designated therefor, except as otherwise expressly stated herein. The moneys accounted for in such separate accounts and subaccounts shall be deposited in one bank account or more, except as herein otherwise provided. Nothing herein prevents the commingling of moneys accounted for in any two or more accounts or subaccounts, or both accounts and subaccounts, pertaining to the TMWA Water System, the Pledged Revenues, proceeds of securities, other moneys, or to the fund pertaining to the TMWA Water System and any other funds of the Authority (each of which funds consists of a self-balancing group of accounts and constitutes an independent fiscal and accounting entity) in any bank account or any investment in Federal Securities hereunder (but not any account under Section 1201 hereof). Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds, subject to the provisions of Section 1403 hereof, and shall be irrevocable and not withdrawable by anyone for any purpose other than the purpose or purposes designated therefor. Each periodic payment shall be credited to the proper account or subaccount not later than the date therefor herein designated, except that when any such date shall be a Saturday, Sunday, or a legal holiday, then such payment shall be made on or before the next preceding secular day. Notwithstanding any other provision herein to the contrary, collected moneys shall be deposited with the Paying Agent, and any other Banking Institution designated as a paying agent for any securities heretofore or hereafter authorized to be issued and payable from Pledged Revenues (or any combination thereof), at least by the day of each interest payment date or any other due date herein designated sufficient to pay the Bond Requirements then becoming due on the Outstanding 2021 Bonds and any other Outstanding securities pertaining to the TMWA Water System.

Section 603. Investment of Moneys. Any moneys in any account designated in Articles IV and V hereof (but not any account under Section 1201 hereof), and not needed for immediate use, may be invested or reinvested in any investments permitted under State law (the "permitted securities") in accordance with written or verbal instructions, which are promptly followed in writing, of the TMWA Manager or the Chief Financial Officer, except as otherwise expressly stated herein. Such investments shall mature not later than the date or dates on which the TMWA Manager or the Chief Financial Officer estimates the proceeds thereof will be needed. Any securities that mature later than 5 years after the investment therein will be revalued to their market value at least semiannually. For the purposes of any such investment or reinvestment, securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In making each such investment or reinvestment, the Trustee may rely upon such written or verbal instructions, which are promptly followed in writing, and shall be under no duty as to the propriety of the investment or reinvestment

made in accordance with such instructions. The Trustee may sell or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 604. Permitted Investments. The TMWA Manager and the Chief Financial Officer shall have no obligation to cause the making of any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000.00 and at least \$5,000.00 therein will not be needed for a period of not less than 60 days. In such event, the TMWA Manager or Chief Financial Officer shall cause the investment or reinvestment in permitted securities to the extent practicable not less than substantially all the amount which will not be needed during such 60-day period, except for any moneys on deposit in an interest-bearing account of a Banking Institution, regardless of whether such moneys on deposit are evidenced by a certificate of deposit, or otherwise; but the TMWA Manager and the Chief Financial Officer are not required to invest, or so to invest in such a manner, any moneys accounted for hereunder if any such investment would contravene the provisions of the Tax Code or any other investment limitation imposed by law upon the Authority. The TMWA Manager or the Chief Financial Officer may cause the investment or reinvestment in any lawful manner any moneys on hand at any time even though he is not obligated to do so. The Authority acknowledges that regulations of the Comptroller of the Currency grant the Authority the right to receive brokerage confirmations of the investments or reinvestments as they occur. To the extent permitted by law, the Authority specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

Section 605. Accounting for Investments. The securities so purchased as an investment or reinvestment of moneys in any such account or subaccount, as the case may be, shall be deemed at all times to be a part of the account or subaccount and held in trust therefor. Except as herein otherwise provided, any interest accruing thereon and any other gain realized therefrom, as well as any interest and other gain from the deposit of moneys in a Banking Institution, shall be credited to the Revenue Fund as such gain is received; and any loss in any account or subaccount resulting from any such investments and reinvestment in securities and from any such deposits in any Banking Institution shall be charged or debited to the Revenue Fund.

Except as provided in Section 603, no loss or profit in any account or subaccount on any investments or reinvestments in securities or any certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investments, reinvestments, or certificates prior to the sale or maturity thereof. In the computation of the amount in any account or subaccount for any purpose hereunder, except as herein otherwise expressly provided, securities and certificates of deposit shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation) and other bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the Authority until such gain is realized. The expenses of purchase, safekeeping, sale, and all other expenses incident to any investment or reinvestment of moneys pursuant to this article shall be accounted for as Operation and Maintenance Expenses of the TMWA Water System and charged to the Operation and Maintenance Account as permitted by Section 506 hereof.

Section 606. Accelerated Payments. Nothing contained in Article V hereof prevents the accumulation in any account or subaccount herein designated of any monetary requirements at a faster rate than the rate or minimum rate, as the case may be, provided in Article V; but, no payment shall be so accelerated if such acceleration shall cause the Board to default in the payment of any obligation of the Authority pertaining to Pledged Revenues or the TMWA Water System. Nothing herein contained requires in connection with Pledged Revenues received in any Fiscal Year the accumulation in any account or subaccount for the payment in the Comparable Bond Year of Bond Requirements due in connection with any series of bonds or other securities payable from Pledged Revenues and herein or hereafter authorized, in excess of such Bond Requirements due in such Comparable Bond Year, and of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided herein.

Section 607. Payment of Bond Requirements. The moneys credited to any account or subaccount designated in Article V hereof for the payment of the Bond Requirements due in connection with any issue of bonds or other securities payable from Pledged Revenues and herein, heretofore, or hereafter authorized shall be used without requisition, voucher, warrant, further order, or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements payable from such account or subaccount as such securities become due, upon the respective Redemption Dates, if any, on which the Authority is obligated to pay such securities, or upon the respective principal and interest fixed maturity dates of such securities, as provided therefor herein, or otherwise, except to the extent any other moneys are available therefor, including, without limitation, moneys accounted for in the Bond Fund.

Section 608. Payment of Redemption Premiums. Notwithstanding any other provision herein, this Instrument requires the accumulation in any account or subaccount designated in Article V hereof for the payment of any issue of bonds or other securities payable from Pledged Revenues of amounts sufficient to pay not only the principal thereof and interest thereon but also the redemption premiums due in connection therewith, as the same become due, whenever the Authority shall have exercised or shall have obligated itself to exercise a prior redemption option pertaining thereto or otherwise to call any security for prior redemption, except to the extent provision is otherwise made therefor, if any redemption premiums are due in connection therewith. In such event moneys shall be deposited in such account or subaccount when due for the payment of all such Bond Requirements without default as the same become due.

ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien of the Bonds. The 2021 Bonds and Continuing Covenant Agreement Obligations authorized herein, constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues subject to and subordinate to the lien thereon of any Superior Securities, and on a parity with the liens of any Parity Securities hereafter issued; provided that the lien of the Continuing Covenant Agreement Obligations on the Pledged Revenues shall be subordinate to the Authority's obligations to pay the Bond Requirements.

Section 702. Equality of Bonds. The 2021 Bonds and any Parity Securities previously or hereafter authorized shall be equally secured by the Net Revenues. All Superior Securities, whether a bond or note payable solely from Net Revenues, shall have priority with respect to the lien on the Net Revenues of the Authority over the 2021 Bonds and any future obligations of the Authority issued with a lien on the Net Revenues which is on a parity with the lien thereon of the 2021 Bonds. The Net Revenues are hereby pledged for the security of the 2021 Bonds and the Continuing Covenant Agreement Obligations; provided that the lien of the Continuing Covenant Agreement Obligations on the Net Revenues shall be subordinate to the Authority's obligations to pay the Bond Requirements. The Net Revenues and funds derived therefrom shall be used only as permitted under the terms of this Resolution.

Section 703. Issuance of Debt. Subject to the limitations set forth within any Continuing Covenant Agreement, nothing herein limits or prevents the Authority from issuing additional Debt for any lawful purpose.

Section 704. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than funding or refunding securities) payable from Pledged Revenues shall be used only to pay the cost of a project, including, without limitation, incidental expenses, for the betterment, enlargement, extension, other improvement, and equipment of the TMWA Water System, or any combination thereof.

Section 705. Supplemental Instrument. Additional bonds or other additional securities payable from Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Board stating the purpose or purposes of the issuance of such additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution and authentication thereof, and fixing and determining the date, principal amount, maturity or maturities, designation, and numbers thereof, the maximum rate or the rate or rates of interest to be borne thereby, any prior redemption privileges of the Authority with respect thereto, and other provisions thereof. Upon such authorization such additional bonds or other additional securities may at one time or from time to time be executed by and on behalf of the Authority and authenticated and delivered by the Authority or upon its order. All additional securities shall bear such date, shall bear such numbers and series designation, letters, or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and

shall bear interest at such rate or at such different or varying rates per annum, as may be fixed by instrument or other document of the Board.

ARTICLE VIII

BUDGETARY PROCEDURES

Section 801. Procedures Applicable. For the purposes of this Instrument the budgetary procedures of the Authority shall be substantially as provided in this article. The Board and the officials of the Authority shall annually and at such other times, if any, as may be provided by law prepare and adopt a budget pertaining to the TMWA Water System pursuant to the Budget Act, all laws supplemental thereto, and the provisions hereof.

Section 802. Budget Estimates. The TMWA Manager or Chief Financial Officer shall annually submit for each Budget Year to the Board in accordance with the budget calendar estimates of Gross Revenues and expenditure requirements for the TMWA Water System for such Budget Year, i.e., the next ensuing Fiscal Year, including, without limitation, as a part of such expenditure requirements the Operation and Maintenance Expenses for the Budget Year and the Bond Requirements for the Comparable Bond Year (but none other). The estimates of expenditures in connection with the operation of the TMWA Water System shall be classified so as to set forth the data by accounts, including those designated in Article V hereof, character, and object of expenditures, work programs, and other details requested by the Board. The estimates of the Gross Revenues shall be classified as to accounts and sources of income in such detail as requested by the Board. Such estimates, in addition, shall be so prepared as to permit an analysis of the Gross Revenues of the TMWA Water System and of the Operation and Maintenance Expenses of the TMWA Water System under the definitions set forth in Section 102 hereof.

Section 803. Amount of Net Revenues. The amount of the remainder of Net Revenues for each Fiscal Year shall at least equal the sum required for the Fiscal Year by the rate maintenance covenant in Section 1001 hereof and all other provisions herein supplemental thereto.

Section 804. Content and Submission of Budget. The TMWA Manager shall include such estimates in his proposed budget annually submitted to the Board. The annual budget as adopted by the Board shall show the amounts apportioned for the Operation and Maintenance Expenses of the TMWA Water System and shall be in such detail as to permit the analysis above contemplated.

Section 805. Limitation Upon Expenditures. The total expenditures for operating and maintaining the TMWA Water System in any Fiscal Year (other than expenses for the purchase of commodities for resale) shall not exceed the total expenditures so set forth in the budget except upon the approval of a majority of the members of the Board as expressed by vote of the Board.

ARTICLE IX

RESERVED

Section 901. Reserved.

ARTICLE X

RATES, FEES AND OTHER CHARGES

Section 1001. Rate Maintenance Covenant. The Authority shall adopt, from time to time revise, and continue in effect, a schedule of rates, fees, and other charges for water and other goods and services provided by, and for the use of, the TMWA Water System as may be necessary or proper in order that the amount of the Gross Revenues in each Fiscal Year, shall at least equal the sum of:

A. The amount of Gross Revenues required to pay Operation and Maintenance Expenses for such Fiscal Year; plus

B. The greatest of:

(i) 1.25 times the Bond Requirements for the Comparable Bond Year of the Outstanding the 2015 Bonds, 2016 Bonds, 2017 Bonds and 2018 Bonds and any bonds issued on a parity with those bonds;

(ii) 1.2 times the Bond Requirements for the Comparable Bond Year of the Outstanding Superior Securities; or

(iii) All amounts payable from the Gross Revenues and pertaining to the TMWA Water System, including, without limitation, debt service on any Superior Securities, and Parity Securities, amounts due on the Continuing Covenant Agreement Obligations, if any, Operation and Maintenance reserves, capital reserves, any necessary capital expenditures not otherwise provided for, and prior deficiencies pertaining to any account relating to Gross Revenues.

The foregoing rate maintenance covenant is subject to compliance by the Authority with any legislation of the United States, the State, or other governmental body, or any regulation or other action taken by the Federal Government, any State agency, or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation, or action limits or otherwise inhibits the amounts of any rates, fees, and other charges due to the Authority for the use of or otherwise pertaining to any and all services rendered by or at the TMWA Water System, including, without limitation, increases in the amounts of such rates, fees, or other charges (or any combination thereof).

Section 1002. Increasing Revenues. From time to time, and as often as it shall appear necessary, and whenever the audit report made pursuant to Article XI hereof states that the Gross Revenues were not sufficient to comply with the rate maintenance covenant stated in Section 1001 hereof (adjusted as provided therein), the Authority, upon recommendation of the TMWA Manager or Chief Financial Officer, shall revise the schedule of rates, fees, and other charges for the use of the TMWA Water System as may be necessary to produce Gross Revenues as aforesaid.

Section 1003. Collection of Charges. The Authority shall cause all rates, fees, and other charges pertaining to the TMWA Water System to be collected as soon as reasonable, shall

prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including, without limitation, the imposition of penalties for any defaults, to the end that the Gross Revenues of the TMWA Water System shall be adequate to meet the requirements of this Instrument and any other instruments supplemental thereto. The rates, fees, and other charges due shall be collected in any lawful manner.

ARTICLE XI

MISCELLANEOUS PROTECTIVE COVENANTS

Section 1101. General. The Authority hereby particularly covenants and agrees with the holders of the 2021 Bonds and Continuing Covenant Agreement Obligations and makes provisions which shall be a part of its contract with such holders to the effect and with the purpose set forth in the following provisions and sections of this article.

Section 1102. Performance of Duties. The Authority, acting by and through the TMWA Manager, the Board, or otherwise, shall faithfully and punctually perform or cause to be performed all duties with respect to Pledged Revenues, the TMWA Water System required by the Constitution and laws of the State and the various resolutions and other instruments of the Authority, including, without limitation, the resolutions authorizing the issuance of the Superior Securities, and any securities hereafter authorized and pertaining to the TMWA Water System and Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 1103. Contractual Obligations. The Authority shall perform all contractual obligations undertaken by it under leases or other agreements with the Federal Government, under and any other agreements with all other Persons relating to the 2021 Bonds and any other TMWA Water System securities, Pledged Revenues, the Refunding Project, or the TMWA Water System, or any combination thereof.

Section 1104. Further Assurances. At any and all times the Authority, acting by and through the Board except when otherwise required by law, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver, and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, and confirming all and singular the rights, the Gross Revenues, and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Instrument and any instrument supplemental thereto, and to comply with the Authority Act and the Bond Act. The Authority, acting by and through the TMWA Manager, the Board, or otherwise, shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge of the Gross Revenues, Net Revenues and other moneys and accounts pledged hereunder and all the rights of every holder of any bonds or other securities payable from Pledged Revenues against all claims and demands of all Persons whomsoever.

Section 1105. Conditions Precedent. Upon the date of issuance of any 2021 Bonds, all conditions, acts, and things required by the Constitution or statutes of the United States, the Constitution or statutes of the State, including, without limitation, the Authority Act and the Bond Act, or this Instrument to exist, to have happened, and to have been performed precedent to or in the issuance of the bonds shall exist, have happened, and have been performed; and the bonds, together with all other obligations of the Authority, shall not contravene any debt or other limitation prescribed by the Constitution or statutes of the United States, or the Constitution or statutes of the State.

Section 1106. Rules, Regulations, and Other Details. The Authority, acting by and through the TMWA Manager, the Board, or otherwise, shall establish and enforce reasonable rules and regulations governing the operation, care, repair, maintenance, management, control, occupancy, use, and services of the TMWA Water System. The Authority shall observe and perform all of the terms and conditions contained in this Instrument and shall comply with all valid acts, rules, regulations, orders, and directives of any legislative, executive, administrative, or judicial body applicable to the TMWA Water System or the Authority.

Section 1107. Competent Personnel and Operation. The Authority shall at all times endeavor to employ in connection with the operation of the TMWA Water System in executive and managerial capacities only individuals competent therefor by reason of training and experience. The Authority shall administer the TMWA Water System in accordance with sound business principles. All salaries, fees, wages, and other compensation paid by the Authority in connection with the maintenance, repair, and operation of the TMWA Water System shall be reasonable, proper, and not excessive.

Section 1108. Maintenance of TMWA Water System. The Authority shall, insofar as it may legally do so, without any violation of other provisions of this Instrument, maintain, preserve, keep, and operate the TMWA Water System or cause the TMWA Water System to be maintained, preserved, kept, and operated in good repair, working order, and condition.

Section 1109. Operation of TMWA Water System. The Authority shall at all times operate the TMWA Water System properly and in a sound and economical manner and shall maintain, preserve, and keep the TMWA Water System properly, or cause the same, by lease or otherwise, so to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order, and condition. The Authority also shall from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals so that at all times the operation of the TMWA Water System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating water facilities of like size and character.

Section 1110. Competing Water Facilities. The Authority shall not construct other facilities or structures to be operated by the Authority separate from the TMWA Water System and competing with the TMWA Water System for revenues otherwise available for the payment of the 2021 Bonds, Continuing Covenant Agreement Obligations or any other securities payable from Pledged Revenues.

Section 1111. Corporate Existence. The Authority shall maintain its corporate identity and existence so long as any of the 2021 Bonds, Continuing Covenant Agreement Obligations and any other securities payable from Pledged Revenues remain Outstanding, unless another body corporate and politic by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the Authority and is obligated by law to operate and maintain the TMWA Water System and to fix and collect Pledged Revenues as herein provided without adversely and materially affecting at any time the privileges and rights of any holder of any Outstanding bond or any such other Outstanding security.

Section 1112. Disposal of TMWA Water System Prohibited. Except for the use of the TMWA Water System or services pertaining thereto in the normal course of business, neither all nor a substantial part of the TMWA Water System shall be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of, until all the 2021 Bonds and the Continuing Covenant Agreement Obligations have been paid in full, as to all Bond Requirements, or unless irrevocable deposit has been made therefor, or until the bonds have been otherwise redeemed, including, without limitation, the termination of the pledge as herein authorized; and the Authority shall not dispose of its title to the TMWA Water System or to any useful part thereof, including, without limitation, any property necessary to the operation and use of the TMWA Water System and the lands comprising the site of the TMWA Water System (other than the execution of leases, licenses, easements, or other agreements in connection with the operation of the TMWA Water System by the Authority), except for any pledges of and liens on revenues derived from the operation and use of the TMWA Water System, or any part thereof, for the payment of any other revenue bonds or other securities pertaining to the TMWA Water System as permitted herein, and except as otherwise provided herein.

Section 1113. Revenues and Agreements. The Authority shall not create or permit to be created any charge or lien on the Gross Revenues, except as herein permitted. Nothing herein contained prevents the Authority from executing leases, licenses, easements, or other agreements for any part of the TMWA Water System with the Federal Government or any other Persons, if such instrument shall not substantially diminish the Net Revenues otherwise available for the payment of the Outstanding 2021 Bonds, Continuing Covenant Agreement Obligations and any other Outstanding bonds or other Outstanding securities payable from Pledged Revenues. TMWA shall not enter into any agreement that limits its ability to increase rates and charges for water and other goods and services provided by, and for the use of the TMWA Water System as may be necessary to comply with Section 1001 hereof. No more than 10 percent of the Gross Revenues, excluding revenues derived from the sale of electric power, may be subject to a contract that fixes the amount paid to the Authority for goods or services or otherwise for a term greater than three years.

Section 1114. Disposal of Unnecessary Property. The Authority may sell, exchange, lease, or otherwise dispose of at any time and from time to time any property constituting a part of the TMWA Water System and not useful in the construction, reconstruction, or operation thereof, or which shall cease to be necessary for the efficient operation of the TMWA Water System, or which shall have been replaced by other property of at least equal value, except to the extent the Authority is prevented from so doing by any contractual limitation pertaining thereto. The TMWA Manager shall certify that such property is not useful, has ceased to be necessary for the efficient operation of the TMWA Water Systems, or has been replaced by other property of at least equal value prior to disposal of such property. The net proceeds of the sale of any TMWA Water System property shall be used for the purpose of replacing properties at the TMWA Water System, real, personal, mixed, or otherwise, or shall be paid into the General Purpose Account for the purposes thereof.

Section 1115. Loss from Condemnation. If any part of the TMWA Water System shall be taken by the exercise of a power of eminent domain, the amount of any award received by the Authority as a result of such taking shall be paid into the General Purpose Account for the

purposes of reconstructing the TMWA Water System and, to the extent not needed for reconstruction, to the Revenue Fund, as the Board may determine.

Section 1116. Payment of Governmental Charges and Liens. The Authority shall pay or cause to be paid all taxes, assessments, and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the TMWA Water System, or upon any part thereof, or upon any portion of the Gross Revenues, or revenues otherwise pertaining to the TMWA Water System, when the same shall become due. The Authority shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the TMWA Water System, or any part thereof, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The Authority shall not create or suffer to be created any lien or charge upon the TMWA Water System, or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Instrument for the payment of the Bond Requirements of the 2021 Bonds, Continuing Covenant Agreement Obligations and any Outstanding Superior Securities or Parity Securities hereafter issued, and except as herein otherwise permitted. The Authority shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law become a lien upon the TMWA Water System, any part thereof, the Gross Revenues, or any other revenues pertaining to the TMWA Water System. Nothing herein contained requires the Authority to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge, or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith.

Section 1117. Protection of Security. The Authority, the officers, agents, and employees of the Authority and the Board shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the 2021 Bonds, the Continuing Covenant Agreement Obligations and any other securities payable from Pledged Revenues according to the terms of such securities. The Authority shall maintain, preserve, and renew all the rights, powers, privileges, and franchises now owned or hereafter acquired with respect to the TMWA Water System. No contract shall be entered into and no other action shall be taken by which the rights of any holder of any bond or other security payable from Pledged Revenues might be prejudicially and materially impaired or diminished.

Section 1118. Prompt Payment of Securities. The Authority shall promptly pay the Bond Requirements of every bond and every other security payable from Pledged Revenues at a place, on the dates, and in the manner specified in the bond or other security according to their true intent and meaning and as provided in any instrument pertaining thereto, including without limitation, this Instrument.

Section 1119. Use of Gross Revenues. None of the Gross Revenues shall be used for any purpose other than as provided herein. The Authority shall apply the Net Revenues to the payment of the bonds, any other securities payable from Pledged Revenues, and the interest thereon (but not necessarily exclusively thereto), and the Authority is not obligated to make such payments from any other source or moneys, but it is not prohibited from making such payments from any moneys which may be lawfully used for that purpose.

Section 1120. Use of Bond Fund. The Bond Fund shall be used solely and only and the moneys credited to such account are hereby pledged for the purpose of paying the Bond Requirements of the 2021 Bonds, the Continuing Covenant Agreement Obligations and any Parity Securities hereafter authorized and then Outstanding, except for those moneys in the Interest Account and the Principal within the Bond Fund as are in excess of such Bond Requirements, both accrued and not accrued, to their respective maturities or any Redemption Date or Redemption Dates, whichever due date is earlier, if any (subject to the provisions of Article V and Section 606 and 1201 hereof).

Section 1121. Additional Securities. The Authority shall not hereafter issue any bonds or other securities payable from Pledged Revenues and having a lien on Pledged Revenues on a parity with or senior to the lien thereon of the 2021 Bonds so long as any 2021 Bonds are Outstanding, unless such additional securities with a lien on Pledged Revenues on a parity with or senior to the lien thereon of the 2021 Bonds are issued in such manner as provided in any Continuing Covenant Agreement. Any other securities hereafter authorized to be issued and secured by Pledged Revenues shall not hereafter be issued, unless such additional securities are also issued in conformance with the provisions of Articles V and VII hereof.

Section 1122. Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the TMWA Water System, or any part thereof, or on or against the Gross Revenues derived or to be derived.

Section 1123. Revenues Claims. The Authority shall defend against every suit, action, or proceeding at any time brought against any holder of any bonds or other securities payable from Pledged Revenues upon any claim arising out of the receipt, application, or disbursement of any of the Gross Revenues, or involving such holder's rights under this Instrument or other proceedings pertaining to the issuance of such securities; the Authority shall also indemnify and save harmless any such holders against any and all liability, claim, or assertion by any Person whomsoever, arising out of such receipt, application, or disbursement; but such holder at his election may appear in and defend any such suit, action, or proceedings; and notwithstanding any contrary provision hereof, this covenant shall continue and remain in full force and effect, even though all indebtedness, liabilities, obligations, and other sums secured hereby may have been fully paid and satisfied, and the obligations under this Instrument may have been released and the lien hereof discharged.

Section 1124. Accumulation of Interest Claims. In order to prevent any accumulation of claims for interest after maturity, the Authority shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any of the 2021 Bonds or any other securities payable from Pledged Revenues; and the Authority shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any of such claims for interest. If the time for the payment of such installment of interest shall be extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or security of this Instrument, except upon the prior payment

in full of the principal of all 2021 Bonds and any such other securities then Outstanding and of all matured interest on all such securities the payment of which has not been extended.

Section 1125. Records and Accounts. So long as any of the 2021 Bonds and any other securities payable from Pledged Revenues remain outstanding, proper records and accounts shall be kept by the Authority, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the TMWA Water System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues. Such records shall include (but not necessarily be limited to) monthly records, all in reasonable detail as may be determined by the TMWA Manager or her delegate and in accordance with standard accounting practices, showing:

A. Receipts. The Gross Revenues and other moneys received and pertaining to the TMWA Water System;

B. Purposes and Accounts. The respective purposes for which such moneys were paid and the respective accounts in which such moneys were accounted; and

C. Complete Accounting. Complete and correct entries of all transactions relating to the receipt, disbursement, allocation, and application of all moneys.

All requisitions, requests, certificates, opinions, and other documents received by any Person on behalf of the Authority in connection with the TMWA Water System under the provisions of this Instrument shall be retained in the Authority's official records in accordance with State law.

Section 1126. Rights Concerning Records. The Trustee shall have the right at all reasonable times to inspect all financial statements, other records, accounts, and data relating thereto, concerning the TMWA Water System, or the Gross Revenues, or any other moneys pertaining to the TMWA Water System, or any combination thereof, and to make copies of such financial statements, other records, accounts, and data.

Section 1127. Audits Required. The Authority shall cause an audit to be made for each Fiscal Year within 180 days following the close of the Fiscal Year of such records, accounts, and subaccounts by an Independent Accountant, and shall order an audit report showing the receipts and disbursements for each account and subaccount pertaining to the TMWA Water System, including, without limitation, the Gross Revenues.

Section 1128. Accounting Principles. Records and accounts, and audits thereof, with respect to the TMWA Water System and the Gross Revenues, shall be currently kept and made, as nearly as practicable, in accordance with generally accepted accounting principles, methods and terminology followed and construed for water systems comparable to the TMWA Water System, except as may be otherwise provided herein or required by applicable law or regulation or by contractual obligation existing on the effective date of this Instrument.

Section 1129. Insurance and Reconstruction. The Authority, shall at all times maintain fire and extended coverage insurance, workmen's compensation insurance, public liability

insurance, and all such other insurance as is customarily maintained with respect to facilities of like character against loss of or damage to the TMWA Water System, against loss of Pledged Revenues and against public and other liability to the extent reasonably necessary to protect the interests of the Authority and of each owner of a Bond or any other security payable from the Pledged Revenues, except as herein otherwise provided. The amounts of such insurance coverage shall be approved by the Authority's risk manager or the risk managers of the Members. If at any time the Authority is unable to obtain insurance to the extent provided herein, the Authority shall maintain such insurance to the extent it is reasonably obtainable. If such insurance is not reasonably obtainable, the Authority shall self-insure to the extent it is financially able to do so. If any useful part of the TMWA Water System shall be damaged or destroyed, the Authority shall, as expeditiously as possible, commence and diligently prosecute the repair or replacement of the damaged or destroyed property so as to restore the same to use. The proceeds of any such property insurance relating to the TMWA Water System shall be payable to the Authority and applied as provided in Section 1130 below. The Authority may insure all or a portion of the above risks through a program of self-insurance, providing that the level of self-insurance reserves and the funding thereof are approved by an independent expert in self-insurance.

Section 1130. Use of Insurance Proceeds. Immediately after any loss or damage to the TMWA Water System which is covered by insurance, the Authority shall cause plans and specifications for repairing, reconstruction, or otherwise replacing the damaged or destroyed property to be prepared and an estimate of the cost thereof, and to file copies of such plans and specifications and of such estimate with the TMWA Manager. The proceeds of all insurance referred to in Section 1129 hereof shall be available for and to the extent necessary be applied to the repair, reconstruction, and other replacement of the damaged or destroyed property. If such proceeds are more than sufficient for such purpose, the balance remaining shall be paid into the General Purpose Account designated in Section 516 hereof.

If such proceeds shall be insufficient to repair, reconstruct, or otherwise replace the damaged or destroyed property pertaining to the TMWA Water System, the deficiency may be supplied by the TMWA Manager from moneys in the Renewal and Replacement Account, the General Purpose Account, or any other accounts or subaccounts legally available for such purposes. If the cost of repairing, reconstruction, or otherwise replacing the damaged or destroyed property as estimated by the TMWA Manager shall not exceed the proceeds of insurance and other moneys legally available for such purpose, the Authority shall forthwith commence and diligently prosecute the repair, reconstruction, or other replacement of the damaged or destroyed property. The cost of maintaining such insurance for the TMWA Water System shall be deemed a part of the Operation and Maintenance Expenses of the TMWA Water System.

Section 1131. Transfer to General Purpose Account. The proceeds of any insurance designated in Sections 1129 and 1130 hereof and not applied within 18 months after receipt by the Authority to the repairing, reconstructing, or otherwise replacing of the damaged or destroyed property, unless the Authority is prevented from so doing because of conditions beyond its control, shall be transferred to the General Purpose Account.

Section 1132. Maintenance of Policies. All such insurance policies designated in Sections 1129 hereof shall be filed with the TMWA Manager and shall be subject to the inspection at

all reasonable times of any holder of any Outstanding bond or any other Outstanding security payable from Pledged Revenues or any authorized representative of any such holder.

Section 1133. Completion of Refunding Project. The Authority, with the proceeds derived from the sale of the 2021 Bonds and any other available moneys, shall proceed to cause the Refunding Project to be completed without delay to the best of the Authority's ability and with due diligence, as herein provided.

Section 1134. Federal Tax Covenant. The Authority hereby covenants for the benefit of each holder of the 2021 Bonds that it will not take any action or omit to take any action with respect to the 2021 Bonds, the proceeds thereof, any other funds of the Authority or any facilities refinanced with the proceeds of the 2021 Bonds if such action or omission (i) would cause the interest on the 2021 Bonds to lose its exclusion from gross income for Federal income tax purposes under Section 103 of the Tax Code or (ii) would cause interest on the 2021 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2021 Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

Section 1135. Additional Covenants. While the 2021 Bonds or any Continuing Covenant Agreement Obligations are Outstanding, the Authority agrees to the following:

A. At least 15 days in advance of entering into a Qualified Swap, the Authority will give written notice to Standard and Poor's Ratings Group, Moody's Investors Service, and/or Fitch whichever then has a rating in effect for any Superior Securities, of such Qualified Swap and provide those rating agencies the proposed documentation evidencing such Qualified Swap.

B. If a termination payment under a Qualified Swap is unconditionally due and payable in accordance with the terms of the Qualified Swap, and the Authority determines that payment of such termination payment on its due date would be unduly burdensome, the Authority will use its best efforts to issue bonds or other obligations and use the proceeds thereof for the purpose of paying such termination payment.

C. Any Qualified Swap entered into by the Authority will contain a provision requiring the Qualified Swap Provider to (i) maintain at least an "A" rating from Standard and Poor's Corporation on its senior long-term debt obligations, or on the senior long-term debt obligations of the financial institution that guarantees the Authority's obligations under the Qualified Swap, or (ii) to collateralize its obligations under the Qualified Swap in a manner reasonably acceptable to Standard and Poor's Corporation.

Section 1136. No Purveyor Members. As provided in Section 6.13(e) of the TMWA Asset Purchase Agreement, the Authority shall not permit any of its Members to engage in the retail delivery of potable water within its respective jurisdiction and within the retail service area of the Authority.

ARTICLE XII

MISCELLANEOUS

Section 1201. Defeasance. Except as otherwise set forth herein, upon not less than 30 days prior notice the Purchaser, when all Bond Requirements of all 2021 Bonds, all Continuing Covenant Agreement Obligations or any other security of any other issue payable from Pledged Revenues have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged as to that Bond or security and it shall no longer be deemed to be Outstanding within the meaning of this Instrument. There shall be deemed to be such due payment if the Authority has irrevocably placed in escrow or in trust with a trust bank exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond or security, as such requirements become due to the fixed maturity date of the Bond or security or to any Redemption Date or Redemption Dates as of which the Authority shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond or security thereafter maturing for payment then. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Authority and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. If at any time the Authority has so irrevocably placed in escrow or trust an amount so sufficient to pay designated Bond Requirements of securities constituting less than all of the Bond Requirements of the securities becoming due on and before their respective due dates, be they the fixed maturity dates of the securities or any such Redemption Date pertaining to the securities, such designated Bond Requirements shall be deemed paid and discharged under this Instrument. For the purposes of this Section, "Federal Securities" shall not include any Federal Securities which are callable by any party other than the owner thereof. The Authority shall provide the Trustee with either (i) a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the defeased 2021 Bonds in full or (ii) an opinion of bond counsel to the effect that such 2021 Bonds are no longer Outstanding under this Instrument, that the defeasance was in accordance with the requirements of this Instrument and will not adversely affect the tax exempt status of such 2021 Bonds.

Section 1202. Delegated Powers. The Chairman, Secretary, Treasurer, TMWA Manager, Chief Financial Officer and other officers of the Authority be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Instrument, including, without limitation:

- A. Printing Bonds. The printing of the 2021 Bonds;
- B. Final Certificates. The execution of such certificates electronically or otherwise as may be reasonably required by the Initial Purchaser, relating, among other matters, to:
 - (1) The signing of the 2021 Bonds,

- (2) The tenure and identity of the officials of the Board and the Authority,
- (3) The exemption of interest on the 2021 Bonds from Federal income taxation,
- (4) The delivery of the 2021 Bonds and the receipt of the purchase price,
- (5) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof, and
- (6) The execution electronically or otherwise of the Escrow Agreement and any agreement related to the Paying Agent and Registrar not inconsistent with this Instrument;

C. Continuing Covenant Agreement. The completion and execution electronically or otherwise of the initial Continuing Covenant Agreement concerning the 2021 Bonds; and

D. Bond Sale. The sale and issuance of the 2021 Bonds in accordance with the provisions of this Instrument, including but not limited to the acceptance of the Purchase Proposal by the completion and execution of the Certificate of the Chief Financial Officer.

Section 1203. Statute of Limitations. No action or suit based upon any Bond or other obligation of the Authority shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the Authority and the holder of any Bond or the obligee regarding any such obligation shall be conclusively presumed to have been repudiated on the fixed maturity date or other due date thereof unless the Bond is presented for payment or demand for payment of any such obligation is otherwise made before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any account reserved, pledged, or otherwise held for the payment of any such obligation, action or suit for the collection of which has been barred, shall revert to the Revenue Fund, unless the Board shall otherwise provide by instrument of the Authority. Nothing herein prevents the payment of any such obligation after any action or suit for its collection has been barred if the Board deems it in the best interests of the public so to do and orders such payment to be made.

Section 1204. Impairment of Prior Contracts. Nothing herein impairs the Authority's obligation of contracts with any Person in connection with the Authority, including, without limitation:

- A. Pledged Revenues. Pledged Revenues,
- B. Outstanding Securities. Any Outstanding securities payable from Pledged Revenues,
- C. TMWA Water System. The TMWA Water System,
- D. Refunding Project. The Refunding Project,

E. Prior Contracts. Any existing viable contracts pertaining to the TMWA Water System between the Authority and other Persons, or

F. Combination. Any combination thereof.

If any provision herein is inconsistent with any provision in any existing contract pertaining to the Authority so as to affect prejudicially and materially the rights and privileges thereunder, so long as such contract shall remain viable and in effect such provision therein shall control such inconsistent provision herein and the latter provision shall be subject and subordinate to such provision in such existing contract.

Section 1205. Governmental Powers. The enforceability of the Authority's obligations and creditors' remedies is:

A. Equity Principles. Subject to general principles of equity to the extent relevant to the Authority (regardless of whether such enforceability is considered in a proceeding in equity or at law),

B. Limitations Fixed by Law. Subject to the limitations upon enforceability fixed by bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights and privileges,

C. State and U.S. Powers. Otherwise subject to the reasonable exercise in the future by the State and its governmental bodies of the police powers and the powers of eminent domain, taxation, and licensing inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the Constitution of the United States,

D. Limitations Upon Suits. Subject to the limitations stated in the 11th Amendment, Constitution of the United States, upon suits against states in Federal courts, and

E. Sovereign Immunity. Subject to the possible passage hereafter of a State statute reestablishing the doctrine of sovereign immunity (heretofore waived by the State subject to certain exceptions and conditions, none of which apply to the transactions contemplated by the issuance and purchase of the 2021 Bonds) of the State and any political subdivision of the State from liability and suits thereagainst in the absence of the State's consent thereto.

Nothing herein prohibits or limits the exercise by the Federal Government, the State, or any other governmental entity of their respective sovereign powers. Generally, the State can neither contract away such sovereign powers nor limit or inhibit by contract the proper exercise of such powers, and this Instrument does not purport to do so.

Section 1206. Additional Securities. The Authority reserves the privileges of issuing at a later time or from time to time any securities now or hereafter authorized by law (not herein designated for issuance), as moneys, if any, are needed for the project or projects for which such securities are authorized respectively to be issued.

Section 1207. No Acceleration. Nothing in this Instrument or any other instrument of the Authority or any law of the State shall permit the acceleration of the time or times for the payment of the 2021 Bonds, except to the extent, and under the circumstances, described in any Continuing Covenant Agreement.

ARTICLE XIII

PRIVILEGES, RIGHTS AND REMEDIES

Section 1301. Bondholder's Remedies. Each holder of any 2021 Bond and the Trustee, acting for each such holder, shall be entitled to all of the privileges, rights, and remedies provided herein, in the Authority Act, in the Bond Act, and as otherwise provided or permitted at law or in equity or by other statutes, except as provided in Sections 206 through 210 hereof, but subject to the provisions herein concerning Pledged Revenues and the proceeds of the 2021 Bonds.

Section 1302. Right To Enforce Payment. Nothing in this article affects or impairs the right of any Purchaser or any holder of any 2021 Bond to enforce the payment of the Bond Requirements of his bond or the obligation of the Authority to pay the Bond Requirements of each 2021 Bond to the holder thereof at the time and the place expressed in the 2021 Bond.

Section 1303. Events of Default. Except as otherwise provided herein, each of the following events is hereby declared an "event of default:"

A. Nonpayment of Principal and Premium. Payment of the principal of any of the 2021 Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest is not made when the same becomes due and payable;

C. Incapable To Perform. The Authority for any reason is rendered incapable of fulfilling its obligations hereunder;

D. Nonperformance of Duties. The Authority fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to Pledged Revenues, to the TMWA Water System, or to all or any other combination thereof, or otherwise, including, without limitation this Instrument, and such failure continues for 60 days after receipt of notice directly from any Purchaser or the holders of a majority in principal amount of the 2021 Bonds then Outstanding or receipt of such notice from any Purchaser or such holders is delivered by the Trustee;

E. Failure to Reconstruct. The Authority discontinues or unreasonably delays or fails to carry out with reasonable dispatch the repair, reconstruction, or other replacement of any material part of the TMWA Water System which is destroyed or damaged and is not promptly replaced (whether such failure to replace the same is due to impracticability of such replacement, is due to a lack of moneys therefor, or for any other reason);

F. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the Authority appointing a receiver or receivers for the TMWA Water System or for any Pledged Revenues and any other moneys subject

to the lien to secure the payment of the 2021 Bonds, or both such TMWA Water System and such moneys, or an order or decree having been entered without the consent or acquiescence of the Authority is not vacated or discharged or stayed on appeal within 60 days after entry;

G. Default under Continuing Covenant Agreement. The Authority receives written notice from any Purchaser that an event of default has occurred under the Continuing Covenant Agreement; and

H. Default of Any Provision. Except as otherwise provided herein, the Authority makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements, and other provisions contained in the 2021 Bonds or in this Instrument on its part to be performed, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the Authority directly by any Purchaser, the holders of a majority in principal amount of the 2021 Bonds and any Parity Securities then Outstanding or such notice from any Purchaser or such holders is received by the Trustee and delivered to the Authority by the Trustee. If the Authority defaults in performance of the Rate Maintenance Covenant pursuant to Section 1001 hereof, and: (1) the Authority has consulted an Professional Engineer with regard to the steps it should take to increase Net Revenues; (2) the rates and charges collected by the Authority equal or are greater than 100 percent of combined maximum principal and interest requirements; and (3) the Authority is following those recommendations of the Professional Engineer, it does not constitute an event of default as long as such default does not continue for a period of not more than three years.

Section 1304. Remedies for Defaults. Upon the happening and continuance of any of the events of default, as provided in Section 1303 hereof, then and in every case any Purchaser or, if there is not a Purchaser, the holder or holders of not less than a majority in principal amount of the 2021 Bonds then Outstanding may or the Trustee, if directed by the Purchaser or, if there is not a Purchaser, the holder or holders of not less than a majority in principal amount of the 2021 Bonds, shall proceed against the Authority and its agents, officers, and employees to protect and to enforce the rights of any holder of 2021 Bonds under this Instrument by mandamus or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or by an award of execution of any power herein granted for the enforcement of any proper, legal, or equitable remedy as such Purchaser, holder or holders may deem most effectual to protect and to enforce the rights aforesaid, or thereto enjoin any act or thing which may be unlawful or in violation of any right of any holder of any 2021 Bond, or to require the Authority to act as if it were the trustee an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had, and maintained for the equal benefit of all holders of the 2021 Bonds and any Parity Securities then Outstanding.

From and after the occurrence of an event of default hereunder, the 2021 Bonds shall bear interest at the Default Rate (not to exceed the Statutory Maximum) for so long as any event of default hereunder is continuing. Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default, the 2021 Bonds shall be redeemed by the Authority in accordance with any Continuing Covenant Agreement. Notwithstanding anything herein to the contrary, the 2021 Bonds are not subject to acceleration except to the extent, and under the circumstances,

described in any Continuing Covenant Agreement. In the event of any direction to accelerate as provided in any Continuing Covenant Agreement, the Trustee shall immediately accelerate the Bonds as set forth in any Continuing Covenant Agreement.

Section 1305. Vesting in Trustee Powers of Statutory Trustee. The Purchaser and the holders of the 2021 Bonds shall be entitled to the benefits and be subject to the provisions of NRS 350.660, 350.664, and 350.666 (except as hereinafter provided with respect to the method of the appointment of a trustee), and the trustee referred to therein (being the Trustee appointed and confirmed herein) shall have the powers provided by such sections of the Bond Act; the provisions of such sections of the Bond Act (except as to such method of appointment) shall be fully applicable to all Outstanding 2021 Bonds; the right or privilege of such holders to appoint such trustee in the manner provided in such sections is hereby abrogated; all of the rights, powers, and duties of such trustee shall be and hereby are vested in the Trustee without further act on the part of the holders of the 2021 Bonds; and the Authority shall not interpose, as a defense to any proceedings under such sections of the Bond Act, failure of holders of 2021 Bonds to appoint a trustee in the manner provided in such sections of the Bond Act.

Section 1306. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such holders hereunder, the consent to any such appointment being hereby expressly granted by the Authority, may enter and take possession of the TMWA Water System, subject to the rights and privileges of any lessee or other user under any lease or other contract, may operate and maintain the same, may prescribe rates, fees, and other charges, and may collect, receive, and apply all Gross Revenues and any other revenues pertaining to the TMWA Water System arising after the appointment of such receiver in the same manner as the Authority itself might do.

Section 1307. Rights and Privileges Cumulative. The failure of any holder of any Outstanding 2021 Bond to proceed in any manner herein provided shall not relieve the Authority, its Board, or any of the Authority's officers, agents, or employees of any liability for failure to perform or carry out any duty, obligation, or other commitment. Each right or privilege of any such holder (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege thereof.

Section 1308. Duties upon Defaults. Upon the happening of any of the events of default as provided in Section 1303 hereof, the Authority, in addition, shall do and perform all proper acts on behalf of and for the holders of the 2021 Bonds, and any Parity Securities payable from Pledged Revenues to protect and to preserve the security created for the payment of the securities and to insure the payment of the Bond Requirements of the securities promptly as the same become due. During any period of default, so long as any of the securities, as to any Bond Requirements, are Outstanding, all Net Revenues shall be paid into the Bond Fund, and, to the extent such revenues, if any, exceed the Bond Requirements of the Outstanding securities payable from such account, both accrued and to accrue to their respective fixed maturity dates or to any Redemption Date or Redemption Dates pertaining thereto, whichever is earlier, if any, into any like account or like accounts for any Outstanding Parity Securities. If the Authority fails or refuses to proceed as in this Section provided, the holder or holders of not less than a majority in principal

amount of the bonds and any Parity Securities then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the holders of the securities as hereinabove provided; and to that end any such holders of Outstanding securities shall be subrogated to all rights of the Authority under any agreement, lease, or other contract involving Pledged Revenues, or the TMWA Water System entered into prior to the effective date of this Instrument or thereafter while any such securities are Outstanding.

Section 1309. Duties in Bankruptcy Proceedings. If any lessee or other user of the TMWA Water System proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under law providing for corporate reorganization, it shall be the duty of the Authority and its appropriate officers are hereby authorized and directed to take all necessary steps for the benefit of the holders of the 2021 Bonds and any Parity Securities in such proceedings, including, without limitation, the filing of any claims for unpaid rates, fees, other charges, and other payments due to the Authority or otherwise arising from the breach of any of the covenants, terms, or conditions of the lease or any other contract pertaining to the TMWA Water System, unless the TMWA Manager or his delegate determines that the costs of such action are likely to exceed the amounts thereby recovered from such obligor.

Section 1310. Rights of Purchaser.

A. If an event of default shall have occurred and be continuing hereunder, the Purchaser shall be entitled to direct the Authority and the Trustee in the enforcement of the 2021 Bonds and this Resolution. Without limiting the generality of the foregoing, the Purchaser may, to the extent permitted by the Continuing Covenant Agreement, require the Authority and the Trustee to accelerate the due date for the payment of the principal of the 2021 Bonds upon the occurrence and during the continuance of an event of default hereunder. No waiver of any event of default hereunder shall be granted and no remedies for any such event of default may be enforced by the Trustee without the prior written consent of the Purchaser.

B. Any provision of this Resolution requiring the consent of the Authority or the Trustee shall require the consent of the Purchaser.

C. Notwithstanding the provisions of Article XIII of this Resolution, if an event of default shall have occurred and be continuing, (i) the Purchaser shall have the right to require the removal of the Trustee; (ii) no Trustee shall be required to be appointed to make such removal effective; (iii) the Purchaser shall be entitled to exercise all remedies of the Trustee under this Resolution in respect of the 2021 Bonds; provided, however, that the Trustee shall have no liability for any action taken by the Purchaser pursuant to this sentence; and (iv) the Purchaser's prior written consent shall be required to any removal of the Trustee by the Authority.

ARTICLE XIV

CONCERNING THE TRUSTEE

Section 1401. Appointment of Trustee. The Bank of New York Mellon Trust Company, N.A. is hereby appointed and confirmed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Instrument by executing the certificate of authentication endorsed upon the 2021 Bonds; and the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the 2021 Bonds so authenticated, but also with respect to all the 2021 Bonds thereafter to be issued hereunder.

Section 1402. Property Held in Trust. All moneys and securities held by the Trustee at any time pursuant to the terms of this Instrument shall be and hereby are assigned, transferred, and set over unto such Trustee in trust for the purposes and under the terms and conditions on this Instrument.

Section 1403. Deposit and Security of Funds. Subject to the provisions of Sections 602 and 603 hereof, all moneys (not including securities) held by the Trustee may, subject to the provisions of this Section, be deposited by the Trustee in demand or time deposit in its banking department, the banking department of any of the Trustee's affiliates, or with such other Banking Institutions as may be designated by the Authority. No such moneys shall be deposited with any Banking Institution, other than the Trustee or an affiliate of the Trustee, in an amount exceeding 50% of the amount which an officer of such bank shall certify to the Trustee and to the Authority as the combined capital and surplus of such bank. No such moneys shall be deposited or remain on deposit with any Banking Institution, including the Trustee and its affiliates, in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency:

A. Pledge of Collateral Security. Unless such bank shall have lodged with the corporate trust department of the Trustee or, with the written approval of the Trustee and of the Authority, pledged to some other Banking Institution for the benefit of the Authority and every holder of any 2021 Bond issued hereunder, as collateral security for the moneys deposited, Federal Securities or such securities as are provided by law for securing a deposit in a Banking Institution in the State of cities and towns in the State, having a market value (exclusive of accrued interest) at least equal to 110% of the amount of such moneys; or

B. Surety Bond. Unless, in lieu of such collateral security as to all or any part of such moneys, there shall have been lodged with the corporate trust department of the Trustee for the benefit of the Authority and every holder of any 2021 Bond issued hereunder, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States and qualified to transact business in the state in which such Banking Institution is located in a sum at least equal to the amount of such moneys or part thereof.

The Trustee shall allow and credit interest on any such moneys held by it at such rate as it customarily allows upon similar funds of similar size and under similar conditions or as

required by law. Interest or any other gain in respect of moneys or on securities in any account shall be credited in accordance with the provisions of Article VI hereof.

Section 1404. Basic Duties of Trustee. The Trustee undertakes, prior to default, and after the curing of all defaults which may have occurred, to perform such duties and only such duties as are specifically set forth in this Instrument and, in case of an event of default (which has not been cured) to exercise such of the rights and powers vested in it by this Instrument and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs, except as herein otherwise expressly provided. The Trustee, upon receipt of evidence furnished to it by or on behalf of the Authority pursuant to any provision of this Instrument shall examine the same to determine whether or not such evidence conforms to the requirements of this Instrument.

Section 1405. Trustee's Conduct. Except as herein otherwise expressly provided, no provision of this Instrument relieves the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

A. Absence of Implied Duties. Prior to default hereunder and after the curing of all defaults which may have occurred, the Trustee shall not be liable except for the performance of such duties as are specifically set out in this Instrument, and no implied covenants or obligations shall be read into this Instrument against the Trustee, but the duties and obligations of the Trustee, prior to default and after curing of all defaults which may have occurred, shall be determined solely by the express provisions of this Instrument;

B. Reliance Upon Instruments. Prior to default hereunder and after the curing of all defaults which may have occurred, and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, opinions, or other instruments conforming to the requirements of this Instrument;

C. No Liability for Mere Error of Judgment. The Trustee shall not be personally liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proven that the Trustee was negligent in ascertaining the pertinent facts or in the performance of an expressed duty;

D. Action Directed by Bondholders. The Trustee shall not be personally liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the 2021 Bonds and Parity Securities then Outstanding relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Instrument;

E. Incurrence of Personal Liabilities. The Trustee shall not be required to advance or expend or use its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if the repayment of

such funds or liability is not assured to it by the security afforded it by the terms of this Instrument or by other security or indemnity reasonably satisfactory to the Trustee;

F. Limited Liability Concerning Bonds. The Trustee shall not be under any responsibility or duty with respect to the disposition by the Authority of the 2021 Bonds or the application by the Authority of the proceeds thereof or of any moneys paid to the Authority under any of the provisions hereof, except to the extent that such proceeds are paid to the Trustee in its capacity as Trustee or Paying Agent.

G. Cost of Execution or Enforcement of Trusts. The Trustee, in the case of any default hereunder, shall not be under any obligation to take any action toward the execution or enforcement of the trusts created by this Instrument, which, in the opinion of the Trustee, will likely involve it in expense or liability, unless one or more of the holders of 2021 Bonds shall, as often as required by the Trustee, furnish to the Trustee security and indemnity satisfactory to the Trustee against such expense or liability.

H. No Liability for Continued Tax-Exempt Status of 2021 Bonds. Under no circumstances does the Trustee assume any responsibility or liability for the issuance of the 2021 Bonds as obligations the interest on which is excludable from gross income for purposes of Federal income taxation or for the maintenance of such tax-exempt status subsequent to the date of issuance of the 2021 Bonds.

Section 1406. Recitals of Fact and Representations. The recitals of fact contained herein and in the bonds (other than the Trustee's certificate of authentication) shall be taken as the statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity of this Instrument or of the 2021 Bonds issued thereunder.

Section 1407. Entry upon TMWA Water System. The Trustee shall not be personally liable in case of entry by it upon the TMWA Water System for debts contracted or liability or damages incurred in the management or operation of the properties comprising the TMWA Water System.

Section 1408. Further Permitted Reliance. To the extent permitted by Sections 1404 and 1405:

A. Reliance upon Documents. The Trustee may rely and shall be protected in acting upon any resolution, certificate, opinion, notice, request, consent, order, appraisal, report, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

B. Reliance upon Counsel. The Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel; and

C. Reliance upon Assistants. Whenever this Instrument provides for certain action to be taken or a certain document shall be executed and forwarded to the Trustee or otherwise by a designated official and such action is taken or such document is executed and so forwarded by the assistant to such official or by an acting official so designated, the Trustee may conclusively assume that the designated official is unable to act in such capacity at such time and the assistant or acting official is then authorized to take such action or to execute and so forward such document, as the case may be; and the Trustee may rely upon such action or document.

D. Actions by Agents. The Trustee may act through agents or attorneys, and shall not be responsible for the misconduct or negligence of agents or attorneys appointed with due care.

Section 1409. Other Immunities. The Trustee shall not be under any responsibility for the approval of any expert for any of the purposes expressed in this Instrument, but nothing in this Section contained shall relieve the Trustee of its obligation to exercise reasonable care with respect to the approval of independent experts who may furnish opinions or certificates to the Trustee pursuant to any provision of this Instrument. Any instrument of the Board shall be evidenced to the Trustee by a copy thereof certified by the Secretary of the Authority to have been duly adopted, and the Trustee may accept such copy as conclusive evidence of the adoption of such instrument. Nothing contained in this Section modifies the obligation of the Trustee to exercise after default the rights and powers vested in it by this Instrument with the degree of care and skill specified in Section 1404. No surety bond or other security shall be required of the Trustee unless ordered by a court having jurisdiction and for cause shown.

Section 1410. Permitted Transactions with Authority. The Trustee, the affiliates of the Trustee, any paying agent, and any other Banking Institution to which this Instrument pertains may buy, hold, sell or deal in, or be a pledgee of the bonds and any other securities of the Authority and may engage or be interested in any financial or other transaction with the Authority, all as freely as if they were not Trustee, paying agent, or such other bank hereunder.

Section 1411. Commingling of Moneys. Except as herein otherwise provided, all moneys received by the Trustee, whether as Trustee or otherwise, until used or applied as herein provided, shall be held in trust for the purposes for which they were paid, but need not be segregated from other moneys except to the extent required by law, unless herein otherwise expressly provided.

Section 1412. Compensation of Trustee. The Authority covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust; and the Authority will pay to the Trustee from time to time its expenses and disbursements (including, without limitation, reasonable compensation and the expenses, charges, counsel fees, and other disbursements of its counsel, officers, employees, other agents, and of all other Persons not regularly in the Trustee's employ). The Authority also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust,

including the costs and expenses of defending against any claim of liability in the premises. The obligations of the Authority to the Trustee under this Section shall constitute additional obligations secured by the lien of this Instrument, and shall be defrayed as Operation and Maintenance Expenses.

Section 1413. Preference in Event of Defaults. In order to further assure the Trustee that it will be compensated, reimbursed, and indemnified, all parties to this Instrument agree, and hereafter each holder of any bond and any other security hereafter authorized and payable from Pledged Revenues by his acceptance thereof shall be deemed to have agreed that in the event of the occurrence of any one or more of the events of default mentioned in Section 1303 hereof, the Trustee may file from time to time in any proceeding or proceedings one or more claims, supplemental claims, and amended claims as a creditor for its reasonable compensation for all services rendered by it (including services rendered during the course of any such proceeding or proceedings) and for reimbursement as Operation and Maintenance Expenses for all advances, expenses, and disbursements (including the reasonable compensation and the expenses and disbursements of its counsel and of all other Persons not regularly in its employ) made or incurred by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties herein of the Trustee, and for any and all amounts to which the Trustee is entitled as indemnity; and the Trustee and its counsel and agents may file in any such proceeding or proceedings applications or petitions for compensation for such services rendered, for reimbursement for such advances, expenses, and disbursements, and for such indemnity, as such Operation and Maintenance Expenses.

Section 1414. Adjustment and Allowance of Claims. The claim or claims of the Trustee filed in any such proceeding or proceedings shall be reduced by the amount of compensation for services, reimbursement for advances, expenses, and disbursements, and indemnity paid to it following final allowance to it and to its counsel and agents by the court in any such proceedings as an expense of administration or in connection with a plan of reorganization or readjustment. To the extent that compensation, reimbursement, and indemnity are denied to the Trustee or to its counsel or its other agents because of not being rendered or incurred in connection with the administration of an estate in a proceeding or in connection with a plan of reorganization or readjustment approved as required by law, because such services were not rendered in the interests of and with benefit to the estate of the Authority as a whole but in the interest of and with benefit to the holders of the 2021 Bonds and any other securities hereafter authorized and payable from Pledged Revenues in the execution of the trusts hereby created or in the exercise and performance of any of the powers and duties hereunder of the Trustee, or because of any other reason, the court may, to the extent permitted by law, allow such claim, as supplemented and amended, in any such proceeding or proceedings and for the purposes of any plan of reorganization or readjustment of the Authority's obligations, may classify the Trustee as a creditor of a class having priority for the payment of the Operation and Maintenance Expenses, and precedence over the class in which the holders of the 2021 Bonds and any such securities are placed. The amount of the claim or claims of the Trustee for services rendered and for advances, expenses, and disbursements, including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ which are not allowed and paid in any such proceeding, but for which the Trustee is entitled to the allowance of a claim as herein provided may be fixed by the court or judge in any such proceeding or proceedings to the extent that such court or judge has or exercises jurisdiction over the amount of any such claim or claims.

Section 1415. Certificates of Officers and Experts. Whenever in the administration of the trusts of this Instrument, prior to a default hereunder, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), subject to the provisions of Sections 1404 and 1405, may be deemed to be prima facie proved and established by a certificate signed by an Authority officer, or may be deemed to be conclusively proved and established by a certificate signed by the Chairman or Vice Chairman and Secretary or Treasurer of the Board and delivered to the Trustee, and any such certificate so conclusively proved shall be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Instrument upon the faith thereof. Likewise, all appraiser's certificates, engineer's certificates, independent appraiser's certificates, independent engineer's certificates, officers' certificates, and other certificates or instruments herein provided to be given to the Trustee, shall be full warrant and protection to the Trustee, subject to the provisions of Sections 1404 and 1405 hereof, for any action or non-action taken or suffered by it under the provisions of this Instrument upon the faith thereof. Whenever it is provided in this Instrument that the Trustee shall take any action upon the happening of a specified event or upon the fulfillment of any condition or upon the request of the Authority or of any holder of any 2021 Bond, the Trustee shall have full power to give any and all notices and to do any and all acts and things incident to such action.

Section 1416. Resignation of Trustee. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than 60 days written notice to the Authority. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or holders of 2021 Bonds as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 1417. Removal of Trustee. The Trustee, or any successor thereof, may be removed at any time by the Authority, as designated by the TMWA Manager or the Chief Financial Officer, as long as the Authority is not in default pursuant to the terms of this Instrument or any other instrument authorizing the issuance of Parity Securities, and at any time by the holders of a majority in principal amount of the 2021 Bonds and any other bonds payable from Pledged Revenues then Outstanding, which payment is secured by a lien on such revenues, excluding any such bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of bonds or by their attorneys-in-fact duly authorized and delivered to the Authority. Copies of each such instrument shall be delivered by the Authority to the Trustee and to any successor thereof.

Section 1418. Successor Trustee. In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator thereof or of its property shall be appointed, or if any public officer shall take charge or control thereof or of its property or affairs, a successor may be appointed by the Authority, as designated by the TMWA Manager or the Chief Financial Officer, or in the case of removal of the Trustee by the holders, a successor may be appointed by the holders of a majority in principal amount of the then Outstanding 2021 Bonds and any other Parity Securities payable from Pledged Revenues, which payment is secured by a lien on such revenues, excluding

any such bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of such Parity Securities or by their attorneys-in-fact duly authorized and delivered to the Authority. Pending such appointment by holders of such bonds, the Authority shall forthwith appoint a successor to act until such appointment is made by the holders of such bonds. Copies of each such instrument and of any instrument of the Authority providing for any such appointment shall be delivered by the Authority to the successor and to the predecessor Trustee. If no appointment of a successor shall be made within 30 days after the Trustee has been removed or resigned or after the occurrence of any other event requiring or authorizing such appointment, any holder of such Parity Securities or the trustee of such bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court thereupon after such notice, if any, as the court may deem proper and may prescribe, may appoint such successor. Any successor appointed under the provisions of this Section shall be a trust bank and willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this Instrument.

Section 1419. Transfer of Rights and Property. Any successor appointed under the provisions of Section 1418 of this Instrument shall execute, acknowledge, and deliver to its predecessor and also to the Authority an instrument accepting such appointment; and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties, and obligations of its predecessor hereunder, with like effect as if originally appointed herein as Trustee; but the Trustee then ceasing to act shall, nevertheless, on request by the Authority or by such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title, and interest of such Trustee in and to any property held by it hereunder and shall pay over, assign, and deliver to such successor any money or other property subject to the trusts and conditions herein set forth. If any deed, conveyance, or instrument in writing from the Authority is required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing shall on request and so far as may be authorized by law be executed, acknowledged, and delivered to the Authority by the Trustee originally appointed herein.

Section 1420. Merger or Consolidation. Any company in which the Trustee may be merged or with which it may consolidate or any company resulting from any merger or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, if such company is a trust bank qualified to be a successor to the Trustee under the provisions of Section 1418 hereof, shall be the successor to the Trustee without any further act, deed, or conveyance.

Section 1421. Electronic Instructions. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Instrument and delivered using Electronic Means ("Electronic Means" means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority, shall provide to the Trustee an

incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority, whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. If the Trustee elects not to act upon such Instructions, the Trustee shall notify the Authority. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 1422. Force Majeure. The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Trustee; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

ARTICLE XV

AMENDMENT OF INSTRUMENT

Section 1501. Privilege of Amendments. This Instrument may be amended as provided in Section 1510 hereof without the need of obtaining consent of any of the holders of the 2021 Bonds. The “Regular Record Date” as defined in Section 302 hereof may be changed by the Authority without the need of obtaining consent of any holders of the 2021 Bonds if the Authority receives the consent of the securities depository then holding the 2021 Bonds pursuant to Section 302 hereof, if any, and if the Authority gives to the registered owner of each 2021 Bond a notice of change in the Regular Record Date, if a securities depository is the registered owner of the 2021 Bonds, by registered or certified mail, and otherwise, by first class mail, not less than six months before the first interest payment date to which the changed Regular Record Date will be applicable. In addition, except for supplemental instruments adopted pursuant to Section 712 hereof which do not expressly or impliedly amend or otherwise modify this Instrument, and except as provided in Section 1502 hereof, this Instrument may be amended or supplemented by instruments adopted by the Board in accordance with the laws of the State, without receipt by the Authority of any additional consideration, but, subject to the provisions of Section 1209 hereof, with the written consent of the holders of 66% in aggregate principal amount of the 2021 Bonds and Parity Securities Outstanding at the time of the adoption of such amendatory or supplemental instrument, excluding, pursuant to paragraph (5), Section 102(B) hereof, any 2021 Bonds which may then be held or owned for the account of the Authority, but including such refunding securities as may be issued for the purpose of refunding any of the 2021 Bonds if such refunding securities are not owned by the Authority.

Section 1502. Limitations upon Amendments. Notwithstanding the provisions of Section 1209(A) of this Instrument, no such instrument shall permit without the consent of the beneficial owners of the 2021 Bonds affected thereby:

A. Changing Payment. A change in the maturity or in the terms of redemption of the principal of any Outstanding 2021 Bond or any installment of interest thereon; or

B. Reducing Return. A reduction in the principal amount of any 2021 Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or

C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or the pledge created by this Instrument; or

D. Modifying Limitations upon Modifications. A reduction of the principal amount or percentages or otherwise affecting the description of 2021 Bonds or the consent of the holders of which is required for any such amendment or other modifications; or

E. Priorities Between Bonds. The establishment of priorities as between 2021 Bonds issued and Outstanding under the provisions of this Instrument; or

F. Partial Modification. Materially and prejudicially modifying or otherwise materially and prejudicially affecting the rights or privileges of the holders of less than all of the 2021 Bonds then Outstanding.

Section 1503. Notice of Amendment. Whenever the Board proposes to amend or modify this Instrument under the provisions of this article, it shall cause notice of the proposed amendment to be mailed within 30 days to the Trustee, or each holder of the Outstanding 2021 Bonds and any Parity Securities. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the Secretary for public inspection.

Section 1504. Time for Amendment. Whenever at any time within one year from the date of the mailing of such notice, there shall be filed in the office of the Secretary an instrument or instruments executed by Purchaser, or if there is no Purchaser, the holders of at least 66% in the aggregate principal amount of the 2021 Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in such notice shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Board may adopt such amendatory instrument and such instrument shall become effective.

Section 1505. Binding Consent to Amendment. If the Purchaser, or if there is no Purchaser, holders of at least 66% in the aggregate principal amount of the 2021 Bonds and Parity Securities then Outstanding, at the time of the adoption of such amendatory instrument, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any bond whether or not such holder shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Authority from taking any action pursuant to the provisions thereof.

Section 1506. Time Consent Binding. Any consent given by the holder of a 2021 Bond and any Parity Securities pursuant to the provisions of this article shall be irrevocable for a period of 6 months from the date of the mailing of the notice above provided for in Section 1503 and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time after 6 months from the date of such mailing of such notice, by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Secretary, but such revocation shall not be effective if the holders of 66% in aggregate principal amount of the bonds Outstanding as in this article provided, prior to the attempted revocation, consented to and approved the amendatory instrument referred to in such revocation.

Section 1507. Unanimous Consent. Notwithstanding anything in the foregoing provisions of this article, the terms and the provisions of this Instrument or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the Authority and of the holders of the 2021 Bonds may be amended or otherwise modified in any respect upon the adoption by the Authority and upon the filing with the Secretary of an instrument to that effect and with the consent of the holders of all the then Outstanding 2021 Bonds, such consent to be given as provided in Section 1204 hereof; and no notice to holders of 2021 Bonds shall be required as

provided in Section 1503 hereof, and the time of consent shall not be limited except as may be provided in such consent.

Section 1508. Exclusion of Authority's Bonds. At the time of any consent or of other action taken under this article, the Authority shall furnish to the Secretary a certificate of the Treasurer, upon which the Authority may rely, describing all bonds to be excluded, for the purpose of consent or of other action or of any calculation of Outstanding bonds provided for in this article, and the Authority shall not be entitled with respect to such bonds to give any consent or to take any other action provided for in this article, pursuant to paragraph (5) of Section 102(B) hereof.

Section 1509. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this article provided may bear a notation by endorsement or otherwise in form approved by the Board as to such action; and if such Bonds so authenticated and delivered shall bear such notation, then upon demand of the holder of any Bond Outstanding at such effective date and upon presentation of his Bond for the purpose at the principal office of the Secretary, suitable notation shall be made on such Bond by the Secretary as to any such action. If the Board so determines, new Bonds so modified as in the opinion of the Board to conform to such action shall be prepared, authenticated, and delivered; and upon demand of the holder of any Bond then Outstanding, exchanged without cost to such holder for Bonds then Outstanding upon surrender of such Bonds.

Section 1510. Amendments Not Requiring Consent. The Authority, acting by and through the Board, and the Trustee, notwithstanding the provisions of other sections of this article, and without the consent of or notice to any holder of any 2021 Bond, shall consent to any amendment, change, or modification of this Instrument as required:

- A. Bond Resolution. By the provisions of this Instrument,
- B. Curing Defects. For the purpose of curing any ambiguity or formal defect or omission herein,
- C. Additional Securities. In connection with the issuance and delivery of additional bonds or other securities payable from the Net Revenues, or
- D. Other Change. In connection with any other change herein which, in the judgment of the Trustee and in the opinion of bond counsel to the Authority, is not to the prejudice of the Trustee, or the holders of the 2021 Bonds or any Parity Securities then Outstanding.

**PASSED, APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS
OF THE TRUCKEE MEADOWS WATER AUTHORITY ON THIS MAY 20, 2021.**

Chairman

(SEAL)

Attest:

Secretary

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)
)
TRUCKEE MEADOWS)
WATER AUTHORITY)

I am the duly chosen, qualified, and acting Secretary of the Truckee Meadows Water Authority and of its Board of Directors (herein the “Authority” and the “Board,” respectively), the Authority being situate in the County of Washoe and State of Nevada, do hereby certify:

1. The foregoing pages together with the Exhibit appended thereto constitute a true, correct, complete, and compared copy of the “2021 Refunding Bond Resolution,” introduced, passed, and adopted at a meeting of the Board held on May 20, 2021.

2. The original of the 2021 Refunding Bond Resolution has been approved and authenticated by the signatures of the Chairman of the Board and myself as Secretary, and sealed with the seal of the Authority, and has been recorded in the minute book of the Board kept for that purpose in the Authority’s office, which record has been duly signed by such officers and properly sealed.

3. The Directors voted on the passage of such instrument as follows:

Those Voting Aye:	Paul Anderson Jenny Brekhus Kristopher Dahir Naomi Duerr Vaughn Hartung Alexis Hill Neoma Jardon
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Those Voting Nay:	_____
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Those Absent:	_____
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4. The foregoing proceedings were in fact held as in such minutes specified as originally of record in my possession.

5. All members of the Board were given due and proper notice of the meeting.

6. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020 and, if applicable, the Nevada Governor’s Directive 006, as amended, and the Nevada Governor’s Directive 033 (collectively, the “Directives”). A copy of the notice of meeting (attached as Exhibit A) and excerpts from the agenda for the meeting relating to the resolution, was posted no later than 9:00 a.m. on the third working day prior to the meeting, on the Authority’s website, on the State of Nevada’s official website and if

required by the NRS 241.020 and the Directives, at least three (3) other separate, prominent places within the jurisdiction of the Board.

7. Prior to 9:00 a.m. at least 3 working days before such meeting, such notice was mailed to each person, if any, who has requested notices of meetings of the Board in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

8. No other proceedings were adopted and no other action was taken or considered at such meeting pertaining to the proposed bonds.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the Truckee Meadows Water Authority, on this May 20, 2021.

(SEAL)

Secretary

EXHIBIT A

(Attach Copy of Notice of Meeting)

CONTINUING COVENANT AGREEMENT

Dated as of [_____], 2021

by and between

TRUCKEE MEADOWS WATER AUTHORITY, NEVADA

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

Relating to:

Truckee Meadows Water Authority, Nevada
Water Revenue Subordinate Water Revenue Refunding Bonds,
Series 2021

CONTINUING COVENANT AGREEMENT

(This Table of Contents is not a part of this
Continuing Covenant Agreement and is only
for convenience of reference)

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CONTINUING COVENANT AGREEMENT

THIS CONTINUING COVENANT AGREEMENT dated as of [_____], 2021 (together with any amendments or supplements hereto, this “*Agreement*”), is made by and between the TRUCKEE MEADOWS WATER AUTHORITY, NEVADA (the “*Authority*”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association.

WITNESSETH:

WHEREAS, the Authority was duly organized and is operating in accordance with the provisions of the “Truckee Meadows Water Authority Cooperative Agreement among City of Reno, City of Sparks and County of Washoe,” dated December 4, 2000, as amended on February 3, 2010, and as may be further amended and supplemented in accordance with the terms hereof and thereof (the “*TMWA Cooperative Agreement*”) entered into pursuant to the provisions of Nevada Revised Statutes (“*NRS*”) 277.080 to 277.180, inclusive, as amended (the “*Authority Act*”); and

WHEREAS, the Board of Directors (the “*Board*”) of the Authority, in Washoe County, in the State of Nevada (the “*State*”) has the authority to issue revenue bonds, notes and other obligations and incur liabilities for the purpose of refunding, paying and discharging all of the outstanding Truckee Meadows Water Authority, Water Revenue Commercial Paper Notes, Series 2006B (the “*Refunded Notes*”); and

WHEREAS, the Authority is a body corporate and politic, a quasi-municipal corporation, and a political subdivision of the State, and the Authority and its Board are organized and operating under the Authority Act and all laws supplemental thereto; and

WHEREAS, pursuant to the Local Government Securities Law and all laws amendatory thereof (the “*Bond Act*”), cited as NRS 350.500 through 350.720, and all laws supplemental thereto, the Authority has the power to issue its revenue bonds, which constitute special obligations of the Authority; and

WHEREAS, the Authority has issued its Subordinate Water Revenue Refunding Bonds, Series 2021, in the aggregate principal amount of \$[_____] (the “*Series 2021 Bonds*”), pursuant to the terms of that certain Resolution No. [_____] adopted by the Authority on May [____], 2021 (as amended, restated, supplemented or otherwise modified from time to time in accordance therewith and herewith, the “*Resolution*”); and

WHEREAS, the Purchaser has agreed to purchase the Series 2021 Bonds, and as a condition to such purchase, the Purchaser has required the Authority to enter into this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Authority and the Purchaser agree as follows:

ARTICLE I DEFINITIONS

Section 1.1. Definitions. As used in this Agreement:

“Additional Debt” - means Authority Debt payable from the Net Revenues.

“Affiliate” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“Agreement” - has the meaning set forth in the introductory paragraph hereof.

“Amortization Commencement Date” - means the the ninety-first (91st) day following the occurrence of an Event of Default hereunder.

“Amortization End Date” – means the earlier of (i) the third (3rd) anniversary of the date of the Event of Default which caused the Amortization Period to commence under Section 3.1(b)(ii) hereof and (ii) the Maturity Date.

“Amortization Period” - has the meaning set forth in Section 3.1(b)(ii) hereof.

“Amortization Principal Payments” - has the meaning set forth in Section 3.1(b)(ii) hereof.

“Anti-Corruption Laws” - means: (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which the Authority or any member of the Borrowing Group is located or doing business.

“Anti-Money Laundering Laws” - means applicable laws or regulations in any jurisdiction in which the Authority or any member of the Borrowing Group is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

“Applicable Law” means (a) all applicable common law and principles of equity and (b) all applicable provisions of all (i) constitutions, statutes, rules, regulations and orders of all Governmental Authorities, (ii) Governmental Approvals and (iii) orders, decisions, judgments, writs, injunctions and decrees of all courts (whether at law or in equity) and arbitrators.

“Authority” - has the meaning set forth in the introductory paragraph hereof.

“Authority Act” - has the meaning set forth in the recitals hereof.

“Authority Debt” - means with respect to the Authority, all Debt payable from or secured by a lien on the Net Revenues that would be classified as a liability in accordance with generally accepted accounting principles.

“Authorized Representative” - has the meaning set forth in the Resolution.

“Board” - has the meaning set forth in the recitals hereof.

“Bond Act” - has the meaning set forth in the recitals hereof.

“Bond Counsel” - means Sherman & Howard L.L.C., or another nationally recognized Bond Counsel selected by the Authority.

“Bondholder” means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 8.15 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee is an owner of Series 2021 Bonds.

“Bond Requirements” - has the meaning set forth in the Bond Resolution.

“Bond Resolution” - means, collectively, the resolutions of the Board authorizing the Outstanding Bonds and each series of bonds hereafter issued with a lien on the Net Revenues on a parity with any of the Outstanding Bonds.

“Borrowing Group” - means: (a) the Authority, (b) the parent of the Authority, if any, (c) any affiliate or subsidiary of the Authority, if any, (d) any guarantor, (e) the owner of any collateral securing any part of the credit, any guaranty, or this agreement, and (f) any officer, director or agent acting on behalf of any of the parties referred to in items (a) through (e) with respect to the credit, this agreement or any of the other loan documents.

“Business Day” - means any day other than (a) a Saturday, Sunday, or other day on which commercial banks located in the States of New York or Nevada are authorized or required by law or executive order to close, (b) a day on which the New York Stock Exchange is closed, or (c) a day on which commercial banks are authorized or required by law or executive order to be closed in the city in which the principal office of the Trustee or the Purchaser is located.

“Closing Date” - means May [___], 2021, subject to the satisfaction of all of the conditions precedent set forth in Article IV hereof.

“Code” - means the Internal Revenue Code of 1986, as amended from time to time, or any successor provision or provisions in that Code or any successor Federal tax code, and any regulations (including final, temporary and proposed regulations) under any such provision.

“Comparable Bond Year” - has the meaning set forth in the Bond Resolution.

“Confidential Information” - means any sensitive or confidential information regarding the Authority, the Purchaser or any Affiliate of the Purchaser including, without limitation,

address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

“Controlled Group” - means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Authority, or any subsidiary or affiliate, are treated as a single employer under Section 414 of the Code.

“Continuing Covenant Agreement Obligations” - has the meaning set forth in the Resolution.

“Debt” - means, with respect to the Authority, at any date and without duplication, (i) all obligations of the Authority for borrowed money, and all obligations of the Authority evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (ii) all direct or contingent obligations of the Authority arising under letters of credit, bankers’ acceptances, bank guaranties, surety bonds and similar instruments, (iii) capital lease obligations, (iv) all obligations of the Authority to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered and other personnel expenses), (v) all indebtedness of others secured by a lien on any asset of the Authority, whether or not such indebtedness is assumed by the Authority, (vi) all indebtedness of others guaranteed by, or secured by any of the revenues or assets of, the Authority and (vii) payment obligations of the Authority under any Swap Contract.

“Default” - means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” - means, for any day, the highest of (a) the Prime Rate plus four percent (4.00%) per annum, (b) the Federal Funds Rate *plus* five percent (5.00%) per annum and (c) ten percent (10.00%) per annum, but in any event, such Default Rate shall at no time exceed the Statutory Maximum.

“Determination of Taxability” - means and shall be deemed to have occurred on the first to occur of the following:

- (i) on the date when the Authority files any statement, supplemental statement or other tax schedule, return or document which discloses that interest paid or payable on the Series 2021 Bonds is includable, in whole or in part, in the gross income of a Bondholder or any former Bondholder for federal income tax purposes;

- (ii) on the date when the Bondholder or any former Bondholder notifies the Authority that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that interest paid or payable on the Series 2021 Bonds is includable, in whole or in part, in the gross income of a Bondholder or any former Bondholder for federal income tax purposes unless, within one hundred eighty (180) days after receipt by the Authority

of such notification from the Bondholder or any former Bondholder, the Authority shall deliver to the Bondholder and any former Bondholder a ruling or determination letter issued to or on behalf of the Authority by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Authority shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Authority, or upon any review or audit of the Authority or upon any other ground whatsoever, interest paid or payable on the Series 2021 Bonds is includable, in whole or in part, in the gross income of a Bondholder or any former Bondholder for federal income tax purposes; or

(iv) on the date when the Authority shall receive notice from the Bondholder or any former Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder all or a portion of the interest paid or payable on the Series 2021 Bonds;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Authority has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Bondholder or former Bondholder, the Authority shall promptly reimburse such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

“Drinking Water State Revolving Fund Loans” - means the (i) Truckee Meadows Water Authority, Water Revenue Bond, Series 2005, (ii) Truckee Meadows Water Authority, Water Revenue Bonds, Series 2009A, (iii) Truckee Meadows Water Authority, Water Revenue Bonds, Series 2010A, (iv) Truckee Meadows Water Authority, Water Revenue Bonds, Series 2014 and (v) Truckee Meadows Water Authority, Water Revenue Bonds, Series 2015B, and each similar loan, series of bonds or other obligation hereafter issued under or pursuant to the Nevada Drinking Water State Revolving Fund with a lien on the Net Revenues on a parity with any of the bonds referenced in this definition; *provided* that the lien of the Drinking Water State Revolving Fund Loans on the Net Revenues shall be subordinate to the lien thereon of the Superior Bonds.

“ERISA” - means the Employee Retirement Income Security Act of 1974, as amended from time to time, and all rules and regulations from time to time promulgated thereunder, or any successor statute.

“*Event of Default*” - has the meaning set forth in Section 6.1 hereof.

“*Event of Taxability*” - means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Series 2021 Bonds) which has the effect of causing interest paid or payable on the Series 2021 Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Series 2021 Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes with respect to the Series 2021 Bonds.

“*Existing Letter of Credit*” – means the Irrevocable Transferable Direct-Pay Letter of Credit dated May 15, 2018, issued by Wells Fargo Bank, National Association, relating to the Authority’s Water Revenue Commercial Paper Notes, Series 2006B.

“*Existing Reimbursement Agreement*” - means that certain Reimbursement Agreement dated as of May 1, 2018, by and between the Authority and Wells Fargo Bank, National Association, relating to the Authority’s Water Revenue Commercial Paper Notes, Series 2006B.

“*Federal Funds Rate*” - means for any day the rate of interest per annum as determined by Wells Fargo Bank, National Association at which overnight Federal Funds are offered to the Purchaser for such day by major banks in the interbank market, with any change in such rate to become effective as to the Authority on the date of any change in such rate. Each determination of the Federal Funds Rate by Wells Fargo Bank, National Association shall be deemed conclusive and binding on the Authority absent manifest error.

“*Fiscal Year*” - means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period designated by the Authority as its fiscal year.

“*Fitch*” - means Fitch Ratings, Inc., and its successors and assigns.

“GAAP” - means generally accepted accounting principles in the United States as in effect from time to time, applied by the Authority on a basis consistent with the Authority’s most recent financial statements furnished to the Purchaser pursuant to Section 4.1(viii) hereof.

“Governmental Approval” means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to any Governmental Authority.

“Governmental Authority” - means any national, supranational, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasigovernmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, department, commission, bureau, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Gross Revenues” - has the meaning set forth in the Resolution.

“Lien” - on any asset means any mortgage, deed of trust, lien, pledge, charge, security interest, hypothecation, assignment, deposit arrangement or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected or effective under applicable law, as well as the interest of a vendor or lessor under any conditional sale agreement, capital or finance lease or other title retention agreement relating to such asset.

“Majority Bondholder” - means the Bondholders with a majority of the aggregate principal amount of Bonds from time to time. As of the Closing Date, Wells Fargo Municipal Capital Strategies, LLC shall be the Majority Bondholder.

“Material Adverse Effect” - means the occurrence of any event or change which results in a material and adverse change in the business, condition (financial or otherwise) or operations of the Authority or which materially and adversely affects (a) the enforceability of this Agreement, the Series 2021 Bonds or any of the other Related Documents, (b) the ability of the Authority to perform its obligations hereunder or thereunder or (c) the rights, security, interest or remedies available to the Purchaser under this Agreement or the other Related Documents.

“Maturity Date” - means June 1, 2028.

“Maximum Federal Corporate Tax Rate” means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Purchaser, the maximum statutory rate of federal income taxation which could apply to the Purchaser as of such day).

“Moody’s” - means Moody’s Investors Service, Inc., and its successors and assigns.

“Net Revenues” - has the meaning set forth in the Resolution.

“NRS” - means the Nevada Revised Statutes.

“Obligations” - means all amounts payable by the Authority, and all other obligations to be performed by the Authority, pursuant to this Agreement and the other Related Documents (including any amounts to reimburse the Purchaser for any advances or expenditures by it under any of such documents).

“Operation and Maintenance Expenses” - has the meaning set forth in the Resolution.

“Other Debt Document” - has the meaning set forth in Section 6.1(k)(iii) hereof.

“Other Taxes” - has the meaning set forth in Section 3.5(a) hereof.

“Outstanding Bonds” - means the Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2015A, Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2016, Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2017 and Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2018 and each series of bonds hereafter issued with a lien on the Net Revenues on a parity with any of such bonds.

“Parity Securities” - has the meaning set forth in the Resolution.

[“Payment Office” - means Wells Fargo Bank, at ABA #121000248, Account #: 00027124050720, Account Name: Wires in Process, Address: Denver, Colorado, Originator to beneficiary info: Customer Name: Truckee Meadows Water Authority, Obligor number: 5470026509, or such other office or account as the Purchaser may designate from time to time.]

“Person” - means an individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“Plan” - means, with respect to the Authority and each subsidiary at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group of which the Authority or such subsidiary is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Authority or such subsidiary is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Prime Rate” - means, for any day, the per annum rate of interest for such day announced or otherwise established by Wells Fargo Bank, National Association from time to time as its base rate or equivalent rate for United States dollar denominated loans to borrowers located in the United States as in effect on such day, with any change in such prime rate or equivalent to be effective on the date of the announcement of such change, it being understood that such rate may not be the best or lowest rate offered by the Purchaser.

“Public Offering” - means an offering of securities through an underwriter to the general public.

“Purchaser” means, initially Wells Fargo Bank, National Association, and its successors and assigns, and upon the receipt from time to time by the Trustee and the Authority of a notice described in Section 8.15(a) hereof from time to time means the Person designated in such notice as the Purchaser, as more fully provided in Section 8.15(a) hereof.

“Purchaser Affiliate” means the Purchaser and any Affiliate of the Purchaser, and includes, without limitation, Wells Fargo Municipal Capital Strategies, LLC, and Wells Fargo Securities (a trade name).

“Purchaser Transferee” has the meaning set forth in Section 8.15(b) hereof.

“Rating Agencies” - means Fitch, Moody’s and S&P.

[“Refunded Notes” - has the meaning set forth in the recitals hereof.]

“Related Documents” - means this Agreement, the Resolution, the Series 2021 Bonds, the Bond Resolution, and any documents related thereto.

“Resolution” - has the meaning set forth in the recitals hereof.

“S&P” - means S&P Global Ratings, and its successors and assigns.

“Sanction” or *“Sanctions”* means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute or Executive Order, (b) the United Nations Security Council, (c) the European Union, (d) the United Kingdom, (e) any other governmental authority with jurisdiction over Authority or any member of the Borrowing Group.

“Sanctioned Target” means any target of Sanctions, including: (a) Persons on any list of targets identified or designated pursuant to any Sanctions, (b) Persons, countries, or territories that are the target of any territorial or country-based Sanctions program, (c) Persons that are a target of Sanctions due to their ownership or control by any Sanctioned Target(s), or (d) otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“Series 2021 Bonds” - has the meaning set forth in the recitals hereof.

“State” - means the State of Nevada.

“Statutory Maximum” - means ____% (i.e., 3% over the “25 Bond Revenue Index” most recently published in The Bond Buyer on May 31, 2021 before a negotiated offer was accepted for the Series 2021 Bonds in accordance with NRS 350.2011).

“Subordinate Securities” - has the meaning set forth in the Resolution.

“Superior Bonds” – means the 2015 Bonds, 2016 Bonds, 2017 Bonds and 2018 Bonds and each series of bonds hereafter issued with a lien on the Net Revenues on a parity with any of the 2015 Bonds, 2016 Bonds, 2017 Bonds and 2018 Bonds.

“Superior Securities” - has the meaning set forth in the Resolution.

“Swap Contract” - means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a *“Master Agreement”*), including any such obligations or liabilities under any Master Agreement.

“Taxable Date” means the date on which interest on the Series 2021 Bonds is first includable in gross income of the Bondholder (including, without limitation, any previous Bondholder) thereof as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“Taxable Period” has the meaning set forth in Section 3.3 hereof.

“Taxable Rate” means, for each day, a rate of interest per annum equal to the product of (i) the interest rate on the Series 2021 Bonds for such day and (ii) the applicable Taxable Rate Factor, but in any event, such Taxable Rate shall at no time exceed the Statutory Maximum.

“Taxable Rate Factor” means for each day that the Taxable Rate is determined, the quotient of (i) one divided by (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.

“Taxes” - has the meaning set forth in Section 3.5(a) hereof.

“TMWA Cooperative Agreement” - has the meaning set forth in the recitals hereof.

“*TMWA Water System*” - has the meaning set forth in the Resolution.

“*2015 Bonds*” - has the meaning set forth in the Resolution.

“*2016 Bonds*” - has the meaning set forth in the Resolution.

“*2017 Bonds*” - has the meaning set forth in the Resolution.

“*2018 Bonds*” - has the meaning set forth in the Resolution.

“*Trustee*” - has the meaning set forth in the Resolution.

Section 1.2. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.3. Construction. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The word “will” shall be deemed to mean “shall.” The words “hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

Section 1.4. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Closing Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.1(a)(ii) hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement, either the Authority or the Purchaser may by notice to the other party hereto, require that the Purchaser and the Authority negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Authority shall be the same as if such change had not been made. No delay by the Authority or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.04, (i) financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles and (ii) the Authority shall provide to the Purchaser simultaneously with the delivery of each set of financial statements referred to in Section 6.1(a)(ii) hereof a written reconciliation in form and substance reasonably satisfactory to

the Purchaser, between calculations of such covenant and/or pricing grid made before and after giving effect to such change in generally accepted accounting principles.

Section 1.5. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference. (a) Nothing in this Agreement shall be deemed to amend, or relieve the Authority of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Authority to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Authority nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.5, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

ARTICLE II

PURCHASE OF BONDS

Section 2.1. Purchase of Bonds.

(a) *Purchase Price.* Upon the conditions set forth in Article IV hereof and based on the representations, warranties and covenants of the Authority set forth herein, the Purchaser hereby agrees to purchase from the Authority and the Authority hereby agrees to sell to the Purchaser, all, but not less than all, of the Series 2021 Bonds at par in an aggregate principal amount equal to [\$_____] (the “*Purchase Price*”).

(b) *Closing.* On the Closing Date, the Authority shall deliver to the Purchaser the documents described in Article IV hereof. Upon delivery of such documents and the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article IV hereof, the Purchaser will pay the full Purchase Price for the Series 2021 Bonds in immediately available federal funds payable to the Trustee on behalf of the Authority. One fully registered Bond, in the aggregate principal amount equal to the Purchase Price, shall be issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser. The Series 2021 Bonds shall

be so issued and registered to and held by the Purchaser, or as otherwise directed by the Purchaser.

ARTICLE III

THE AUTHORITY'S OBLIGATIONS

Section 3.1. Payment Obligations. (a) The Authority hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Purchaser under the Related Documents and to pay any other Obligations owing to the Purchaser whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) (i) Subject to Section 3.1(b)(ii) hereof, the Authority shall pay the principal amounts required to be paid on the related mandatory sinking fund dates in the Resolution and shall pay all of the outstanding principal and accrued interest on the Series 2021 Bonds on the Maturity Date. In the event the Bondholders have not received all payments on the applicable dates under the Resolution, the Authority shall pay or cause to be paid to the Bondholders interest on the unpaid principal amount of such Bonds from the respective date under the Resolution, until the date all such Bonds are paid in full at a rate per annum equal to the Default Rate, such amounts to be payable on demand.

(ii) Anything herein to the contrary notwithstanding, upon the occurrence of an Event of Default, the principal amount of the Bonds shall be redeemed by the Authority in quarterly installments ("*Amortization Principal Payments*") commencing on the Amortization Commencement Date, with the final installment in an amount equal to the entire then outstanding principal amount of the Bonds being due and payable on the Amortization End Date (the period commencing on the date the first principal installment is initially payable and ending on the date that the final principal installment of the Bonds are payable as herein provided is herein referred to as the "*Amortization Period*"). Each Amortization Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Principal Payments over the Amortization Period. During the Amortization Period, the Authority shall pay or cause to be paid to the Bondholders interest on the Bonds at a rate per annum equal to the Default Rate, such amounts to be payable on demand.

(c) To the extent amounts are budgeted and appropriated by the Authority therefor, the Authority shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Purchaser with respect to any Related Document, in each case, in a minimum amount of \$2,500 plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Purchaser in connection with advising the Purchaser as to its rights and responsibilities under this Agreement and the other Related Documents or in connection with responding to requests from the Authority for approvals, consents and waivers; and

(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

In addition, if at any time any Governmental Authority shall require revenue or other documentary stamps or any other tax in connection with the execution or delivery of this Agreement or other Related Documents, then, if the Authority lawfully may pay for such stamps, taxes or fees, the Authority shall pay, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon, and the Authority agrees to save the Purchaser harmless from and against any and all liabilities with respect to or resulting from any delay of the Authority in paying, or omission of the Authority to pay, such stamps, taxes and fees hereunder.

Section 3.2. Default Rate. Upon the occurrence and during the continuance of an Event of Default, the Obligations of the Authority hereunder shall bear interest at the Default Rate, which shall be payable by the Authority to each Bondholder (or, if applicable, the Purchaser) upon demand therefor and be calculated on the basis of a 360-day year and actual days elapsed.

Section 3.3. Determination of Taxability. (a) In the event a Determination of Taxability occurs, to the extent not payable to the Purchaser or any other Bondholder under the terms of the Indenture and the Series 2021 Bonds, the Authority hereby agrees to pay to the Purchaser or any other Bondholder on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to the Purchaser or any other Bondholder on the Series 2021 Bonds during the period for which interest on the Series 2021 Bonds is included in the gross income of the Purchaser or any other Bondholder if the Series 2021 Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the Purchaser or any other Bondholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by the Purchaser or any other Bondholder as a result of interest on the Series 2021 Bonds becoming included in the gross income of the Purchaser or any other Bondholder, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by the Purchaser or any other Bondholder in connection therewith;

(b) Subject to the provisions of paragraph (c) below, the Purchaser or any other Bondholder shall afford the Authority the opportunity, at the Authority's sole cost and expense, to contest (i) the validity of any amendment to the Code which causes the interest on the Series

2021 Bonds to be included in the gross income of the Purchaser or any other Bondholder or (ii) any challenge to the validity of the tax exemption with respect to the interest on the Series 2021 Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall a Bondholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Authority or any other Person; and

(c) As a condition precedent to the exercise by the Authority of its right to contest set forth in paragraph (b) above, the Authority shall, on demand, immediately reimburse the Purchaser or any other Bondholder for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Purchaser or any other Bondholder in its sole discretion) that may be incurred by the Purchaser or any other Bondholder in connection with any such contest, and shall, on demand, immediately reimburse the Purchaser or any other Bondholder for any and all penalties or other charges payable by the Purchaser or any other Bondholder for failure to include such interest in its gross income.

(d) *Survival.* Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section shall survive the termination of this Agreement and the payment in full of the Series 2021 Bonds and the obligations of the Authority thereunder and hereunder.

Section 3.4. Prepayment. In the event all or a portion of the 2021 Bonds are redeemed or converted or accelerated prior to the Maturity Date for any reason, whether before or after default, a premium shall be paid by the Authority to the Purchaser if the Breakage Fee is a positive number. No Breakage Fee shall be payable if the Breakage Fee is a negative number. The Purchaser shall determine the Breakage Fee hereunder in good faith using such methodology as the Purchaser deems appropriate under the circumstances, and the Purchaser's determination shall be conclusive and binding in the absence of manifest error. The Breakage Fees will be determined by the Purchaser on the Business Day next succeeding the date of such redemption, conversion or acceleration (the "*Calculation Date*"), as set forth in Exhibit A hereto and such Breakage Fees shall be payable by the Authority upon the demand of the Purchaser.

Section 3.5. Net of Taxes, Etc.

(a) *Taxes.* Any and all payments to the Purchaser or any Bondholder by the Authority hereunder or with respect to the Series 2021 Bonds shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, including taxes imposed on or measured by the net income or capital of the Purchaser by the State with respect to any State income taxes solely as a result of the Purchaser purchasing the Series 2021 Bonds or executing and delivering this Agreement, but excluding, however, taxes imposed on or measured by the net income or capital of the Purchaser by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Purchaser and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "*Taxes*"). If the Authority shall be required by law to withhold or deduct any Taxes from or in respect of any sum payable hereunder or with respect to the Series

2021 Bonds to the Purchaser, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5), the Purchaser receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Authority shall make any payment under this Section 3.5 to or for the benefit of the Purchaser with respect to Taxes and if the Purchaser shall claim any credit or deduction for such Taxes against any other taxes payable by the Purchaser to any taxing jurisdiction in the United States then the Purchaser shall pay to the Authority an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Purchaser pursuant to this sentence shall not exceed the aggregate amount previously paid by the Authority with respect to such Taxes. In addition, the Authority agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America, the State of New York, the State or any other taxing jurisdiction from any payment made hereunder or with respect to the Series 2021 Bonds or from the execution or delivery or otherwise with respect to this Agreement or the Series 2021 Bonds (hereinafter referred to as “*Other Taxes*”). The Purchaser shall provide to the Authority within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the Authority to the Purchaser hereunder; *provided* that the Purchaser’s failure to send such notice shall not relieve the Authority of its obligation to pay such amounts hereunder.

(b) *Indemnity.* The Authority shall, to the fullest extent permitted by law and subject to the provisions hereof, indemnify the Purchaser for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.5 paid by the Purchaser or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the Authority shall not be obligated to indemnify the Purchaser for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Purchaser’s gross negligence or willful misconduct. The Purchaser agrees to give notice to the Authority of the assertion of any claim against the Purchaser relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Purchaser’s failure to notify the Authority promptly of such assertion shall not relieve the Authority of its obligation under this Section 3.5. Payments by the Authority pursuant to this indemnification shall be made within 60 days from the date the Purchaser makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Purchaser agrees to repay to the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this Section 3.5 received by the Purchaser for Taxes or Other Taxes that were paid by the Authority pursuant to this Section 3.5. Additionally, the Purchaser agrees to consider any written request (and, to respond to such written request in writing within fifteen (15) days of the date of receipt of such written request) from the Authority to contest, with the cooperation and at the expense of the Authority, any such Taxes or Other Taxes which the Purchaser or the Authority reasonably believes not to have been properly assessed.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes or Other Taxes by the Authority, the Authority shall furnish to the Purchaser, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Purchaser Representation.* The Purchaser does not expect to be subject to any Taxes or Other Taxes, directly or indirectly, imposed, assessed, levied or collected by or for the account of any Governmental Authority as a result of the execution or delivery of this Agreement or the issuance of the Series 2021 Bonds.

(e) *Survival of Obligations.* The obligations of the Authority under this Section 3.5 shall survive the termination of this Agreement.

[Section 3.6. *Maximum Rate; Payment of Fee.* Only to the extent permitted by State law, if the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period and (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof and (ii) the Maximum Rate (the “Excess Interest”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Purchaser, with respect to amounts then payable to the Purchaser that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Purchaser to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Purchaser. Only to the extent permitted by State law, upon the date all Obligations are payable hereunder, in consideration for the limitation of the rate of interest otherwise payable hereunder, the Authority shall pay to the Purchaser a fee equal to the amount of all unpaid deferred Excess Interest.]

ARTICLE IV CONDITIONS PRECEDENT

Section 4.1. Conditions Precedent to Purchase of Bonds. As conditions precedent to the obligation of the Purchaser to purchase the Series 2021 Bonds, the Authority shall provide to the Purchaser on the Closing Date, each in form and substance satisfactory to the Purchaser and the Purchaser’s counsel, Chapman and Cutler LLP (hereinafter, “*Purchaser’s Counsel*”):

(i) *Related Documents; Approvals.* The Purchaser shall have received the fully executed and authenticated Series 2021 Bond and an executed original or certified copy, as applicable, of each of the Related Documents and copies of all action taken by the Authority approving the execution and delivery by the Authority of each of the Related Documents, in each case, certified by an authorized official of the Authority as complete and correct as of the date hereof.

(ii) *Incumbency of Authority Officials.* The Purchaser shall have received an incumbency certificate of the Authority in respect of each of the officials who is

authorized to (i) sign this Agreement on behalf of the Authority and (ii) take actions for the Authority under this Agreement and the other Related Documents.

(iii) *Opinion of Bond Counsel.* The Purchaser shall have received a written opinion of Bond Counsel addressed to the Authority, together with a reliance letter addressed to the Purchaser, to the effect that: **[standard validity/tax-exemption opinion]**.

(vi) *Resolution.* The Purchaser shall have received a certified copy of the Resolution including any amendments or supplements thereto, if any, which have been adopted as of the Closing Date, authorizing the issuance of the Series 2021 Bonds, all certified by the Secretary of the Board as being in full force and effect.

(vii) *No Default, Etc.* (A) No Default or Event of Default shall have occurred and be continuing as of the date hereof or will result from the execution and delivery by the Authority of this Agreement and the Series 2021 Bonds, (B) the representations and warranties made by the Authority in Article V hereof shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date (except to the extent the same expressly relate to an earlier date), (C) no material adverse change in the ratings, financial condition, business, assets, liabilities or prospects of the Authority shall have occurred since June 30, 2020, except as disclosed in writing to the Purchaser prior to the Closing Date, which would be reasonably likely to result in a Material Adverse Effect, (D) no material litigation is ongoing with respect to the Authority or any of its property which would be reasonably likely to result in a Material Adverse Effect and (E) the Purchaser shall have received a certificate, given and made as of the Closing Date, from the Authority to the foregoing effect.

(viii) *Financial Information.* The Purchaser shall have received copies of (A) the Authority's audited financial statements, for the Fiscal Year ended June 30, 2020; and (B) the investment policy (including permitted investments) of the Authority.

(ix) *Legality; Material Adverse Change.* The Purchaser shall have determined (in its sole discretion) that (A) the Purchaser of the Series 2021 Bonds and the consummation of any of the transactions contemplated by the Resolution or this Agreement will violate any law, rule, guideline or regulation applicable to the Authority, the Purchaser or this Agreement and (B) no material adverse change in the ratings, financial condition, business, assets, liabilities or prospects of the Authority shall have occurred since June 30, 2020, except as disclosed in writing to the Purchaser prior to the Closing Date, which would be reasonably likely to result in a Material Adverse Effect.

(x) *CUSIP; Ratings.* The Purchaser shall have received written evidence satisfactory to the Purchaser that (a) a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service for the Series 2021 Bonds, and (b) the unenhanced Superior Bonds have been rated at least "Aa2" (or its equivalent) by Moody's and "AA-" (or its equivalent) by S&P.

(xi) *Existing Facility.* The Bank shall have received satisfactory evidence that the Existing Letter of Credit shall have been or will be cancelled and that all obligations owed under the Existing Reimbursement Agreement shall have been or will be paid in full.

Section 4.2. Other Matters. All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Purchaser and its counsel, and the Purchaser shall have received such other statements, certificates, agreements, documents and information with respect to Authority and the other parties to the Related Documents and matters contemplated by this Agreement as the Purchaser may reasonably request.

Section 4.3. Payment of Fees and Expenses. On or prior to the Closing Date, (i) the Purchaser shall have received reimbursement of the Purchaser's fees and expenses and any other fees incurred in connection with the transaction contemplated by the Related Documents and (ii) Chapman and Cutler LLP, as counsel to the Purchaser, shall have received payment of its legal fees and expenses incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents.

Section 4.4. No Bond Rating; DTC; Offering Document. The Series 2021 Bonds shall not be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document or (iv) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

ARTICLE V REPRESENTATIONS AND WARRANTIES

In order to induce the Purchaser to enter into this Agreement and to purchase the Series 2021 Bonds, the Authority represents and warrants to the Purchaser as follows:

Section 5.1. Organization, Powers, Etc. The Authority: (i) is validly organized and existing under and by virtue of the laws of the State of Nevada, (ii) has full power and authority to own its properties and carry on its business as now conducted, (iii) has or had, as applicable, full power and authority to issue the Series 2021 Bonds and to execute (or adopt, if applicable), deliver and perform its obligations under this Agreement and the Related Documents, to borrow hereunder and to execute, deliver and perform its obligations under the Series 2021 Bonds and (iv) has or had, as applicable, full power and authority to grant the lien and pledge of the Net Revenues securing the Obligations in favor of the Purchaser.

Section 5.2. Authorization, Absence of Conflicts, Etc. The execution (or adoption, if applicable), delivery and performance of this Agreement and the Related Documents and the execution, delivery and issuance of the Series 2021 Bonds: (i) have or had, as applicable, been duly authorized by the Authority, (ii) did not, do not and will not, to any material extent, conflict with, or result in violation of any applicable provision of law, including the Authority Act, or any order, rule or regulation of any court or other agency of government, and (iii) did not, do not and

will not, to any material extent, conflict with, result in a violation of or constitute a default under, the Resolution or any other resolution, agreement or instrument to which the Authority is a party or by which the Authority or any of its property is bound.

Section 5.3. Governmental Consent or Approval. The execution, delivery and performance of this Agreement and the Related Documents and the execution, delivery and performance of the Series 2021 Bonds did not, do not and will not require registration with, or the consent or approval of, or any other action by, any Federal, state or other governmental authority or regulatory body other than those which have been made or given and are in full force and effect; *provided* that no representation is made as to any blue sky or securities law of any jurisdiction.

Section 5.4. Binding Obligations. This Agreement, the Series 2021 Bonds and the other Related Documents are valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations of remedies against the Authority.

Section 5.5. No Public Vote or Referendum. To the best knowledge of the Authority, there is no public vote or referendum pending, proposed or concluded, the results of which could in any way have a Material Adverse Effect.

Section 5.6. No Defaults. The Authority is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in the Resolution or any other resolution, agreement or instrument to which it is a party which would have a Material Adverse Effect on the ability of the Authority to perform its obligations hereunder or under the Related Documents or which would materially adversely affect the enforceability hereof.

Section 5.7. Litigation. There is no action or investigation pending or, to the knowledge of the Authority, threatened against the Authority before any court or administrative agency which questions the validity of the Authority Act, the Bond Act, or the validity of any proceeding taken by the Authority in connection with the execution and delivery of this Agreement, the Series 2021 Bonds or the other Related Documents or wherein an unfavorable decision, ruling or finding would in any way adversely affect the validity or enforceability of this Agreement, the Series 2021 Bonds or the other Related Documents. There is no action pending or to the knowledge of the Authority, threatened, which questions the validity of the Authority Act or the Net Revenues nor is there any pending initiative or referendum qualified for the ballot which would seek to amend, annul, modify or replace the Authority Act or to diminish or reallocate the Net Revenues.

Section 5.8. Financial Condition. All of the Authority's financial statements to date and all financial statements relating to the Gross Revenues to date, copies of which have been furnished to the Purchaser, have been prepared in conformity with generally accepted accounting principles (except as noted therein). All of such financial statements accurately present, in all material respects, the financial condition of the Authority, including the Net Revenues as of the

dates thereof, and other than as disclosed to the Purchaser, there has been no material adverse change in the business or affairs of the Authority or of the Net Revenues since the date the last such report was so furnished.

Section 5.9. Incorporation of Representations and Warranties by Reference. The Authority hereby makes to the Purchaser the same representations and warranties made by the Authority in each Related Document to which the Authority is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Purchaser with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. Except as permitted by Section 6.2(c) hereof, no amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Purchaser.

Section 5.10. Environmental Matters. To the best knowledge of the Authority, the operations of the Authority are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action would have a Material Adverse Effect.

Section 5.11. Authority for Issuance . The Authority has entered into this Agreement under the authority provided by the Authority Act and the Bond Act.

Section 5.12. Security. The Resolution creates for the benefit of the Purchaser with respect to the Series 2021 Bonds and the Authority's obligations owed to the Purchaser hereunder the legally valid, binding and irrevocable lien on and pledge of the Net Revenues, without any further filing, registering, recording, publication or other action, subject to the provisions of the Resolution, with an equal priority lien on such moneys with the holders of the Parity Securities, subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations of remedies against the Authority. For the avoidance of doubt and notwithstanding anything contained in the Resolution to the contrary, the pledge of Net Revenues set forth in the Resolution is irrevocable until all of the Series 2021 Bonds are no longer outstanding and all of the Continuing Covenant Agreement Obligations shall have been paid in full. Except as provided in Section 6.2(d) hereof, nothing herein shall limit the right of the Authority to issue additional Superior Securities, Parity Securities, Drinking Water State Revolving Fund Loans or Subordinate Securities.

Section 5.13. Maintenance of Tax-Exempt Status of Bonds. The Authority has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Series 2021 Bonds from gross income for federal income

tax purposes or the exemption of interest on the Series 2021 Bonds from State personal income taxes.

Section 5.14. Legislation. No legislation has been enacted which in any way materially adversely affects or which prohibited or prohibits, as applicable (i) the issuance or delivery of the Series 2021 Bonds, (ii) the adoption of the Resolution, (iii) the execution and delivery of this Agreement or any of the Related Documents to which the Authority is a party, (iv) the creation, organization or existence of the Authority or the titles to office of any officers of the Authority, or (v) the power of the Authority to carry out its obligations under this Agreement or any of the Related Documents to which the Authority is a party.

Section 5.15. Provisions of Law. No vote or referendum of the registered electors of the Authority is presently required by NRS in connection with the Series 2021 Bonds or any of the Authority's obligations under the Agreement; and the Authority is not entitled to raise the defense of sovereign immunity or any other similar doctrine in any actions by the Purchaser against the Authority not sounding in tort to enforce the provisions of this Agreement under the existing provisions of NRS.

Section 5.16. Employee Benefit Plan Compliance. The Authority has no funding liability or obligation currently due and payable with respect to any employee benefit plan which could reasonably be expected to materially and adversely affect the ability of the Authority to perform its obligations hereunder or under any other Related Document. The Authority is otherwise in compliance with the terms of any such plan in which the Authority participates to the extent any such failure to comply could reasonably be expected to result in a Material Adverse Effect. Neither the Authority nor any employee benefit plan maintained by the Authority is subject to ERISA. The Authority maintains no Plans.

Section 5.17. Margin Regulations. No portion of the proceeds of the Series 2021 Bonds shall be used by the Authority (or the Trustee or any other Person on behalf of the Authority) for the purpose of "purchasing" or "carrying" any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation G, Regulation U or X of the Board of Governors of the Federal Reserve System or any other regulation of the Department of the Treasury or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date of issuance of the Series 2021 Bonds and such use of proceeds.

Section 5.18. Compliance. The current collection of Gross Revenues and the management of the Authority and the accounting and recordkeeping therefor are in material compliance with all applicable state and federal laws and all applicable resolutions, ordinances and rules of the Authority. The Authority is in compliance with the terms and conditions of each of the Related Documents to which it is a party, and no breach of the terms hereof or thereof has occurred and is continuing, and no Default or Event of Default has occurred and is continuing. The Authority is in material compliance with all laws, ordinances, orders, writs, injunctions, decrees, rules and regulations applicable to it (including, without limitation, all applicable federal, state or local environmental, health and safety statutes and regulations, and the Authority's investment policy guidelines), except to the extent noncompliance could not reasonably be expected to have a Material Adverse Effect.

Section 5.19. Maintenance of Insurance. The Authority shall maintain, or cause to be maintained, at all times insurance on and with respect to its properties with responsible and reputable insurance companies; *provided, however,* that the Authority may maintain self-insurance for worker's compensation and vehicle liability and, with the consent of the Purchaser, such other self-insurance as it deems prudent. Such insurance shall include casualty, liability and workers' compensation and be in amounts and with deductibles and exclusions customary and reasonable for governmental entities of similar size and with similar operations as the Authority. The Authority shall, upon request of the Purchaser, furnish evidence of such insurance to the Purchaser.

Section 5.20. Trustee. The Bank of New York Mellon Trust Company, N.A., is the duly appointed and acting Trustee, Paying Agent and Registrar for the Series 2021 Bonds.

Section 5.21. Anti-Terrorism Laws. (a) The Authority is not in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(b) The Authority is not any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Purchaser is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("*OFAC*") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(c) The Authority does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (b)(ii) above, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

Section 5.21. Sanctions; Anti-Money Laundering and Anti-Corruption Laws.

(a) *Sanctions.* The Authority represents and warrants continuously throughout the term of this agreement that: (a) no member of the Borrowing Group is a Sanctioned Target; (b) no member of the Borrowing Group is owned or controlled by, or is acting or purporting to act for or on behalf of, directly or indirectly, a Sanctioned Target; (c) each member of the Borrowing Group has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Sanctions; and (d) to the best of the Authority's knowledge, after due care and inquiry, no member of the Borrowing Group is under investigation for an alleged violation of Sanction(s) by a governmental authority that enforces Sanctions. The Authority shall notify Purchaser in writing not more than one (1) business day after first becoming aware of any breach of this section.

(b) *Anti-Money Laundering and Anti-Corruption Laws.* The Authority represents and warrants continuously throughout the term of this agreement that: (a) each member of the Borrowing Group has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Anti-Money Laundering Laws and Anti-Corruption Laws; and (b) to the best of the Authority's knowledge, after due care and inquiry, no member of the Borrowing Group is under investigation for an alleged violation of Anti-Money Laundering Laws or Anti-Corruption Laws by a governmental authority that enforces such laws.

**ARTICLE VI
COVENANTS**

Section 6.1. Affirmative Covenants of the Authority. Until the termination of this Agreement and the payment in full of the Series 2021 Bonds and of all amounts payable to the Purchaser hereunder, the Authority hereby covenants and agrees that it shall:

(a) *Reports and Other Information.* The Authority shall: (i) *Notice of Default.* As promptly as practical after the chief financial officer of the Authority shall have obtained knowledge of the occurrence of an Event of Default, provide to the Purchaser the written statement of the Authority setting forth the details of such event and the action which the Authority proposes to take with respect thereto.

(ii) *Annual Reports.* (A) Within one hundred eighty (180) days after the end of each Fiscal Year of the Authority, provide to the Purchaser audited financial statements of the Authority, consisting of a balance sheet and a statement of revenues, expenditures and changes in fund balances of the Authority, including the Gross Revenues for such Fiscal Year, setting forth in comparative form the corresponding figures (if any) for the preceding Fiscal Year, all in

reasonable detail, and accompanied by an unqualified opinion of Eide Bailly LLP, certified public accountants, Reno, Nevada (or another independent certified public accounting firm acceptable to the Purchaser (if such accounting firm is not nationally recognized and such acceptance not to be unreasonably withheld or delayed)) stating that they have been prepared in accordance with generally accepted accounting principles consistently applied together with a certificate signed by the chief financial officer of the Authority (x) demonstrating compliance with Section 6.1(i) (Rate Maintenance Covenant) hereof and (y) stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default. Notwithstanding the foregoing, the reporting requirements within Section (A) of this paragraph may be satisfied if such audited final statements have been filed with EMMA and are publicly available.

(B) In the event the Authority is a party to any interest rate swaps or commodity swaps, as soon as available and in any event within 60 days after the end of each June 30 and December 31, a semi-annual summary with respect to (i) interest rate swaps (including, without limitation, an aggregate mark-to-market valuation of all interest rate swaps) and (ii) commodity swaps (including, without limitation, an aggregate mark-to-market valuation of all commodity swaps).

(iii) *Offering Circulars.* Within ten (10) days after posting of such notice, during any period of time the Authority is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, immediately following any dissemination, distribution or provision thereof to any Person, (1) provide the Purchaser with a copy of any reportable event notice (as described in b(5)(i)(C) of Rule 15c2-12) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) provide the Purchaser with notice that such event notice has been filed with EMMA and is publicly available.

(iv) *Notice of Adverse Change.* Notify the Purchaser as soon as possible after the chief financial officer of the Authority acquires knowledge of the occurrence of the filing of a complaint against the Authority in any court or administrative agency, where the amount claimed is in excess of Five Million Dollars (\$5,000,000).

(v) *Budget.* As soon as available, but in any event within 30 days following the beginning of each Fiscal Year, deliver to the Purchaser the annual budget of the Authority.

(vi) *Other Information.* Provide to the Purchaser such other information respecting the business affairs, financial condition and/or operations of the Authority, as the Purchaser may from time to time reasonably request.

(b) *Inspections; Discussion.* (i) The Authority shall keep proper books of record and account in which full, true and correct entries in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to

this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein.

(ii) The Authority shall permit the Purchaser or its representatives, at any reasonable time during normal business hours and from time to time at the request of such Purchaser and at such Purchaser's expense (to the extent that the Authority has the legal ability to permit access thereto): to discuss the affairs, finances and accounts of the Authority with the appropriate officers of the Authority and its independent public accountants; *provided* that, if required by the Authority, as a condition to the Purchaser being permitted by the Authority to make or conduct any such visit, inspection, examination or discussion, the Purchaser shall certify to the Authority that the same is being made or conducted solely in order to assist the Purchaser in evaluating its position under the Agreement.

(c) *Preservation of Pledge.* The Authority shall take any and all actions necessary or reasonably requested by any Purchaser to maintain the pledges and security interests described in Section 5.12 hereof.

(d) *Taxes and Liabilities.* The Authority shall pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could have a material adverse effect on the ability of the Authority to perform its obligations under this Agreement; *provided* that the Authority shall have the right to defer payment or performance of obligations to Persons other than the Purchaser so long as it is contesting in good faith the validity of such obligations by appropriate legal action and no final order or judgment has been entered with respect to such obligations.

(e) *Sovereign Immunity.* To the extent that the Authority has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings, on the grounds of sovereign immunity or any other similar doctrine, the Authority hereby irrevocably waives, to the full extent permitted by law, such rights to immunity for itself in respect of its contractual obligations arising under or related to this Agreement. The foregoing does not constitute consent to any claim being made on or relief or execution being granted against any revenues or assets of the Authority other than Net Revenues, and the foregoing shall never apply to any tort claims.

(f) *Conversions and Redemptions.* (i) The Authority shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed conversion of the interest rate on the 2021 Bonds.

(ii) The Authority shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed optional redemption or purchase in lieu of redemption of Bonds pursuant to the Resolution.

(iii) Subject to Section 3.1(b)(ii) hereof, the Authority shall cause the 2021 Bonds to be redeemed pursuant to Section 303(B) of the Resolution in the principal amounts and by the dates specified in Exhibit B hereto.

(g) *Incorporation by Reference.* From and after the date hereof and so long as the Series 2021 Bonds are outstanding or this Agreement is in effect or any obligation of the Authority hereunder remains unsatisfied, except to the extent compliance in any case or cases is waived in writing by the Purchaser pursuant to the terms hereof, the Authority agrees that it shall, for the benefit of the Purchaser, comply with, abide by, and be restricted by all of the agreements, covenants, obligations and undertakings of the Authority contained in the Related Documents of which any failure of the Authority to comply with or abide by would result in a material adverse effect on the rights, security and interests of the Purchaser, which provisions, together with the related definitions, and ancillary provisions, are hereby incorporated herein by reference, and made a part hereof to the same extent and with the same force and effect as if the same had been herein set forth in their entirety, and it will be deemed to continue in effect for the benefit of the Purchaser, without regard or giving effect to any amendment or modification of such provisions or any waiver of compliance therewith, it being the intent of the parties that no such amendment, modification or waiver shall constitute an amendment, modification or waiver of the provisions thereof as incorporated herein.

(h) *Corporate Existence, Etc.* The Authority will maintain its corporate existence. The Authority will preserve and keep in force and effect all licenses, permits, franchises and qualifications necessary to the proper conduct of its business. The Authority will continue to engage in a business of the same general type as now conducted by it.

(i) *Rate Maintenance Covenant.* The Authority shall adopt, from time to time revise, and continue in effect, a schedule of rates, fees and other charges for water and other goods and services provided by the TMWA Water System so that the amount of the Gross Revenues in each Fiscal Year equals at least the sum of: (i) the amount of Gross Revenues required to pay Operation and Maintenance Expenses for such Fiscal Year; *plus* (ii) the greater of (A) 1.25 times the Bond Requirements for the Comparable Bond Year of the Outstanding Superior Bonds; (B) 1.2 times the Bond Requirements for the Comparable Bond Year of the Outstanding Superior Securities; or (C) all other amounts payable from the Gross Revenues and pertaining to the TMWA Water System, including, without limitation, debt service on any Superior Securities, or Parity Securities or subordinate securities, amounts due on the Continuing Covenant Agreement Obligations, if any, Operation and Maintenance reserves, capital reserves, any necessary capital expenditures not otherwise provided for, and any obligations under an agreement between the Authority and any credit or liquidity provider supporting bonds, commercial paper or other indebtedness of the Authority and prior deficiencies pertaining to any account relating to Gross Revenues.

(j) *Maintenance of Ratings.* The Authority covenants and agrees that it shall at all times maintain at least one unenhanced long-term rating from any of Fitch, Moody's or S&P on its Outstanding Superior Bonds and any bonds issued on a parity with those bonds. The Authority covenants and agrees that it shall not at any time withdraw any long-term unenhanced

rating on its Outstanding Superior Bonds from any of Fitch, Moody's or S&P if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement.

(k) *Credit Facilities.* (i) In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Other Debt Document, which such Other Debt Document (or amendment thereto) provides such Person with more restrictive covenants, additional or different events of default, greater rights and remedies and/or acceleration rights than are provided to the Purchaser in this Agreement (collectively, the "*Additional Rights*"), then, upon the occurrence of an event of default or an event or condition which with the giving of notice or lapse of time or both would become an event of default (each such event referred to herein as a "*potential default*") (without regard to a waiver of such potential default or event of default) under such Other Debt Document (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Purchaser shall have the benefits of such Additional Rights; *provided, however*, that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Purchaser shall have the benefits of such Additional Rights only from and after the occurrence of an event of default or an event or condition which with the giving of notice or lapse of time or both would become an event of default (without regard to a waiver of such potential default or event of default) under the related Other Debt Document caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of an event of default or an event or condition which with the giving of notice or lapse of time or both would become an event of default (without regard to a waiver of such potential default or event of default) under the related Other Debt Document caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Purchaser shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment.

(ii) For purposes of this Section 6.1(k), "*Other Debt Document*" means any letter of credit reimbursement agreement, standby bond purchase agreement, liquidity agreement, direct bond purchase agreement or other similar agreement or instrument (or any amendment, supplement or modification thereto) executed and delivered after the Closing Date between the Authority and a bank or similar financial institution under which the party to that Other Debt Document (other than the Authority) undertakes to purchase Additional Debt of the Authority (*provided* that for purposes of this Section 6.1(k) only, purchases of Additional Debt shall not include purchases made in a Public Offering of Additional Debt), make loans or extend credit or liquidity to the Authority, that is payable from and secured by the Net Revenues and that has the same lien priority as the Authority's Obligations under this Agreement, or a subordinate lien priority on Net Revenues. "*Other Debt Document*" does not include loans or extensions of credit the repayment obligation of the Authority with respect to which shall be payable as Operation and Maintenance Expenses and not secured by a Lien on Net Revenues on a parity with or subordinate to the Lien on Net Revenues securing the Obligations owed to the Purchaser hereunder.

(l) *Operation and Maintenance of TMWA Water System.* The Authority will operate, maintain and preserve the TMWA Water System in good repair and working order in conformity

with standards customarily followed for municipal water systems of like size and character. The Authority will from time to time make necessary and proper repairs, renewals, replacements and substitutions to the properties of the TMWA Water System, so that business carried on in connection with the TMWA Water System shall and can be conducted in an efficient and economical manner, and will operate the TMWA Water System in an efficient and economical manner. The Authority shall not use the TMWA Water System to conduct any business other than that which is lawfully permitted.

(m) *Further Assurances.* The Authority agrees to do such further acts and things and to execute and deliver to the Purchaser such additional assignments, agreements, powers and instruments as the Purchaser may reasonably require or reasonably deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm to the Purchaser its rights, powers and remedies hereunder and under the Related Documents.

(n) *Annual Budget and Appropriation.* The Authority does hereby covenant and agree to include in its annual budget for each Fiscal Year, by amendment if necessary, and to use its best efforts to cause the appropriation of, sufficient amounts of Net Revenues and other legally available funds for the payment of principal of and interest on the Continuing Covenant Agreement Obligations coming due or to become due in such Fiscal Year under the terms of this Agreement and to make all other payments required under the Resolution and under this Agreement in each such Fiscal Year. Such covenant and agreement on the part of the Authority shall be cumulative and shall continue until all payments of principal of and interest on the Continuing Covenant Agreement Obligations shall have been budgeted, appropriated, deposited and actually paid.

Section 6.2. Negative Covenants of the Authority. Until the termination of this Agreement and the payment in full of the Series 2021 Bonds and of all amounts payable to the Purchaser hereunder, the Authority hereby covenants and agrees that it shall not:

(a) *Compliance with Acts, Etc.* The Authority shall not violate any laws, rules, regulations, or governmental orders to which it is subject, which violation will materially and adversely affecting its financial condition.

(b) *Amendments.* Without the prior written consent of the Purchaser, the Authority shall not (i) consent or agree to any rescission of or amendment to the Authority Act which would reduce the amount of the Net Revenues or which would materially impair or materially adversely affect the rights of the Authority to the Net Revenues or the security of the Purchaser (it being understood that only the Legislature of the State, not the Authority, has the power to rescind or amend the Authority Act); or (ii) agree to any amendment, supplement or modification to the Resolution such that payments to Bondholders are impaired or reduced or the priority of the obligations of the Authority to the Purchaser hereunder is adversely affected in any way; or (iii) agree to any amendment of the Resolution whatsoever which will materially and adversely affect any right, security or interest of the Purchaser.

(c) *Amendments to Related Documents.* Without the prior written consent of the Purchaser, the Authority shall not modify, amend, or supplement, or give any consent to any

modification, amendment or supplement, or make any material waiver with respect to any of the Related Documents.

(d) *Additional Debt.* The Authority shall not (i) Issue Additional Debt payable from or secured by a lien on Net Revenues on a parity basis with or senior to the lien on such Net Revenues securing the Obligations (including, without limitation, the obligation of the Authority to repay any principal of and interest at the Purchaser Rate on any Advance) unless at the time of issuance of such Additional Debt the Authority provides to the Purchaser a written certificate (including supporting calculations) of an Authorized Representative of the Authority stating that:

(A) based upon reasonable assumptions, projected Gross Revenues will be sufficient to satisfy the rate maintenance covenant set forth in the resolutions authorizing the Authority Debt through the maturity date of such Additional Debt and in Section 6.1(i) (Rate Maintenance Covenant) hereof; and

(B) the projected Net Revenues for each of the first five (5) Fiscal Years immediately succeeding the last Fiscal Year in which any interest on such Additional Debt is capitalized will be at least equal to 110% of the Annual Debt Service with respect to all outstanding Superior Securities, Parity Securities, the Series 2021 Bonds and Obligations calculated as if the full authorized amount of such Additional Debt were then outstanding.

(ii) For the purposes of determining Annual Debt Service pursuant to this Section 6.2(d), (A) interest payable on Authority Debt which bears interest at a rate other than a long term fixed rate shall be deemed to be the greater of (i) the actual amount of interest paid thereon during such 12 month period (or if such Authority Debt was not outstanding during the entire 12 month period, the amount of interest that would have been paid thereon if the rate or rates of interest thereon were equal to the rate applicable to similar variable rate indebtedness for such 12 month period), or (ii) the amount of interest that would have been paid thereon if the interest rate was 110% of the "25-Bond Revenue Index" which was most recently published in The Bond Buyer and (B) the amount of principal due on obligations with maturities of less than one year or for which more than 25% of the principal amount of such obligations mature in one Fiscal Year) during such twelve (12) month period shall be deemed to be the amount that would be due in that Fiscal Year if the indebtedness represented by those obligations were amortized over a period of thirty (30) years (or such shorter period ending on the date the program pursuant to which such obligations were issued terminates) from the date the obligation was first issued (for a purpose other than paying principal on a prior issue of commercial paper) at an interest rate equal to 110% of the "25-Bond Revenue Index" which was most recently published in The Bond Buyer. For purposes of the foregoing Additional Debt Test, the Authority may treat its actual or projected unencumbered ending fund balance for a Fiscal Year as a portion of the Net Revenues in the succeeding Fiscal Year to the extent such unencumbered net assets (i) may legally be used for such payments and (ii) consists of cash and investment described in NRS 350.658, 350.659 and 355.170.

(iii) For purposes of subsections (i)(A) and (i)(B) above, in estimating Net Revenues, the Authorized Representative may take into account (1) Gross Revenues generated by the TMWA Water System reasonably expected to become available during the period for which the estimates

are provided, (2) any increase in fees, rates, charges or other sources of Gross Revenues which have been approved by the Authority and will be in effect during the period for which the estimates are provided, and (3) any other increases in Gross Revenues which the Authorized Representative believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses, the Authorized Representative shall use such assumptions as the Authorized Representative believes reasonable, taking into account (i) historical Operation and Maintenance Expenses and (ii) such other factors, including inflation and changing operations or policies of the Authority, as the Authorized Representative believes to be appropriate. The Authorized Representative shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and shall also set forth the calculations of Annual Debt Service.

(iv) For purposes of preparing the certificate or certificates described above, the Authorized Representative may rely upon financial statements prepared by the Authority which have not been subject to audit by an independent certified public accountant only if audited financial statements for such Fiscal Year or period are not available; *provided, however*, that the chief financial officer of the Authority shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

(v) Nothing herein shall prevent the Authority from issuing Additional Debt payable from and secured by a lien on the Net Revenues which is junior and subordinate to the lien on such Net Revenues securing the Obligations. In addition, nothing herein limits the ability of the Authority to issue Additional Debt in order to refund any outstanding Authority Debt (the "*Refunding Obligations*") payable from the Net Revenues if and so long as (i) the lien on the Net Revenues securing such Additional Debt is on a parity with or junior and subordinate to the lien thereon securing the Authority Debt being refunded and, (ii) the Annual Debt Service on such Refunding Obligations shall not exceed the Annual Debt Service on the Authority Debt refunded thereby in any Fiscal year commencing in the Fiscal Year in which the Refunding Obligations are issued to the Fiscal Year ending June 30, 2036.

(e) *Mergers; Leases; Sale of Assets.* (i) Except for the transactions described on Schedule 6.2(e)(i) hereto, all of which are completed, the Authority will not be a party to any merger or consolidation, or enter into a contractual operating agreement with another water utility, without the prior written consent of the Purchaser.

(ii) The Authority shall not transfer, sell, lease or dispose of all or substantially all of the properties and facilities constituting the TMWA Water System unless either (i) the Authority receives the prior written consent of the Purchaser or (ii) the Authority defeases the Series 2021 Bonds in full and pays to the Purchaser all amounts due and owing under this Agreement prior to the sale, lease or disposal of all or substantially all of the properties and facilities constituting the TMWA Water System. The Authority may not transfer any cash or cash equivalents to the City of Reno, Nevada, the City of Sparks, Nevada or to any other municipality's general fund, unless such transfer is in the ordinary course of business and the Authority receives property or services of equal or greater value in return.

(f) *Trustee.* The Authority will not, without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld) remove, or seek to remove, the Trustee. The Authority shall at all times maintain a Trustee pursuant to the terms of the Resolution that is acceptable to the Purchaser

(g) *Swap Contracts.* The Authority will not enter into any Swap Contract relating to its Debt (i) wherein any termination payments thereunder are senior to or on parity with, in terms of the lien on Net Revenues and priority of payment, the Series 2021 Bonds and the Obligations or (ii) which requires the Authority to post collateral to secure its obligations thereunder (other than a Lien on Net Revenues and except to the extent required by any law or regulation not in effect on the Closing Date), in each case, without the prior written consent of the Purchaser.

(h) *Income Tax Status.* The Authority shall not take any action, or omit to take any action under present or future laws, rules, regulations or official interpretations thereof, including, without limitation, making payments to the United States, restricting yield on investments, and making necessary filings, which, if taken or omitted, would cause interest on the Series 2021 Bonds to become includable in the gross income of the owners thereof for federal income tax purposes.

(i) *Action under the TMWA Cooperative Agreement.* Pursuant to Section 34 and 35(a) of the TMWA Cooperative Agreement, the Authority shall not permit the withdrawal of any Member (as defined therein) nor the termination of the TMWA Cooperative Agreement unless and until this Agreement shall have terminated and all Obligations shall have been repaid in full.

(j) *Application of Bond Proceeds.* (i) *Generally.* The Authority will not take or omit to take any action, which action or omission will in any way result in the proceeds from the Series 2021 Bonds being applied in a manner other than as provided in the Resolution.

(ii) *Sanctions.* The Authority shall not, and shall ensure that each member of the Borrowing Group will not, directly or indirectly use any of the proceeds of the Series 2021 Bonds to fund, finance or facilitate any activities, business or transactions: (a) that are prohibited by Sanctions, (b) that would be prohibited by U.S. Sanctions if conducted by a U.S. Person, or (c) that would be prohibited by Sanctions if conducted by Lender, or any other party hereto. The Authority shall notify Lender in writing not more than one (1) business day after first becoming aware of any breach of this Section 6.12(b).

(iii) *Anti-Money Laundering/Anti-Corruption Laws.* The Authority shall not, and shall ensure that each member of the Borrowing Group will not, directly or indirectly use any of the proceeds of the Series 2021 Bonds to fund, finance or facilitate any activities, business or transactions that would be prohibited by Anti-Money Laundering Laws or Anti-Corruption Laws.

ARTICLE VII DEFAULTS

Section 7.1. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an “*Event of Default*”:

(a) the Authority fails to pay, or cause to be paid, when due (i) any principal of, premium or interest on the Series 2021 Bonds; or (ii) any other Obligation (other than any principal of, premium or interest on the Series 2021 Bonds) and such failure shall continue for three (3) Business Days;

(b) any representation, warranty or statement made by or on behalf of the Authority herein or in any Related Document to which the Authority is a party or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or any documents, certificate or statement of the Authority (including unaudited financial reports, budgets, projections and cash flows of the Authority) furnished to the Purchaser by or on behalf of the Authority in connection with the transactions contemplated hereby are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Authority fails to perform or observe any term, covenant or agreement contained in Section 6.1(c), 6.1(f)(iii), 6.1(i), 6.1(j) or 6.2 hereof or (ii) the Authority fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 7.1(a) and this 7.1(c)(i)) and any such failure cannot be cured or, if curable, remains uncured for thirty (30) days after the earlier to occur of (A) the Purchaser has provided written notice thereof to the Authority or (B) the Authority has actual knowledge of such failure to perform;

(d) the Authority shall (i) default in any payment of any obligation (other than the Series 2021 Bonds) secured by a charge, lien or encumbrance on the Net Revenues with a priority of payment from Net Revenues that is senior to, or on a parity with, the Series 2021 Bonds, including, without limitation, Superior Securities and Parity Securities (“*Secured Debt*”), beyond the period of grace, if any, provided in the instrument or agreement under which such Secured Debt was created, or (ii) default in the observance or performance of any agreement or condition relating to any Secured Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Secured Debt to become due prior to its stated maturity;

(e) (i) a court or other governmental authority with jurisdiction to rule on the validity of this Agreement, the Resolution or any other Related Document to which the Authority is a party shall find, announce or rule that (A) any material provision of this

Agreement and any other Related Document to which the Authority is a party or (B) any provision of the Resolution relating to the security for the Series 2021 Bonds or the Obligations, the Authority's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Purchaser, in either case, is not a valid and binding agreement of the Authority or (ii) the Authority shall contest the validity or enforceability of this Agreement, any other Related Document to which the Authority is a party or any provision of the Resolution relating to the security for the Series 2021 Bonds or the Obligations, the Authority's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Purchaser, or shall seek an adjudication that this Agreement, any other Related Document to which the Authority is a party or any provision of the Resolution relating to the security for the Series 2021 Bonds or the Obligations, the Authority's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Purchaser, is not valid and binding on the Authority;

(f) any provision of the Resolution relating to the security for the Series 2021 Bonds or the Obligations, the Authority's ability to pay the Obligations or perform its obligations hereunder or the rights and remedies of the Purchaser, or any Related Document to which the Authority is a party, or any material provision thereof shall cease to be in full force or effect, or the Authority or any Person acting by or on behalf of the Authority shall deny or disaffirm the Authority's obligations under any Related Document to which the Authority is a party;

(g) one or more final judgments or orders for the payment of money in excess of \$5,000,000 in the aggregate (in excess of the coverage limits of any applicable insurance therefor) shall have been rendered against the Authority and such judgments or orders shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of ninety (90) days from the date on which it was first so rendered;

(h) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any obligation secured by a lien, charge or encumbrance upon the Net Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Authority seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the Authority seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the Authority's property, or the Authority shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (ii) of this paragraph (h) and the same shall remain undismissed; (v) there shall be commenced against the Authority or the TMWA Water System any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded

pending appeal, within sixty (60) days from the entry thereof; (vi) the Authority takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(i) any of Fitch, Moody's or S&P shall have downgraded its long-term unenhanced rating of any Outstanding Superior Bonds to below "*BBB*" (or its equivalent), "*Baa2*" (or its equivalent) or "*BBB*" (or its equivalent), respectively, or suspended or withdrawn its rating of the same;

(j) the Authority shall dissolve or its existence shall have been terminated; or

(k) any "event of default" shall have occurred under any Other Debt Document supporting any Superior Securities, commercial paper notes or other Parity Securities of the Authority or any other Related Document.

Section 7.2. Remedies. Upon the occurrence of any Event of Default the Purchaser may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) by notice to the Authority and the Trustee, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority; *provided* that upon the occurrence of an Event of Default under Section 7.1(h) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the Purchaser in writing); *provided, further, however*, that the Purchaser shall not declare the outstanding amount of the Obligations to be immediately due and payable unless (i) no Superior Securities remain outstanding or (ii) the Authority has entered into or otherwise consented to any Other Debt Document which provides a Person with acceleration rights without regard to whether Superior Securities remain outstanding;

(b) pursue any rights and remedies it may have under the Related Documents;
or

(c) pursue any other action available at law or in equity.

Notwithstanding the exercise of any other remedies provided for herein, upon the occurrence and during the continuance of any Event of Default, all Obligations shall bear interest at the Default Rate.

ARTICLE VIII
MISCELLANEOUS

Section 8.1. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure by the Authority therefrom, shall in any event be effective unless the same shall be in writing and signed by the Purchaser, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no amendment, waiver or consent shall, unless in writing and signed by the Purchaser, affect the rights or duties of the Purchaser under this Agreement or any other Related Document.

Section 8.2. Notices. All notices and other communications provided for hereunder shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), email, telex, facsimile transmission, or regular mail, as follows:

- | | |
|--------------------------|---|
| (a) if to the Authority: | Truckee Meadows Water Authority
[1355 Capital Boulevard
Reno, Nevada 89502
Telephone: (775) 834-8048
Facsimile: (775) 834-8084
Attention: Chief Financial Officer] |
| (b) if to the Purchaser: | Wells Fargo Bank, National Association
[100 West Washington Street, 20th Floor
Phoenix, Arizona 85003
Attention: Alec Koranets
Telephone: (602) 378-5753
Facsimile: (855) 883-2408
Email: alec.koranets@wellsfargo.com] |
| with a copy to: | Wells Fargo Bank, National Association
[100 West Washington Street, 20th Floor
Phoenix, Arizona 85003
Attention: M. Scott Parker
Telephone: (602) 378-2309
Facsimile: (855) 883-2408
Email: msscott.parker@wellsfargo.com] |

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered or telecopied, sent by facsimile transmission or mailed, be effective when deposited with the courier, telecopied, sent by facsimile transmission or mailed respectively, addressed as aforesaid.

Section 8.3. Survival of Covenants; Survival of This Agreement; Successors and Assigns. (a) Except as otherwise expressly provided herein, all covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall continue in full force and effect and until the Series 2021 Bonds and all Obligations hereunder shall have been paid in full. The obligation of the Authority to reimburse the Purchaser pursuant to Sections 3.5, 3.6 and 8.5 hereof shall survive the payment of the Series 2021 Bonds and the termination of this Agreement.

Section 8.4. Obligations Absolute. The obligations of the Authority under this Agreement and the Related Documents shall be absolute, unconditional, irrevocable and payable strictly in accordance with the terms of the Resolution, this Agreement and the Related Documents, under all circumstances whatsoever, including, without limitation, the following:

- (a) any lack of validity or enforceability of this Agreement or, to the extent permitted by law, the Series 2021 Bonds, the Resolution or any other Related Document;
- (b) any amendment or waiver of or any consent to departure from the terms of the Resolution or all or any of the Related Documents to which the Purchaser has not consented in writing;
- (c) the existence of any claim, counterclaim, set-off, recoupment, defense, or other right which any Person may have at any time against the Purchaser, the Authority or any other Person, whether in connection with this Agreement, the Series 2021 Bonds, the Resolution, the Related Documents, or any other transaction related thereto; and
- (d) any other circumstances or happening whatsoever whether or not similar to any of the foregoing.

SECTION 8.5. LIABILITY OF PURCHASER: INDEMNIFICATION. TO THE EXTENT PERMITTED BY THE LAWS OF THE STATE, THE AUTHORITY HEREBY INDEMNIFIES AND HOLDS HARMLESS THE PURCHASER FROM AND AGAINST ANY AND ALL DIRECT, AS OPPOSED TO CONSEQUENTIAL, CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS OR EXPENSES (INCLUDING SPECIFICALLY REASONABLE ATTORNEY'S FEES) WHICH THE PURCHASER MAY INCUR (OR WHICH MAY BE CLAIMED AGAINST THE PURCHASER BY ANY PERSON WHATSOEVER) BY REASON OF OR IN CONNECTION WITH THE EXECUTION, DELIVERY, PERFORMANCE AND ADMINISTRATION OF THIS AGREEMENT, THE ISSUANCE OF THE SERIES 2021 BONDS AND THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY; *PROVIDED* THAT THE AUTHORITY SHALL NOT BE REQUIRED TO INDEMNIFY THE PURCHASER, AND THE AUTHORITY SHALL HAVE A CAUSE OF ACTION AGAINST THE PURCHASER FOR ANY DIRECT, AS OPPOSED TO CONSEQUENTIAL, CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, OR EXPENSES THAT THE AUTHORITY ESTABLISHES AROSE FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PURCHASER AS DETERMINED BY A COURT OF COMPETENT JURISDICTION.

Section 8.6. Expenses and Taxes. The Authority will promptly pay all reasonable costs and expenses, if any, in connection with the enforcement of this Agreement and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Purchaser. In addition, the Authority shall pay any

and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security contemplated by the Related Documents and any related documents and agrees to hold the Purchaser harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. In addition, the Authority agrees to pay, after the occurrence of a Default or an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Purchaser with respect to advice relating to its rights and remedies under this Agreement or any other Related Document or in enforcing any obligations or in collecting any payments due from the Authority hereunder by reason of such Default or Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings.

Section 8.7. No Waiver; Conflict. Neither any failure nor any delay on the part of the Purchaser in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative, and not exclusive of any remedies provided by law. To the extent of any conflict between this Agreement, the Series 2021 Bonds, the Resolution and any other Related Documents, this Agreement shall control solely as between the Authority and the Purchaser.

Section 8.8. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement or the Series 2021 Bonds shall be effective unless the same shall be in writing and signed by the parties hereto.

Section 8.9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law.

Section 8.10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 8.11. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

Section 8.12. Entire Agreement. This Agreement represents the final agreement between the parties hereto and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties hereto.

Section 8.13. Governing Law; Venue. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER*, THAT THE OBLIGATIONS OF THE AUTHORITY HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA.

(b) Each party consents to and submits to exclusive in personam jurisdiction and venue in the State of Nevada, County of Washoe, and in the Federal District Courts which are located in the City of Reno or the state and federal courts located in the State of New York. Each party asserts that it has purposefully availed itself to the state and federal courts in the State of Nevada or the State of New York and waives any objection to in personam jurisdiction on the grounds of minimum contacts, waives objection to venue, and waives any plea of forum non conveniens. This consent to and submission to jurisdiction is with regard to any action related to this Agreement, regardless of whether the Authority's or the Purchaser's actions took place in the State of Nevada, the State of New York or of elsewhere in the United States.

(c) To the extent it may legally do so, each party hereby waives any right it may have to a jury trial in any action related to this Agreement.

(d) The waivers made pursuant to this Section shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 8.14. Government Regulations. The Purchaser hereby notifies the Authority that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Purchaser to identify the Authority in accordance with the Act. The Authority shall, promptly following a request by the Purchaser, provide all documentation and other information that the Purchaser reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, "know your customer" and anti-money laundering rules and regulations, including the Act, and shall comply with all applicable Bank Secrecy Act ("BSA") laws and regulations, as amended.

The Authority shall (a) ensure that no person who owns a controlling interest in or otherwise controls the Authority is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Purchaser from making any advance or extension of credit to the Authority or from otherwise conducting business with the Authority and (b) ensure that the proceeds of the Series

2021 Bonds shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 8.15. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Authority, its successors, transferees and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The Authority may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. Each Bondholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Series 2021 Bonds and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Bondholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Bondholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. Wells Fargo Bank, National Association shall be the Purchaser hereunder until such time as the Majority Bondholder designates an alternate Person to serve as the Purchaser hereunder by delivery of written notice to the Authority and the Trustee and such Person accepts and agrees to act as the Purchaser hereunder and under the Related Documents. The Majority Bondholder may so designate an alternate Person to act as the Purchaser from time to time. Upon acceptance and notification thereof to the Authority and the Trustee, the successor to the Purchaser for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Purchaser, and Wells Fargo Bank, National Association or any other Person being replaced as the Purchaser shall be discharged from its duties and obligations as the Purchaser hereunder.

(b) *Sales and Transfers by Bondholder to a Purchaser Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Series 2021 Bonds to a Person that is (i) a Purchaser Affiliate or (ii) a trust or other custodial arrangement established by the Purchaser or a Purchaser Affiliate, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act (each, a “*Purchaser Transferee*”). From and after the date of such sale or transfer, Wells Fargo Bank, National Association (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Authority and the Trustee shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Authority.

(c) *Sales and Transfers by Bondholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees which are not Purchaser Transferees but each of which constitutes (i) a

“qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this clause (c), of not less than \$5,000,000,000 (each a “*Non-Purchaser Transferee*”) all or a portion of the Series 2021 Bonds if (A) written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Authority, the Trustee and the Purchaser (if different than the Bondholder) by such selling Bondholder and Non-Purchaser Transferee, and (B) the Non-Purchaser Transferee shall have delivered to the Authority, the Trustee and the selling Bondholder, an investment letter in substantially the form attached as Exhibit C hereto (the “*Investor Letter*”).

From and after the date the Authority, the Trustee and the selling Bondholder have received written notice and an executed Investor Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Bondholder hereunder and under the other Related Documents shall thereafter refer to such transferring Bondholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Series 2021 Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

(d) *Participations.* The Purchaser shall have the right to grant participations in all or a portion of the Purchaser’s interest in the Series 2021 Bonds, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however*, that (i) no such participation by any such participant shall in any way affect the obligations of the Purchaser hereunder and (ii) the Authority and the Trustee shall be required to deal only with the Purchaser, with respect to any matters under this Agreement, the Series 2021 Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Authority.

(e) *Certain Pledges.* The Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under the Series 2021 Bonds, this Agreement and the Related Documents to secure obligations of the Purchaser, including any pledge or assignment to secure obligations to a Federal Reserve Bank and to the United States Treasury; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto.

Section 8.16. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees that: (a) (i) the services regarding this Agreement, the Series 2021 Bonds and the Related Documents provided by the Purchaser and any affiliate thereof are arm’s-length commercial

transactions between the Authority, on the one hand, and the Purchaser and its affiliates, on the other hand, (ii) the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Purchaser and its affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor (including, without limitation, as a financial advisor or municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended, and the related final rules) or otherwise), or agent or fiduciary, for the Authority, or any other Person, (ii) the Purchaser has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, or otherwise to the Authority with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser or any of its affiliates has provided other services or is currently providing other services to the Authority on other matters) and (iii) neither the Purchaser nor any of its affiliates has any obligation to the Authority with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; (c) the Purchaser and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Authority, and neither the Purchaser nor any of its affiliates has any obligation to disclose any of such interests to the Authority and (d) the Purchaser has not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has provided other services or advised, or is currently providing other services or advising the Authority on other matters) and the Purchaser is not recommending that the Authority take an action with respect to the transaction described in this Agreement and the other Related Documents.

Section 8.17. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 8.18. EMMA Postings. In the event the Authority files with EMMA, this Agreement, any Related Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”) (each such posting, an “EMMA Posting”), the Authority shall (i) provide the Purchaser with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. The Authority acknowledges and agrees that although the Purchaser may request review, edits or redactions of such materials prior to filing, the Purchaser is not responsible for the Authority’s or any other entity’s (including, but not limited to, any broker-dealer’s) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

Section 8.19. US QFC Stay Rules.

(a) *Recognition of U.S. Resolution Regimes.* In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Agreement or any other Related Document (and any interest and obligation in or under this Agreement or any other Related Document and any property securing this Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement or any other Related Document (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Agreement or any Related Document are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement or such Related Document were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings.* Notwithstanding anything to the contrary in this Agreement or any other Related Document, but subject to the requirements of paragraph (a), no party to this Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Agreement or any other Related Document that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

(c) *Defined Terms.* As used in this Section 9.17:

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following:

(a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*Insolvency Proceeding*” means a receivership, insolvency, liquidation, resolution, or similar proceeding.

“*U.S. Special Resolution Regime*” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the Authority and the Purchaser have duly executed this Agreement as of the date first above written.

TRUCKEE MEADOWS WATER AUTHORITY,
NEVADA

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

EXHIBIT A
BREAKAGE FEE

“*Breakage Fee*” for any applicable event is the difference of:

(i) the sum of the present values of a series of amounts computed for each Scheduled Date after the date hereof through the Maturity Date, each of which amounts is equal to the product of (A) the Affected Principal Amount for the Affected Principal Period ending on that Scheduled Date, times (B) ____% **[to be completed with fixed rate]** times (C) the Day Count Fraction for such Affected Principal Period,

minus

(ii) the sum of the present values of a series of amounts computed for each Scheduled Date after the Effective Date through the Maturity Date, each of which amounts is equal to the product of (A) the Affected Principal Amount for the Affected Principal Period ending on that Scheduled Date, times (B) the Termination Rate, times (C) the Day Count Fraction for such Affected Principal Period,

where:

(1) the Purchaser computes such present values by discounting each such series of amounts described in clauses (i) and (ii) above from their respective Scheduled Date to the Calculation Date using a series of discount factors corresponding to those Scheduled Dates as determined by the Purchaser from the swap yield curve that the Purchaser would use as of the Calculation Date in valuing a series of fixed rate interest rate swap payments similar to such series of amounts;

(2) the “*Affected Principal Amount*” for an Affected Principal Period is the principal amount of the Bond reflected in the Schedule of Principal Amounts scheduled to be outstanding during that Affected Principal Period determined as of the relevant Calculation Date by reference to such Schedule of Principal Amounts before giving effect to any redemption, conversion or acceleration on that Calculation Date, and for any redemption, conversion or acceleration, multiplying each such principal amount times the Termination Fraction;

(3) the “*Affected Principal Period*” is each period from and including a Scheduled Date to but excluding the next succeeding Scheduled Date; *provided, however*, if the Calculation Date is not a Scheduled Date, the initial Affected Principal Period shall be the period from and including the Calculation Date to but excluding the next succeeding Scheduled Date and the Affected Principal Amount for such initial Affected Principal Period shall be the amount stated in the Schedule of Principal Amounts Outstanding for the Scheduled Date next preceding the Calculation Date;

(4) the “*Termination Fraction*” means, for each Scheduled Date, a fraction the numerator of which is the amount of the credit to be applied pursuant to the applicable provisions of the Agreement to reduce the amount of the payment otherwise due on such date and the

denominator of which is the amount of the payment otherwise due on such date (without regard to such credit); and

(5) the “*Termination Rate*” for any Calculation Date is the fixed rate the Purchaser determines is representative of what swap dealers would be willing to pay to the Purchaser (or, if required to be cleared under the Commodity Exchange Act or a Commodity Futures Trading Commission rule or regulation promulgated thereunder, to a swap clearinghouse) as fixed rate payors semiannual in return for receiving one month LIBOR based payments semiannually under interest rate swap transactions that would commence on such Calculation Date, and mature on, or as close as commercially practicable to, the Maturity Date;

(6) “*Day Count Fraction*” means the basis on which interest is to be computed on the 2021 Bonds. The Day Count Fraction utilizes thirty-day months and 360-day years.

(7) “*Scheduled Date*” means each date specified in Schedule 6.1(f) hereto as the date on which principal payments are payable; and

(8) “*Schedule of Principal Amounts*” is the anticipated principal amount of the 2021 Bonds scheduled to be outstanding on the date the 2021 Bonds are funded and on the Scheduled Date. The Schedule of Principal Amounts for the Scheduled Dates is specified in Exhibit B hereto.

EXHIBIT B

PRINCIPAL PAYMENTS

SCHEDULED DATE	SCHEDULE OF PRINCIPAL AMOUNTS
June 1, 2021	\$ _____
December 1, 2021	_____
June 1, 2022	_____
December 1, 2022	_____
June 1, 2023	_____
December 1, 2023	_____
June 1, 2024	_____
December 1, 2024	_____
June 1, 2025	_____
December 1, 2025	_____
June 1, 2026	_____
December 1, 2026	_____
June 1, 2027	_____
December 1, 2027	_____
June 1, 2028	_____
	\$ _____

EXHIBIT C

FORM OF INVESTOR LETTER

_____, 2021

Truckee Meadows Water Authority
Reno, Nevada

The Bank of New York Mellon Trust Company, N.A., as Trustee
[City. State]

Re: Truckee Meadows Water Authority, Nevada
Water Revenue Subordinate Water Revenue Refunding Bonds,
Series 2021

Ladies and Gentlemen:

This letter is to provide you with certain representations and agreements with respect to our purchase of all of the above-referenced bonds (the “*Bonds*”), dated their date of issuance. The Bonds were issued under and secured in the manner set forth pursuant to Resolution No. [____] adopted by the Authority on May [____], 2021 (as amended, restated, supplemented or otherwise modified from time to time in accordance therewith and herewith, the “*Resolution*”). Wells Fargo Bank, National Association (the “*Purchaser*,” the “*undersigned*,” “*us*” or “*we*,” as applicable) is purchasing the Bonds pursuant to [**a Bond Purchase Agreement dated as of the date hereof, between the Authority and the Purchaser and**] a Continuing Covenant Agreement dated as of _____ 1, 2020, between the Authority and the Purchaser. We hereby represent and warrant to you and agree with you as follows:

1. We understand that the Bonds have not been registered pursuant to the Securities Act of 1933, as amended (the “*1933 Act*”), the securities laws of any state nor has the Indenture been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that the Bonds (i) are not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.

2. We have not offered, offered to sell, offered for sale or sold any of the Bonds by means of any form of general solicitation or general advertising, and we are not an underwriter of the Bonds within the meaning of Section 2(11) of the 1933 Act.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt

obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

4. We have authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the purchaser in connection with the purchase of the Bonds.

5. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

6. The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and is a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus of not less than \$5,000,000,000 as of the date hereof, and is able to bear the economic risks of such investment.

7. The undersigned understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Bonds. The undersigned has made its own inquiry and analysis with respect to the Authority, the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds.

8. The undersigned acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, the Bonds and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Bonds.

9. The Bonds are being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution; *provided, however*, that the Purchaser reserves the right to sell, transfer or redistribute the Bonds, but agrees that any such sale, transfer or distribution by the Purchaser shall be to a Person:

(a) that is an affiliate of the Purchaser;

(b) that is a trust or other custodial arrangement established by the Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers; or

(c) that the Purchaser reasonably believes to be a qualified institutional buyer and a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any case, having a combined capital and surplus of not less than \$5,000,000,000 as of the date of such sale, transfer or distribution who executes an investor letter substantially in the form of this letter.

[Signature Page Follows]

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

SCHEDULE 6.2(e)(i)

SPECIFIED TRANSACTIONS

1. Those transactions contemplated by and executed pursuant to and in accordance with that certain Interlocal Agreement Governing the Merger of The South Truckee Meadows General Improvement District into The Truckee Meadows Water Authority, Pursuant to NRS 318.3490, dated 12/11/2013.
2. Those transactions contemplated by and executed pursuant to and in accordance with that certain Interlocal Agreement Governing the Merger of The Washoe County Department of Water Resources Water Utility into The Truckee Meadows Water Authority, dated January 29, 2010.
3. Those transactions contemplated by and executed pursuant to and in accordance with that certain Agreement for Water System Acquisition between Verdi Business Park Water Cooperative and Truckee Meadows Water Authority, dated November 7, 2012, as amended by the First Amendment to Agreement for Water System between Verdi Business Park Water Cooperative and Truckee Meadows Water Authority, dated as of December 11, 2013.

**TRUCKEE MEADOWS WATER AUTHORITY, NEVADA
SUBORDINATE WATER REVENUE REFUNDING BONDS
SERIES 2021**

ESCROW AGREEMENT

DATED as of _____, 2021, made by and between the **TRUCKEE MEADOWS WATER AUTHORITY**, a governmental subdivision and body corporate, duly organized and created under the laws of the State of Nevada, and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association, organized and existing under the laws of the United States of America having and exercising full and complete trust powers, duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

(1) **WHEREAS**, Truckee Meadows Water Authority (the “Authority”) is duly organized and existing under the laws of the State of Nevada (the “State”) and its officers from time to time have been duly chosen and qualified; and

(2) **WHEREAS**, pursuant to proceedings duly taken, the Authority has heretofore issued its “Truckee Meadows Water Authority, Nevada, Water Revenue Commercial Paper Notes, Series 2006B” (the “2006B Notes”) coming due, respectively, in the principal amounts of [\$6,166,000, \$2,260,000 and] \$4,574,000 on [June 3, 2021, June 3, 2021 and] July 6, 2021 (the “Refunded Notes”); and

(3) **WHEREAS**, the Authority is issuing its “Truckee Meadows Water Authority, Nevada, Subordinate Water Revenue Refunding Bonds, Series 2021” (the “2021 Bonds”), to be issued, in part, for the purpose of paying, together with other available moneys, the principal of and interest on the Refunded Notes coming due, including any fees due in connection therewith (the “Refunded Note Requirements”), as set forth in the certified public accountant’s report attached as Exhibit 1 to this Escrow Agreement (the “Agreement”) and paying costs incidental thereto; and

(4) **WHEREAS**, the 2021 Bonds were authorized to be issued by a resolution designated in Section 101 thereof as the “2021 Refunding Bond Resolution,” adopted by the Board of Directors of the Authority (the “Board”) on May 20, 2021 (the “2021 Bond Resolution”); and

(5) **WHEREAS**, the 2021 Bonds were sold to Wells Fargo Bank, National Association subject to the approving opinion of the Authority’s bond counsel, Sherman & Howard L.L.C. (“bond counsel”); and

(6) **WHEREAS**, the Authority, by the 2021 Bond Resolution, among other matters:

A. Formally accepted the Purchase Proposal (as defined in the 2021 Bond Resolution) by the completion and execution of the Certificate of the Chief Financial Officer (as defined in the 2021 Bond Resolution);

B. Created the Escrow Account (as defined below) to be maintained in The Bank of New York Mellon Trust Company, N.A. (the “Escrow Bank”);

C. Provided for the deposit in the Escrow Account (as defined below) of the net proceeds of the 2021 Bonds (other than the portion thereof to be used to defray the administrative and issuance expenses, and other than any accrued interest paid on their delivery) and other moneys in an aggregate amount fully sufficient, together with the known minimum yield from the investment of such moneys in bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which are unconditionally guaranteed by, the United States, which obligations are not callable at the option of the issuer thereof (“Federal Securities”), to pay the Refunded Note Requirements, as set forth herein (in no circumstances shall the term “Federal Securities” include money market investments even if the money market fund in which the investment is made invests only in Federal Securities);

D. Provided for the purchase of Federal Securities with such moneys credited to the Escrow Account; and

E. Authorized the completion and execution of this Agreement; and

(7) **WHEREAS**, a copy of the 2021 Bond Resolution has been delivered to the Escrow Bank and the provisions therein set forth are herein incorporated by reference as if set forth herein verbatim in full; and

(8) **WHEREAS**, the Federal Securities described in Exhibit 1 to this Agreement have appropriate maturities and yields to insure the payment, together with the initial cash (as defined below), of the Refunded Note Requirements, as the same become due; and

(9) **WHEREAS**, a schedule of receipts from such Federal Securities and a schedule of payments and disbursements in the certified public accountant's report attached as Exhibit 1 to this Agreement, demonstrate the sufficiency of the Federal Securities and initial cash for such purpose; and

(10) **WHEREAS**, the Escrow Bank is empowered to undertake the obligations and commitments on its part herein set forth; and

(11) **WHEREAS**, the undersigned officer of the Escrow Bank is duly authorized to execute and deliver this Agreement in the Escrow Bank's name and on its behalf; and

(12) **WHEREAS**, the Authority is empowered to undertake the obligations and commitments on its part herein set forth; and

(13) **WHEREAS**, the undersigned officer of the Authority is duly authorized to execute and deliver this Agreement in the Authority's name and on its behalf.

NOW, THEREFORE, THIS ESCROW AGREEMENT WITNESSETH:

That in consideration of the premises and the mutual agreements herein contained herein, and in order to secure the payment of the Refunded Note Requirements, as the same become due, the parties hereto mutually undertake, promise, and agree for themselves, their respective representatives, successors, and assigns, as follows:

Section 1. Creation of Escrow.

A. Simultaneously with the delivery of the 2021 Bonds, and subject to their issuance, the Authority, with \$_____ of the 2021 Bond proceeds and with other available moneys in the amount of \$_____, shall purchase (to the extent not heretofore purchased) the Federal Securities described in Exhibit 1 to this Agreement in the amount of \$_____ (the "Initial Federal Securities"), and shall cause the Initial Federal Securities and an initial cash balance of \$____ to remain uninvested (the "initial cash") to be credited to and accounted for in a separate trust account hereby created and designated as the "Truckee Meadows Water Authority, Subordinate Water Revenue Refunding Bonds, Series 2021, Escrow Account" (the "Escrow Account"). Receipt of \$_____ in the Escrow Account is hereby acknowledged.

B. Other Federal Securities may be substituted for any Initial Federal Securities if such Initial Federal Securities are unavailable for purchase at the time of issuance of the 2021 Bonds or if such substitution is required or permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and the applicable regulations thereunder, subject in any case to sufficiency demonstrations in a certified public accountant’s report, and subject to a favorable opinion of the Authority’s bond counsel as to the legality of any such substitution, and the continued exemption of interest on the 2021 Bonds and the Refunded Notes from federal income taxation (except certain alternative minimum taxes described in bond counsel’s opinion), and in any event in such a manner so as not to increase the price which the Authority pays for the initial acquisition of Federal Securities for the Escrow Account. The certified public accountant’s report must indicate that the receipts from the substitute Federal Securities are sufficient without any need for reinvestment to fully pay the principal of and interest on the Refunded Notes. Any Federal Securities temporarily substituted may be withdrawn from the Escrow Account when the Initial Federal Securities are purchased and credited to the Escrow Account. Similarly any temporary advancement of moneys to the Escrow Account to pay designated Refunded Note Requirements, because of a failure to receive promptly the principal of and interest on any Federal Securities at their respective fixed maturity dates, or otherwise, may be repaid to the person advancing such moneys upon the receipt by the Escrow Bank of such principal and interest payments on such Federal Securities.

C. The initial cash, the proceeds of the Initial Federal Securities (and of any other Federal Securities acquired as an investment or reinvestment of moneys accounted for in the Escrow Account), and any such Federal Securities themselves (other than Federal Securities, including the Initial Federal Securities, held as book entries), shall be deposited with the Escrow Bank and credited to and accounted for in the Escrow Account. The securities and moneys accounted for therein shall be redeemed and paid out and otherwise administered by the Escrow Bank for the benefit of the Authority as provided in this Agreement and the 2021 Bond Resolution.

D. If the Escrow Bank learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a SLGS subscription that is to be submitted pursuant to this Section 1, the Escrow Bank shall promptly request alternative written investment instructions from the Authority with respect to escrowed funds which were to be invested in SLGS. The Escrow

Bank shall follow such written instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Authority. In the absence of investment instructions from the Authority, the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the Authority's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 2. Purpose of Escrow.

A. The Escrow Bank shall hold the initial cash, all Federal Securities accounted for in the Escrow Account (other than Federal Securities, including the Initial Federal Securities, held as book-entries), and all moneys received from time to time as interest on and principal of such Federal Securities, in trust to secure and for the payment of the Refunded Note Requirements, as the same become due at their respective due dates.

B. Except as provided in paragraph C of Section 1 hereof, the Escrow Bank shall collect the principal of and interest on such Federal Securities promptly as such principal and interest become due and shall apply all money so collected to the payment of the Refunded Note Requirements as aforesaid.

Section 3. Accounting for Escrow.

A. The moneys and the Federal Securities accounted for in the Escrow Account shall not be subject to checks drawn by the Authority or otherwise subject to its order except as otherwise provided in paragraph C of Section 1 and Section 8 hereof

B. The Escrow Bank, however, shall transfer from time to time from the Escrow Account to the paying agent for the Refunded Notes, sufficient moneys to permit such paying agent to pay, without any default, the Refunded Note Requirements, as the same become due, as provided herein and as directed by the duly authorized officers of the Authority.

C. Except as otherwise provided in paragraph C of Section 1 of this Agreement, there shall be no sale of any Federal Securities held hereunder, and no Federal Securities held hereunder and callable for prior redemption at the Authority's option shall be called at any time for

prior redemption, except if necessary to avoid a default in the payment of the Refunded Note Requirements.

Section 4. Maturities of Federal Securities.

A. Any Federal Securities shall be purchased in such manner:

(1) So that such Federal Securities may be redeemed in due season at their respective maturities to meet such Refunded Note Requirements as the same become due, and

(2) So that any sale or prior redemption of such Federal Securities shall be unnecessary.

B. There shall be no substitution of any Federal Securities except as otherwise provided in paragraph C of Section 1 of this Agreement.

Section 5. Reinvestments. The Escrow Bank shall, at the written direction of the Authority, reinvest in Federal Securities any moneys (except the initial cash) received in payment of the principal of and interest on any Federal Securities accounted for in the Escrow Account, subject to the limitations of Sections 1 and 4 hereof and of the following additional limitations:

(1) Any such Federal Securities shall not be subject to redemption prior to their respective maturities at the option of their issuer.

(2) Any such Federal Securities shall mature on or prior to the date or dates when the proceeds thereof must be available for the prompt payment of the Refunded Note Requirements, as the same become due.

(3) Under no circumstances shall any reinvestment be made under Section 5 if such reinvestment, alone or in combination with any other investment or reinvestment, violates the applicable provisions of Section 148 of the Tax Code, and the rules and regulations thereunder, or adversely affects the continued exemption of interest on the Refunded Notes from federal income taxation.

(4) The Escrow Bank shall make no such reinvestment unless the Authority first obtains and furnishes to the Escrow Bank (i) a written opinion of the Authority's bond counsel to the effect that such reinvestment, as described in the opinion, complies with paragraph 3 of this Section 5 and (ii) a verification report of an independent accountant to the effect that, after such reinvestment, the Federal

Securities in the Escrow Account and the proceeds thereof of deposit with the Escrow Bank shall remain sufficient to make the payments of principal of, interest on and premium, if any, on the Refunded Notes as they become due and payable.

Section 6. Sufficiency of Escrow. The moneys and Federal Securities accounted for in the Escrow Account shall be in an amount (or have appropriate maturities and yields to produce an amount) which at all times shall be sufficient to pay the Refunded Note Requirements as they become due, subject to the provisions of Section 10 hereof.

Section 7. Transfers for Refunded Note Requirements and Defeasance Notice.

A. The Escrow Bank shall make such credit arrangements with and transfers to the paying agent for the Refunded Notes, as will assure, to the extent of money in the Escrow Account properly allocable to and available therefor, the timely payment of the Refunded Note Requirements.

B. To the extent the payment of the Refunded Note Requirements results in the defeasance of any Refunded Notes, the Escrow Bank shall cause notice of defeasance to be given by the paying agent for the Refunded Notes.

Section 8. Termination of Escrow Account. When payment or provisions for payment shall have been made with the paying agent for the Refunded Notes so that all Refunded Note Requirements shall be or shall have been paid in full and discharged, the Escrow Bank shall immediately pay over to the Authority the moneys, if any, then remaining in the Escrow Account and shall make forthwith a final report for the Authority to the Authority's General Manager. Such moneys may be used by the Authority for any lawful purpose, subject to any limitations in the resolutions authorizing the Refunded Notes.

Section 9. Fees and Costs.

A. The Escrow Bank's total fees and costs for and in carrying out the provisions of this Agreement have been fixed at \$500, which is to be paid by the Authority directly to the Escrow Bank as payment in full of all charges of the Escrow Bank pertaining to this Agreement for services performed hereunder.

B. Such payment for services rendered and to be rendered by the Escrow Bank shall not be for deposit in the Escrow Account; the fees of and the costs incurred by the Escrow

Bank shall not be deducted from such account; and the Escrow Bank shall never assert a lien against the monies and securities in the Escrow Account.

Section 10. Possible Deficiencies.

A. If at any time it shall appear to the Escrow Bank that the money and any interest on and principal of the Federal Securities in escrow allocable for such use under this Agreement, including, without limitation, the known minimum yield from the Initial Federal Securities, will not be sufficient to make any required payment due on the Refunded Note Requirements as the same becomes due, the Escrow Bank shall notify in writing the Authority's General Manager as soon as reasonably practicable of such fact and the amount of such deficiency.

B. Thereupon the Authority shall forthwith pay to the Escrow Bank for deposit in the Escrow Account such additional moneys as may be required.

C. The Escrow Bank shall in no manner be responsible for the Authority's failure to make any such deposit.

Section 11. Status Report.

A. On August 1, 2021, the Escrow Bank shall submit to the Authority's General Manager a report covering all money which the Escrow Bank shall have received and all payments which it shall have made or caused to be made hereunder.

B. The report shall indicate for which period and in which trust bank any Federal Securities (other than Federal Securities held as book-entries) and any uninvested moneys were transferred for safekeeping or any Federal Securities (other than Federal Securities held as book-entries) pledged to secure the repayment to the Authority of any uninvested moneys placed in pledge, as permitted by Section 13.

Section 12. Character of Deposit.

A. It is recognized that title to the Federal Securities and money accounted for in the Escrow Account from time to time shall remain vested in the Authority but subject always to the prior charge and lien thereon of this Agreement and the use thereof required to be made by the provisions of this Agreement and the 2021 Bond Resolution.

B. The Escrow Bank shall hold all such Federal Securities (except as they may be held as book-entries) and money in the Escrow Account as a special trust fund and account separate

and wholly segregated from all other securities and funds of the Escrow Bank or deposited therein, and shall never commingle such securities or money with other securities or money.

Section 13. Securing Deposit.

A. The Escrow Bank may cause the Federal Securities accounted for in the Escrow Account to be registered in the name of the Authority for payment, if they are registrable for payment, and in such event shall obtain the necessary endorsements from the duly authorized officials of the Authority as they become due.

B. The Authority, in connection with any Federal Securities accounted for in the Escrow Account and held as book-entries, shall cooperate with the Escrow Bank and shall forthwith make arrangements with an appropriate representative of the issuer of such Federal Securities, so that the interest on and the principal of the Federal Securities shall be promptly transmitted, as the same become due from time to time, to the Escrow Bank for the benefit of the Authority.

C. All uninvested money held at any time in the Escrow Account shall be continuously secured by the deposit of Federal Securities in a principal amount and value always not less than the total amount of uninvested money in the Escrow Account:

- (1) In any branch of the Federal Reserve Bank, or
- (2) In any commercial bank which:
 - (a) Is a state or national bank or trust company, and
 - (b) Is a member of the Federal Deposit Insurance Corporation, and
 - (c) Is a member of the Federal Reserve System, and
 - (d) Has a capital and surplus of \$10,000,000 or more, and
 - (e) Is exercising full and complete trust powers, and
 - (f) Is located in the State or without the State (“trust bank”), or
- (3) In any branch of the Federal Reserve Bank and in one or more trust banks (or any combination thereof).

D. Such Federal Securities so held as a pledge shall be used whenever necessary to enable the paying agent for the Refunded Notes to pay the Refunded Note Requirements as the same become due, to the extent other moneys are not transferred or caused to be transferred for such purpose by the Escrow Bank.

E. Any Federal Securities (except as they may be held as book-entries) and any uninvested moneys accounted for in the Escrow Account may from time to time be placed by the Escrow Bank for safekeeping wholly or in part in any such trust bank, only if prior to any such transfer the Authority's General Manager consents thereto in writing.

F. Each such trust bank holding any Federal Securities accounted for in the Escrow Account or any uninvested moneys accounted for therein, shall be furnished by the Escrow Bank with a copy of this Agreement prior to such deposit.

G. By the acceptance of such Federal Securities or such uninvested moneys each such trust bank shall be bound in the same manner as the Escrow Bank, as herein provided.

H. The Escrow Bank, however, shall remain solely responsible to the Authority:

- (1) For any investment or reinvestments of moneys pursuant to Sections 1 and 5 hereof,
- (2) For transfers of moneys pursuant to Section 7 hereof,
- (3) For the termination of the Escrow Account pursuant to Section 8 hereof,
- (4) For any notification of prospective deficiencies pursuant to Section 10 hereof,
- (5) For the status report pursuant to Section 11 hereof, and
- (6) For defraying any charges of any branch of the Federal Reserve Bank or any trust bank for any deposits of Federal Securities as pledge to secure uninvested moneys, of Federal Securities in escrow, and of uninvested moneys in escrow (or any combination thereof) or for any other service relating to this Agreement or the Escrow Account.

I. Notwithstanding the liabilities of the Escrow Bank stated in paragraph H of this section, the Escrow Bank may cause any one, all or any combination of the duties stated in paragraph H to be performed on its behalf by any trust bank.

J. If at any time the Escrow Bank fails to account for any moneys or Federal Securities held by it or by any such trust bank in the Escrow Account, such moneys and securities shall be and remain the property of the Authority.

K. If for any reason such moneys or Federal Securities cannot be identified, all other assets of the Escrow Bank and of each such trust bank failing to account therefor shall be impressed with a trust for the amount thereof, and the Authority shall be entitled to a preferred claim upon such assets.

L. No money paid into and accounted for in the Escrow Account shall ever be considered as an asset of the Escrow Bank and neither the Escrow Bank nor any such trust bank shall have any right or title with respect thereto.

Section 14. Purchaser's Responsibility. The holders from time to time of the 2021 Bonds shall in no manner be responsible for the application or disposition of the proceeds thereof or any moneys or Federal Securities accounted for in the Escrow Account. This clause shall not relieve the Escrow Bank (if it is a holder of the 2021 Bonds), in its capacity as Escrow Bank, from its duties under this Agreement.

Section 15. Amendment.

A. The 2021 Bonds shall be issued in reliance upon this Agreement and except as herein provided this Agreement shall be irrevocable and not subject to amendment after any of the 2021 Bonds shall have been issued.

B. The provisions of this Agreement may be amended, waived or modified upon approval of the holders of all of the then outstanding 2021 Bonds. If Moody's Investors Service, Inc. ("Moody's") has confirmed in writing that such amendment, waiver or modification will not result in the lowering or withdrawal of the rating on the Refunded Notes, the provisions of this Agreement also may be amended, waived or modified for one or more of the following purposes:

- (1) to cure any ambiguity, or to cure, correct or supplement any formal defect or omission or inconsistent provision contained in this Agreement;
- (2) to pledge additional revenues, properties or collateral as security for the Refunded Notes; or
- (3) to deposit additional monies or Federal Securities to the Escrow Account.

Notwithstanding any other provision hereof, no amendment, modification or waiver shall be effective if it is materially prejudicial to the owners of the 2021 Bonds or the Refunded Notes, or affects the exclusion of the interest on the Refunded Notes or the 2021 Bonds from gross

income for federal income tax purposes, unless such amendment, waiver or modification is approved by the holders of all of the then outstanding Refunded Notes, or 2021 Bonds adversely affected thereby. The Escrow Bank is entitled to rely on an opinion of bond counsel as to whether such amendment, modification or waiver is materially prejudicial or affects the exclusion of interest.

C. The Escrow Bank shall provide copies of any such amendments, waivers or modifications to Moody's at the address set forth in Section 20 hereof.

Section 16. Exculpatory Provisions.

A. The duties and responsibilities of the Escrow Bank are limited to those expressly and specifically stated in this Agreement.

B. The Escrow Bank shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Agreement and made in compliance with the provisions hereof.

C. The Escrow Bank shall not be personally liable or responsible for any act which it may do or omit to do hereunder, other than its negligence or willful misconduct.

D. The Escrow Bank shall neither be under any obligation to inquire into or be in any way responsible for the performance or nonperformance by the Authority of any of its obligations, nor shall the Escrow Bank be responsible in any manner for the recitals or statements contained in this Agreement, in the 2021 Bond Resolution, in the Refunded Notes, or in any proceedings taken in connection therewith, such recitals and statements being made solely by the Authority.

E. Nothing in this Agreement creates any obligation or liabilities on the part of the Escrow Bank to anyone other than the Authority and the holders of the Refunded Notes, and the 2021 Bonds.

F. None of the provisions of this Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, reports, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Bank may consult with counsel and the advice or any opinion of counsel shall be full and

complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

G. The Escrow Bank may at any time resign by giving 30 days written notice of resignation to the Authority. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to the Authority, the resigning Escrow Bank and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor.

H. The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Instrument and delivered using Electronic Means (“Electronic Means” means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the Authority, shall provide to the Escrow Bank an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority, whenever a person is to be added or deleted from the listing. If the Authority elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank’s understanding of such Instructions shall be deemed controlling. If the Escrow Bank elects not to act upon such Instructions, the Escrow Bank shall notify the Authority. The Authority understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an

Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

I. The Escrow Bank shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Escrow Bank; it being understood that the Escrow Bank shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

J. Any bank, corporation or association into which the Escrow Bank may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Bank shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Bank shall be the successor of the Escrow Bank hereunder without the

execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instruction of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

K. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action. Neither the Escrow Bank nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Agreement or in connection herewith except to the extent caused by the Escrow Bank's negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review.

L. To the extent allowed by Nevada law, the Authority shall indemnify, defend and hold harmless the Escrow Bank and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Bank for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Bank directly or indirectly relating to, or arising from, claims against the Escrow Bank by reason of its participation in the transactions contemplated hereby except to the extent caused by the Escrow Bank's negligence or willful misconduct. The foregoing sentence shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Bank.

Section 17. Time of Essence. Time is of the essence in the performance of the obligations from time to time imposed upon the Escrow Bank by this Agreement.

Section 18. Successors.

A. The rights and obligations under this Agreement may be transferred by the Escrow Bank to a successor that is a commercial bank with trust powers having a capital and surplus of not less than \$10,000,000. Such commercial bank into which the Escrow Bank may be merged or converted or with which it may be consolidated, or such commercial bank resulting from any merger, conversion, or consolidation to which it shall be a party, or such commercial bank to which

the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank, and vested with all of the title to the Escrow Account and all the powers, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any document or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

B. Whenever in this Agreement the Authority or the Escrow Bank is named or is referred to, such provision is deemed to include any successor of the Authority or the Escrow Bank, respectively, immediate or intermediate, whether so expressed or not.

C. All of the stipulations, obligations, and agreements by or on behalf of and other provisions for the benefit of the Authority or the Escrow Bank contained in this Agreement:

(1) Shall bind and inure to the benefit of any such successor, and

(2) Shall bind and inure to the benefit of any officer, board, authority, agent, or instrumentality to whom or to which there shall be transferred by or in accordance with law and relevant right, power, or duty of the Authority or the Escrow Bank, respectively, or of its successor.

Section 19. Severability. If any section, paragraph, clause, or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Agreement. The Authority and the Escrow Bank agree to furnish written notice to Moody's if any provision of this Agreement is held to be invalid or unenforceable.

Section 20. Notices. Any notice to be given hereunder shall be delivered personally or mailed postage prepaid, return receipt requested, to the following addresses:

If to the Authority:	Truckee Meadows Water Authority 1355 Capital Boulevard Reno, Nevada 89502 Attention: General Manager
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If to the Escrow Bank:	The Bank of New York Mellon Trust Company, N.A. 400 South Hope Street, Suite 500 Los Angeles, CA 90071 Attention: Trust Department
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If to Moody's:	Moody's Investors Service, Inc.
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99 Church Street
New York, New York 10007
Attention: Public Finance Rating Desk/
Refunded Notes

or such other address as any party may, by written notice to the other parties, hereafter specify. Any notice shall be deemed to be given upon mailing.

Section 21. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Nevada. The Authority and the Escrow Bank agree to be bound to the jurisdiction of the State of Nevada located in Washoe County or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated hereby, at the election of the party initiating any such suit, action or other proceeding, which is brought by or against the Escrow Bank or the Authority and the parties each hereby irrevocably agree that all claims in respect of any such suit, action or proceeding may be heard and determined by such court.

IN WITNESS WHEREOF, TRUCKEE MEADOWS WATER AUTHORITY has caused this Escrow Agreement to be signed in the Authority’s name by the General Manager; and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, has caused this Escrow Agreement to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

TRUCKEE MEADOWS WATER AUTHORITY

General Manager

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By _____
Title _____

EXHIBIT 1

(Attach Certified Public Accountant's Report)

Exhibit 1



TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, Director of Natural Resources & Planning
John Zimmerman, Water Resources Manager
DATE: May 13, 2021
SUBJECT: Discussion, action and possible approval of Feasibility Study Agreement between TMWA and Palomino Farms, LLC and LW Land Company LLC authorizing feasibility study in collaboration with OneWater Nevada to evaluate the feasibility of using recycled water for irrigation in Warm Springs Valley and to provide water sustainability benefits

Background

Palomino Farms, LLC and LW Land Company, LLC (Palomino-LW) collectively own approximately 1,512 acres of farmland (shown in Attachment 1) and 2,580 acre-feet (AF) of groundwater rights in Palomino Valley, which is an unincorporated area that is part of the larger Warm Springs Valley. Under the auspices of OneWater Nevada, with the cooperation of Palomino-LW, a study is proposed to explore the coordinated use of surface water, groundwater and recycled water as part of a long-term sustainable water management plan (“Feasibility Study”).

Reno, Sparks, and Washoe County are interested in exploring long-term opportunities to use recycled water for agricultural irrigation of Palomino-LW land in lieu of using the Palomino-LW groundwater rights. TMWA is interested in locating sites where it may bank water underground through active and passive groundwater recharge and new groundwater resources, to provide a future source of water for drought protection, water resource sustainability, and operational flexibility. There may also be benefits to the Palomino Valley area from leaving the Palomino-LW land as farmland irrigated with recycled water and open space, preserving the existing farmland and rural lifestyle.

The proposed Feasibility Study would evaluate the feasibility and direct and indirect benefits of (i) providing another option for regional effluent management, (ii) reducing the volume of treated effluent being discharged into the Truckee River, (iii) the long-term use of recycled water for irrigation of the Palomino-LW land, (iv) increasing the sustainability of the Warm Springs groundwater basin by resting current Palomino-LW irrigation wells, (iv) recharging and storing on a long-term basis potable water and potentially advanced purified water in the Warm Springs groundwater basin using Palomino-LW land, and (vi) providing TMWA with a water banking site and an additional source of water for drought

protection, water resource sustainability, and operational flexibility. A task summary and cost estimate for proposed scope of work of the Feasibility Study is outlined in Attachment 2.

Discussion

TMWA, in collaboration with Reno, Sparks, and Washoe County, would perform and pay for all work required to complete the Feasibility Study pursuant to an Interlocal Agreement (ILA, see Attachment 3) outlining each of their respective obligations and responsibilities regarding the Feasibility Study and the Project. Under the ILA, TMWA, Reno, Sparks, and Washoe County would work together and cooperatively on the intent and scope of the Feasibility Study, including evaluation of the direct and indirect benefits to the region, and public outreach, engagement, and education. Each Party to the ILA would be responsible for twenty five percent (25%) of the actual costs incurred by TMWA to perform and complete the Feasibility Study (excluding charges for TMWA staff time) with a not to exceed cost of \$1.6 million. Cost share responsibility of Reno, Sparks, Washoe County and TMWA would not exceed \$400,000 each.

To facilitate the Feasibility Study, TMWA would concurrently enter a Feasibility Study Agreement (see Attachment 4) with Palomino-LW pursuant to which Palomino-LW would grant TMWA physical access to the Palomino-LW land for a ten-month period. Palomino-LW would grant TMWA access to data and information related to irrigation operations, the land, wells and water rights as necessary to allow TMWA to conduct the Feasibility Study.

The Feasibility Study effort is generally described as follows: The potential to recharge, store, and recover water from the Palomino Farms will be addressed in phases. Understanding the geology, water quality, storage, flow, and geochemical characteristics of the saturated and unsaturated zones are critical to determining the long-term viability of this site for aquifer storage and recovery (ASR).

Major Feasibility Study phases include:

1. Project Planning
2. Historical Review
3. Groundwater Flow and Transport Modeling
4. Preliminary Basin Assessment

TMWA has completed work on phases 1 thru 3 and has determined the site warrants further investigation and investment. Preliminary groundwater modeling shows that over 50,000 acre-feet of water could be stored at the Palomino-LW site. However, elevated concentrations of arsenic, fluoride, and nitrate are in the vicinity of the proposed ASR sites so additional geochemical characterization, water quality sampling and transport modeling is needed to ensure that existing poor water quality will not impact the stored water.

Phase 4, Preliminary Basin Assessment, will resolve potential “deal breakers” regarding water quality in the basin. If the existing water quality cannot meet drinking water standards, then recovery may not be economically viable. The Preliminary Basin Assessment aims to address this through a detailed evaluation of the following:

- a. Well Inventory
- b. Water Levels
- c. Water Quality Sampling (Drinking Water Concerns)
- d. Geology
- e. Saturated aquifer sediments Geochemical Characterization
- f. Solute Transport Model (based on new info above)
- g. Project Feasibility Variables
 - i. Water Quality
 - ii. Recharge Potential
 - iii. Water Quantity

TMWA, Reno, Sparks and Washoe County will also discuss permitting requirements with regulatory agencies that have or may have jurisdiction over implementation of all or any element of the Project, including, but not limited to, Nevada State Engineer, Washoe County, Nevada Department of Transportation, and Nevada Division of Environmental Protection. A portion of the funding is also planned for preliminary surveying and right-of-way investigations along Pyramid Highway, and engineering support services for alternative facility analyses, construction phasing and cost estimates.

During the 10-month Feasibility Study period (subject to favorable results from the Phase 4 assessment outlined above), TMWA, Reno, Sparks, Washoe County and Palomino-LW would negotiate a five-year option agreement for future TMWA, Reno, Sparks, and Washoe County consideration. As presently contemplated, the Option Agreement would grant the right to purchase (1) all necessary rights and interests in the Palomino-LW land and (2) the Palomino-LW water rights sufficient to allow TMWA and Reno, Sparks and Washoe County, subject to obtaining necessary permits, the right to implement the Project. The total purchase price for the above-described interests in the Palomino-LW land and Palomino-LW water rights under the option would be \$27,000,000 and any option payments would be applied toward the purchase price. The option would reserve to Palomino-LW the right to use the Palomino-LW land for any activity so long as such activity does not adversely impact the Project. Such uses include, but are not limited to, entering into an agreement with a contract farmer, leasing the Palomino-LW land to a farmer, and encumbering the Palomino-LW land with a conservation easement.

Summary:

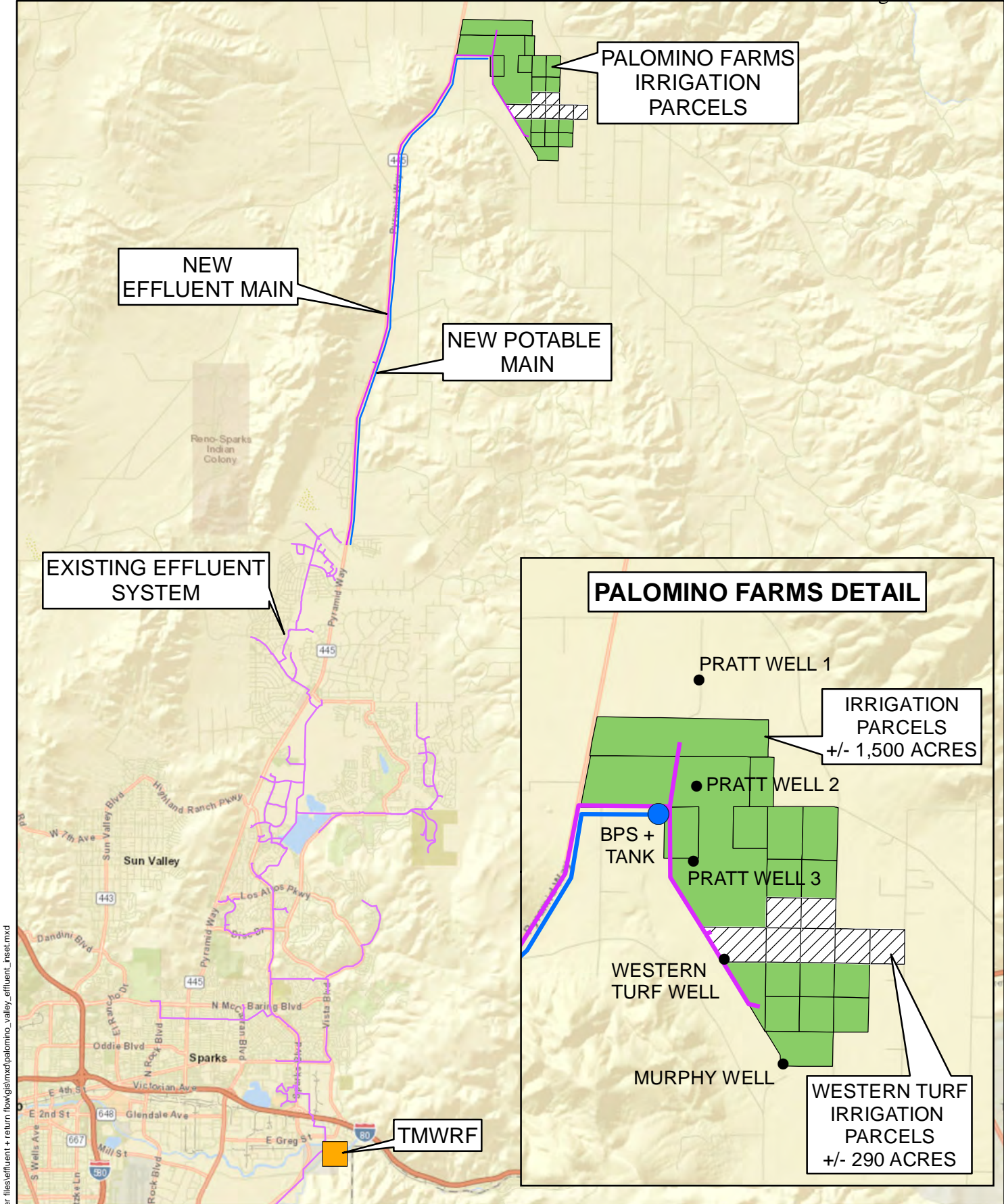
Staff recommends the Board approve the Feasibility Study Agreement with Palomino-LW and authorize the General Manager to execute the same.

Attachments:

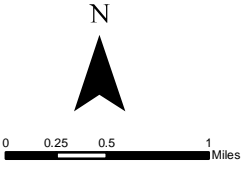
Attachment 1, Palomino Farms location map

Attachment 2, Palomino Farms Feasibility Study Budget Summary

Attachment 3, Feasibility Study Agreement with Palomino-LW



**REGIONAL EFFLUENT MANAGEMENT
PALOMINO FARMS**



Attachment 2

Palomino Farms Sustainable Water Resource Feasibility Study

Feasibility Study Budget Summary

Task	Cost Estimate
Well Videos and Contractor-Assisted Well Sampling	\$60,000
Existing Production Well Flow and Quality Profiles (4)	\$120,000
Deep Sonic Core Boring and 2" Monitoring Wells (2)	\$150,000
Deep Mud Rotary 6" Monitoring Wells (6) to 600'	\$510,000
6" Monitoring Well Flow and Quality Profiles (5)	\$175,000
Water Quality Analyses	\$15,000
Soil Lab Analyses	\$10,000
Geochemistry Assessment	\$200,000
Subtotal	\$1,240,000
Engineering, Surveying, and R/W Research	\$160,000
Contingency	\$200,000
TOTAL	\$1,600,000

FEASIBILITY STUDY AGREEMENT

This Feasibility Study Agreement is entered into as of May __, 2021 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 NRS Ch. 277 (TMWA) and PALOMINO FARMS, LLC, a Nevada limited liability company (Palomino Farms), and LW LAND COMPANY, LLC, a Nevada limited liability company (LW Land) (collectively, Palomino-LW). TMWA, Palomino Farms, and LW Land may be referred to under this Agreement individually as a Party or collectively as the Parties.

RECITALS

A. TMWA is a public purveyor of water service within Reno, Sparks, and portions of Washoe County, Nevada.

B. Palomino-LW collectively own approximately 1,484 acres of farmland and 2,580 acre-feet (AF) of groundwater rights in Warm Springs Valley, Nevada, which land and water rights are more-specifically described on the attached Exhibits A and B, which land is hereinafter referred to as the Palomino-LW Land, and which water rights are hereinafter referred to as the Palomino-LW Water Rights.

C. A portion of the Palomino-LW Land and all of the Palomino-LW Water Rights are under lease for irrigation purposes through two separate farm lease agreements (collectively, the Leases).

D. As operators of wastewater reclamation facilities in Reno and Sparks, with respect to the Truckee Meadows Wastewater Reclamation Facility (TMWRF), and Washoe County with respect to the South Truckee Meadows Wastewater Reclamation Facility (STMWRF), Reno, Sparks, and Washoe County are interested in exploring long-term opportunities to use recycled water for agricultural irrigation rather than discharging it to surface waters, such as the Truckee River.

E. TMWA, as the purveyor of potable water service in Reno, Sparks and portions of Washoe County, is interested in locating sites where it may bank water through active and passive groundwater recharge, and also groundwater resources, to provide an additional source of water for drought protection, water resource sustainability, and operational flexibility.

F. Under the auspices of OneWater Nevada, a collaboration between TMWA, Reno, Sparks, Washoe County, the University of Nevada, Reno and other local government entities, with the cooperation of Palomino-LW, a study is proposed to evaluate the long-term feasibility of using recycled water from TMWRF and STMWRF to irrigate the Palomino-LW Land in lieu of the Palomino-LW Water Rights (the "Feasibility Study").

G. The Feasibility Study will evaluate the feasibility and direct and indirect benefits of (i) providing another option for regional effluent management, (ii) reducing the volume of treated effluent being discharged into the Truckee River, (iii) the long-term delivery of recycled

water for permanent use for irrigation or other beneficial uses on the Palomino-LW Land, (iv) increasing the sustainability of the Warm Springs groundwater basin by resting current irrigation wells, (v) recharging and storing on a long-term basis potable water and potentially advanced purified water in the Warm Springs groundwater basin using rapid infiltration basins or injection wells on Palomino-LW Land, and (vi) providing TMWA with a water banking site and an additional source of water for drought protection, water resource sustainability, and operational flexibility (collectively, the “Project”).

H. Depending on the results of the Feasibility Study, there may also be benefits to Palomino Valley from leaving the Palomino-LW Land as farmland and open space, augmenting the water supply in the Warm Springs groundwater basin, improving area groundwater levels and water quality, and preserving existing farmland and a rural lifestyle. TMWA intends to improve and sustainably manage the water resources for the overall benefit of the regional water supply.

I. TMWA, in collaboration with Reno, Sparks, and Washoe County, intends to perform and pay for all work required to complete the Feasibility Study pursuant to an Interlocal Agreement (ILA) outlining each of their respective obligations and responsibilities regarding the Feasibility Study and the Project, which ILA is attached hereto as Exhibit C. Under the ILA, TMWA, Reno, Sparks, and Washoe County will work together and cooperatively on all public outreach, engagement, and education regarding the intent and scope of the Feasibility Study and the direct and indirect benefits to the region.

J. When this Agreement enters into effect and even prior to the completion of the Feasibility Study, TMWA and Palomino-LW will in good faith attempt to negotiate a five-year option agreement granting TMWA the right to purchase (1) all necessary rights and interests in the Palomino-LW Land and (2) the Palomino-LW Water Rights sufficient to allow TMWA and Reno, Sparks and Washoe County, subject to obtaining necessary permits, the right to implement the following: (i) delivery for permanent use of recycled water for irrigation or other beneficial uses on Palomino-LW Land, (ii) recharge and recover potable water and potentially advanced purified water, and (iii) importation of a sustainable volume of groundwater from the Palomino-LW Water Rights to TMWA’s service area.

K. During the option period, TMWA intends to work collaboratively with Reno, Sparks, and Washoe County to determine each of their respective rights and obligations regarding (i) the delivery and use of recycled water on Palomino-LW Land, (ii) recharging and recovering potable water and potentially advanced purified water, (iii) importing a sustainable volume of water from Palomino-LW Water Rights to TMWA’s service area, and (iv) the regulatory and financial feasibility of the same.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, TMWA and Palomino-LW agree as follows:

1. Recitals. The Recitals are incorporated as part of this Agreement as if specifically set forth herein.

2. Effective Date and Term. This Agreement shall not enter into effect until (i) it is approved by the TMWA Board and (ii) the ILA is approved by the TMWA Board and the

respective governing boards of Reno, Sparks, and Washoe County (Effective Date). The term of this Agreement is ten (10) months from the Effective Date (Term).

3. Agreement to Perform Study. Subject to and in accordance with the terms of the ILA, TMWA agrees to perform or cause to be performed all of the work needed for the Feasibility Study, at its cost.

4. Grant of Feasibility Study Rights. Palomino Farms and LW Land, each as to their own interest, grant TMWA, and its employees, agents, contractors, and assigns, the following rights:

a. Physical access to the Palomino-LW Land needed to conduct the Feasibility Study during the Term, including permission to perform all physical tests thereon necessary for the Feasibility Study, so long as such access does not interfere with the rights granted by Palomino-LW under the Leases. TMWA shall regularly communicate with, and provide reasonable notice to, Palomino-LW regarding activities on the Palomino-LW Land. A list of TMWA's anticipated activities on the Palomino-LW Land during the course of the Feasibility Study is attached hereto as Exhibit D;

b. To discuss permitting requirements with all regulatory agencies that have or may have jurisdiction over implementation of all or any element of the Project, including, but not limited to, Nevada State Engineer, Washoe County, Nevada Department of Transportation, and Nevada Division of Environmental Protection;

c. Access to all data and information in Palomino-LW's possession or control or obtained during the Term related to the land, wells, and water rights; and

d. Access to information regarding the timing, location, and extent of Palomino-LW's groundwater pumping during the irrigation season as necessary to allow TMWA to conduct the Feasibility Study. Subject to the terms of the Leases, Palomino-LW shall cooperate with TMWA to operate the wells in such a manner as needed by TMWA to conduct the Feasibility Study, provided, however, Palomino-LW shall have sole discretion to control the operation of their wells.

5. Palomino Development Rights, Prohibited Transfers, Memorandum of Agreement. During the Term, Palomino-LW may pursue all entitlements necessary for the development of their properties so long as such activities do not impede TMWA's rights under this Agreement, interfere with the Feasibility Study, impair the ability to obtain permits necessary to implement the Feasibility Study or the Project or any element of the Feasibility Study or Project, or encumber the Palomino-LW Land or Palomino-LW Water Rights. The Parties acknowledge and agree that the existing farming practices will not impede or impair TMWA's rights under this Agreement, interfere with the Feasibility Study, impair the ability to obtain permits necessary to implement the Feasibility Study or the Project or any element of the Feasibility Study or Project. If TMWA believes that Palomino-LW's pursuit of any entitlements will impede or impair the Feasibility Study or Project as described above, then the Parties shall meet and attempt to resolve the potential conflict. Other than the Leases, Palomino-LW shall not transfer, pledge, or otherwise

encumber any interest in Palomino-LW Land or Palomino-LW Water Rights during the Term. Palomino-LW consent to TMWA recording a memorandum of this Agreement with the Washoe County Recorder.

6. Cooperation; Further Assurances. Palomino-LW must cooperate with TMWA in good faith and provide all necessary approvals required by regulatory agencies to conduct the Feasibility Study. During the course of the Feasibility Study, and any applicable option period, TMWA shall regularly provide to Palomino-LW all data, results, reports and conclusions derived from the Feasibility Study and will provide Palomino-LW with any final report issued pursuant to the Feasibility Study. If the Parties do not enter into an option agreement, then within 30 days after the end of the Term, TMWA must provide Palomino-LW with any data, results, reports and conclusions derived from the Feasibility Study that were not provided during the Term. Palomino-LW and TMWA agree to do such further acts and to execute and deliver to the other such additional documents and instruments as the other may reasonably require or deem advisable in order to carry into effect the purposes of this Agreement.

7. Study Cost; Hold Harmless. TMWA shall be responsible for all work and costs related to completing the Feasibility Study and must indemnify, defend and hold Palomino-LW harmless from any liability caused by TMWA, or its agents, contractors, and assignees, in carrying out any work on Palomino-LW's Land related to the Feasibility Study, as further specified in Section 14.

8. Good-Faith Negotiation of Option Agreement.

a. During the term of this Agreement, the Parties shall in good faith negotiate and attempt to execute a five-year option agreement granting TMWA the right to purchase (1) all necessary rights and interests in the Palomino-LW Land and (2) the Palomino-LW Water Rights sufficient to allow TMWA and Reno, Sparks and Washoe County, subject to obtaining necessary permits, the right to implement the following: (i) delivery of recycled water for permanent use for irrigation or other beneficial uses on Palomino-LW Land, (ii) recharge and recover potable water and potentially advanced purified water, and (iii) importation of a sustainable volume of groundwater from the Palomino-LW Water Rights to TMWA's service area. These interests include, but are not limited to, an easement or other real property interest for the construction and operation of a future advanced purified water treatment facility, injection wells, production wells, pump stations, and associated pipelines and other water facilities necessary to implement the Project.

b. The Parties agree that the total purchase price for the above-described interests in the Palomino-LW Land and Palomino-LW Water Rights under the option shall be \$27,000,000 and any option payments shall be applied toward the purchase price. The option must reserve to Palomino-LW the right to use the Palomino-LW Land for any activity so long as such activity does not adversely impact and is consistent with the Project. Such activities may take place directly by Palomino-LW, through an agreement or lease with a third party, by encumbering the Palomino-LW Land with a conservation easement, or such other activity that does not adversely impact and is consistent with the Project.

9. Remediation; No Liens or Encumbrances. TMWA shall restore the Palomino-LW Land disturbed by any work related to the Feasibility Study to its original condition before such disturbance, except for ordinary wear and tear. TMWA shall keep the Palomino-LW Land free and clear of any materialmen's liens arising from any work done by TMWA's third-party contractors. If a workman's or materialman's lien is imposed upon the Palomino-LW Land because of a claim which TMWA is contesting, within sixty (60) days of the filing of such lien, TMWA will take such measures as provided by law to cause the discharge of the lien, including obtaining a bond therefor. TMWA shall plug and abandon, at its cost and in accordance with all State Engineer requirements, all exploratory wells drilled on Palomino-LW Land unless the individual owner of the land on which the well is located (either Palomino Farms or LW Land) requests that the well remain unplugged for its future use and provided TMWA is legally authorized to comply with such request without violating any laws or regulations related to such well. As to any well left unplugged at Palomino Farms or LW Land's request, the owner of the land on which the well is located shall indemnify, hold harmless, and defend TMWA against any claims related to such well from the date the owner requests such well to remain unplugged.

10. Representations and Warranties of Palomino Farms. As a material inducement to TMWA to enter into this Agreement, Palomino Farms represents and warrants to TMWA as follows:

a. Organization and Power. It is a duly organized, validly existing, and authorized to conduct business under the laws of the State of Nevada and has full power and authority to enter into and perform its obligations under this Agreement. This Agreement and all other documents delivered by Palomino Farms to TMWA, have been or will be duly executed and delivered by it and are or will be legal, valid, and binding obligations of Palomino Farms, and are enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting the rights of creditors generally, and general principles of equity. Each of the persons signing this Agreement and other instruments required under this Agreement on behalf of Palomino Farms 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 Palomino Farms.

b. Property, Title and Related Matters. Palomino Farms owns all right, title, and interest in the land and water rights described on Exhibits A and B as being owned by Palomino Farms and other than the Leases, such land and water rights are free and clear of all security interests, mortgages, liens, pledges, charges, claims, or encumbrances of any kind or character and Palomino Farms has not, and will not sell, encumber, pledge, assign, convey or transfer any interest in such land and water rights during the Term.

c. Transferability. Palomino Farms has no knowledge of any condition or fact related to its land and water rights, which would prevent or impede the Feasibility Study.

d. No Litigation. There are no pending or to the best of Palomino Farms' knowledge threatened actions which would materially and adversely affect its land and water rights or the Feasibility Study.

e. No Misstatement. No representation, statement or warranty by Palomino Farms 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.

f. No Agreements. Neither the execution and delivery of this Agreement by Palomino Farms 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 Palomino Farms is a party or to which it is bound.

11. Representations and Warranties of LW Land. As a material inducement to TMWA to enter into this Agreement, LW Land represents and warrants to TMWA as follows:

a. Organization and Power. It is a duly organized, validly existing, and authorized to conduct business under the laws of the State of Nevada and has full power and authority to enter into and perform its obligations under this Agreement. This Agreement and all other documents delivered by LW Land to TMWA, have been or will be duly executed and delivered by it and are or will be legal, valid, and binding obligations of LW Land, and are enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting the rights of creditors generally and general principles of equity. Each of the persons signing this Agreement and other instruments required under this Agreement on behalf of LW Land 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 LW Land.

b. Property, Title and Related Matters. LW Land owns all right, title, and interest in the land and water rights described on Exhibits A and B as being owned by LW Land and other than the Leases, such land and water rights are free and clear of all security interests, mortgages, liens, pledges, charges, claims, or encumbrances of any kind or character and LW Land has not, and will not sell, encumber, pledge, assign, convey or transfer any interest in such land and water rights during the Term.

c. Transferability. LW Land has no knowledge of any condition or fact related to its land and water rights, which would prevent or impede the Feasibility Study.

d. No Litigation. There are no pending or to the best of LW Land's knowledge threatened actions which would materially and adversely affect its land and water rights or the Feasibility Study.

e. No Misstatement. No representation, statement or warranty by LW Land 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.

f. No Agreements. Neither the execution and delivery of this Agreement by Palomino Farms 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 Palomino Farms is a party or to which it is bound.

12. TMWA Representations and Warranties. As a material inducement to Palomino Farms and LW Land to enter into this Agreement, TMWA represents and warrants to the Palomino Farms and LW Land as follows:

a. 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 enter into and perform its obligations under 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, subject to applicable bankruptcy, insolvency and similar laws affecting the rights of creditors generally and general principles of equity. 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.

b. 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.

c. 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.

13. Insurance. During the Term, TMWA must maintain a commercial general liability (CGL) insurance policy as provided in this Section to cover it and its third-party contractors' access and use of Palomino-LW's land for the Feasibility Study. The commercial general liability insurance policy and, if necessary commercial excess or umbrella insurance, shall have a limit of liability of not less than \$1,000,000 each occurrence and must name Palomino-LW as additional insureds.

14. Indemnification.

a. TMWA shall indemnify, defend and hold harmless Palomino-LW and their owners, parents, subsidiaries and affiliates, together with each of their respective officers, directors, shareholders, agents, representatives, employees, licensees, successors and assigns (collectively, the Palomino-LW Parties) from and against any and all demands, suits, causes of action, liabilities, notices of alleged regulatory violations issued by any Federal, state, or local government agency, judgments, damages, costs and expenses (including reasonable attorneys' fees and court costs) (collectively, Damages) incurred in connection with any claim asserted by a third party against any of the Palomino-LW Parties arising out of, resulting from or in any way related

to (i) the actual or alleged breach by the TMWA Parties (as defined below) of any representation, warranty or covenant under this Agreement; (ii) the actual or alleged negligence or willful misconduct of the TMWA Parties and their contractors and vendors, and (iii) notices of alleged regulatory violations by Federal, state, or local government agency. The Parties agree, however, that TMWA will not be obligated to indemnify any Palomino-LW Party from or against any Damages to the extent resulting from (A) the negligence or willful misconduct of the Palomino-LW Party seeking to be indemnified, (B) a breach of the Agreement by Palomino-LW, (C) any pre-existing or latent condition at the Palomino-LW Land, or due to TMWA's compliance with any instructions from Palomino-LW, or (D) any condition at the Palomino-LW Land not created or caused by any of the TMWA Parties or their contractors and vendors.

b. Palomino-LW shall indemnify, defend and hold harmless TMWA and its officers, directors, agents, representatives, employees, licensees, successors and assigns (collectively, TMWA Parties) from and against any and all Damages incurred in connection with any claim asserted by a third party against any of the TMWA Parties arising out of, resulting from or in any way related to: (i) the Palomino-LW business activities and any condition at the Palomino-LW Land not created or caused by any of the TMWA Parties; (ii) the actual or alleged breach by Palomino-LW of any representation, warranty or covenant under this Agreement; or (iii) the actual or alleged negligence or willful conduct of the Palomino-LW Parties and their contractors and vendors. The Parties agree, however, that Palomino-LW will not be obligated to indemnify any TMWA Party from or against any Damages to the extent resulting from (A) the negligence or willful misconduct of the TMWA Party seeking to be indemnified, (B) a breach of this Agreement by TMWA, or (C) compliance with reasonable written instructions provided by any authorized TMWA Party.

c. Each party will provide the other with notice of any Damages promptly upon gaining knowledge of the related third-party claim, provided that the indemnified party's failure to do so will not relieve the indemnifying party of its obligations hereunder except to the extent it is materially prejudiced thereby. The indemnifying party will solely control the defense of any such claim, but will consult with, the indemnified party regarding such defense provided that (i) the indemnified party will reasonably cooperate in such defense at the indemnifying party's request and sole cost and expense, (ii) subject to the foregoing, the indemnified party may participate in the defense of any such claim with its own counsel at the indemnified party's sole cost and expense. Neither party will settle any claim for which it is providing indemnification to the other party without the prior written consent of the indemnified party, such consent not to be unreasonably withheld, conditioned or delayed; provided that it is not unreasonable to withhold consent to any proposed settlement that would require the indemnified party to admit fault or liability and/or pay any monetary settlement. The indemnification and insurance provisions contained in this Agreement will survive the expiration or earlier termination of the Agreement.

15. Compliance with Laws. All work by or on behalf of TMWA on the Palomino-LW Land must be conducted in compliance with all applicable Federal, state and local laws, rules, regulations, and ordinances, including but not limited to all rules, regulations and procedures of the applicable utility and local government with jurisdiction over such work. TMWA shall be solely responsible for any penalties, fines or other liabilities associated with notices of alleged

regulatory violations issued by any Federal, state, or local government agency to the extent created or caused by TMWA or its agents.

16. Default, Opportunity to Cure. If any Party defaults on their obligations under this Agreement, then the other Party shall send written notice of such default, which notice must clearly describe the default and the steps to take to cure it. If the defaulting Party (i) fails to cure the default within 15 days of receiving the notice of default or (ii), for defaults that cannot reasonably be cured within 15 days, fails to take all necessary steps to cure the default within 15 days of receiving notice and diligently work to cure the default within a reasonable time period, then the non-defaulting Party may, at its option, terminate this Agreement.

17. MISCELLANEOUS.

a. Assignment. The Parties shall not assign their interest under this Agreement without all Parties' advance written consent, which may be withheld in any Party's sole discretion.

b. Notices. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other shall be sent by email as follows and shall be deemed to have been given on receipt of the email:

To TMWA: John Enloe
jenloe@tmwa.com
(775) 834-8250

To Palomino: Michael Benjamin
mikebenjamin@mac.com
(702) 499-7404

c. Severability; Modification; No Third-Party Beneficiaries. If any term, provision, covenant, condition, or restriction of this Agreement is held by a court of competent jurisdiction to be unlawful, invalid, void, unenforceable, or not effective, the remainder of this Agreement shall remain in full force and effect and shall in no way be affected, impaired, or invalidated. This Agreement constitutes the entire contract between the Parties and shall not be modified unless in writing and signed by the parties. This Agreement shall not be construed to provide any person or entity not a party to this Agreement with any benefits or cause of action arising from the performance of this Agreement.

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

e. 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, without regard to its conflicts of law principles.

f. 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.

g. 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.

h. 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.

The Parties have executed this Agreement as of the date first above written.

**TRUCKEE MEADOWS WATER
AUTHORITY**, a Joint Powers Authority

By: _____
Mark Foree, General Manager

Dated: _____

Palomino Farms, LLC, a Nevada limited liability company

By: _____
Michael Benjamin, Manager

Dated: _____

LW Land Company, LLC, a Nevada limited liability company

By: _____
Brian Murphy, Manager

Dated: _____

EXHIBIT A
PALOMINO FARMS, LLC Land

No.	APN	Address	Acreage
1	077-090-03	5555 Sage Flat Road	60.18 acres
2	077-090-07	0 Youngs Road	48.96 acres
3	077-090-13	0 Whiskey Springs Road	539.53 acres
4	077-090-14	0 Sage Flat Road	204.45 acres
5	077-090-15	5800 Whiskey Springs Road	40.97 acres
6	077-340-04	0 Whiskey Springs Road	63.57 acres
7	077-340-05	0 Whiskey Springs Road	64.27 acres
8	077-340-44	0 Youngs Road	46.73 acres
9	077-340-45	0 Unspecified	46.54 acres

PALOMINO FARMS, LLC Groundwater Rights

Permit No.	Cert. No.	Acre-Feet
23888	8283	53.08
53304	12898	4.59
53306	12900	20.40
53307	12901	32.12
53308	12902	127.88
Subtotal		238.07
57085	14078	92.52
57086	14032	112.40
57087	14033	102.49
57088	14034	9.08
57089	14035	9.08
57095	14041	127.60
58507	14042	8.96
58508	14043	52.00
58509	14044	2.60
75473	18348	114.80
Subtotal		519.96*
57084	14031	409.48
57090	14036	57.32
57091	14037	57.32
57092	14038	68.80
57093	14039	86.00
57094	14040	150.60
Subtotal		772.20**
Total		1,530.23

*The permit terms state that the total combined duty of permits 57085-57089, 57095, 58507-58509, and 75473 is limited to 519.96 acre-feet.

**The permit terms state that the total combined duty of permits 57090-57092, 57093, and 57094 is limited to 772.20 acre-feet.

EXHIBIT A, CONT'D

PALOMINO FARMS, LLC Surface Water Rights

Permit No.	Cert. No.	Acre-Feet
V02333	NA	540
11653	3663	327
11654	3664	360
15326	5055	590
15327	5007	68.64
Total		2,155.64

EXHIBIT B
LW LAND COMPANY, LLC Land

No.	APN	Address	Acreage
1	077-100-01	0 Youngs Road	40.27 acres
2	077-100-02	0 Youngs Road	40.39 acres
3	077-100-07	0 Grass Valley Road	40.35 acres
4	077-100-08	0 Grass Valley Road	40.24 acres
5	077-100-09	0 Grass Valley Road	40.2 acres
6	077-100-10	0 Grass Valley Road	40.32 acres
7	077-130-23	0 Grass Valley Road	67.6 acres
8	077-200-05	5855 Youngs Road	49.2 acres

LW LAND COMPANY, LLC Water Rights

Permit No.	Cert. No.	Acre-Feet
55603	14068	164.32
55604	14069	23.36
55605	14070	7.40
55606	14071	304.68
55607	14072	47.60
Total		524*

* The permit terms state that the total combined duty of permits 55603-55607 is limited to 524 acre-feet



TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Enloe, Director of Natural Resources & Planning
John Zimmerman, Water Resources Manager
DATE: May 13, 2021
SUBJECT: Discussion and action, possible direction to staff and possible approval of an interlocal agreement with the City of Reno, City of Sparks and Washoe County for reimbursement of costs to conduct a feasibility study to evaluate the feasibility of using recycled water for irrigation in Warm Springs Valley (Palomino Farms and LW Land Company) and to provide water sustainability benefits

Background

Palomino Farms, LLC and LW Land Company, LLC (Palomino-LW) collectively own approximately 1,512 acres of farmland (shown in Attachment 1) and 2,580 acre-feet (AF) of groundwater rights in Palomino Valley, which is an unincorporated area that is part of the larger Warm Springs Valley. Under the auspices of OneWater Nevada, with the cooperation of Palomino-LW, a study is proposed to explore the coordinated use of surface water, groundwater and recycled water as part of a long-term sustainable water management plan (“Feasibility Study”).

Reno, Sparks, and Washoe County are interested in exploring long-term opportunities to use recycled water for agricultural irrigation of Palomino-LW land in lieu of using the Palomino-LW groundwater rights. TMWA is interested in locating sites where it may bank water underground through active and passive groundwater recharge and new groundwater resources, to provide a future source of water for drought protection, water resource sustainability, and operational flexibility. There may also be benefits to the Palomino Valley area from leaving the Palomino-LW land as farmland irrigated with recycled water and open space, preserving the existing farmland and rural lifestyle.

The proposed Feasibility Study would evaluate the feasibility and direct and indirect benefits of (i) providing another option for regional effluent management, (ii) reducing the volume of treated effluent being discharged into the Truckee River, (iii) the long-term use of recycled water for irrigation of the Palomino-LW land, (iv) increasing the sustainability of the Warm Springs groundwater basin by resting current Palomino-LW irrigation wells, (iv) recharging and storing on a long-term basis potable water and potentially advanced purified water in the Warm Springs groundwater basin using Palomino-LW land, and (vi) providing TMWA with a water banking site and an additional source of water for drought

protection, water resource sustainability, and operational flexibility. A task summary and cost estimate for proposed scope of work of the Feasibility Study is outlined in Attachment 2.

Discussion

TMWA, in collaboration with Reno, Sparks, and Washoe County, would perform and pay for all work required to complete the Feasibility Study pursuant to an Interlocal Agreement (ILA, see Attachment 3) outlining each of their respective obligations and responsibilities regarding the Feasibility Study and the Project. Under the ILA, TMWA, Reno, Sparks, and Washoe County would work together and cooperatively on the intent and scope of the Feasibility Study, including evaluation of the direct and indirect benefits to the region, and public outreach, engagement, and education. Each Party to the ILA would be responsible for twenty five percent (25%) of the actual costs incurred by TMWA to perform and complete the Feasibility Study (excluding charges for TMWA staff time) with a not to exceed cost of \$1.6 million. Cost share responsibility of Reno, Sparks, Washoe County and TMWA would not exceed \$400,000 each.

To facilitate the Feasibility Study, TMWA would concurrently enter a Feasibility Study Agreement (see Attachment 4) with Palomino-LW pursuant to which Palomino-LW would grant TMWA physical access to the Palomino-LW land for a ten-month period. Palomino-LW would grant TMWA access to data and information related to irrigation operations, the land, wells and water rights as necessary to allow TMWA to conduct the Feasibility Study.

The Feasibility Study effort is generally described as follows: The potential to recharge, store, and recover water from the Palomino Farms will be addressed in phases. Understanding the geology, water quality, storage, flow, and geochemical characteristics of the saturated and unsaturated zones are critical to determining the long-term viability of this site for aquifer storage and recovery (ASR).

Major Feasibility Study phases include:

1. Project Planning
2. Historical Review
3. Groundwater Flow and Transport Modeling
4. Preliminary Basin Assessment

TMWA has completed work on phases 1 thru 3 and has determined the site warrants further investigation and investment. Preliminary groundwater modeling shows that over 50,000 acre-feet of water could be stored at the Palomino-LW site. However, elevated concentrations of arsenic, fluoride, and nitrate are in the vicinity of the proposed ASR sites so additional geochemical characterization, water quality sampling and transport modeling is needed to ensure that existing poor water quality will not impact the stored water.

Phase 4, Preliminary Basin Assessment, will resolve potential “deal breakers” regarding water quality in the basin. If the existing water quality cannot meet drinking water standards, then recovery may not be economically viable. The Preliminary Basin Assessment aims to address this through a detailed evaluation of the following:

- a. Well Inventory
- b. Water Levels
- c. Water Quality Sampling (Drinking Water Concerns)
- d. Geology
- e. Saturated aquifer sediments Geochemical Characterization
- f. Solute Transport Model (based on new info above)
- g. Project Feasibility Variables
 - i. Water Quality
 - ii. Recharge Potential
 - iii. Water Quantity

TMWA, Reno, Sparks and Washoe County will also discuss permitting requirements with regulatory agencies that have or may have jurisdiction over implementation of all or any element of the Project, including, but not limited to, Nevada State Engineer, Washoe County, Nevada Department of Transportation, and Nevada Division of Environmental Protection. A portion of the funding is also planned for preliminary surveying and right-of-way investigations along Pyramid Highway, and engineering support services for alternative facility analyses, construction phasing and cost estimates.

During the 10-month Feasibility Study period (subject to favorable results from the Phase 4 assessment outlined above), TMWA, Reno, Sparks, Washoe County and Palomino-LW would negotiate a five-year option agreement for future TMWA, Reno, Sparks, and Washoe County consideration. As presently contemplated, the Option Agreement would grant the right to purchase (1) all necessary rights and interests in the Palomino-LW land and (2) the Palomino-LW water rights sufficient to allow TMWA and Reno, Sparks and Washoe County, subject to obtaining necessary permits, the right to implement the Project. The total purchase price for the above-described interests in the Palomino-LW land and Palomino-LW water rights under the option would be \$27,000,000 and any option payments would be applied toward the purchase price. The option would reserve to Palomino-LW the right to use the Palomino-LW land for any activity so long as such activity does not adversely impact the Project. Such uses include, but are not limited to, entering into an agreement with a contract farmer, leasing the Palomino-LW land to a farmer, and encumbering the Palomino-LW land with a conservation easement.

Summary:

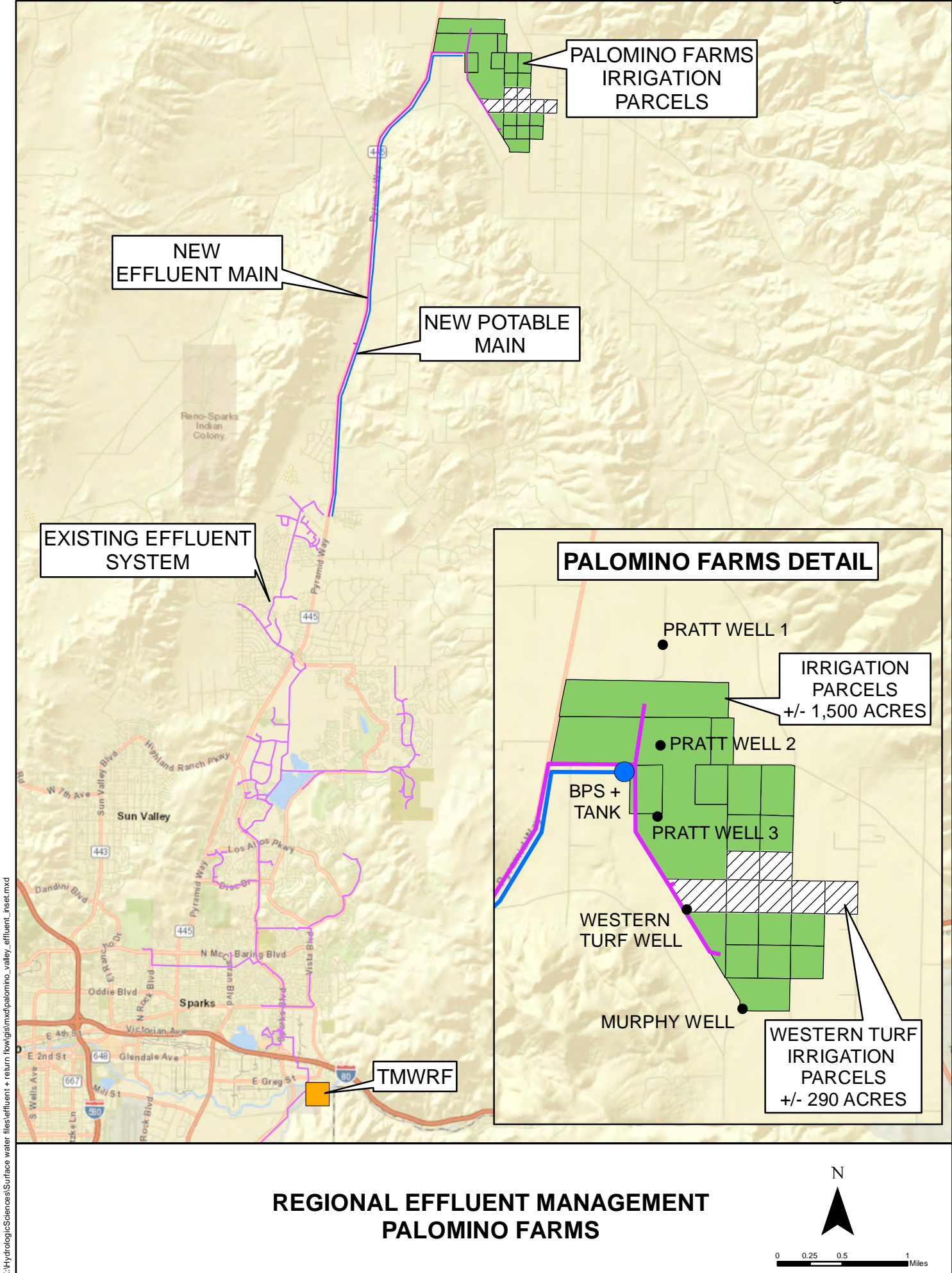
Staff recommends the Board approve the ILA for the Palomino Farms Sustainable Water Resource Feasibility Study and authorize the General Manager to execute the same. If approved by the TMWA Board, staff from Reno, Sparks and Washoe County will take the ILA to each of their respective governing bodies for review and approval in June.

Attachments:

Attachment 1, Palomino Farms location map

Attachment 2, Palomino Farms Feasibility Study Budget Summary

Attachment 3, ILA for the Palomino Farms Sustainable Water Resource Feasibility Study



K:\Hydrologic\Sciences\Surface water files\effluent + return flow\gis\mxd\palomino_valley_effluent_inset.mxd

Attachment 2**Palomino Farms Sustainable Water Resource Feasibility Study****Feasibility Study Budget Summary**

Task	Cost Estimate
Well Videos and Contractor-Assisted Well Sampling	\$60,000
Existing Production Well Flow and Quality Profiles (4)	\$120,000
Deep Sonic Core Boring and 2" Monitoring Wells (2)	\$150,000
Deep Mud Rotary 6" Monitoring Wells (6) to 600'	\$510,000
6" Monitoring Well Flow and Quality Profiles (5)	\$175,000
Water Quality Analyses	\$15,000
Soil Lab Analyses	\$10,000
Geochemistry Assessment	\$200,000
Subtotal	\$1,240,000
Engineering, Surveying, and R/W Research	\$160,000
Contingency	\$200,000
TOTAL	\$1,600,000

**INTERLOCAL AGREEMENT FOR THE
PALOMINO FARMS RESOURCE SUSTAINABILITY FEASIBILITY STUDY**

This Interlocal Agreement dated as of the last date executed by the Parties below (Effective Date) is between the Truckee Meadows Water Authority, a joint powers authority under the laws of the State of Nevada (TMWA), the City of Reno, a municipal corporation (Reno), City of Sparks, a municipal corporation (Sparks), and Washoe County, a political subdivision of the State of Nevada (Washoe County). TMWA, Reno, Sparks, and Washoe County may be referred to under this Agreement individually as a Party or collectively as the Parties.

RECITALS

A. NRS 277.180 provides that any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which any public agency, entering into the contract, is authorized to perform.

B. TMWA is a public purveyor of water service within Reno, Sparks, and portions of Washoe County, Nevada and is interested in locating sites where it may bank water through active and passive groundwater recharge, and in developing groundwater resources to provide an additional source of water for drought protection, water resource sustainability, and operational flexibility.

C. Reno and Sparks operate a regional water reclamation facility known as the Truckee Meadows Water Reclamation Facility (TMWRF), and Reno and Washoe County operate other regional water reclamation facilities in their jurisdictions. As operators of regional water reclamation facilities, Reno, Sparks and Washoe County are interested in exploring long-term opportunities to provide treated effluent as recycled water for agricultural irrigation or other beneficial uses rather than discharging it to surface waters, like the Truckee River.

D. Palomino Farms LLC and LW Land Company, LLC (collectively, Palomino-LW) own approximately 1,484 acres of farmland and 2,580 acre-feet (AF) of groundwater rights in Warm Springs Valley, Nevada, which land (Palomino-LW Land) and water rights (Palomino-LW Water Rights) are more-specifically described on the attached Exhibits A and B.

E. Under the auspices of OneWater Nevada, a collaboration between TMWA, Reno, Sparks, Washoe County, the University of Nevada, Reno and other local government entities, with the cooperation of Palomino-LW, a feasibility study is proposed to evaluate the long-term feasibility of using recycled water from TMWRF and other regional water reclamation sources to irrigate the Palomino-LW Land in lieu of using their existing groundwater rights (the Feasibility Study).

F. The Feasibility Study will evaluate the feasibility and direct and indirect benefits of, among other things: (i) providing another option for regional treated effluent management, (ii) reducing the volume of treated effluent being discharged into the Truckee River, (iii) the long-term delivery of treated effluent as recycled water for permanent use for irrigation, land application or

other beneficial uses on the Palomino-LW Land, (iv) increasing the sustainability of the Warm Springs groundwater basin by resting current irrigation wells, (v) recharging and storing on a long-term basis potable water and potentially advanced purified water in the Warm Springs groundwater basin using rapid infiltration basins or injection wells on Palomino-LW Land, and (vi) providing TMWA with a water banking site and an additional source of water for drought protection, water resource sustainability, and operational flexibility; (vii) availability and suitability of existing conveyance pipelines and appurtenances, and (viii) right-of-way corridors for water system facilities.

G. Depending on the results of the Feasibility Study, there may also be benefits to Palomino Valley from leaving the Palomino-LW Land as farmland and open space, augmenting the water supply in the Warm Springs groundwater basin, improving area groundwater levels and water quality, and preserving existing farmland and a rural lifestyle. The intent includes determining whether water resources can be improved and sustainably managed improving the overall regional water supply.

H. To facilitate the Feasibility Study, TMWA has entered or will enter concurrently herewith a Feasibility Study Agreement with Palomino-LW (the Palomino Farms Agreement) pursuant to which Palomino-LW will grant TMWA physical access to the Palomino-LW Land to conduct the Feasibility Study for a ten month period and will grant TMWA access to data and information related to irrigation operations, the land, wells and water rights as necessary to allow TMWA to conduct the Feasibility Study, as well as options for TMWA to secure rights and interests for implementing permanent treated effluent solutions on the Palomino-LW Land if determined sustainable under the Feasibility Study.

I. The Parties desire to enter this Agreement for purposes of outlining each of their respective obligations and responsibilities regarding the Feasibility Study and their desire to work together and cooperatively on all public outreach, engagement, and education regarding the intent and scope of the Feasibility Study and the direct and indirect benefits to the region.

AGREEMENT

NOW THEREFORE, in consideration of the forgoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. PURPOSE AND INTENT

The purpose of this Agreement is to facilitate unified and cooperative efforts to complete a study to inform the Parties on the viability and future benefits of developing alternate options for regional treated effluent management, reducing the volume of treated effluent being discharged into the Truckee River, using treated effluent as recycled water for irrigation purposes, recharging and storing on a long-term basis potable water and advanced purified water, developing water banking sites and securing and developing additional water supplies for drought protection and operational flexibility, and potential roles and responsibilities on related water management

projects in the future. Further, the Feasibility Study will investigate the availability and suitability of both existing water infrastructure necessary to convey water to the Palomino-LW Land as well as existing or necessary rights-of-way, easements, and/or pipeline corridors.

2. PERFORMANCE OF FEASIBILITY STUDY

2.1 Palomino Farms Agreement. TMWA will endeavor in good faith to negotiate and enter the Palomino Farms Agreement with Palomino-LW for the purpose of securing access to the Palomino-LW Land to conduct the Feasibility Study, on terms and conditions reasonably agreeable to TMWA in its discretion. The Palomino Farms Agreement is anticipated to include the following elements: (i) physical access to the Palomino-LW Land to conduct the Feasibility Study, including permission for physical tests; (ii) rights to discuss permitting requirements with all regulatory agencies with respect to irrigation and land application with recycled water on the Palomino-LW Land, and recharging and storing potable water and potentially, advanced purified water; (iii) mechanisms for exploring TMWA's potential purchase, lease or other acquisition of the Palomino-LW Land (for irrigation using recycled water and recharge and recovery of potable water and potentially, advanced purified water) and Palomino-LW Water Rights (for possible importation into TMWA's system).

2.2 Agreement to Perform Study. Conditional on securing the Palomino Farms Agreement, TMWA will provide and perform or cause to be performed the services set forth in the scope of work attached hereto as Exhibit "C" as necessary to complete the Feasibility Study. TMWA will perform or contract for all services required to complete the Feasibility Study and shall perform the services diligently, in a timely and professional manner, and to the best of its ability, and in such a manner as is customarily performed by a person who is in the business of providing such services in similar circumstances.

2.3 Delivery of Study Results. TMWA shall provide the Parties with updates on the Feasibility Study as work progresses and upon completion of the Feasibility Study shall prepare and provide a report to each of the Parties setting forth information on the data collected and any conclusions drawn from the completion of the Feasibility Study.

3. REIMBURSEMENT OF COSTS

3.1 Allocation of Cost Share. Each Party shall be responsible for twenty five percent (25%) of the actual costs incurred by TMWA to perform and complete the Feasibility Study (TMWA staff time shall be excluded from costs); provided, unless agreed otherwise in writing the cost responsibility of Reno, Sparks and Washoe County shall not exceed \$400,000 each. Unless otherwise agreed by the Parties, TMWA shall be responsible for any costs in excess of \$1,600,000, but TMWA shall have the discretion to modify the scope of work or elements of the Feasibility Study as necessary to avoid cost overruns in excess of \$1,600,000. Should TMWA desire to modify the scope of work or elements of the Feasibility Study for any other purpose, then TMWA shall notify and receive prior approval from the Parties.

3.2 Payment of Invoices. TMWA shall submit invoices to the Parties on a monthly or

other regular basis for activities completed and payment of the Party's share of reimbursable costs. Each Party shall promptly review the invoice, request any further information or documentation required, and process the invoice for payment to TMWA within thirty (30) days following receipt.

3.3 Backup Information. TMWA shall, through its designated representative or Contract Administrator, provide to the Parties any information requested relating to any invoice submitted for payment. TMWA shall set up a separate account for the Feasibility Study, if not already existing, so that check numbers along with copies of cancelled checks for all expenditures can be submitted, as well as an exact itemization of Feasibility Study expenditures, copies of itemized invoices, and properly documented timesheets.

4. COOPERATION.

Reno, Sparks and Washoe County shall work cooperatively and collaboratively with TMWA to facilitate the Feasibility Study, including sharing data reasonably relevant to the Feasibility Study, working cooperatively on all public outreach, engagement, and education regarding the intent and scope of the Feasibility Study and the direct and indirect benefits to the region, Reno, Sparks, and Washoe County, communications with regulatory agencies (including the Nevada Division of Environmental Protection, Nevada Department of Transportation and Nevada Division of Water Resources), applications for grant or other funding available to support the Feasibility Study, and providing survey and right of way assistance and engineering support (including phasing, cost estimating, pipeline sizing, cost options) for potential future implementation of projects related to the Feasibility Study.

5. INDEMNIFICATION.

Subject to the limitations of Chapter 41 of the Nevada Revised Statutes, each party agrees to indemnify, defend and hold harmless the other party from and against any liability including, but not limited to, property damage and personal injury or death, proximately caused by the negligent acts or omissions of its officers, agents and employers arising out of the performance of this Agreement. Contract liability of the Parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in this Agreement or any incorporated attachments. Damages for any breach by Reno, Sparks or Washoe County shall never exceed the amount of funds appropriated for payment under this Agreement, but not yet paid to TMWA, for the fiscal year budget in existence at the time of the breach.

6. MISCELLANEOUS PROVISIONS

6.1 This Agreement is binding upon and inures to the benefit of the Parties and their respective heirs, estates, personal representatives, successors and assigns.

6.2 This Agreement is made in, and shall be governed, enforced and construed under the laws of the State of Nevada

6.3 This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof, and supersedes and replaces all prior understandings and agreements, whether verbal or in writing, with respect to the subject matter hereof. This Agreement shall not be construed to provide any person or entity not a party to this Agreement with any benefits or cause of action arising from the performance of this Agreement.

6.4 This Agreement may not be modified or amended in any respect, except pursuant to an instrument in writing duly executed by the Parties.

6.5 Each Party shall endeavor to include funding for this Feasibility Study in its FY 2022 budget. In the event any Party fails to appropriate or budget funds for the purposes as specified in this Agreement, each Party hereby consents to the termination of this Agreement as to such Party. In such event, the terminating Party shall notify the other Parties in writing and the Agreement will terminate as to such Party on the date specified in the notice. The Parties understand that this funding out provision is required under NRS 354.626.

6.6 No delay or omission by any Party in exercising any right or power under this Agreement shall impair any such right or power or be construed to be a waiver thereof, unless this Agreement specifies a time limit for the exercise of such right or power or unless such waiver is set forth in a written instrument duly executed by the person granting such waiver. A waiver of any person of any of the covenants, conditions, or agreements hereof to be performed by any other Party shall not be construed as a waiver of any succeeding breach of the same or any other covenants, agreement, restrictions or conditions hereof.

6.7 This Agreement may be executed in separate and multiple counterparts, each of which is deemed an original, but all of which taken together constitute one and the same instrument.

6.8 All notices, demands or other communications required or permitted to be given in connection with this Agreement shall be in writing, and shall be deemed delivered when personally delivered to a Party; when sent to a Party by electronic mail and same day U.S. regular mail with U.S. Postal Service Certificate of Mailing; or, if only mailed, three (3) business days after deposit in the United States mail, postage prepaid, certified or registered mail, addressed to the Parties as follows:

To TMWA: Truckee Meadows Water Authority
Attn: John Enloe
Director of Natural Resources Planning & Management
1355 Corporate Blvd.
Reno, Nevada 89502
jenloe@tmwa.com

To County: Dwayne E. Smith
Director, Engineering and Capital Projects

1001 Ninth St.,
Reno, NV 89512
desmith@washoecounty.us

To Reno: John Flansberg
Director of Public Works
City of Reno
P.O. Box 1900
Reno, Nevada 89501
flansbergj@reno.gov

To Sparks: John A. Martini
Assistant City Manager
City of Sparks
P.O. Box 857
Sparks, Nevada 89432-0857
jmartini@cityofsparks.us

6.9 This Agreement is effective on the latest date executed by the last Party to sign this Agreement below (Effective Date).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized officers the day and year written below.

TRUCKEE MEADOWS WATER AUTHORITY

APPROVED AS TO FORM:

Mark Foree, General Manager

Michael Pagni, General Counsel

Date: _____, 2021

[Additional Signature Pages Follow]

CITY OF RENO

ATTEST:

By: _____
Hillary L. Schieve, Mayor

Ashley D. Turney, Reno City Clerk

Date: _____, 2021

APPROVED AS TO FORM:

Susan Ball Rothe, Deputy City Attorney

[Additional Signature Pages Follow]

CITY OF SPARKS

ATTEST:

By: _____
Ed Lawson, Mayor

Sparks City Clerk
Lisa Hunderman

Date: _____, 2021

APPROVED AS TO FORM:

Chester H. Adams
City Attorney

[Additional Signature Pages Follow]

WASHOE COUNTY

ATTEST:

By: _____
Robert Lucey, Chair

County Clerk

Date: _____, 2021

APPROVED AS TO FORM:

Deputy Attorney



STAFF REPORT

TO: Standing Advisory Committee
 FROM: Sonia Folsom, TMWA SAC Liaison
 DATE: April 12, 2021
 SUBJECT: **Discussion and action on appointments to the Standing Advisory Committee (SAC) to fill the Multi-Family Residential Primary Customer Class vacancy, Senior Citizen Alternate Customer Class vacancy, and Residential Representative 3 Customer Class Alternate vacancy and other possible vacancies for terms beginning May 1, 2021 to December 31, 2023 from the following pool of candidates listed in alphabetical order: Al Black, Jordan Graham, Russ Foreman, Tom Kurtz, Kevin Ryan and Alex Talmant (continued from April 21, 2021 meeting)**

Recommendation

Staff is presenting the SAC recommendation to fill the vacancies for the senior citizen alternate customer class and residential representative customer class alternate positions with Alex Talmant and Kevin Ryan, respectively. In addition, the *SAC recommended, at the Boards discretion, to keep vacant the multi-family residential primary customer class position until an interested candidate submits a letter of interest for consideration.*

Summary

- A total of six (6) applications were received for the three vacant positions:
 - Multi-Family Primary – One (1) Vacancy; 0 Applicants
 - Senior Alternate – One (1) Vacancy; 6 Applicants
 - Residential Representative 3 Alternate – One (1) Vacancy; 3 Applicants

The table in **Attachment 1** illustrates the SACs recommendation, for Board approval, of the applicants to fill the vacant positions by customer class.

Background

The SAC was created in 2005 to review budgets, rate proposals and other matters as directed by the Board. In 2016, the TMWA Board decided to remove the two appointments made by the Northern Nevada Water Planning Commission and the Office of Consumer Advocate and replace those with two at-large positions. The committee currently consists of Board-appointed representatives of ten customer classes and four other seats (including two alternates) held by representatives of community-interest groups (**Attachment 2**). TMWA customers interested in becoming a SAC member can submit a letter of interest at any time and will be presented to the SAC when a vacancy opens for consideration.

Discussion

The applicants, and summary of pertinent experience, are listed in the table below, and the letters of interest submitted are compiled in **Attachment 3**. The SAC was pleased to have such skilled and diverse applicants express interest in representing customer issues to the TMWA Board as part of the SAC.

In addition, **Attachment 4** is a map showing locations of all current SAC members, as well as all applicants.

APPLICANT NAME	CITY	CUSTOMER CLASS	PERTINENT EXPERIENCE
Al Black	Reno	Senior, Alternate	<ul style="list-style-type: none"> • Metered rate residential customer • Has been on the: Board of Promontory Pointe HOA, Caughlin Ranch HOA, Hayward HOA, and The Museum of Early Trades and Crafts where I was also the Chair for four years • Retired from the Chemical industry where I was a Global Procurement Manager, Marketing Manager, Product Manager, and Salesman • Master's degree in Organic Chemistry and an MBA in Management
John Russ Foreman	Reno	Senior, Alternate	<ul style="list-style-type: none"> • Worked as a computer software designer, financial auditor for the State of Nevada, construction project manager for McCarran Airport & financial manager for both the US Army & Air Force • Interested in the SAC to get involved in Reno governmental activities and learn more about Reno • BA & Master's in Finance & Business from UNLV
Jordan Graham	Reno	Senior and Residential Representative, Alternate	<ul style="list-style-type: none"> • Seven years as head of a digital transformation consulting organization working with senior executives in several key industries including energy and utilities • Previous experience in land management working with geologist, landowners, and strategic partners to explore for natural resources • Six years of marketing and sales experience with a public utility • Sixteen years as a public company board director serving as past Chairman of the Strategy Committee and current Chairman of the Finance and Investment Committee • Previous Board service as a Director of two non-profits-one with assets over \$2B • Two years' experience working as a community board member for the Department of Planning and Building, County of San Mateo, CA • CEO of two venture capital backed technology companies • Board Director and Advisor to eleven venture capital and private equity backed companies

APPLICANT NAME	CITY	CUSTOMER CLASS	PERTINENT EXPERIENCE
Thomas Kurtz	Reno	Senior and Residential Representative, Alternate	<ul style="list-style-type: none"> Was a municipal manager in State College, PA, served 22 years as Manager of Patton Township, 5 years as Assistant Manager for Community Services at State College Borough and 10 years as Director of Administration for the Centre Region Council of Governments, a consortium of 6 local governments including Patton Township and State College Borough Served as President of the Association for Pennsylvania Municipal Management and as regional Vice President for the International City/County Management Association BA in Political Science from the University of New Hampshire and an MA in Political Science from Penn State
Kevin Ryan	Sparks	Senior and Residential Representative, Alternate	<ul style="list-style-type: none"> A certified Grade II Distribution Operator, and with over 35 years experience as an environmental scientist in the drinking water field Participated in numerous advisory committees, managed multi-million dollar drinking water infrastructure projects Familiar with the SRF grant procedures Trained in emergency response and have been deployed multiple times to disaster areas where he worked with impacted public water systems. experience with state, local, tribal, and federal agencies, and my knowledge of the Safe Drinking Water Act
Alex Talmant	Reno	Senior, Alternate	<ul style="list-style-type: none"> Office manager with New York Life Insurance Company until 1986 Transitioned to Federal Civil Service with the Nevada Army National Guard: Budget Officer, Deputy Comptroller and Comptroller Served as a member of the Board of Directors at Greater Nevada Credit Union from 1996 until 2020: During his time on the Board I served on the Governance and Investment committees as well as Board Treasurer for six year Volunteered at Fool 4 Thought in Carson City and Carson Tahoe Hospital

TMWA Standing Advisory Committee

Term Appointments
2021 Membership List

Customer Class	Primary Representative	Member Since	Term Ends	Alternate Representative	Member Since	Term Ends
Wholesale (Sun Valley)	Chris Melton	2020	12/31/2021	<i>Vacant</i>		
Irrigation	Neil McGuire	2005	12/31/2022	Karl Katt	2013	12/31/2022
Multi-family Residential	<i>Vacant</i>			Jonnie Pullman	2012	12/31/2021
Commercial	Donald Kowitz	2017	12/31/2022	John Krmpotic	2020	12/31/2021
Senior Citizen	Robert Chambers	2005	12/31/2022	Alex Talmant	2021	12/31/2023
At-Large 1	Ken McNeil	2013	12/31/2022	Ken Becker	2017	12/31/2022
At-Large 2	Jordan Hastings	2017	12/31/2022	Susan Hoog	2019	12/31/2021
Residential:						
Representative 1	Carol Litster	2014	12/31/2022	Dale Sanderson	2017	12/31/2022
Representative 2	Harry Culbert	2006	12/31/2022	Fred Arndt	2017	12/31/2022
Representative 3	Jerry Wager	2014	12/31/2022	Kevin Ryan	2021	12/31/2023
Appointments:						
BANN	Colin Hayes	2010	12/31/2021	Jim Smith	2010	12/31/2021
Reno-Sparks Chamber	Kristine Brown	2020	12/31/2021	Ann Silver	2019	12/31/2021



TMWA Standing Advisory Committee History

Bullet Points for SAC history

- 2004: The Board formed a Rate Making Review Committee (RMRC) for the purpose of reviewing and providing customer input on the proposed second and third phases of the current rate case that was going before the Board in 2005. At the time this Committee was formed, the Board did not foresee a permanent role for it.
- The initial RMRC recommended that the Board form a committee that serves in an advisory capacity on a permanent basis. Staff supported the recommendation for a standing committee.
- January 2005: Staff first approached the Board to recommend formation of the Standing Advisory Committee (SAC).
- March 2005: the Board established a SAC consisting of eleven (11) members: one (1) each of the following customer types – commercial; irrigation; multi-family; senior citizen; wholesale; and three (3) residential users all appointed by the TMWA (Truckee Meadows Water Authority) Board. The Builders Association of Northern Nevada, Reno-Sparks Chamber of Commerce and the Regional Water Planning Commission to appoint one (1) member each. Duties of the SAC include budget and rate increase review and recommendations and other matters the Board may assign.
- July 2005: The Board appointed a subcommittee to select applicants.
- September 2005: The Board appointed the first SAC members.
- August 2007: The State of Nevada Consumer Advocates Office appointed a member to the SAC.
- The SAC reviewed rate proposals in 2009, 2010 and 2012.
- December 31, 2014: Successful consummation of the mergers of South Truckee Meadows General Improvement District and Washoe County Water Utility into TMWA.
- September 2016: The Board eliminated the Northern Nevada Water Planning Commission and the State of Nevada Consumer Advocates Office appointments and created two At-Large positions.
- The SAC reviewed rate proposals in 2016, 2017 and 2019.

March 22, 2021

Dear TMWA,

I would like to become the Senior member of the Standing Advisory Committee for TMWA. My name is Allen Black and I live in Caughlin Ranch. I have had extensive board experience. I have been on the board of Promontory Pointe HOA, Caughlin Ranch HOA, Hayward HOA, and The Museum of Early Trades and Crafts where I was also the Chair for four years. I am a 73 yr old who retired from the Chemical industry where I was a Global Procurement Manager, Marketing Manager, Product Manager, and Salesman. I have a Masters degree in Organic Chemistry and an MBA in Management. I was raised on a farm and have some knowledge of land management. I think I would provide knowledge to the board that could be useful in managing the water supply of Washoe county and the surrounding communities. Please let me know if you need further information.

Regards,

Al Black

[REDACTED]

Reno, NV 89519

February 20, 2021

Truckee Meadows Water Authority
P.O. Box 30013
Reno, NV 89520

Subject: Standing Advisory Committee Vacancies

Greetings,

I would like to be considered for the open voluntary position on the Standing Advisory Committee. I am a Truckee Meadows Water Authority residential customer, am considered a Senior Citizen as I am over the age of 65 and would be pleased to serve in either customer class. I hold Bachelor's and Master's degrees in Finance and Business Administration from UNLV, have worked as a computer software designer, a financial auditor for the State of Nevada, a construction project manager for McCarran Airport, and a financial manager for both the US Army and US Air Force.

I am interested in volunteering for the Standing Advisory Committee because I would like to get involved in Reno governmental activities on a volunteer basis and become more knowledgeable about Reno as a whole. As a Nevada native and a long-time resident of Las Vegas, I am acutely aware of the criticality of managing the water supply for the City of Reno. I look forward to the opportunity to work with the City of Reno.

Sincerely,



John Russell (Russ) Foreman

[REDACTED]
Reno, NV 89521

Home – [REDACTED]

Cell – [REDACTED]

Jordan W. Graham

Reno, NV 89519

05-20-21 BOARD Agenda Item 12

04-06-21 SAC Agenda Item 9

Attachment 3

March 30, 2021

Ms. Sonia Folsom
Truckee Meadows Water Authority
P. O Box 30013
Reno, NV 30013
(Sent via email: sfolsom@twma.com)

RE: Standing Advisory Board Membership Application

Dear Sonia:

Thank you very much for taking the time to talk with me regarding your current openings for the Standing Advisory Committee. Based on our conversation, I would like to express my interest in serving as either a resident (local homeowner) or senior (age 60) member of the Board.

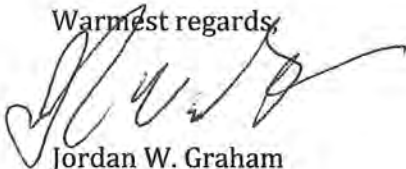
In addition to having a strong interest our water supply, I believe the following relevant experience would be an asset to your Board:

- Seven years as head of a digital transformation consulting organization working with senior executives in several key industries including energy and utilities.
- Previous experience in land management working with geologist, landowners, and strategic partners to explore for natural resources.
- Six years of marketing and sales experience with a public utility (Pacific Telephone)
- Sixteen years as a public company board director serving as past Chairman of the Strategy Committee and current Chairman of the Finance and Investment Committee.
- Previous Board service as a Director of two non-profits—one with assets over \$2B.
- Two years' experience working as a community board member for the Department of Planning and Building, County of San Mateo (California)
- CEO of two venture capital backed technology companies.
- Board Director and Advisor to eleven venture capital and private equity backed companies.
- Extensive operating and executive experience with AT&T, Sun Microsystems, Cisco Systems, and Citigroup

I have tried to highlight key elements of my background along with executive and governance related experience that I think would be helpful to your Board. Further background can be found in my LinkedIn profile at <https://www.linkedin.com/in/jordan-graham-5890531>.

Should you desire additional information, please feel free to contact me directly. I look forward to learning more about next steps.

Warmest regards,



Jordan W. Graham

Thomas S. Kurtz

Reno, NV 89523

February 25, 2021

Ms. Sonia Folsom
Truckee Meadows Water Authority
PO Box 30013
Reno, NV 89520

Subject: Standing Advisory Committee Vacancy

Dear Ms. Folsom:

I would be honored to be of service to the TMWA and our community by serving on the Standing Advisory Committee. I am a senior (age 79) and a residential customer of the Authority. My wife and I purchased our home here in Reno in 2011 and became full time residents in 2016. I have a strong interest in water service in the Truckee Meadows and have reviewed the TROA and some historical documents about water service in this area.

My professional career was as a municipal manager in State College, Pennsylvania, the host community for Penn State University. I served for 22 years as Manager of Patton Township (a suburb of State College with 15,000 residents), 5 years as the Assistant Manager for Community Services at State College Borough and 10 years as Director of Administration for the Centre Region Council of Governments, a consortium of 6 local governments including Patton Township and State College Borough. Water service in this area is provided by the State College Borough Water Authority, an authority similar to TMWA, but with a water supply consisting entirely of groundwater.

I have a BA in Political Science from the University of New Hampshire and an MA in Political Science from Penn State. I have served as President of the Association for Pennsylvania Municipal Management and as regional Vice President for the International City/County Management Association.

I am the author of the Intergovernmental Cooperation Handbook published by the Pennsylvania Department of Community and Economic Development, currently in its 7th edition (2018).

If you find my background and experience might be of service to the TMWA, I would be pleased to serve on the TMWA Standing Advisory Committee.

Sincerely



Thomas S. Kurtz

Kevin J. Ryan

Sparks, NV 89434

March 29, 2021

To whom it may concern:

I am writing to express my interest in volunteering to serve on the Standing Advisory Committee for the **residential** or the **senior citizen representative** class vacancy. I understand that the monthly responsibilities may include reviewing budgets, rate proposals and other priorities of the Truckee Meadows Water Authority. I enjoy working with utilities and believe safe, affordable drinking water is vital to the health of communities.

As a certified Grade II Distribution Operator, and with over 35 years experience as an environmental scientist in the drinking water field, I have participated in numerous advisory committees, managed multi-million dollar drinking water infrastructure projects, and I am familiar with the SRF grant procedures. I am trained in emergency response and have been deployed multiple times to disaster areas where I worked with impacted public water systems.

I trust my experience with state, local, tribal and federal agencies, and my knowledge of the Safe Drinking Water Act, will provide an opportunity to be considered for this important stakeholder position. References available on request.

Respectfully,

Kevin J. Ryan

TO: Sonia Folsom

3/6/2021

sfolsom@TMWA.com

Subject: Standing Advisory Committee

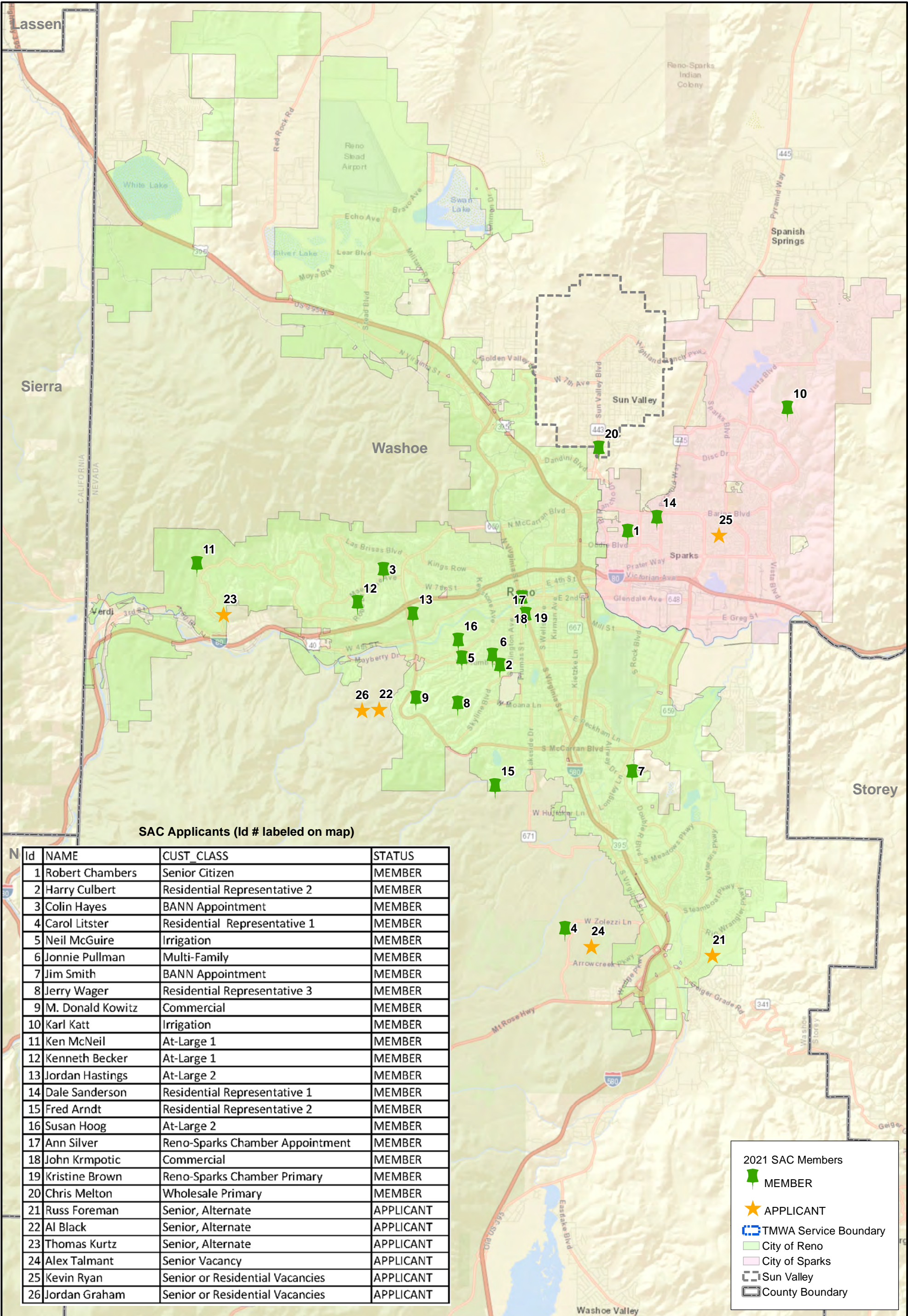
I am Alex W. Talmant Jr. residing at [REDACTED], Reno, NV 89511 for four and one half years. My customer class would be Senior and my contact information is [REDACTED], [REDACTED]. My education includes a BS in Business Administration from the University of Idaho and an MBA from Golden Gate University.

In 1975 I arrived in Reno where I was the office manger with New York Life Insurance Company until 1986 when I transitioned to Federal Civil Service with the Nevada Army National Guard. Over the next 24 years I held the positions of Budget Officer, Deputy Comptroller and Comptroller when I retired in 2010 with 34 years of combined military/Federal Civil Service.

My interest in volunteering led me to help at Fool 4 Thought in Carson City and Carson Tahoe Hospital. I served as a member of the Board of Directors at Greater Nevada Credit Union from 1996 until 2020. During my time on the Board I served on the Governance and Investment committees as well as Board Treasurer for six years. I have always had an interest in growth in the Truckee Meadows and hope I can be a contributing member of the Standing Advisory Committee.

Sincerely,

Alex W. Talmant Jr.



Distribution of SAC Members & Applicants

DATE 4/1/2021

MAP BY: JAK

REQUESTED BY: SF

SCALE: 1 in = 2 miles





Northern Nevada Water Supply Outlook

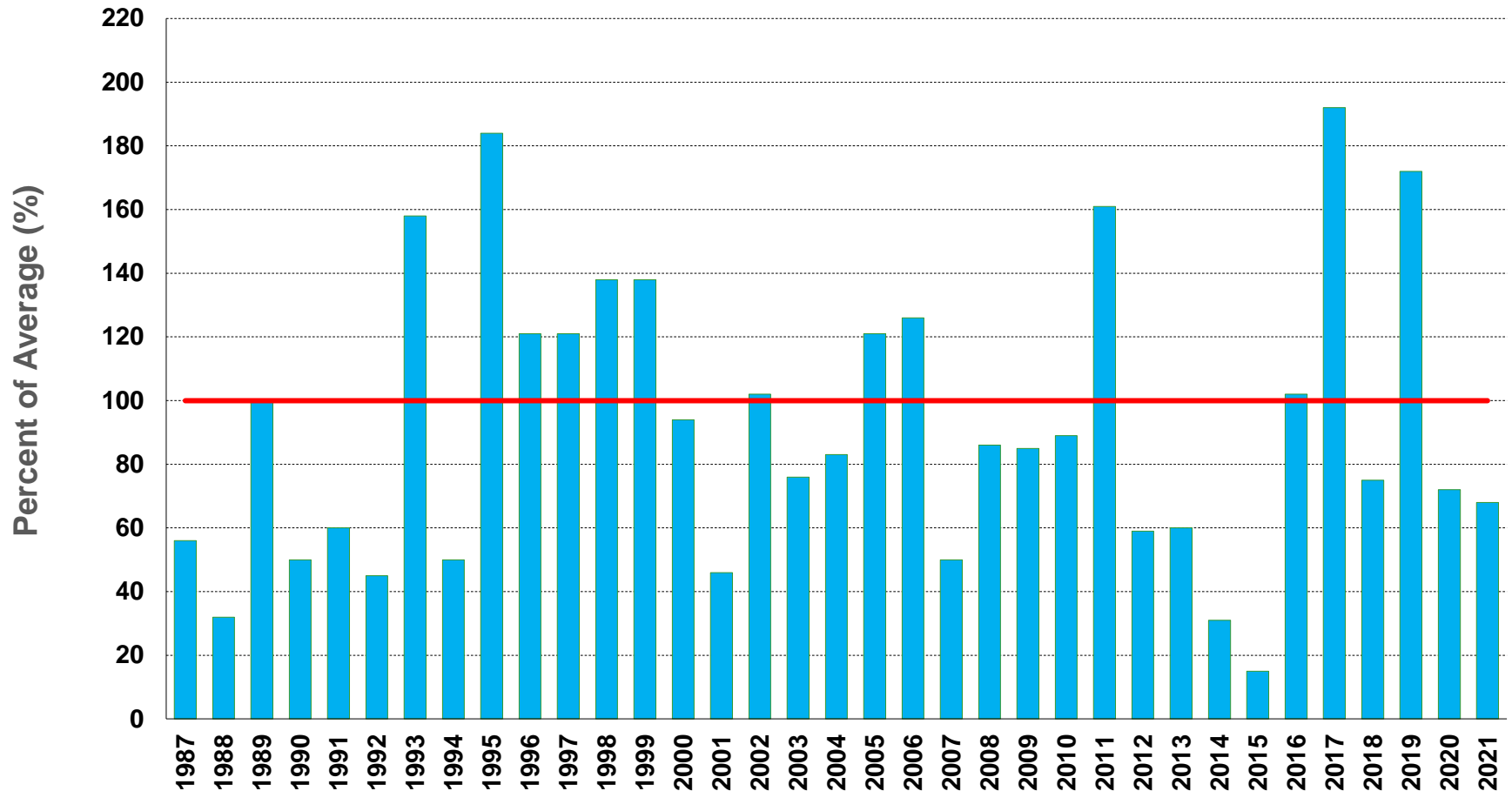
TMWA Board of Directors Meeting

Bill Hauck, Water Supply Administrator

May 20, 2021

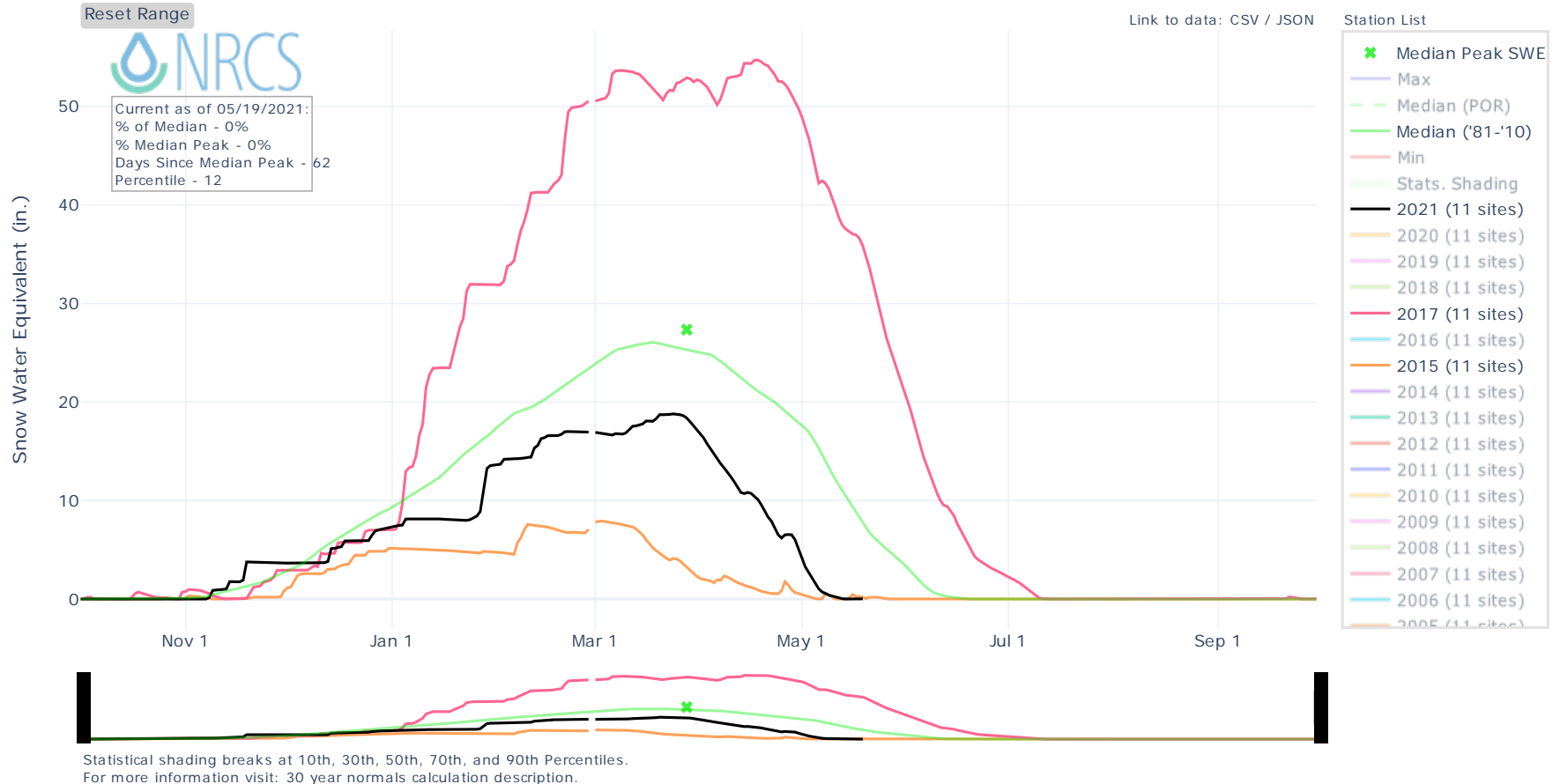


April 1 Truckee River Basin Snowpack (last 35 years)



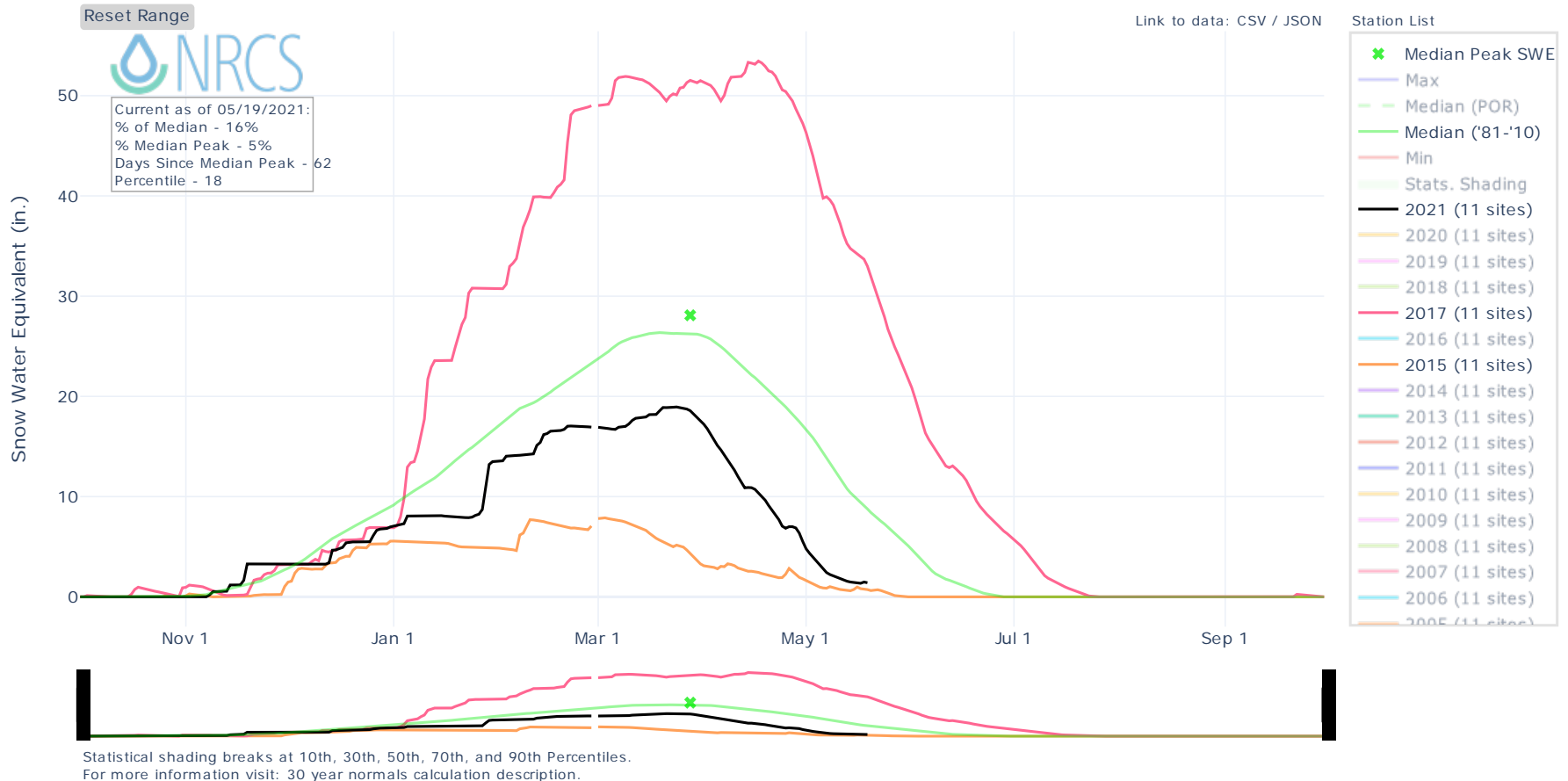
Lake Tahoe Basin Snowpack (05/19/2021)

SNOW WATER EQUIVALENT IN LAKE TAHOE



Truckee Basin Snowpack (05/19/2021)

SNOW WATER EQUIVALENT IN TRUCKEE



May 01, 2021 NRCS Streamflow Forecasts

- Lake Tahoe Gates Closed Rise (GCR)

0.27' (21% Avg.) 30% COE (Apr-High)

0.20' (15% Avg.) 50% COE (Apr-High)

0.16' (12% Avg.) 70% COE (Apr-High)

- Truckee River at Farad, CA (A-J)

95 KAF (37% Avg.) 30% COE (Apr-Jul)

78 KAF (31% Avg.) 50% COE (Apr-Jul)

61 KAF (24% Avg.) 70% COE (Apr-Jul)

2021 NRCS Streamflow Runoff Forecast Summary

	Mid-Feb	Mid-Mar	Apr-01	Mid-Apr	May 01
1. % Chance of TROA Drought Designation	15%	46%	79%	100%	100%
2. Forecasted Lake Tahoe Elev. (Nov 15)	6224.87'	6224.06'	6223.40'	6223.17'	6222.97'
3. Projected Day of river shortages	NA	NA	10/7	9/13*	8/20*

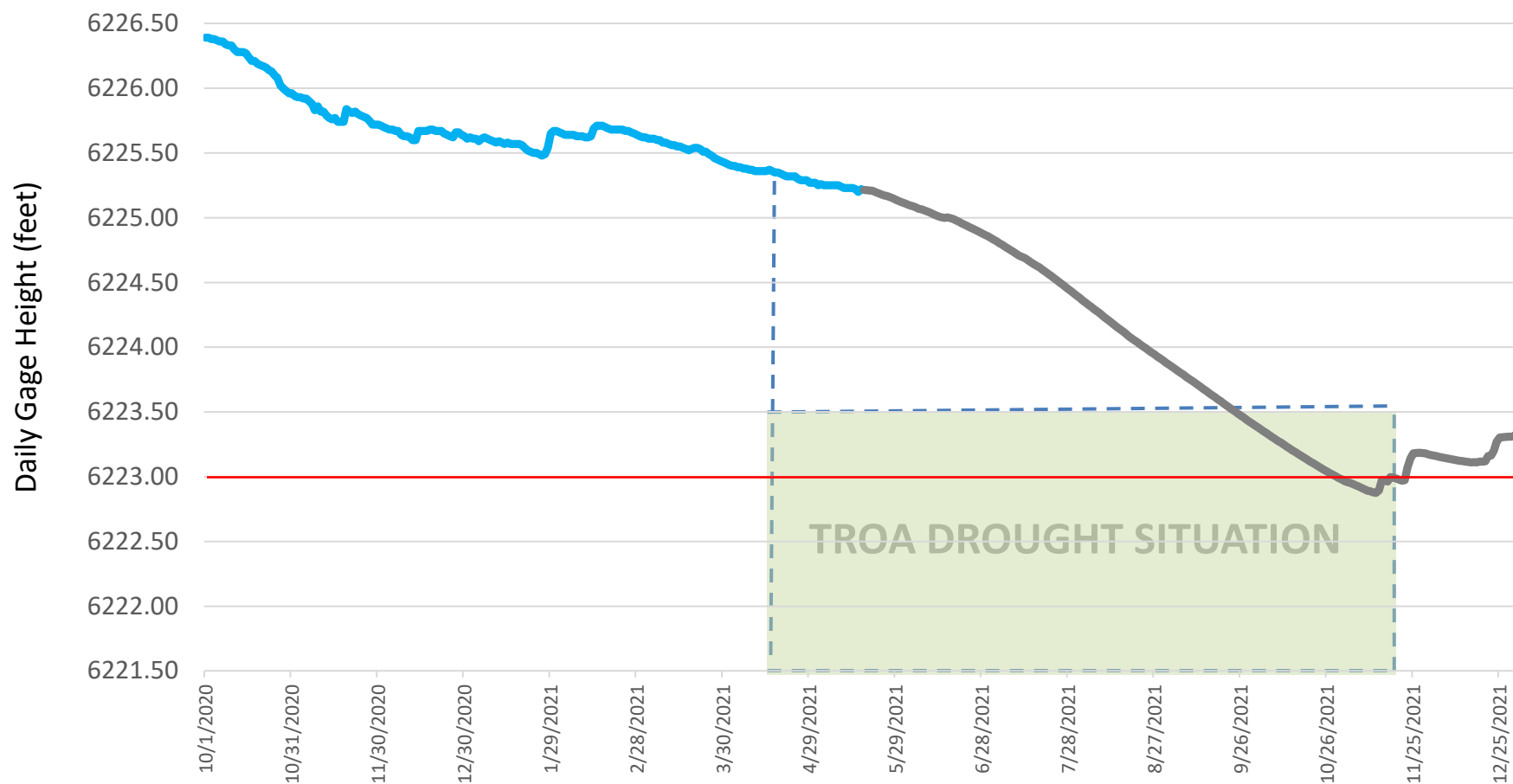
- * A **DROUGHT SITUATION** has been determined according to the terms of TROA. Full river flows are projected to fall short prior to October 31st AND the elevation of Lake Tahoe is projected to be below elevation 6223.50' before November 15th. *Normal* river flows are projected through August 19th. Drought reserves will be required to meet customer demand after that point in time. See TMWA's 2020-2040 Water Resource Plan, Chapter 4., pages 52-55 describing **TMWA's response to this determination which is tied directly to the projections for Truckee River flows.** TMWA is planning for a **Level 2 Drought Situation** based on the severity of the drought so **Enhanced Conservation Measures** will be implemented accordingly.



Actual and Projected Lake Tahoe Elevation through 2021

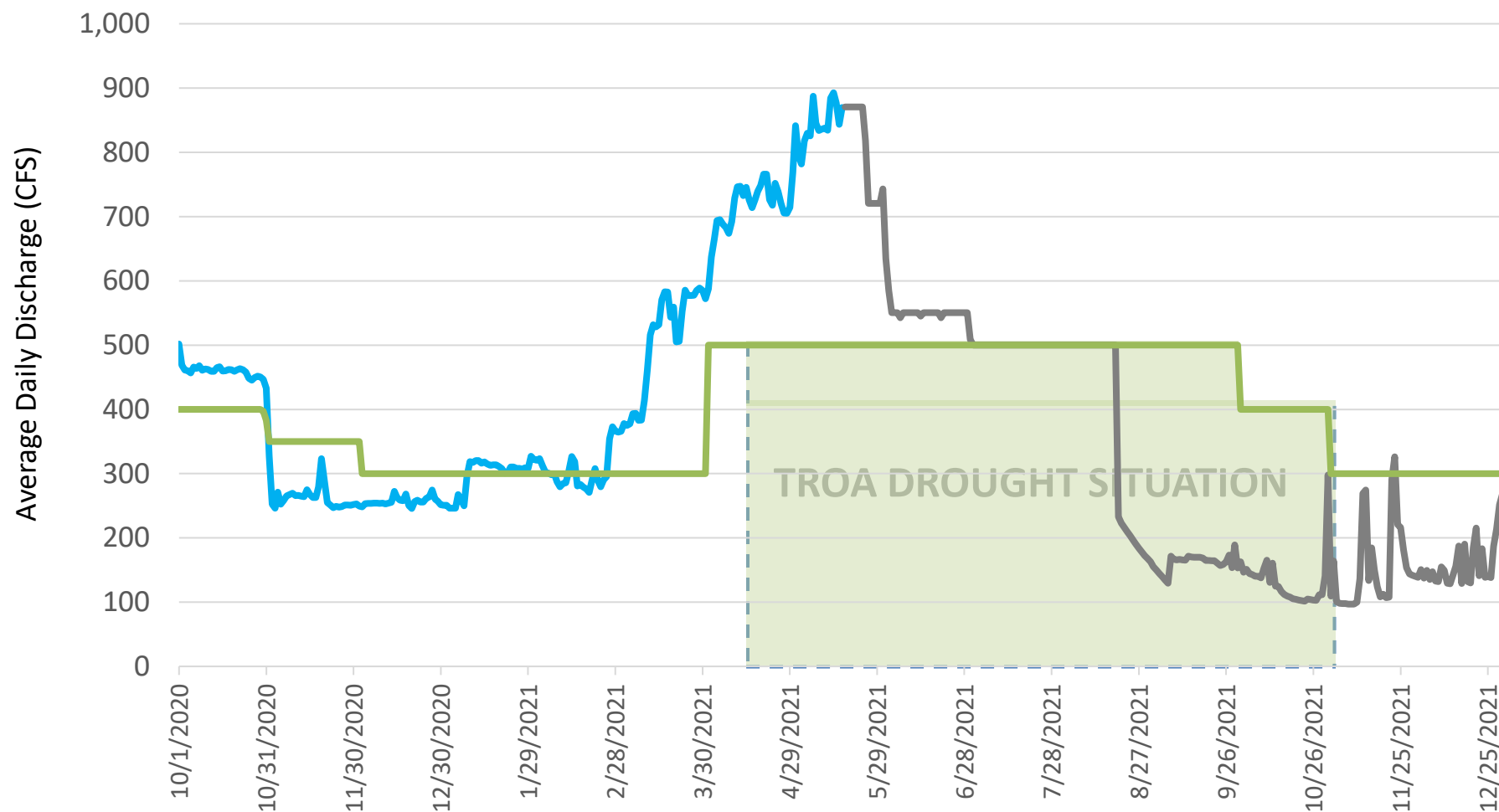


Actual and Projected Lake Tahoe Elevation through End of Year





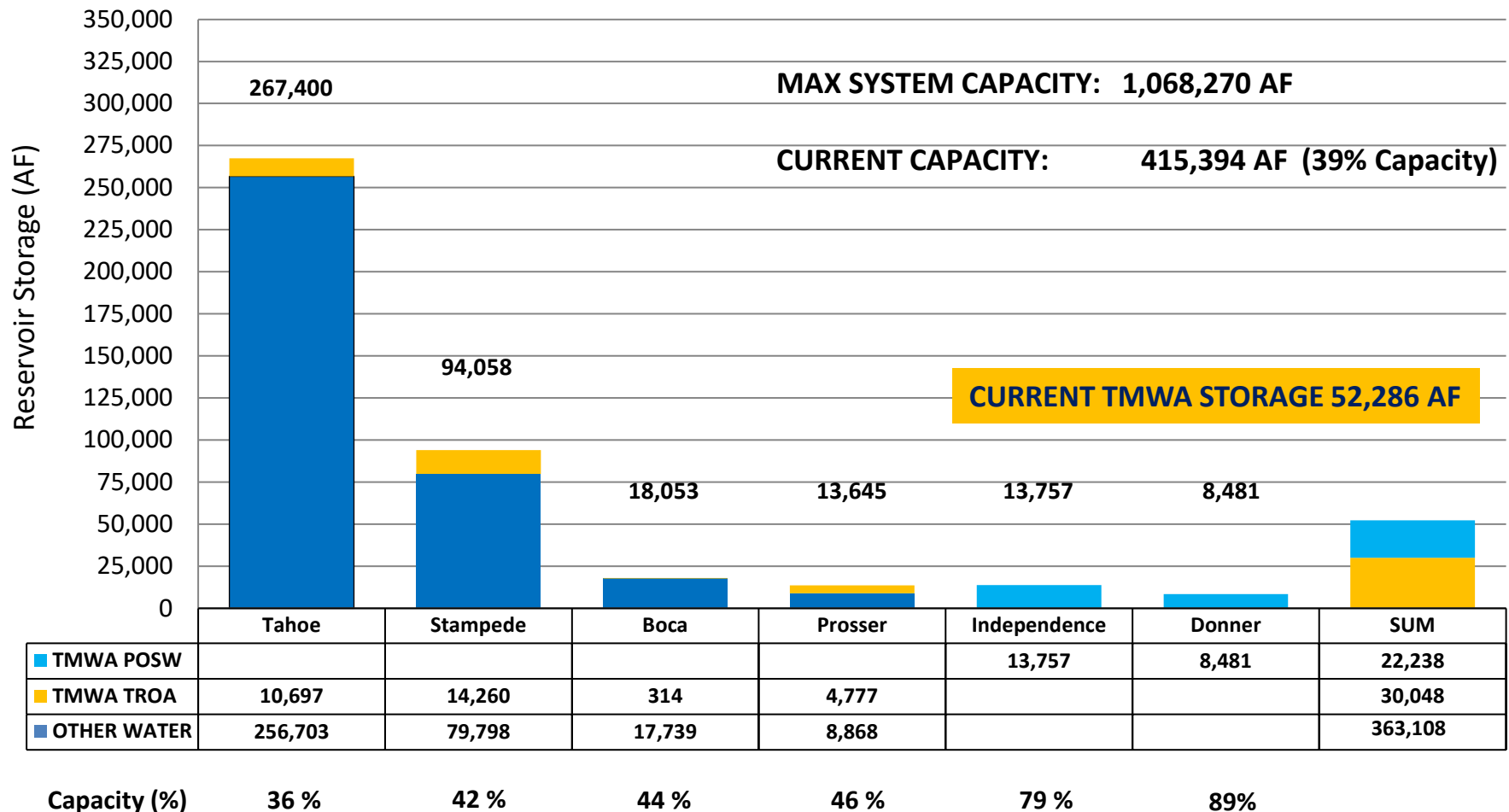
Actual and Projected Truckee River Flow at Farad through 2021



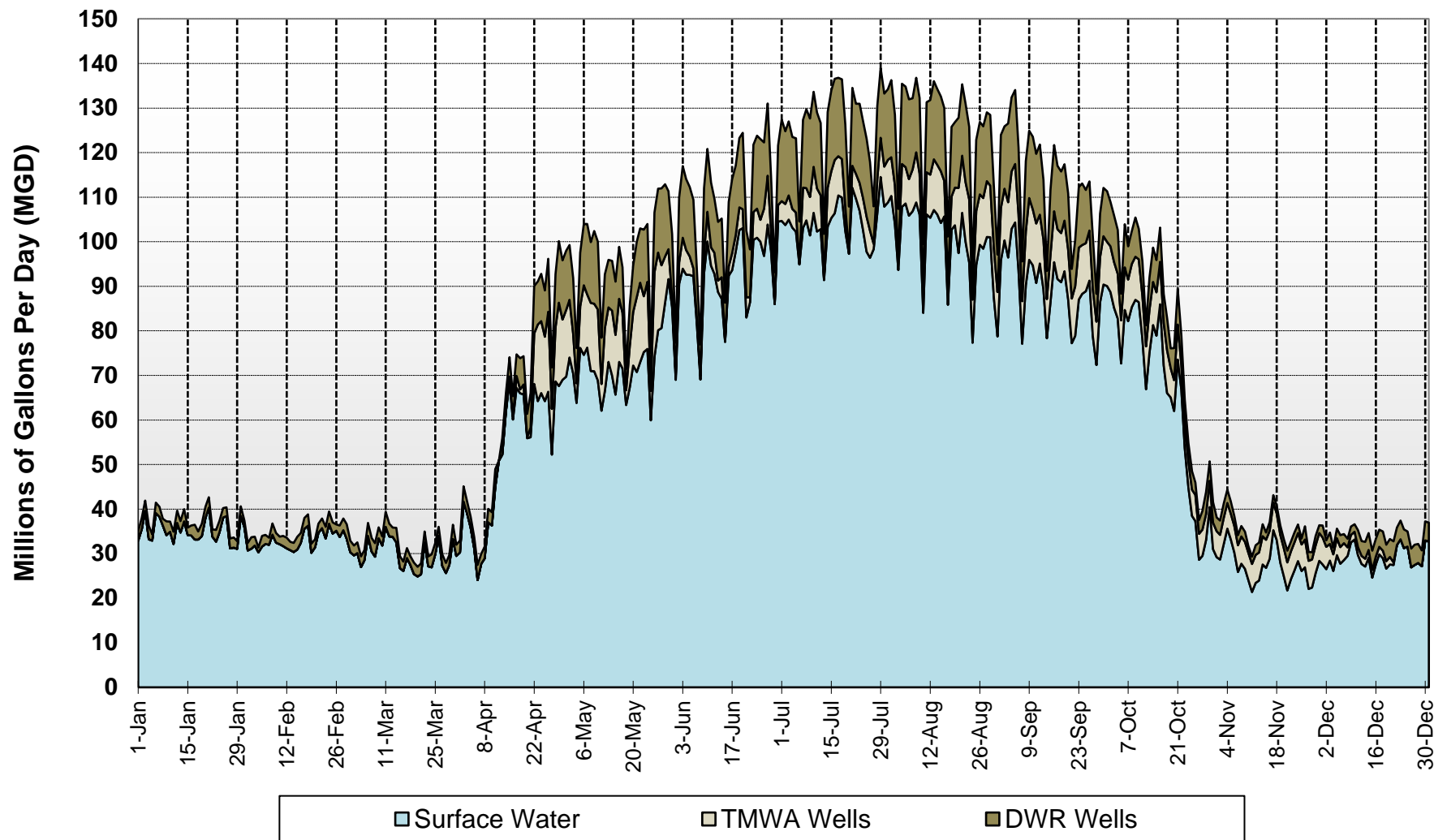
Truckee River System



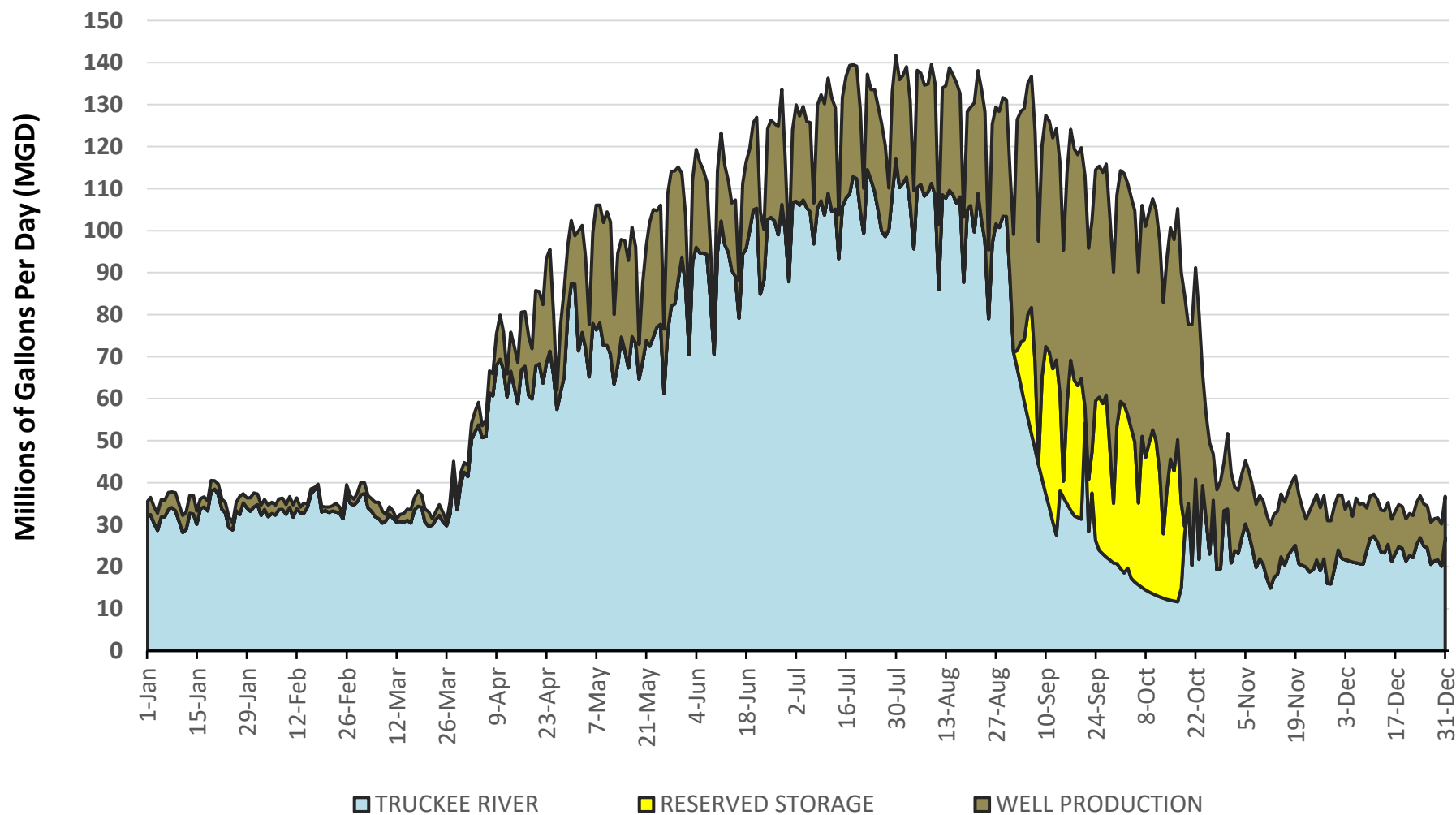
Truckee River System Storage (05/19/2021)



2020 TMWA Actual Sources of Supply



2021 TMWA Actual and Projected Sources of Supply



TMWA's Drought Severity Response Flowchart

NON-DROUGHT

"NORMAL"
RIVER FLOWS
(maintained
through October)

- Normal Operations
- No Drought Supplies Required
- Standard Water Conservation Campaign



DROUGHT LEVEL 1

"REDUCED"
RIVER FLOWS
(maintained
through Labor Day)

- Normal Operations
- No Drought Supplies Required
- Standard Water Conservation Campaign



DROUGHT LEVELS 2 - 4

"REDUCED"
RIVER FLOWS
(fall short before
Labor Day)

- **Drought** Operations
- **Drought Supplies Required**
- **Enhanced** Water Conservation Campaign

With TMWA's Ongoing Conservation initiatives, Responsible Water Use is *Always* Promoted

- Policies are designed to promote water resource sustainability (and drought resiliency when necessary). To help customers exercise responsible water use, **a suite of demand management programs tailored around the seasonal outdoor watering habits of our customers is employed**
- **Water conservation is an essential component of TMWA's overall water management strategy**, designed to ensure efficient use of our resources under a wide variety of conditions *every year*, regardless of whether we are in the middle of a drought or just coming out of one of the biggest snowpack years on record like 2017

Standard Water Conservation Practices are in force *every* year per TMWA's Water Efficiency Code and include:



- No watering on Mondays (It gives our system a chance to recover)
- Time of day watering schedule where lawn irrigation is not permitted between noon and 6 p.m. from Memorial Day through Labor Day

Enhanced Water Conservation Practices are implemented when a Drought Situation has been determined and upstream reserves are projected to be needed to meet customer demand

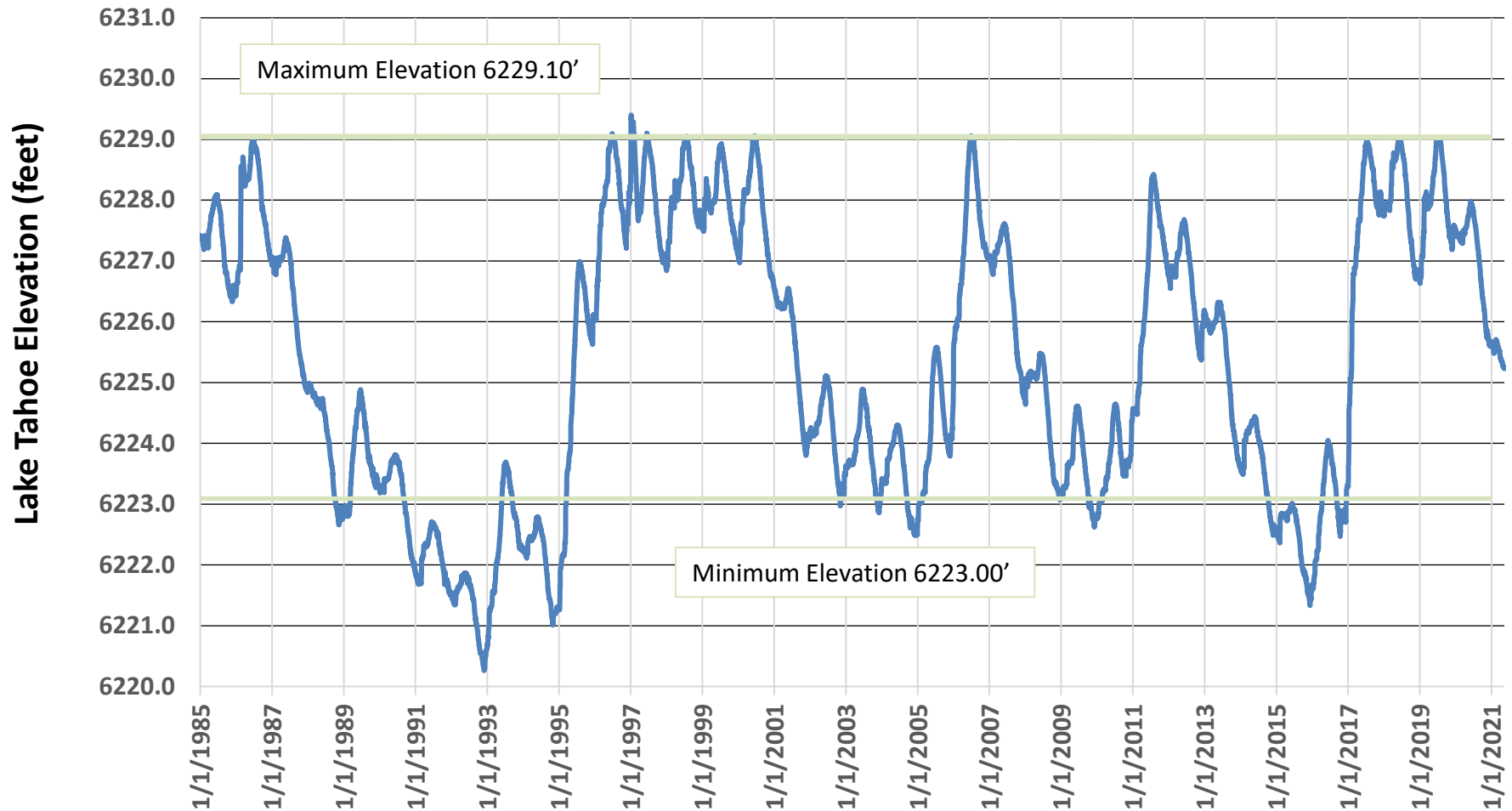
These **Enhanced** Demand Management Practices include:

- An Enhanced Communication and Outreach Campaign (i.e., increased messaging to heighten community awareness of water usage, including more TV, radio, print and web-based advertising *and* media engagement to promote water conservation)
- **No Lawn Watering between 11:00 AM and 7:00 PM**
- Additional Water Watchers hired
- Depending on the severity of the drought, TMWA has the ability to implement other conservation initiatives such as increased watering restrictions, and requests for reductions in water use





Lake Tahoe Elevation 1985 - Present





Thank you!

Questions?

Bill Hauck, Water Supply Administrator

Email: bhauck@tmwa.com

O: (775) 834-8111 M: (775) 250-1333



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: John Zimmerman, Manager, Water Resources
DATE: April 12, 2021
SUBJECT: Discussion and possible action and direction to staff regarding 2021 legislative activities, current bills, including SCR 11, and TMWA recommended positions on legislative proposals

SUMMARY

TMWA staff, lobbyist, and General Counsel continue to monitor and review all bills as they are released. At the Board meeting, TMWA staff, lobbyist, and General Counsel will provide an update regarding the Session and a summary of all significant bills and bills on which the Legislative Subcommittee recommends TMWA support or oppose. Attachment 1 lists all new bills reviewed by the Legislative Subcommittee since the last Board meeting. Attachment 2 lists all bills on which the TMWA Board has approved the Legislative Subcommittee recommendations.

Key 2021 Legislative Deadlines:

February 1	Session Begins
February 8	Legislators' Bill Draft Requests
March 15	Legislators' Bill Introductions
March 22	Committees' Bill Introductions
April 9	Committee Passage (1 st House)
April 20	First House Passage
May 14	Committee Passage (2 nd House)
May 21	Second House Passage
May 31	Session Ends

BILL	DESCRIPTION	SPONSOR(S)	STATUS	PAST MEETINGS	PAST ACTION	FUTURE MEETINGS	LEG. SUBCOMMITTEE RECOMMENDATIONS
ASSEMBLY BILLS							
AB443	Revises the interim committee structure of the Legislature. (BDR 17-1045)	Committee on Legislative Operations and Elections	Legislative Operations and Elections	Assembly Committee on Legislative Operations and Elections 5/13/2021 4:00 PM	Amend, and do pass as amended		MONITOR
SENATE BILLS							
SB430	Revises provisions governing the Nevada State Infrastructure Bank. (BDR 35-1110)	Committee on Growth and Infrastructure	Ways and Means	Senate Committee on Growth and Infrastructure 5/12/2021 3:30 PM	Amend, and do pass as amended		MONITOR
SCR11	Creates a joint special committee to conduct a study concerning innovation zones. (BDR R-1148)	Committee on Legislative Operations and Elections	Legislative Operations and Elections	Senate Committee on Legislative Operations and Elections 5/18/2021 3:30 PM	Be adopted		MONITOR

ASSEMBLY BILLS

05-20-21 BOARD Agenda Item 14
Attachment 2

BILL	DESCRIPTION	SPONSOR(S)	STATUS	PAST MEETINGS	PAST ACTION	FUTURE MEETINGS	LEG. SUBCOMMITTEE RECOMMENDATIONS/ BOARD APPROVED
AB1	Revises provisions relating to training for Legislators. (BDR 17-438)	Committee on Legislative Operations and Elections	Secretary of State	Senate Committee on Legislative Operations and Elections 4/22/2021 3:30 PM	Do pass		MONITOR
AB3	Revises provisions concerning the electronic transmission of certain maps and other documents relating to the approval of divisions of land. (BDR 22-406)	Committee on Government Affairs	General File	Senate Committee on Government Affairs 5/12/2021 3:30 PM	Amend, and do pass as amended		SUPPORT
AB6	Revises provisions governing an application for a temporary change relating to appropriated water. (BDR 48-309)	Committee on Natural Resources	Enrollment	Senate Committee on Natural Resources 5/6/2021 3:30 PM	Do pass		SUPPORT
AB28	Imposes an inverse preference on certain bidders for state purchasing contracts. (BDR 27-238)	Committee on Government Affairs	Enrollment	Senate Committee on Government Affairs 5/12/2021 3:30 PM	Do pass		MONITOR
AB37	Revises provisions relating to the enforcement of obligations for the support of children. (BDR 3-301)	Committee on Judiciary	General File	Assembly Committee on Ways and Means 5/6/2021 6:00 PM	Amend, and do pass as amended		MONITOR
AB61	Revises provisions relating to trade practices. (BDR 52-424)	Committee on Commerce and Labor	Commerce and Labor	Assembly Committee on Ways and Means 4/26/2021 6:00 PM	Amend, and do pass as amended	Senate Committee on Commerce and Labor 5/20/2021 8:00 AM	MONITOR
AB65	Revises provisions relating to ethics in government. (BDR 23-257)	Committee on Legislative Operations and Elections	Legislative Operations and Elections	Assembly Committee on Legislative Operations and Elections 2/23/2021 4:00 PM	Heard		MONITOR
AB87	Makes various changes to provisions governing the vacation or abandonment of certain easements. (BDR 22-460)	Nguyen and Roberts	General File	Senate Committee on Government Affairs 5/14/2021 3:30 PM	Do pass		MONITOR
AB90	Directs the Legislative Commission to appoint a committee to conduct an interim study concerning the impacts of projects of intercounty significance. (BDR S-883)	Benitez-Thompson	Ways and Means	Assembly Committee on Revenue 4/6/2021 4:00 PM	Amend, and do pass as amended		MONITOR
AB95	Revises the membership of the Legislative Committee on Public Lands. (BDR 17-463)	Committee on Legislative Operations and Elections	General File	Senate Committee on Legislative Operations and Elections 5/13/2021 3:30 PM	Do pass		MONITOR
AB97	Revises provisions governing toxic chemicals. (BDR 40-141)	Watts	General File	Senate Committee on Natural Resources 5/13/2021 Upon Adjournment	Do pass		SUPPORT

ASSEMBLY BILLS

05-20-21 BOARD Agenda Item 14
Attachment 2

BILL	DESCRIPTION	SPONSOR(S)	STATUS	PAST MEETINGS	PAST ACTION	FUTURE MEETINGS	LEG. SUBCOMMITTEE RECOMMENDATIONS/ BOARD APPROVED
AB100	Revises provisions relating to wildfires. (BDR 42-109)	Committee on Government Affairs	General File	Senate Committee on Government Affairs 5/14/2021 3:30 PM	Do pass		MONITOR
AB146	Revises provisions relating to water. (BDR 40-123)	Peters	General File	Senate Committee on Natural Resources 5/13/2021 Upon Adjournment	Amend, and do pass as amended		MONITOR
AB147	Authorizes a board of county commissioners to create the office of county counsel. (BDR 20-119)	Nguyen	Government Affairs	Assembly Committee on Ways and Means 4/23/2021 Upon Adjournment	Do pass		MONITOR
AB153	Revises provisions governing performance contracts. (BDR 27-708)	Assemblywoman Bilbray-Axelrod; Senator Brooks	General File	Senate Committee on Government Affairs 5/14/2021 3:30 PM	Amend, and do pass as amended		MONITOR
AB154	Revises provisions governing certain notice provided by public utilities. (BDR 58-510)	Assemblymen Roberts, Tolles, Nguyen, Watts and Monroe-Moreno; Senator Hammond	Enrollment	Senate Committee on Growth and Infrastructure 5/12/2021 3:30 PM	Do pass		MONITOR
AB222	Revises provisions governing employment practices. (BDR 53-739)	Torres	General File	Senate Committee on Commerce and Labor 5/14/2021 8:00 AM	Amend, and do pass as amended		MONITOR
AB227	Revises provisions relating to contractors. (BDR 54-720)	Carlton	Concur / Not Concur	Senate Committee on Commerce and Labor 5/11/2021 8:00 AM	Amend, and do pass as amended		MONITOR
AB250	Revises provisions relating to insurance to supplement Medicare. (BDR 57-142)	Jauregui and Hardy	General File	Senate Committee on Commerce and Labor 5/14/2021 8:00 AM	Amend, and do pass as amended		MONITOR
AB253	Revises provisions relating to governmental administration. (BDR 19-947)	Considine	General File	Senate Committee on Government Affairs 5/14/2021 3:30 PM	Amend, and do pass as amended		MONITOR
AB325	Revises provisions relating to the recording of documents. (BDR 20-642)	Assemblymen Kasama, Titus, Leavitt, Dickman, Ellison, Hafen, Hardy, Krasner, Matthews, McArthur, O'Neill, Roberts, Tolles and Wheeler; Senators Buck and SeEVERS Gansert	General File	Senate Committee on Government Affairs 5/14/2021 3:30 PM	Do pass		SUPPORT
AB333	Makes changes to provisions relating to land use planning. (BDR 22-357)	Krasner, Roberts, Ellison, Hardy and O'Neill	General File	Senate Committee on Government Affairs 5/14/2021 3:30 PM	Amend, and do pass as amended		MONITOR
AB338	Revises provisions governing the investment of certain public money in foreign bonds, notes or other obligations. (BDR 31-787)	Orentlicher	Enrollment	Senate Committee on Education 5/3/2021 1:00 PM	Do pass		MONITOR

ASSEMBLY BILLS

05-20-21 BOARD Agenda Item 14
Attachment 2

BILL	DESCRIPTION	SPONSOR(S)	STATUS	PAST MEETINGS	PAST ACTION	FUTURE MEETINGS	LEG. SUBCOMMITTEE RECOMMENDATIONS/ BOARD APPROVED
AB356	Makes various changes relating to the conservation of water. (BDR S-1090)	Committee on Ways and Means	General File	Senate Committee on Natural Resources 5/13/2021 Upon Adjournment	Amend, and do pass as amended		MONITOR
AB385	Revises provisions relating to compensation received by public officers and employees. (BDR 23-52)	Benitez-Thompson and Brittney Miller	General File	Senate Committee on Legislative Operations and Elections 5/13/2021 3:30 PM	Do pass		MONITOR
AB445	Revises provisions relating to financial administration. (BDR 18-862)	Committee on Growth and Infrastructure	Ways and Means	Assembly Committee on Government Affairs 4/9/2021 8:00 AM	Amend, and do pass as amended		MONITOR
AJR2	Recognizes that the health of forests, rangelands and soils are inextricably linked to the quantity and quality of water. (BDR R-112)	Committee on Natural Resources	Enrollment	Senate Committee on Natural Resources 5/11/2021 Upon Adjournment	Do pass		SUPPORT
AJR3	Urges various actions relating to the protection and conservation of land and water. (BDR R-775)	Assemblymen González, Watts, Yeager, Cohen, Anderson, Brown-May, Flores, Brittney Miller, Nguyen and Torres; Senator Donate	Resolution File	Senate Committee on Natural Resources 5/13/2021 Upon Adjournment	Do pass		MONITOR
AJR7	Urges the Congress of the United States to pass the National Infrastructure Bank Act of 2020. (BDR R-765)	Assemblymen Bilbray-Axelrod, Peters, Anderson, Benitez-Thompson, Brown-May, Carlton, Considine, Duran, Flores, Frierson, González, Gorelow, Kasama, Krasner, Martinez, Marzola, Cameron Miller, Monroe-Moreno, Nguyen, O'Neill, Orentlicher, Summers-Armstrong, Thomas, Torres, Watts and Yeager; Senators Brooks, Ohrenschall, Buck, Denis, Donate, Harris, Lange, Ratti, Scheible and SeEVERS Gansert	Secretary of State	Senate Committee on Growth and Infrastructure 4/28/2021 3:30 PM	Do pass		MONITOR
AJR15	Proposes to amend the Nevada Constitution to revise provisions relating to the State Legislature. (BDR C-859)	Committee on Legislative Operations and Elections	Legislative Operations and Elections	Assembly Committee on Legislative Operations and Elections 3/25/2021 4:00 PM	Discussed as BDR		MONITOR
ACR3	Requires the Legislative Commission to appoint an interim committee to conduct a study concerning environmental justice. (BDR R-568)	Peters and Watts	Legislative Operations and Elections	Assembly Committee on Legislative Operations and Elections 3/16/2021 4:00 PM	Heard		MONITOR
ACR4	Directs the Legislative Commission to appoint a committee to conduct an interim study on general improvement districts. (BDR R-199)	Assemblymen Krasner, Matthews and Torres; Senator Settlemeyer	Legislative Operations and Elections				MONITOR

BILL	DESCRIPTION	SPONSOR(S)	STATUS	PAST MEETINGS	PAST ACTION	FUTURE MEETINGS	LEG. SUBCOMMITTEE RECOMMENDATIONS/ BOARD APPROVED
SB14	Revises provisions relating to certain emergency response plans and assessments. (BDR 36-280)	Committee on Government Affairs	General File	Assembly Committee on Government Affairs 5/12/2021 9:00 AM	Do pass		MONITOR
SB18	Revises provisions governing penalties for certain violations relating to public utilities. (BDR 58-277)	Committee on Growth and Infrastructure	General File	Assembly Committee on Growth and Infrastructure 5/13/2021 1:30 PM	Do pass		MONITOR
SB33	Revises certain provisions relating to natural resource management. (BDR 47-312)	Committee on Natural Resources	General File	Assembly Committee on Natural Resources 5/12/2021 4:00 PM	Amend, and do pass as amended		MONITOR
SB40	Provides for the collection of certain data relating to health care. (BDR 40-415)	Committee on Health and Human Services	Finance	Senate Committee on Finance 4/23/2021 Upon Adjournment	Heard, No Action		MONITOR
SB67	Creates a pilot program to gather data on the use of job order contracts for certain public works. (BDR S-400)	Committee on Government Affairs	General File	Assembly Committee on Government Affairs 5/14/2021 9:00 AM	Without recommendation		MONITOR
SB71	Revises provisions governing unclaimed property. (BDR 10-398)	Committee on Judiciary	Governor	Assembly Committee on Judiciary 5/4/2021 9:00 AM	Do pass		MONITOR
SB107	Makes various changes relating to the statute of limitations for certain causes of action. (BDR 2-872)	Ohrenschall	General File	Assembly Committee on Judiciary 5/14/2021 9:00 AM	Do pass		MONITOR
SB109	Revises provisions relating to the collection of certain information by governmental agencies. (BDR 19-95)	Spearman	Government Affairs	Assembly Committee on Government Affairs 5/12/2021 9:00 AM	Amend, and do pass as amended		MONITOR
SB139	Requires certain health insurance to cover treatment of certain conditions relating to gender dysphoria. (BDR 57-54)	Scheible and Harris	Finance	Senate Committee on Commerce and Labor 4/2/2021 8:00 AM	Amend, and do pass as amended		MONITOR
SB141	Revises provisions relating to public works. (BDR 28-44)	Brooks	General File	Assembly Committee on Commerce and Labor 5/14/2021 12:00 PM	Do pass		MONITOR
SB150	Makes changes to provisions relating to housing. (BDR 22-221)	Harris, Donate, Buck, Denis and Lange	Government Affairs	Assembly Committee on Government Affairs 5/14/2021 9:00 AM	Amend, and do pass as amended		MONITOR
SB176	Revises provisions relating to the Commission to Study Governmental Purchasing. (BDR 27-512)	Committee on Legislative Operations and Elections	General File	Assembly Committee on Legislative Operations and Elections 5/13/2021 4:00 PM	Amend, and do pass as amended		MONITOR

BILL	DESCRIPTION	SPONSOR(S)	STATUS	PAST MEETINGS	PAST ACTION	FUTURE MEETINGS	LEG. SUBCOMMITTEE RECOMMENDATIONS/ BOARD APPROVED
SB247	Revises provisions relating to apprenticeships. (BDR 53-575)	Dondero Loop	General File	Assembly Committee on Commerce and Labor 5/14/2021 12:00 PM	Do pass		MONITOR
SB255	Creates the Division of Supplier Diversity within the Office of Economic Development. (BDR 18-572)	Neal	Finance	Senate Committee on Revenue and Economic Development 4/8/2021 1:00 PM	Amend, and do pass as amended		MONITOR
SB283	Revises provisions relating to local improvements. (BDR 22-792)	Brooks	Government Affairs	Assembly Committee on Government Affairs 5/12/2021 9:00 AM	Amend, and do pass as amended		MONITOR
SB289	Revises provisions relating to workers' compensation. (BDR 53-713)	Harris	General File	Assembly Committee on Commerce and Labor 5/14/2021 12:00 PM	Do pass		MONITOR
SB293	Revises provisions relating to employment. (BDR 53-907)	Cannizzaro, Denis, Donate, Lange, Neal, Ohrenschall, Ratti and Scheible	Commerce and Labor	Assembly Committee on Commerce and Labor 5/12/2021 1:00 PM	Amend, and do pass as amended		MONITOR
SB294	Revises provisions governing collective bargaining by local government employers. (BDR 23-254)	Cannizzaro	Government Affairs	Assembly Committee on Government Affairs 5/12/2021 9:00 AM	Amend, and do pass as amended		MONITOR
SB297	Revises provisions relating to agriculture. (BDR 22-480)	Spearman	Finance	Assembly Committee on Government Affairs 5/11/2021 9:00 AM	Mentioned no jurisdiction	Senate Committee on Finance 5/19/2021 Upon Call of Chair	MONITOR
SB327	Revises provisions relating to discriminatory practices. (BDR 53-574)	Neal and Harris	Commerce and Labor	Assembly Committee on Commerce and Labor 5/12/2021 1:00 PM	Amend, and do pass as amended		MONITOR
SB368	Requires the issuance of bonds for environmental improvement projects in the Lake Tahoe Basin. (BDR S-366)	Committee on Government Affairs	General File	Assembly Committee on Ways and Means 5/18/2021 8:00 AM	Do pass		SUPPORT
SCR9	Expresses support for the Nevada System of Higher Education to work collaboratively in its science and research efforts addressing the needs of the Lake Tahoe Basin. (BDR R-364)	Committee on Education	Natural Resources	Senate Committee on Education 5/5/2021 1:00 PM	Be adopted	Assembly Committee on Natural Resources 5/24/2021 4:00 PM	SUPPORT



STAFF REPORT

TO: Board of Directors
FROM: Mark Foree, General Manager
DATE: May 10, 2021
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*), and the Customer Services Report (*Attachment C*).

Also, included in your agenda packet are press clippings from April 15, 2020 through May 12, 2021.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Scott Estes, Director of Engineering
BY: Bill Hauck, Water Supply Administrator
DATE: May 11, 2021
SUBJECT: May 2021 Operations Report

Summary

- Lake Tahoe storage is @ 36% of capacity
- Combined total upstream reservoir storage is 39% of maximum capacity
- Customer demands averaged 89 MGD last week
- Hydroelectric revenue for April 2021 was \$254,340

(A) Water Supply

- **River Flows** - Truckee River flows at the CA/NV state line were approximately 835 cubic feet per second (CFS) this morning. This is below average for this time of the year as the 112-year average flow at Farad is 1,710 CFS.
- **Reservoir Storage** - Truckee River reservoir storage is ~39% of capacity. The elevation of Lake Tahoe is 6225.23 feet (3.87' below maximum storage elevation). Storage values for each reservoir as of May 11th are as follows:

Reservoir	Current Storage (Acre-Feet)	% of Capacity (Percent)
Tahoe	271,000	36%
Boca	16,973	42%
Stampede	93,445	41%
Prosser	12,595	42%
Donner	7,908	83%
Independence	13,272	76%

In addition to approximately 21,180 acre-feet of storage in Donner and Independence reservoirs, TMWA has about 30,320 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 51,500 acre-feet (as of May 11th).

- **Runoff Forecast** - The runoff forecast is poor and continues to be downgraded. The latest projections show significantly below average runoff for both Lake Tahoe @ 15% of normal, and the Truckee River at Farad @ 31% of normal. The latest model runs project us falling short of the required rate of flow at the CA/NV state line by the middle of August. As these forecasts have been continually downgraded over the last 2 months, it is likely that this trend will continue. However, over the next couple of weeks, as most of the uncertainty surrounding the runoff becomes known, these projections will tighten up to a point where operating plans can be developed.
- **Outlook** - While there is still a decent amount of carry-over storage in Lake Tahoe, the region is experiencing its second consecutive dry year, with *exceptionally* below average streamflow runoff projected for the rest of this season. This has significantly impaired projections for Truckee River flows and will take its toll in the form of missing the required rate of flow at the CA/NV state line by the middle of August. As this is during TMWA's peak season, it seems very clear at this point that releases of drought reserves will be required to meet customer demand later this summer, through September and into the month of October. Lake Tahoe is now expected to be at or below its natural rim by the end of October, meaning that most if not all the carry-over storage in Lake Tahoe will be exhausted. With no carry-over storage remaining by the end of the year, Truckee River flows for 2022 will be entirely dependent upon the outcome of next winter.

(B) Water Production

- **Demand** - TMWA's customer demand averaged 89 million gallons per day (MGD) last week. Overall, surface water made up ~85% of our supply and groundwater the other 15%.

(C) Hydro Production

Generation - Truckee River flows at Farad (CA/NV state line) for the month of April 2021 averaged 721 CFS. Both the Fleish and Verdi power plants were on-line and available the entire month (100% availability). The Washoe Power plant was still out of service as the flume rebuild continues. Statistics for the month as follows:

Hydro Plant	Days On-Line	Generation (Megawatt hours)	Est. Revenue (Dollars)	Est. Revenue (Dollars/Day)
Fleish	30	1,755	\$ 131,035	\$ 4,368
Verdi	30	1,666	\$ 123,305	\$ 4,110
Washoe	0	0	\$ 0	\$ 0
Totals	60	3,421	\$ 254,340	\$ 8,478



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: John Zimmerman, Manager, Water Resources
DATE: May 11, 2021
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		3,768.31 AF
Purchases of water rights	0.00 AF	
Refunds	5.00 AF	
Sales	– 124.13 AF	
Adjustments	0.00 AF	
Ending Balance		3,649.18 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		7,693.51 AF
Committed water rights	– 21.19 AF	
Ending Balance		7,672.32 AF

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

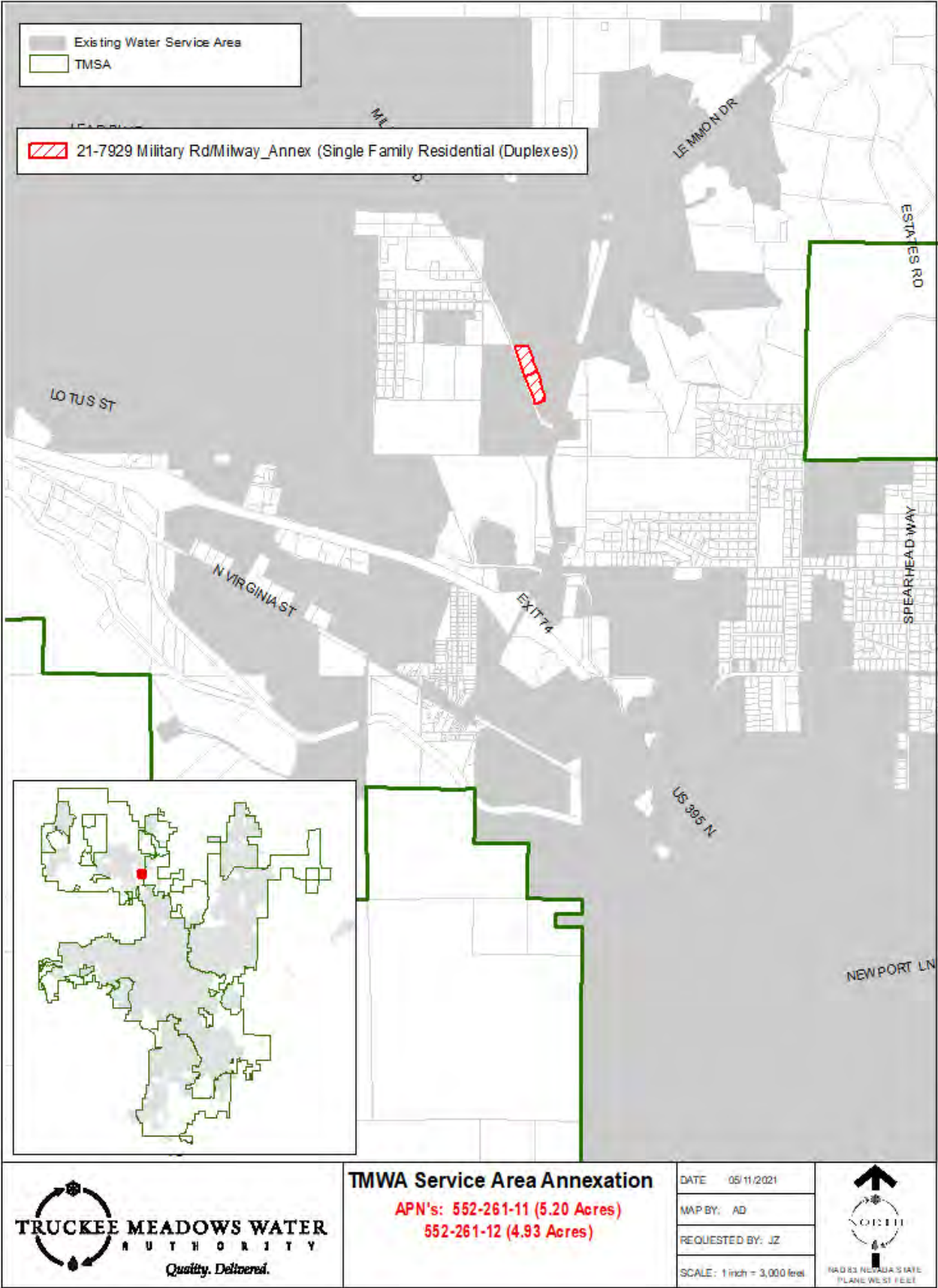
¹ Price reflects avoided cost of Truckee River water right related fees and TMWA Supply & Treatment WSF charge.

WATER SERVICE AREA ANNEXATIONS

Since the date of the last report there have been two single-family residential annexations (10.13 acres total). See attached map.

INTERRUPTIBLE LARGE VOLUME NON-POTABLE SERVICE

No new ILVNPS customers have been added during this reporting period.





STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Marci Westlake, Manager Customer Service
DATE: May 20, 2021
SUBJECT: **May Customer Service Report**

The following is a summary of Customer Service activity for May 2021.

Ombudsman

- No calls for April

Communications

- April 7th Chuck, Robert and Sonia held a virtual Irrigation System Start-Up Workshop and 16 attended.
- April 19th John Enloe held a virtual NDEP/RSWRF A+ Workshop and 40 people attended.
- April 22nd Lydia held a virtual One Water Nevada Advanced Purification Water presentation and 12 attended.

Conservation (2021 Calendar year)

- 93 Water Watcher Contacts
- 210 Water Usage Reviews

Customer Calls –May

- 8,439 phone calls handled
- Average handling time -5 minutes, 16 seconds per call
- Average speed of answer –58 seconds per call

Billing –May

- 130,055 bills issued.
- N/A (0.00%) corrected bills.
- 4,491 customers (3%) have signed up for paperless billing to date.

Service Orders May (% is rounded)

- N/A service orders taken due to new CIS

Remittance –May

- 19,459 mailed-in payments
- 1,885 electronic payments
- 43,997 payments via AutpPay (EFT)
- 22,788 one-time bank account payments
- 2,333 credit card payments
- N/A store payments
- N/A payments via drop box or at front desk

Collections –May

- 16,461 accounts received a late charge
- Mailed N/A 10-day delinquent notices, 0.00% of accounts
- Mailed N/A 48-hour delinquent notices, 0.00% of accounts
- 0 accounts eligible for disconnect
- 0 account was disconnected (including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- N/A % write-off to revenue

Meter Statistics – Fiscal Year to Date

- 0 Meter retrofits completed
- 3,551 Meter exchanges completed
- 1,981 New business meter sets completed
- 131,297 Meters currently installed