



TRUCKEE MEADOWS WATER AUTHORITY

Board of Directors

AGENDA

Wednesday, February 16, 2022 at 10:00 a.m.
Sparks Council Chambers, 745 4th Street, Sparks, NV

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. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), Sparks City Hall (431 Prater Way, Sparks), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 834-8002 at least 24 hours before the meeting date.
3. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/>. Supporting material is made available to the general public in accordance with NRS 241.020(6).
4. The Board may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
5. Asterisks (*) denote non-action items.
6. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.
7. In the event the Chairman and Vice-Chairman are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chairman or Vice-Chairman are present (**Standing Item of Possible Action**).
8. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.

1. Roll call*
2. Pledge of allegiance*
3. Public comment — limited to no more than three minutes per speaker*
4. Possible Board comments or acknowledgements*
5. Approval of the agenda (**For Possible Action**)
6. Approval of the minutes of the January 19, 2022 meeting of the TMWA Board of Directors (**For Possible Action**)

¹The Board may adjourn from the public meeting at any time during the agenda to receive information 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.

7. Water Supply Update — Bill Hauck*
8. Discussion and action, and possible direction to staff regarding the appointment of Fred Arndt to fill the residential representative 2 primary for the remainder of the term ending December 31, 2022 — Sonia Folsom **(For Possible Action)**
9. Discussion and possible action, and direction to staff regarding selection of Eide Bailly as TMWA's external auditor for fiscal years 2022, 2023, and 2024 — Sophie Cardinal **(For Possible Action)**
10. Presentation of Fiscal Year 2022 Q2 year to date financial results — Matt Bowman*
11. Informational report on watershed protection planning activities and projects — Stef Morris and Kara Steeland*
12. Discussion and possible approval of an Interlocal Agreement for Water Resource Lease between TMWA and the City of Reno — John Enloe, Stef Morris and Matt Bowman **(For Possible Action)**
13. Discussion and possible approval of a Water Resource Purchase Agreement between TMWA and Fish Springs Ranch, LLC — John Enloe, Stef Morris and Matt Bowman **(For Possible Action)**
14. General Manager's Report*
15. Public comment — limited to no more than three minutes per speaker*
16. Board comments and requests for future agenda items*
17. Adjournment **(For Possible Action)**

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TRUCKEE MEADOWS WATER AUTHORITY
DRAFT MINUTES OF THE JANUARY 19, 2022
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Wednesday, January 19, 2022, virtually via Zoom. Chair Hartung called the meeting to order at 10:05 a.m.

1. ROLL CALL

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

Member Absent: Naomi Duerr

*Member Anderson joined the meeting at 10:11 a.m.

A quorum was present.

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

6. APPROVAL OF THE MINUTES OF THE DECEMBER 7, 2021 MEETING

Upon motion by Member Jardon, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the December 7, 2021 minutes.

7. PRESENTATION OF TMWA'S 2021 POPULAR ANNUAL FINANCIAL REPORT (PAFR)

Matt Bowman, TMWA Financial Controller, presented the PAFR, Popular Annual Financial Report he mentioned at last month's Board meeting when he presented the Annual Comprehensive Financial Report (ACFR). Mr. Bowman acknowledged staff, Robert Charpentier, TMWA Communications Specialist, and Cammy LoRe, GoodStanding, who drove the planning and development of the document.

The Board thanked staff for their work in putting together a very well laid out and appealing document of the PAFR, ensured both favorable and unfavorable (if the audit had resulted in significant findings – it did not) information would be included in future reports, and method of releasing it to the public. Mr. Bowman replied they don't expect to have any findings in the future, but any would be addressed, and the report has been sent out via TMWA's e-Newsletter, social media, bill insert and both the Board meeting and the Standing Advisory Committee meeting next month.

8. WATER SUPPLY UPDATE

Bill Hauck, TMWA Senior Hydrologist & Conservation Supervisor, presented the water supply update: things look remarkably better than last October when upstream drought reserves were still being released; October set the record for the wettest October on record and December the snowiest month on record, the region entered January with snowpack values approximately 250% of normal; snowpack totals are still well above average, Tahoe and Truckee Basin snowpacks are at 145% and 159% of normal levels, respectively; there is an 80% chance of ending the 2022 water year with normal or better level; and there is 48,776 acre feet (AF) of storage and expect to add about another 17,000 AF by July.

9. PUBLIC HEARING ON RATE AMENDMENT

A. RATE AMENDMENT, SECOND HEARING AND ADOPTION: DISCUSSION AND ACTION ON RESOLUTION NO. 299: A RESOLUTION TO ADOPT TMWA RATE SCHEDULE BSF – BUSINESS SERVICES FEES

B. RATE AMENDMENT, SECOND HEARING AND ADOPTION: DISCUSSION AND ACTION ON RESOLUTION NO. 300: A RESOLUTION TO ADOPT TMWA RATE SCHEDULE WSF – WATER SYSTEM FACILITY CHARGES REVISING AREA FEE, SUPPLY AND TREATMENT, AND STORAGE UNIT COSTS

Chairman Hartung opened the hearings on Items 9A and 9B concurrently.

Danny Rotter, TMWA Engineering Manager, presented the proposed amendments to BSF and WSF fees for adoption and scheduled to go into effect January 31, 2022. Mr. Rotter reported they had received no further comments from any individuals or developer groups.

C. PUBLIC COMMENT

There was no public comment.

Upon motion by Member Brekhus, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 299: A resolution to adopt TMWA Rate Schedule BSF – Business Services Fees and Resolution No. 300: A resolution to adopt TMWA Rate Schedule WSF – Water System Facility Charges revising area fee, supply and treatment, and storage unit costs.

CLOSE PUBLIC HEARING

10. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE GENERAL MANAGER RECRUITMENT SELECTION PROCESS

Jessica Atkinson, TMWA Human Resources Manager, recalled the presentation last August, which focused on three senior leaders planning to exit in 2022. The General Manager's position is unique as it is appointed by the Board and staff is looking for direction on how to proceed with the recruitment process which will be vacated by Mark Foree, TMWA's General Manager, around October 2022. Ms. Atkinson presented the draft General Manager position description, proposed process and approximate timeline, and three different options to the Board: 1) recruit internally; 2) internal/local/regional search; and 3) use an executive search firm, with staff recommendation being to start with an internal recruitment strategy.

The Board thanked Ms. Atkinson on her report and presentation. The Board acknowledged that even though TMWA has strong internal candidates to start with, it is important to conduct an external recruitment as well, perhaps using an executive search firm to ensure an impartial approach; inquired if they choose the internal process and are unsatisfied, how would it impact the timeline (about two months); recognition of Mr. Foree's tenure and professional approach in drafting the succession plan; the need to address cost and necessity of using a firm; importance of the individual understanding the Truckee River Operating Agreement (TROA) and nuances of the Truckee Meadows region; and inquired what methods would be used to conduct the search. Ms. Atkinson stated in addition to posting the position on TMWA's website, they would conduct a regional search using trade organizations and professional recruitment websites, which they believe would generate a pool of potential candidates to bring back to the Board. If at that time the Board were not pleased with the candidates, there would be time to hire an executive search firm.

Upon motion by Member Jardon, second by Member Anderson, which motion duly carried by unanimous consent of the members present, the Board approved the draft General Manager position description, proposed timelines for staff and the hybrid recruitment approach: internal/local/regional search.

11. GENERAL MANAGER'S REPORT

Mr. Foree said we are hoping for more precipitation to keep the snowpack above the average level.

12. PUBLIC COMMENT

There was no public comment.

13. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

14. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 11:05 a.m.

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

Sonia Folsom, Board Clerk.

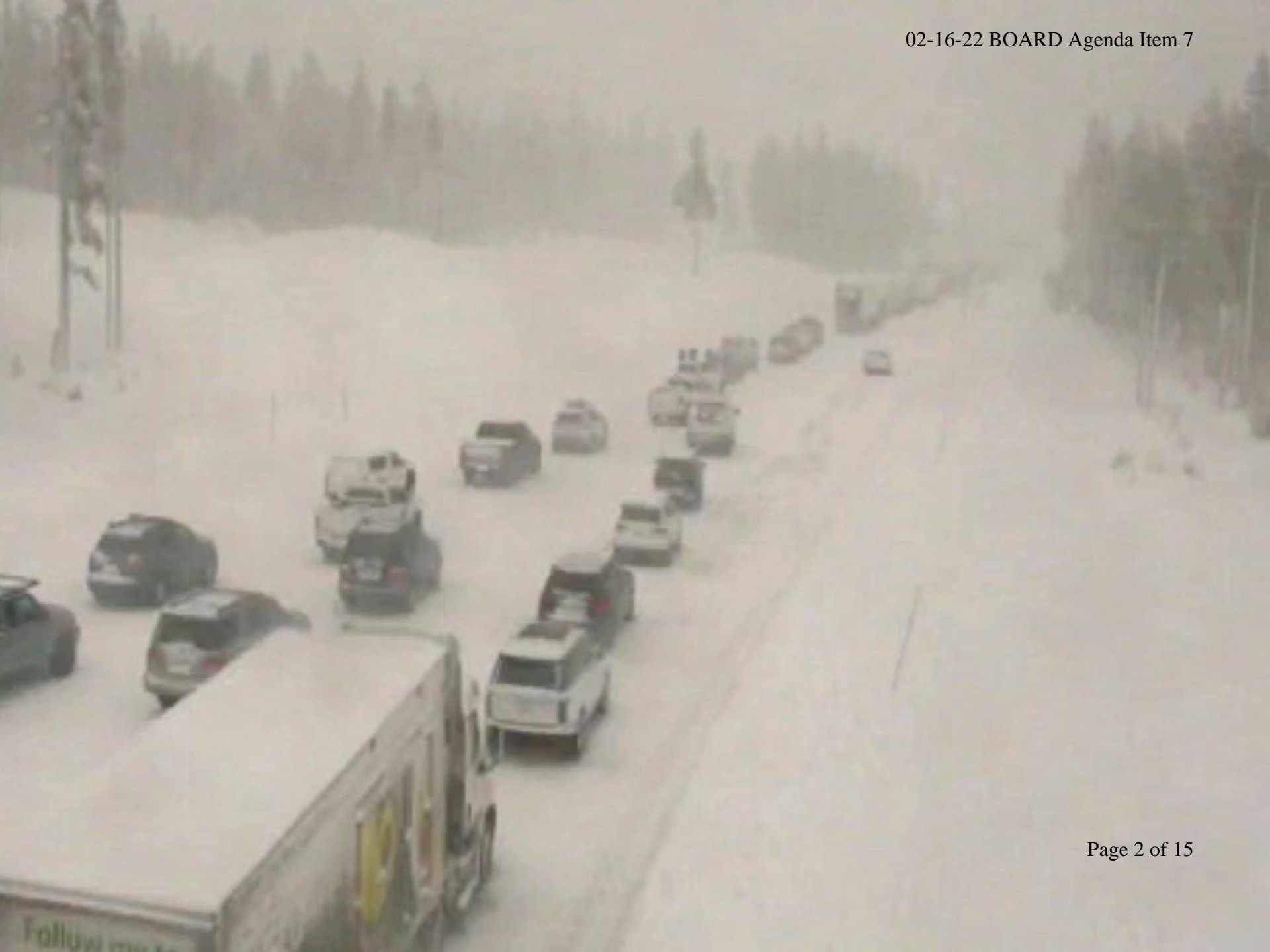
****Member Anderson was present for agenda items 7 thru 14 only.***



Water Supply Update

Board of Directors Meeting

February 16, 2022







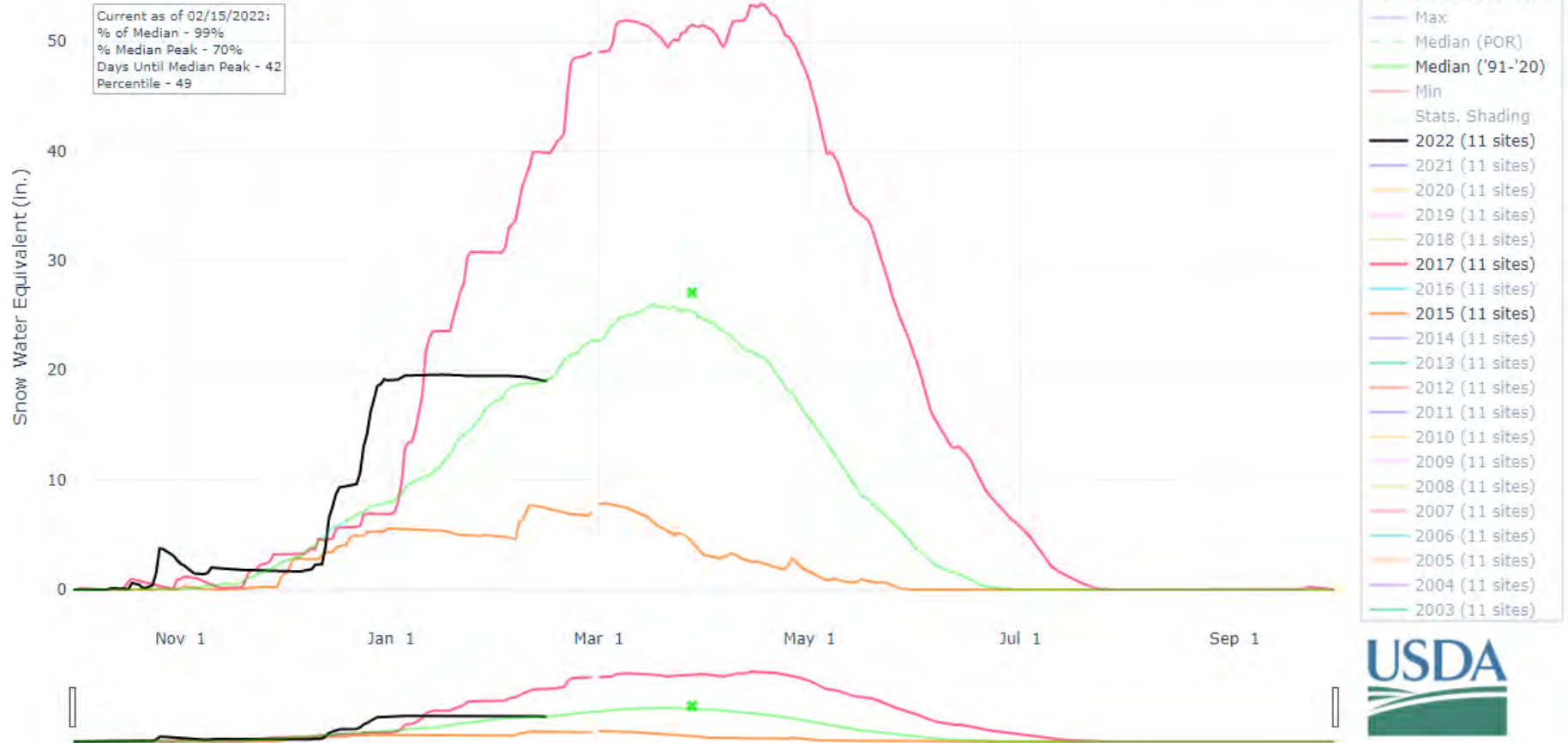
Truckee Basin Snowpack (02/15/2022)

SNOW WATER EQUIVALENT IN TRUCKEE

Reset Range

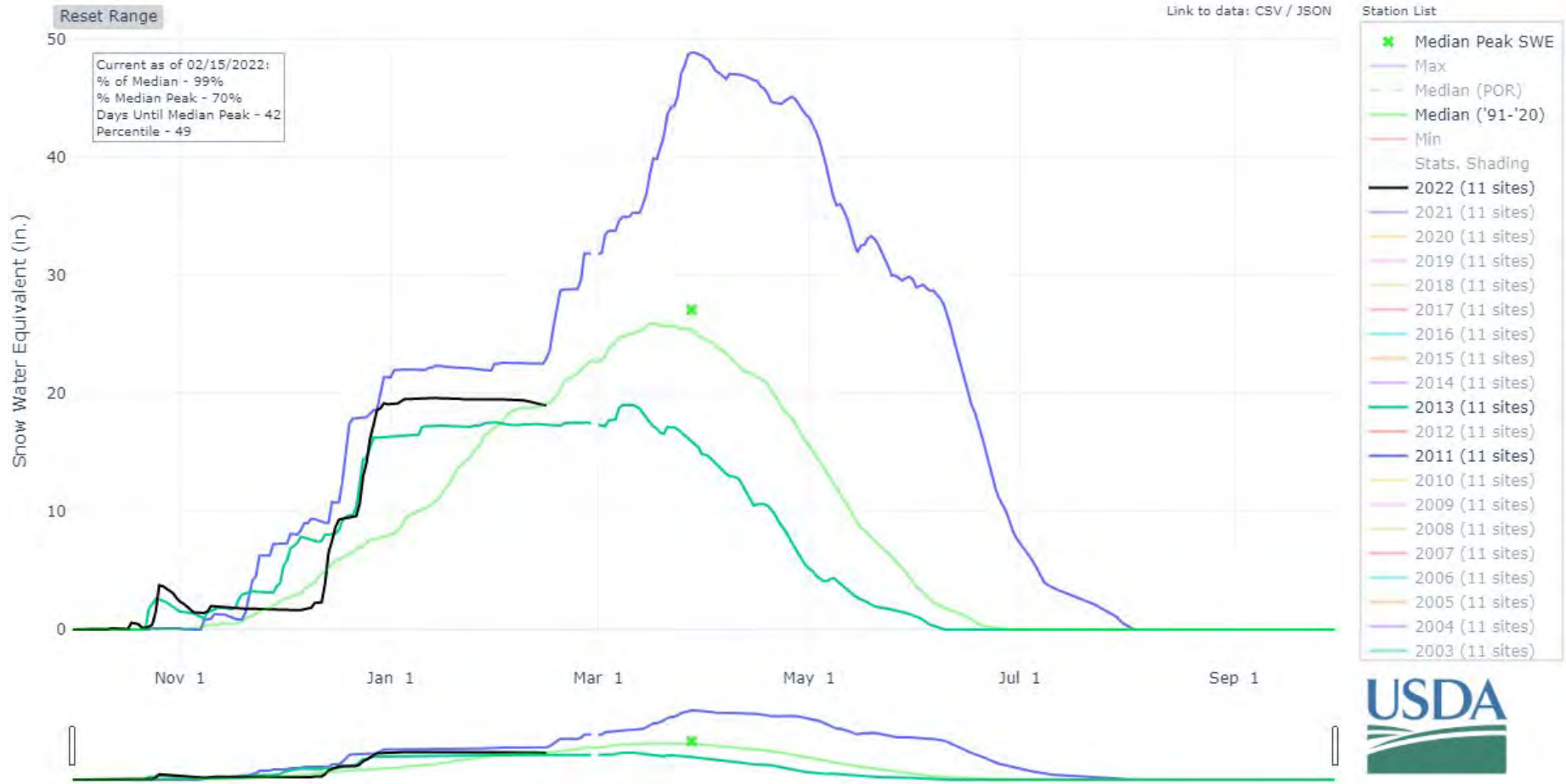
Link to data: CSV / JSON

Station List



Truckee Basin Snowpack (02/15/2022)

SNOW WATER EQUIVALENT IN TRUCKEE



Feb 01 NRCS-CNRFC Coordinated Streamflow Forecasts

- Lake Tahoe Gates Closed Rise (GCR) - 1.31' median

1.30' (99% normal) - 50% COE (Apr-High)

0.90' (69% normal) - 70% COE (Apr-High)

0.50' (38% normal) - 95% COE (Apr-High)

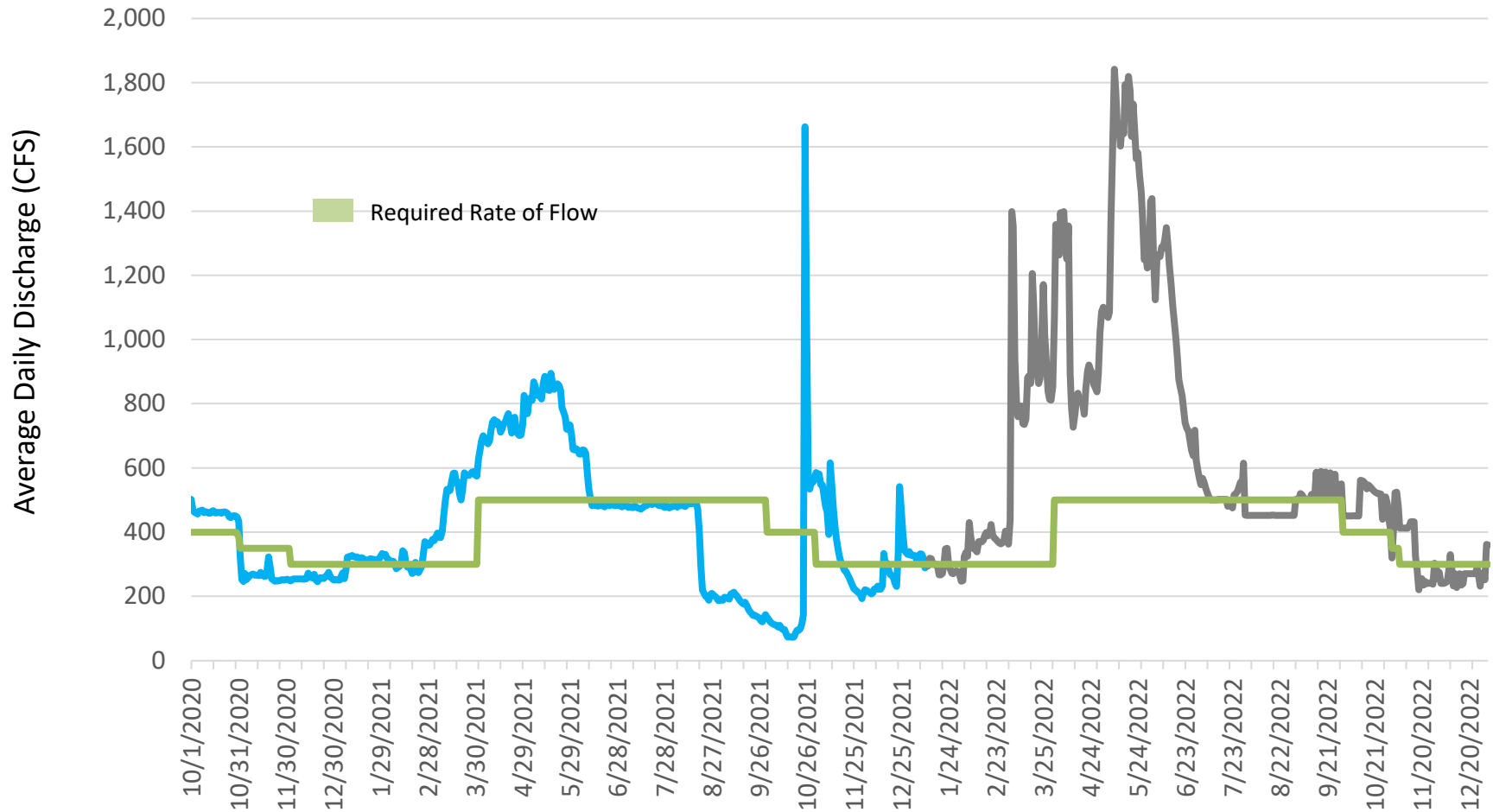
- Truckee River at Farad, CA (A-J) - 225 KAF median

260 KAF (116% normal) - 50% COE (Apr-Jul)

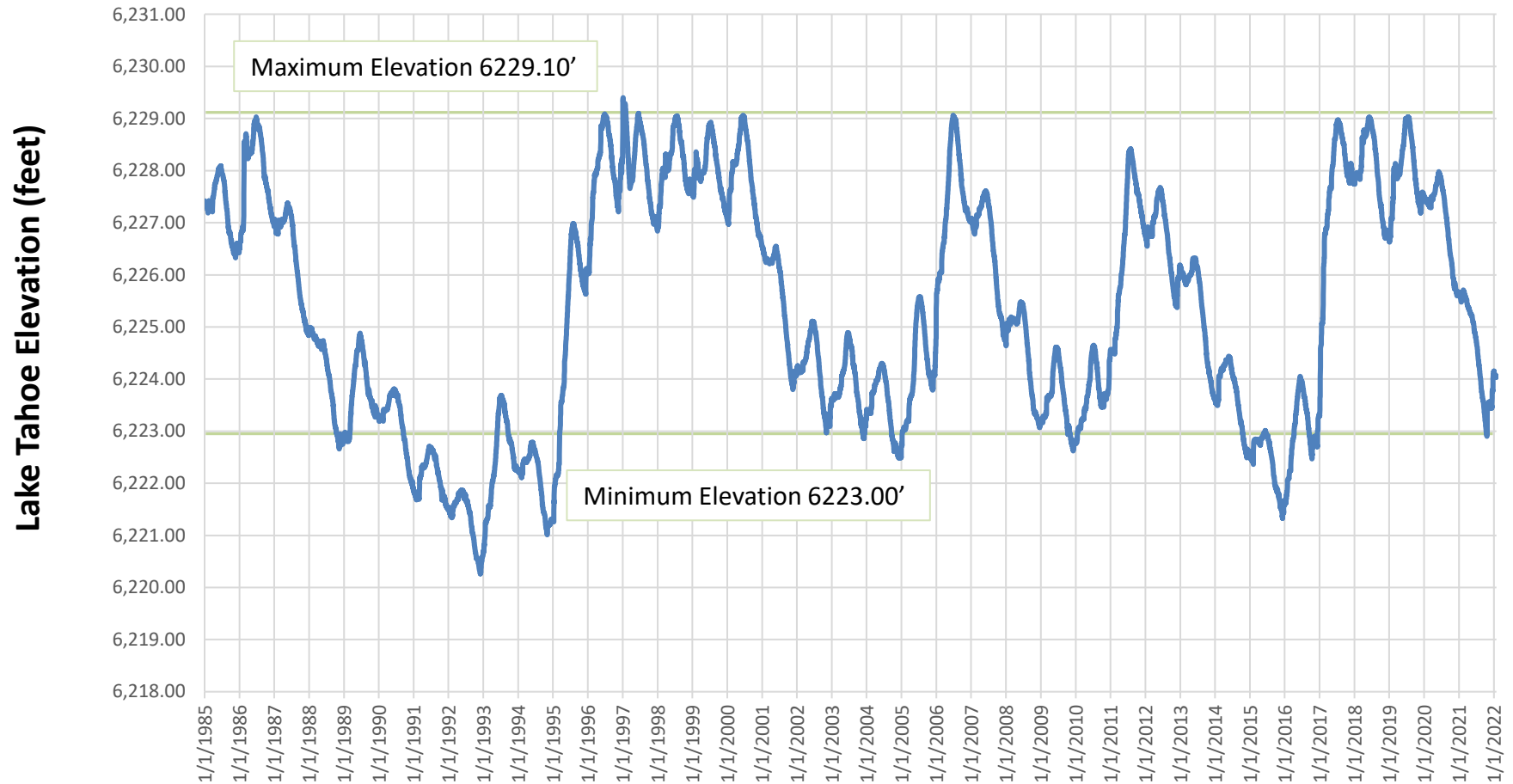
198 KAF (88% normal) - 70% COE (Apr-Jul)

145 KAF (64% normal) - 95% COE (Apr-Jul)

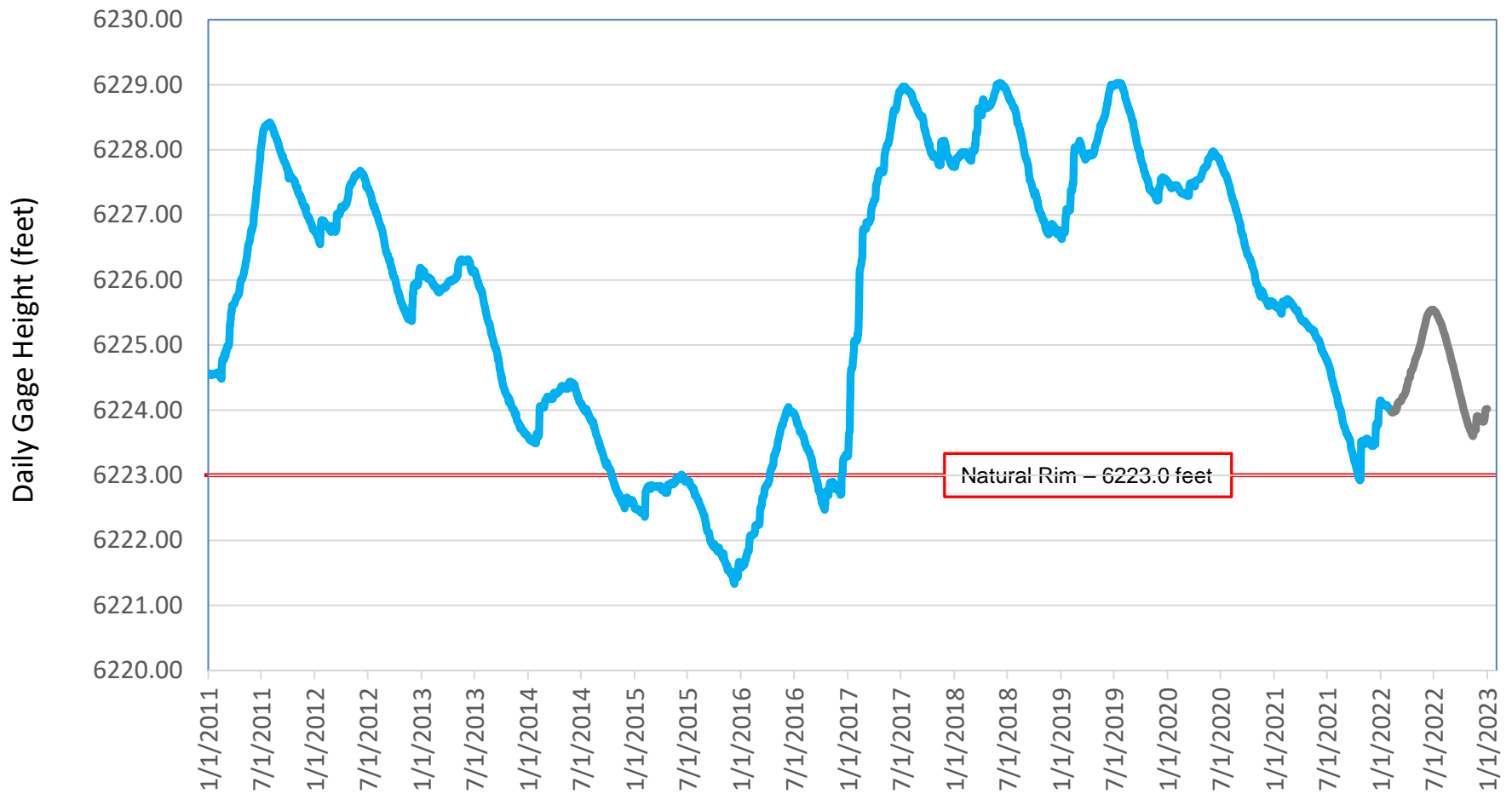
Actual and Projected Truckee River Flow at Farad through 2022



Lake Tahoe Elevation 1985 - Present



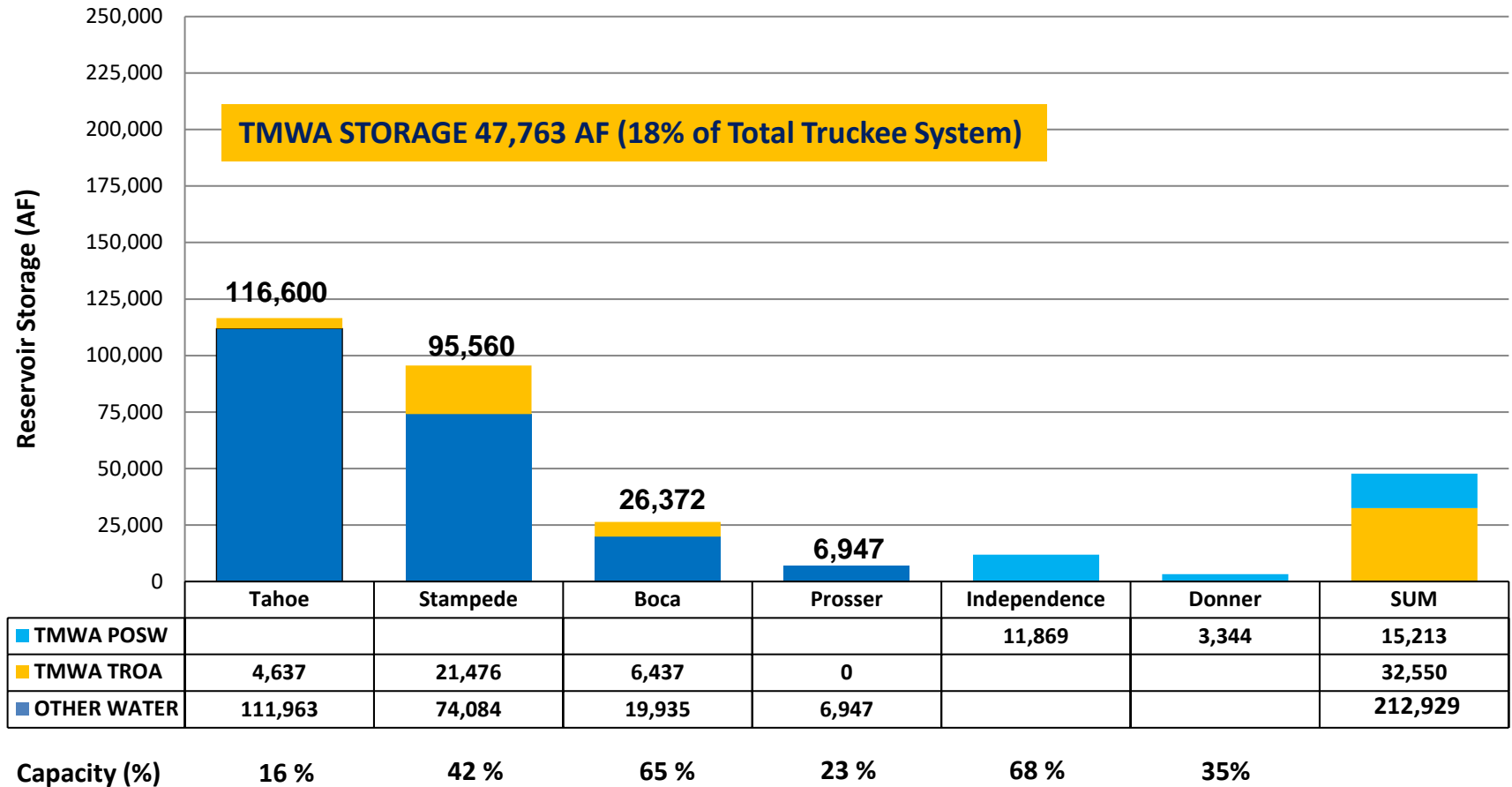
Actual and Projected Lake Tahoe Elevation through 2022



Truckee River System



Truckee River System Storage (2/15/2022)



MAX SYSTEM CAPACITY 1,068,270 AF

CURRENT CAPACITY 260,692 AF (24% Capacity)





Thank you!

Questions?

Bill Hauck, Water Supply Supervisor
Email: bhauck@tmwa.com
O: (775) 834-8111 M: (775) 250-1333

TMWA Standing Advisory Committee
Term Appointments
2022-23 Membership List

Customer Class	Primary Representative	Member Since	Term Ends	Alternate Representative	Member Since	Term Ends
Wholesale (Sun Valley)	Chris Melton	2020	12/31/2023	Jon Combs	2022	12/31/2023
Irrigation	Neil McGuire	2005	12/31/2022	Karl Katt	2013	12/31/2022
Multi-family Residential	<i>Vacant</i>			Jonnie Pullman	2012	12/31/2023
Commercial	Donald Kowitz	2017	12/31/2022	John Krmpotic	2020	12/31/2023
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	<i>Vacant</i>		
Residential:						
Representative 1	Carol Litster	2014	12/31/2022	Dale Sanderson	2017	12/31/2022
Representative 2	Fred Arndt	2017	12/31/2022	<i>Vacant</i>		
Representative 3	Jerry Wager	2014	12/31/2022	Kevin Ryan	2021	12/31/2023
Appointments:						
BANN	Colin Hayes	2010	12/31/2023	Jim Smith	2010	12/31/2023
Reno-Sparks Chamber	Kristine Brown Caliger	2020	12/31/2023	Ann Silver	2019	12/31/2023



TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Matt Bowman, Financial Controller
Sophia Cardinal, Principal Accountant
DATE: February 16, 2022
SUBJECT: Discussion and possible action, and direction to staff regarding selection of Eide Bailly as TMWA’s external auditor for fiscal years 2022, 2023, and 2024

Recommendation

Staff recommends that the Board of Directors appoint Eide Bailly LLP as TMWA’s external financial auditor for fiscal years ending June 30, 2022, 2023 and 2024. Following the appointment of external auditors, TMWA staff will notify the Nevada Department of Taxation of this decision as required by NRS 354.

Background

Since TMWA’s inception, it has engaged Eide Bailly (formerly Kafory, Armstrong, & Co) to perform TMWA’s annual financial statement audit. Eide Bailly has a strong understanding of TMWA’s financial processes and continues to perform the audit in a professional, efficient and cost effective manner. Audit fees for the completed fiscal year 2021 audit were \$63,200. Eide Bailly has proposed the below audit fees for the next three fiscal year end audits.

Professional Services	2022	2023	2024
Truckee Meadows Water Authority Annual Audit	\$66,400*	\$68,400	\$70,400
* Increase of 5% due to salary increases coupled with the implementation of GASB Statement No. 87.			

Should TMWA require a Single Audit (audit over federal awards), there would be an additional cost of \$10,000 for each Major Program.



January 27, 2022

Matt Bowman, CPA
Financial Controller
Truckee Meadows Water Authority

Dear Mr. Bowman,

Thank you for the opportunity to propose on independent audit services for Truckee Meadows Water Authority (TMWA), the Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust and the Truckee Meadows Water Authority OPEB Trust Fund (OPEB Trusts). We enjoy working with TMWA and value our working relationship. Based on our intimate understanding of your operations, industry experience and additional resources and services we can offer, we believe Eide Bailly remains the right firm for TMWA.

Our Experience with TMWA and the OPEB Trusts

We're well acquainted with your operations and staff. Based on our tenure, we have a historical perspective of the operating and control environment of TMWA and the OPEB Trusts, as well as the staffing and systems changes TMWA has endured and is pursuing. This perspective benefits TMWA because it means your auditors have a deep understanding of the risks surrounding TMWA and the opportunity to perform a thorough audit without a learning curve.

Your Service Team

We understand personal service is important to our clients. You'll continue to work with an experienced team that has extensive knowledge and experience in the government industry, as well as working with TMWA and the OPEB Trusts. **Lealan Miller** will continue to lead the team and serve as Engagement Partner. He brings strong credentials and a desire to continue working with TMWA. In addition, **Nielsine Sherk**, from our Reno office, will be the existing team engagement Senior Manager. We'll complement the project team with returning staff to the best of our abilities.

We realize other firms are knowledgeable as well; however, we believe what differentiates us is personal and attentive service from all members of our service team, including partners and senior-level staff. We've taken the time to get to know you and your staff and understand your specific challenges and opportunities. We deliver honest and insightful advice beyond what is normally experienced in the public accounting industry.

Timeliness

We'll continue to meet your deadlines. Our professionals are trained to anticipate, identify and respond to your needs in a timely manner. We'll work closely with your management team to customize our audit services to your needs. We believe in clear, up-front and open communication with no surprises.

What inspires you, inspires us. | eidebailly.com



Value for Fees

You can continue to expect quality service at reasonable fees. Eide Bailly has established a reputation of providing quality work at a fair price. Our fees are based on the complexity of the issue and the experience level of the personnel necessary to address it. In the event you request additional services, Eide Bailly will obtain your agreement on fees before such work would commence. In other words, there will be no hidden fees.

We propose the following fee schedule based on our understanding of the scope of work and the level of involvement of TMWA's staff:

Engagement Services and Fees

Professional Services	2022	2023	2024
Truckee Meadows Water Authority Annual Audit	\$66,400	\$68,400	\$70,400
Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust	\$18,200	\$18,800	\$19,300
Preparation of the Form 990	\$2,060	\$2,120	\$2,180
Truckee Meadows Water Authority OPEB Trust	\$14,800	\$15,300	\$15,700
Total Fees	\$101,460	\$104,620	\$107,580

** Increase of 5% due to salary increases coupled with the implementation of GASB Statement No. 87.*

Should TMWA require a single audit, our fee would be an additional \$10,000 for each major program subject to audit.

Out-of-Pocket Fees

The professional fees listed above are inclusive of all out-of-pocket expenses, and you will not be billed for expenses such as travel time, mileage and meals.

Future Year Pricing Guarantees

Our fee increases for future years are consistent with inflationary increases in the industry. They are contingent upon no major changes to TMWA, and that significant accounting and auditing rule changes and procedures remain consistent with current requirements. Fees don't include additional time that could be incurred due to changes to the scope of the engagement.

Billing Policy Regarding Inquiries and Special Requests

We've found that clients appreciate access to all of their service team members. We embrace this need and will ensure all our team members are available to service your questions and issues. This level of service is included in the scope of these engagements.

We Want to Continue Working with You

We believe the qualifications of our firm merit serious consideration. Know that you'll continue to be a highly valued client. Our people would be proud to continue working with TMWA and the OPEB Trusts and continue to build a trusting relationship with your team. Please contact us if you'd like to discuss any aspect of this proposal.

Sincerely,

A handwritten signature in black ink that reads "Lealan Miller".

Lealan Miller, CPA
Partner
208.383.4756
lmiller@eidebailly.com

A handwritten signature in black ink that reads "Nielsine Sherk".

Nielsine Sherk, CPA
Senior Manager
775.689.9279
nsherk@eidebailly.com



TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Michele Sullivan, Chief Financial Officer
 Matt Bowman, Financial Controller
DATE: February 10, 2022
SUBJECT: Presentation of Fiscal Year 2022 Q2 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 2022	Budget YTD 2022	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 34,348,618	\$ 28,461,909	\$ 5,886,709	21 %

Change in net position was \$5.9m or 21% higher than budget for Q2 2022. This was driven primarily by higher capital contributions, but also impacting the increase to a lesser extent was higher operating income, offset by higher nonoperating expenses.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 34,348,618	\$ 35,126,101	\$ (777,483)	(2)%

Change in net position was \$0.8m or 2% lower than the prior year. This was due to higher capital contributions offset by lower operating income and higher nonoperating expenses.

RevenueBudget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	65,048,525	65,658,468	(609,943)	(1)%
Hydroelectric Sales	714,974	733,888	(18,914)	(3)%
Other Operating Sales	1,988,759	1,105,098	883,661	80 %
Total Operating Revenues	67,752,258	67,497,454	254,804	— %

Operating revenue was \$0.3m (<1%) higher than budget through Q2 2022. Other operating revenue was higher by \$0.9m while water sales and hydroelectric sales were lower by \$0.6m combined. Other operating sales are trending higher than budget in FY 2022 due to higher than expected new business inspection fees, late fees on past due accounts and customer service call out charges. Each of these items had been impacted by the pandemic in both FY 2020 and FY 2021 and the recovery of these amounts in FY 2022 was underestimated in the budget.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	65,048,525	65,541,871	(493,346)	(1)%
Hydroelectric Sales	714,974	1,275,646	(560,672)	(44)%
Other Operating Sales	1,988,759	1,201,089	787,670	66 %
Total Operating Revenues	67,752,258	68,018,606	(266,348)	— %

Total operating revenues were \$0.3m lower through Q2 2022 than the prior year. Water sales was within 1% of the prior year due to lower consumption offset by the 2.5% rate increase in June 2021. Hydroelectric sales were lower by \$0.6m due to low river flows in the late summer months in FY 2022 which forced the plants to be taken offline. Lastly, other operating sales were higher by \$0.8m due to the reasons stated above.

Operating ExpensesBudget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	12,720,624	13,675,087	(954,463)	(7)%
Employee Benefits	5,481,744	6,115,127	(633,383)	(10)%
Services and Supplies	16,222,849	16,978,573	(755,724)	(4)%
Total Operating Expenses Before Depreciation	34,425,217	36,768,787	(2,343,570)	(6)%
Depreciation	16,717,405	17,117,060	(399,655)	(2)%
Total Operating Expenses	51,142,622	53,885,847	(2,743,225)	(5)%

Total operating expenses were \$2.7m lower (5%) than budget through Q2 2022. Salaries and wages and employee benefits are both lower due primarily to position vacancies. Services and supplies are 4% lower than budget. Several expense categories are higher than budget and several are lower. We are seeing some impacts from inflation, most notably in fuel where we are \$102,000 over budget, or 62%. Other price increases have not yet been significant.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	12,720,624	11,539,328	1,181,296	10 %
Employee Benefits	5,481,744	5,052,278	429,466	9 %
Services and Supplies	16,222,849	15,021,080	1,201,769	8 %
Total Operating Expenses Before Depreciation	34,425,217	31,612,686	2,812,531	9 %
Depreciation	16,717,405	16,573,967	143,438	1 %
Total Operating Expenses	51,142,622	48,186,653	2,955,969	6 %

Year over year operating expenses were \$3.0m higher (6%) than the prior year through Q2. Salaries and benefits are higher than prior year due to Labor Market Index (LMI) increases in July 2021, step increases and increases to headcount. Services and supplies are increased from the prior year due to several items, but primarily more spending on expensed projects earlier in the year (will slow down in second half) and higher power costs, due to both rate increases and higher consumption.

Non-Operating ExpensesBudget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	986,911	1,291,944	(305,033)	(24)%
Net Increase (Decrease) in FV of Investments	(2,117,643)	—	(2,117,643)	— %
Gain (Loss) on Disposal of Assets	83,284	(375,000)	458,284	(122)%
Amortization of Bond/note Issuance Costs	801	(66,500)	67,301	(101)%
Interest Expense	(5,985,161)	(5,940,306)	(44,855)	1 %
Total Nonoperating Revenues (Expenses)	(7,031,808)	(5,089,862)	(1,941,946)	38 %

Nonoperating expenses were \$1.9m higher (38%) than budget through Q2 2022. This is primarily due to a net decrease in fair value of investments of \$2.1m. Five and ten year treasury yields have increased slightly in calendar year 2021 which lowers the fair value of investments held at lower rates. Investment earnings are also lower than budget due the amortization of investment premiums which have not been historically considered in the investment income budget.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	986,911	1,421,152	(434,241)	(31)%
Net Increase (Decrease) in FV of Investments	(2,117,643)	(719,792)	(1,397,851)	194 %
Gain (Loss) on Disposal of Assets	83,284	—	83,284	— %
Amortization of Bond/note Issuance Costs	801	(83,808)	84,609	(101)%
Interest Expense	(5,985,161)	(6,131,484)	146,323	(2)%
Total Nonoperating Revenues (Expenses)	(7,031,808)	(5,513,932)	(1,517,876)	28 %

Nonoperating expenses were higher by \$1.5m or 28% through the first half of the fiscal year. This is due primarily to reasons discussed above.

Capital ContributionsBudget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	1,767,144	675,000	1,092,144	162 %
Water Resource Sustainability Program	758,595	303,584	455,011	150 %
Developer Infrastructure Contributions	9,937,799	9,088,740	849,059	9 %
Developer Will-serve Contributions (Net of Refunds)	2,470,410	1,442,024	1,028,386	71 %
Developer Capital Contributions - Other	4,298,459	4,680,150	(381,691)	(8)%
Developer Facility Charges (Net of Refunds)	5,461,891	3,650,666	1,811,225	50 %
Contributions from Others	—	—	—	— %
Net Capital Contributions	24,770,790	19,940,164	4,830,626	24 %

Capital contributions were \$4.8m (24%) higher than budget through the second quarter of FY 2022. One of the large variances is grant revenue. In Q2 FY 2022, TMWA received the FEMA award for the Glendale diversion rebuild following the 2017 flood event. The remaining line items in this category reflect new business/growth related collections and the budget overage is reflective of both larger projects and also continued high volume of projects being processed through TMWA.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	1,767,144	—	1,767,144	— %
Water Resource Sustainability Program	758,595	576,476	182,119	32 %
Developer Infrastructure Contributions	9,937,799	7,548,233	2,389,566	32 %
Developer Will-serve Contributions (Net of Refunds)	2,470,410	1,678,671	791,739	47 %
Developer Capital Contributions - Other	4,298,459	4,656,879	(358,420)	(8)%
Developer Facility Charges (Net of Refunds)	5,461,891	6,156,220	(694,329)	(11) %
Contributions from Others	76,492	158,801	(82,309)	(52)%
Net Capital Contributions	24,770,790	20,808,080	3,962,710	19 %

Year over year, capital contributions are \$4.0m or 19% higher through the first two quarters of the year. This is driven mostly by developer infrastructure contributions and grants which were higher by \$2.4m and \$1.8m, respectively. Developer infrastructure contributions, which do not impact cash flow, can vary quarter to quarter depending on the ability to close out projects. There was no grant revenue recognized in all of FY 2021.

Capital Spending

Cash spent on capital outlays and construction projects during the first half of the year was approximately \$13.0m. Total budgeted capital spend for fiscal year 2022 is \$60.1m. Spending on the top three projects for the first two quarters is below -

Disk Drive BPS	\$3.9m
Caughlin 5 Pressure Zone Looping	\$0.9m
AMI Meter Replacements	\$0.9m

Cash Position

At December 31, 2021 total cash on hand was \$241.0m or \$11.0m higher than at the beginning of the fiscal year. Of the total cash on hand, \$181.7m was unrestricted to be used to meet upcoming and future operating & maintenance expenses, principal & interest payments and construction project payments. The remaining \$59.3m 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 six months ended December 31, 2021

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 65,048,525	\$ 65,658,468	\$ (609,943)	(1)%
Hydroelectric Sales	714,974	733,888	(18,914)	(3)%
Other Operating Sales	1,988,759	1,105,098	883,661	80 %
Total Operating Revenues	67,752,258	67,497,454	254,804	— %
OPERATING EXPENSES				
Salaries and Wages	12,720,624	13,675,087	(954,463)	(7)%
Employee Benefits	5,481,744	6,115,127	(633,383)	(10)%
Services and Supplies	16,222,849	16,978,573	(755,724)	(4)%
Total Operating Expenses Before Depreciation	34,425,217	36,768,787	(2,343,570)	(6)%
Depreciation	16,717,405	17,117,060	(399,655)	(2)%
Total Operating Expenses	51,142,622	53,885,847	(2,743,225)	(5)%
OPERATING INCOME	16,609,636	13,611,607	2,998,029	22 %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	986,911	1,291,944	(305,033)	(24)%
Net Increase (Decrease) in FV of Investments	(2,117,643)	—	(2,117,643)	— %
Gain (Loss) on Disposal of Assets	83,284	(375,000)	458,284	(122)%
Amortization of Bond/note Issuance Costs	801	(66,500)	67,301	(101)%
Interest Expense	(5,985,161)	(5,940,306)	(44,855)	1 %
Total Nonoperating Revenues (Expenses)	(7,031,808)	(5,089,862)	(1,941,946)	38 %
Gain (Loss) Before Capital Contributions	9,577,828	8,521,745	1,056,083	12 %
CAPITAL CONTRIBUTIONS				
Grants	1,767,144	675,000	1,092,144	162 %
Water Resource Sustainability Program	758,595	303,584	455,011	150 %
Developer Infrastructure Contributions	9,937,799	9,088,740	849,059	9 %
Developer Will-serve Contributions (Net of Refunds)	2,470,410	1,442,024	1,028,386	71 %
Developer Capital Contributions - Other	4,298,459	4,680,150	(381,691)	(8)%
Developer Facility Charges (Net of Refunds)	5,461,891	3,650,666	1,811,225	50 %
Contributions from Others	76,492	100,000	(23,508)	(24)%
Net Capital Contributions	24,770,790	19,940,164	4,830,626	24 %
CHANGE IN NET POSITION	\$ 34,348,618	\$ 28,461,909	\$ 5,886,709	21 %

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the six months ended December 31, 2021

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 65,048,525	\$ 65,541,871	\$ (493,346)	(1)%
Hydroelectric Sales	714,974	1,275,646	(560,672)	(44)%
Other Operating Sales	1,988,759	1,201,089	787,670	66 %
Total Operating Revenues	67,752,258	68,018,606	(266,348)	— %
OPERATING EXPENSES				
Salaries and Wages	12,720,624	11,539,328	1,181,296	10 %
Employee Benefits	5,481,744	5,052,278	429,466	9 %
Services and Supplies	16,222,849	15,021,080	1,201,769	8 %
Total Operating Expenses Before Depreciation	34,425,217	31,612,686	2,812,531	9 %
Depreciation	16,717,405	16,573,967	143,438	1 %
Total Operating Expenses	51,142,622	48,186,653	2,955,969	6 %
OPERATING INCOME	16,609,636	19,831,953	(3,222,317)	(16)%
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	986,911	1,421,152	(434,241)	(31)%
Net Increase (Decrease) in FV of Investments	(2,117,643)	(719,792)	(1,397,851)	194 %
Gain (Loss) on Disposal of Assets	83,284	—	83,284	— %
Amortization of Bond/note Issuance Costs	801	(83,808)	84,609	(101)%
Interest Expense	(5,985,161)	(6,131,484)	146,323	(2)%
Total Nonoperating Revenues (Expenses)	(7,031,808)	(5,513,932)	(1,517,876)	28 %
Gain (Loss) Before Capital Contributions	9,577,828	14,318,021	(4,740,193)	(33)%
CAPITAL CONTRIBUTIONS				
Grants	1,767,144	—	1,767,144	— %
Water Resource Sustainability Program	758,595	576,476	182,119	32 %
Developer Infrastructure Contributions	9,937,799	7,548,233	2,389,566	32 %
Developer Will-serve Contributions (Net of Refunds)	2,470,410	1,678,671	791,739	47 %
Developer Capital Contributions - Other	4,298,459	4,656,879	(358,420)	(8)%
Developer Facility Charges (Net of Refunds)	5,461,891	6,156,220	(694,329)	(11)%
Contributions from Others	76,492	158,801	(82,309)	(52)%
Net Capital Contributions	24,770,790	20,808,080	3,962,710	19 %
CHANGE IN NET POSITION	\$ 34,348,618	\$ 35,126,101	\$ (777,483)	(2)%



STAFF REPORT

TO: SAC Committee
THRU: Mark Foree, General Manager
FROM: Stefanie Morris, Water Resources Manager
DATE: January 24, 2022
SUBJECT: **Informational report regarding TMWA's investment in watershed protection and potential future activity**

BACKGROUND

Protecting the upper watershed for TMWA's water supply has always been important. With the changes in climate and fire behavior, fuels reduction and other activities in the upper watershed have become more important and will continue to be critical to protect our water supply. Importantly, targeted fuels reduction around the Truckee River, local creeks, and upstream reservoirs will help reduce the risk of serious water quality issues from sediment loading. Attached are photos showing sediment loading and water quality issues caused from the recent wildfires in Colorado. TMWA staff have been exploring opportunities for collaboration, funding, and partnerships with the United States Forest Service, The Nature Conservancy, National Forest Foundation, Truckee River Watershed Council and others. Staff are evaluating projects that are already planned and areas where additional planning is necessary to bring to TMWA's board for consideration. Below is a summary of the activities TMWA has previously funded.

TMWA'S PREVIOUS ACTIVITY

TMWA, through the Truckee River Fund (TRF), has supported forest management work in the headwaters since 2008. Most of these projects have been completed by The Nature Conservancy within the Independence Lake sub-watershed. One additional project was completed in the Little Truckee system at Webber Lake by the Truckee Donner Land Trust. For these nine projects, a total of \$856,504 has been funded through TRF, with \$528,384 in matching funds. Projects have focused on forest thinning to reduce the risk of severe wildfires, and more recent projects have also included developing messaging and outreach strategies about regional risks associated with wildfires. These projects have helped protect a critical drought supply reservoir for TMWA. TRF has funded these projects in recognition that a large-scale wildfire and the subsequent increase in sediment loading from a burnt landscape could degrade water quality and decrease reservoir storage capacity.







STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: John Enloe, Director, Natural Resources
Stef Morris, Manager, Water Resources
Matt Bowman, Financial Controller
DATE: February 9, 2022
SUBJECT: **Discussion and possible approval of an Interlocal Agreement for Water Resource Lease between TMWA and the City of Reno**

Discussion and possible approval of a Water Resource Purchase Agreement between TMWA and Fish Springs Ranch, LLC

Background: At the January 20, 2021, TMWA Board meeting, staff provided an informational workshop on managing TMWA's water resources, cooperation and integration of regional water resource management and potential future development of additional water supplies. A copy of the January workshop presentation materials is attached as Exhibit 1. With the adoption of TMWA's 2020-2040 Water Resource Plan, staff felt it appropriate to update the Board on various ongoing water resource planning efforts. The presentation provided the Board with a high-level overview of various planning efforts, education on many of TMWA's water resource planning efforts, and a foundation of knowledge and understanding to enable the Board members to weigh various proposals or recommendations that staff may bring forward for consideration in the future.

TMWA's water resource planning efforts include the following goals:

- Aggressively pursue the acquisition, management, and control of mainstem and creek water rights and other sources of supply to ensure the most efficient use of Truckee River and groundwater water resources
- Reduce competition on Truckee River water rights
- Create regional benefits
- Defer or negate the need for future water importation projects
- As the regional water purveyor, collaborate with water users to ensure the most efficient use of water resources

Consistent with the key topics presented in the workshop and in furtherance of the above stated goals, staff is bringing forward two interdependent water resource management agreements for consideration, involving the following objectives:

- Acquisition of Truckee River Mainstem and Creek Rights
- Return Flow Management
- Vidler – will-serves, temporary leasing opportunities, American Flat irrigation

Discussion: Two interdependent water resource management agreements are provided for the Board’s consideration: (1) an Interlocal Agreement For Water Resource Lease between TMWA and the City of Reno attached as Exhibit 2; and (2) a Water Resource Purchase Agreement between TMWA and Fish Springs Ranch, LLC, attached as Exhibit 3.

Interlocal Agreement For Water Resource Lease (ILA):

Under a Water Banking Trust Agreement with Fish Springs Ranch, LLC (Banking Agreement), TMWA holds record title to and has banked for the benefit of Fish Springs Ranch 13,000 acre-feet of groundwater water rights. The ILA applies to 3,000 AF of the water rights under the Banking Agreement (“Banked Water”) and is for a ten-year term. Pursuant to the Banking Agreement, TMWA can beneficially use the Banked Water for temporary purposes until it is fully committed. TMWA desires to manage up to 3,000 acre-feet of the Banked Water to support delivery of treated effluent water from the Truckee Meadows Water Reclamation Facility (TMWRF) for irrigation and industrial uses and to manage Truckee River return flow requirements applicable to Reno by using the Banked Water temporarily as a substitute source of supply for Truckee River commitments in the North Valleys.

Reno and the City of Sparks own and operate the TMWRF. Reno is interested in having TMWA manage the Banked Water to facilitate treated effluent use with Truckee River return flow requirements applicable to Reno. During the 10-year term of this agreement, TMWA will manage, direct and schedule the allocation and use of the Banked Water for Reno’s benefit to support treated effluent deliveries and to manage Truckee River return flow requirements applicable to Reno.

TMWA will be responsible for preparing, filing, and securing any change applications (“Change Applications”) required to manage its water resources to support delivery of treated effluent and to manage Truckee River return flow requirements applicable to Reno. TMWA’s obligation to manage the Banked Water for Reno’s benefit shall be conditional on TMWA receiving approvals, if any are required, from the State Engineer and Federal Water Master.

Reno will reimburse TMWA for all costs incurred by TMWA in connection with the Change Applications, including up to \$20,000 for legal and staffing costs, and permitting fees, and Reno will pay TMWA Three Hundred Fifteen Thousand Ninety-Five Dollars (\$315,095) on November 1st of each year of the Term to make up to 3,000 acre-feet of Banked Water available for the uses described in the ILA.

Water Resource Purchase Agreement:

Under the terms of the Water Resource Purchase Agreement between TMWA and Fish Springs Ranch, LLC, TMWA and Fish Springs Ranch desire that TMWA continue to pump the aquifer in eastern Honey Lake Valley, Nevada to monitor and verify the capacity and water quality of

those water resources and to continue to analyze and update TMWA's Fish Springs Ranch groundwater model with the data collected. TMWA desires to purchase from Fish Springs Ranch 400 acre-feet of water rights for a total purchase price of ten million dollars (\$10,000,000.00), payable over 10 years as shown in the Agreement.

TMWA will not sell will-serves using the purchased water rights for use in the Cold Springs and Lemmon Valley groundwater basins, rather, TMWA will exchange these rights for previously dedicated Truckee River water rights in the North Valleys and make those Truckee River rights available for sale through Rule 7 throughout the balance of TMWA's service area.

As described during the January workshop, the benefits to TMWA in facilitating this transaction are as follows:

1. Places more of the Fish Springs water rights to a permanent beneficial use; and
2. Stretches Truckee River resources further.

As described in the Financial Implications section below, several overarching considerations are satisfied by this Agreement together with the ILA, such that:

1. TMWA must be made whole, not adversely impacted;
2. Start with a small volume as pilot project; and
3. Total cost to development must be equal.

Financial Implications:

For purposes of these two interdependent agreements, the term "Base FSR Resource Credit Value" is calculated to be \$15,360, which is founded on the total of the current water resources fee and the current water service facility fees for a typical 6,000 square-foot (SF) lot single family residential water service. The Base FSR Resource Credit Value represents the value of a Fish Springs Ranch water right that results in an equivalent total cost of service (\$/6,000 SF lot) equal to the sum of applicable Rule 5 WSF fees and Rule 7 water resource costs, as shown in Table 1.

Table 1 - Base FSR Resource Credit Value calculation

Single Family Residential Water Service Costs - AREA 0		
	TMWA Rule 7 Water	FSR Water Resource AREA 0
Single Family Lot Size (square-feet)	6,000	6,000
Water Rights Dedication (AF)	0.28	0.28
Water Rights 0.11 Factor (AF)	0.03	
Total Resource Required (AF)	0.31	0.28
Sustainability Fee (\$1600/AF)	\$448	\$448
Water Rights Price (\$/AF)	\$7,700	\$15,360
Total Resource Fee	\$2,835	\$4,749
MDD (GPM)	0.5	0.5
Area 0 Fee (\$/MDD GPM)	\$0	\$0
Supply & Treatment Fee (\$/MDD GPM)	\$6,328	\$0
Storage (\$/MDD GPM)	\$1,658	\$1,658
Lemmon Main Costs (\$/MDD GPM)	\$0	\$2,500
Total Water Service Facility Fee	\$3,993	\$2,079
Total Cost (\$/6,000 SF parcel)	\$6,828	\$6,828
FSR Water Rights Fee that result in a Total Cost (\$/6,000 SF parcel) equal to Rule 7 plus Rule 5 WSF costs. Does not include application and documentation fees		

To keep TMWA financially whole and the total cost to new development equal, the annual Reno Water Resource Lease Payment of \$315,095 will be credited toward TMWA's \$1 million annual Fish Springs Ranch water rights purchase amount, as shown in the following calculation. Note that the Water Resource Purchase Agreement between TMWA and Fish Springs Ranch reflects a 2.5% annual escalator in the value of the Base FSR Resource Credit Value, hence the slight reduction in the number of water rights purchased each year per the agreement.

Year 1 water rights purchase:	\$1,000,000
Less Reno Water Resource Lease Payment:	<u>\$315,095</u>
Net cost of water rights:	\$684,905
Number of water rights purchased:	44.59 acre feet
Cost per acre foot:	\$15,360
Base FSR Resource Credit Value (from Table 1)	\$15,360

Summary:

To summarize, in furtherance of TMWA's stated water resource management goals, staff, the City of Reno and Fish Springs Ranch have worked cooperatively to develop a creative water rights purchase and water resource leasing strategy that is mutually beneficial and satisfies multiple objectives. The two agreements provide the following benefits:

1. TMWA acquires approximately 40 acre-feet of water rights per year, allowing Truckee River water rights to be recommitted at current dedication rates, making more efficient use of limited Truckee River water rights;
2. TMWA's ratepayers are not affected and the cost to new development is equal;
3. The City of Reno satisfies its treated effluent return flow requirements for 10 years at a very competitive lease rate; and
4. More treated effluent can be beneficially used, reducing the cost of effluent treatment for City of Reno customers.

Recommendation:

Staff recommends the Board approve both the Interlocal Agreement For Water Resource Lease between TMWA and the City of Reno and the Water Resource Purchase Agreement between TMWA and Fish Springs Ranch, LLC, and authorize the General Manager to execute both agreements.

TMWA WATER RESOURCE PLANNING

*TMWA BOARD OF DIRECTORS INFORMATIONAL
SESSION
JANUARY 20, 2021*



KEY TOPICS

- Acquisition of Truckee River Mainstem and Creek Rights
- Return Flow Management Agreement
- Marlette Lake MOU
 - Washoe Lake (and tributary water rights, Franktown Creek)
- Future Creek Exchange
- Water Banking Projects (Advanced Purified Water)
 - American Flat, other locations
- Vidler – will-serves, temporary leasing, American Flat irrigation
- UNR – Pioneer Ditch Rights & Conservation Easement
- Will-Serve Agreements and Donner Lake
- Spanish Springs Valley Temporary Moratorium on GW rights
- Damonte Ranch Reduced Water Rights Dedication

GOALS

- Pursue the acquisition and/or management control of mainstem and creek water rights and other sources of supply to ensure the most efficient use of Truckee River and groundwater water resources
- Reduce competition on Truckee River water rights
 - 35,000 – 40,000 AF remaining Truckee River water rights
- Create regional benefits
- Defer or negate the need for future water importation projects
- As the regional water purveyor, collaborate with water users to ensure the most efficient use of water resources
 - Pyramid Lake Paiute Tribe
 - TMWRF Return Flow Requirements
 - TRIGID
 - Environmental Considerations
 - Fernley Industrial Park
 - Blockchain
 - Painted Rock

ACQUISITION / MANAGEMENT OF TRUCKEE RIVER MAINSTEM AND CREEK RIGHTS

- Continue Monitoring Truckee River Water Right Transactions
- More-aggressively research potential water right purchase opportunities to add to Rule 7 Inventory
- Use Water Right Expertise to Optimize Water Resources
 - TRIGID/R/S Return Flow Management
 - NDOT water right management
 - Sparks water right instream flow applications
 - County unused creek resources
 - Fish Springs resources

RETURN FLOW MANAGEMENT AGREEMENT

2020-2040 WRP – PG. 27-28

- Return flow resources are required to satisfy TMWRF's reclaimed water demands
- TMWA will manage the return flow to the Truckee River to ensure that the river and downstream water rights holders are not adversely impacted.
- TMWA will manage the return flow for existing (Reno, Sparks, UNR Farms) and future uses (TRIGID)
 - TRIGID will reimburse TMWA for costs incurred in connection to the administration of the Return Flow Management Agreement.
- TRIGID Return flow resources will include some of TRIGID's Truckee River resources, Nevada Department of Transportation's resources, and TMWA's community resources.

MARLETTE LAKE WATER SYSTEM MOU

2020-2040 WRP – PG. 64-65

- The goal is to develop the following:
 - 1) Provide agreeable terms and conditions for establishing a long-term operating agreement that maximizes the beneficial use of the state's available water resources from the Marlette Lake Water System among TMWA, Carson City, and Virginia City.
 - 2) Provide an agreed-upon delivery schedule, special conditions of service, and pre-determined adjustments to the quantity of water available for sale each water year to address variable hydrologic conditions.
- TMWA may be able to utilize surplus Marlette Lake and East Slope water resources for return flow requirements and other purposes.

MARLETTE LAKE WATER SYSTEM – EAST SLOPE RESOURCES

- Investigating the East Slope water rights (Franktown Creek) and hydrology of other tributaries to Washoe Lake to determine how these resources benefit the region.
- Development of a basin-wide model to better understand surface water and groundwater interdependencies and ecosystem water requirements.
- Review of the Little Washoe Lake dam historic operations and potential for water resource and flood control enhancements.

FUTURE CREEK EXCHANGE

2020-2040 WRP – PG. 63-64

- TMWA currently has a creek exchange permit on Whites Creek.
 - Creek exchange allows TMWA to measure the quantity of Whites Creek water left instream and exchange that water for Truckee River water.
- Investigate the feasibility to exchange water from Galena, Browns, and/or Thomas Creeks for return flow or other purposes.
- TMWA and Washoe County are cooperating on a Thomas and Whites Creek Banking Agreement, which will allow TMWA use of the County's creek rights for groundwater recharge, conjunctive use management, water quality enhancement, drought storage, and/or in stream purposes.

WATER BANKING - AMERICAN FLAT

2020-2040 WRP – PG. 68-69

- TMWA and Reno are actively working on an Advanced Purified Water Aquifer Storage and Recovery (ASR) planning study at the north end of Reno/Stead Airport in Lemmon Valley
 - Related activities will include geochemical testing, well siting and drilling, and groundwater flow and transport modeling.
- Should the project be deemed socially, technically and economically viable, Advanced Purified Water may be recharged at the site in the near future.
- TMWA will continue to work with Reno staff on various operating and cost sharing arrangements to determine if a full-scale ASR program (1-2 MGD) can be implemented and sustained at the site.
- Other locations for recharge of Advanced Purified Water are being investigated

FISH SPRINGS GROUNDWATER RESOURCES

- Fish Springs Ranch, LLC (Vidler subsidiary) banked 8,000 AF of groundwater rights with Washoe County (up to 5,000 AF additional may be permitted in the future)
 - Honey Lake Valley, Nevada groundwater basin
 - Available for municipal use within TMWA's service area
- Roughly 300 AF have been committed to North Valleys projects
- Vidler has requested TMWA consider allowing rights to be available for will-serve commitments throughout the Truckee Meadows
- Potential Benefits
 - Allows TMWA to more quickly prove beneficial use of the rights
 - Stretches Truckee River resources farther
- Overarching Considerations
 - TMWA must be made whole, not adversely impacted
 - Start with small volume as pilot project
 - Total cost to development must be equal
- FSR water may also be available for short term leasing, such as City of Reno American Flat irrigation, or other opportunities

UNR – PIONEER DITCH WATER RIGHTS & CONSERVATION EASEMENT

- Over the last two years, TMWA has had various discussions with UNR staff regarding the possible acquisition of decreed Truckee River water rights owned by the Nevada System of Higher Education which are appurtenant to the Main Station Field Laboratory (UNR Farms)
- The water rights consist of 2,954.38 AF of direct diversion irrigation rights, 1,164 AF were offered for sale. TMWA's interests include:
 - Increased drought protection
 - UNR Farms reclaimed water use requires return flow water rights
 - Maintains the water rights for community growth
- A conservation easement was also proposed that would have maintained the agricultural and educational values of the property
- Both the sale of water rights and the conservation easement were turned down at the December 4, 2020 Board of Regents meeting

WILL-SERVE COMMITMENTS AND DONNER LAKE

- TMWA purchased TCID's 4,750 AF of Donner Lake for \$17.4M
- Annual Property tax is \$275,000 for all Donner rights
- Analyze ways to use some portion of Donner for Will-Serve Commitments while preserving drought storage and resource sustainability
- Use in combination with TMWA supplemental groundwater resources
- Work with Federal Water Master and State Engineer
- Currently working with the Truckee River Watershed Council and other regional stakeholders to create a stewardship plan for Donner Lake
- Future work, possibly dredging, will be needed to access all TMWA's drought storage in the lake

SPANISH SPRINGS VALLEY TEMPORARY MORATORIUM ON GROUNDWATER RIGHTS

- Spanish Springs Valley has a perennial yield of 1,000 AFA
- 7,100 AF of groundwater rights and domestic wells exist in the valley
- TMWA controls 3,900 AF of the groundwater rights, and has reduced pumping to approx. 800 AFA to help reduce water level declines
- Other users and domestic wells pump 1,400 AFA
- TMWA relies on conjunctive use and recharge to maintain sustainable water levels where we can – more needs to be done
- TMWA has prepared a regional groundwater model which suggests that recharge needs to be expanded to 2,000 AFA
 - Other groundwater users benefit from TMWA's efforts
 - TMWA has temporarily suspended accepting groundwater rights for will serve commitments until a long-term regional plan is developed

DAMONTE RANCH VILLAGE CASE STUDY

- Damonte Ranch Village 8A-8D Residential Subdivisions (2012-14)
 - Strict CC&Rs reduce ability to use water on front area
 - Front of lot landscaping and irrigation controlled by HOA
 - Prohibit owner from changing front landscaping
 - Limit backyard turf size to no more than 20% of lot size
 - Using roughly 58% of committed water rights
- Analyze whether rule 7 changes are appropriate to allow lower water dedications in certain situations
 - CC&R restricted lots

WATER RESOURCE SUMMARY

02-16-22 BOARD Agenda Items 12 & 13

	STRETCH TRUCKEE RIVER RESOURCE	NEW RESOURCE FOR WILL- SERVES	MAXIMIZE EFFICIENT USE OF RESOURCE	SUSTAINABILITY AND DROUGHT RESILIENCY	REGIONAL PARTNERSHIPS
ADDITIONAL TRUCKEE RIVER RIGHTS			X	X	X
RETURN FLOW MANAGEMENT AGREEMENT	X		X		X
MARLETTE LAKE	X		X	X	X
VIDLER	X	X	X	X	X
CREEK EXCHANGE	X	X	X		X
UNR – PIONEER DITCH RIGHTS & CONSERVATION EASEMENT			X	X	X
WATER BANKING - AMERICAN FLAT, OTHER SITES	X	X	X	X	X
DONNER LAKE WILL-SERVES		X	X	X	
SPANISH SPRINGS TEMP. MORATORIUM ON GW			X	X	
DAMONTE RANCH REDUCED WATER RIGHTS DEDICATION	X		X		

CONCLUSIONS AND NEXT STEPS

- This presentation was intended to help educate the Board on many of TMWA's ongoing water resource planning efforts
It provides a foundation of knowledge to better enable Board members to weigh future proposals or recommendations
- Staff will keep the Board apprised as analyses are completed
- Staff will prioritize analyses based on Board comments and discussion

Thank you!
Questions?

INTERLOCAL AGREEMENT FOR
WATER RESOURCE LEASE

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) and the City of Reno, a municipal corporation (Reno). TMWA and Reno may be referred to under this Agreement individually as a Party or collectively as the Parties.

RECITALS

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

B. TMWA is a public purveyor of water service within Reno, Sparks, and portions of Washoe County, Nevada.

C. TMWA and Fish Springs Ranch, LLC (“FSR”) are parties to the Water Banking and Trust Agreement dated February 28, 2006 originally between FSR and Washoe County (“**Banking Agreement**”) pursuant to which, among other things, TMWA owns and has banked in trust for the benefit of FSR or its assignees approximately 13,000 acre feet of water rights. This Agreement only applies to up to 3,000 AF of the water under the Banking Agreement (“Banked Water”). Pursuant to the Banking Agreement FSR has agreed to allow TMWA to put the banked water to beneficial use. TMWA desires to manage up to 3,000 acre feet of the Banked Water to support delivery of treated effluent water and to facilitate compliance with Truckee River return flow requirements applicable to Reno or other general temporary purposes, subject to the terms and conditions contained in this Interlocal Agreement.

D. TMWA manages groundwater and surface water resources in connection with its operations, including management of Managed Resources (as defined in the RFMA) for the benefit of Reno and others under that certain Return Flow Management Agreement between TMWA, Reno, the City of Sparks and the TRI General Improvement District dated July 17, 2018 (“**RFMA**”).

E. Reno and the City of Sparks operate a regional water reclamation facility known as the Truckee Meadows Water Reclamation Facility (TMWRF), and Reno operates other regional water reclamation facilities in its jurisdictions. As an operator of regional water reclamation facilities, Reno is interested in having TMWA manage the Banked Water to facilitate use of treated effluent water and to otherwise meet water quality standards for discharges to the Truckee River.

F. TMWA and Reno desire that TMWA, during the term under the FSR Resource Agreement (the “**Term**”), and manage the Banked Water for the benefit of Reno to support

delivery of treated effluent water and to facilitate compliance with Truckee River return flow requirements applicable to Reno on the terms and conditions set forth in this Agreement.

G. The Parties desire to enter this Agreement for purposes of outlining each of their respective obligations and responsibilities regarding the above.

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. Use and Management of Banked Water. During the Term, TMWA shall manage, direct and schedule the allocation and use of the Banked Water for the benefit of Reno to support delivery of treated effluent water and to facilitate compliance with Truckee River return flow requirements applicable to Reno. TMWA's obligation to manage the Banked Water for the benefit of Reno is conditional on the Banking Agreement. Reno acknowledges that during the Term the amount of Banked Water may be permanently committed to other uses, and TMWA shall have no obligation to provide any additional water rights to Reno should the amount of Banked Water be less than 3,000 acre feet annually. However, TMWA will use best efforts to maximize the amount of Banked Water available to Reno. TMWA shall have the right, where such does not diminish the quality, quantity or availability of resources to Reno and where such will enhance efficient use of Truckee River resources, to exchange all or any portion of the Banked Water with other TMWA water resources.

2. Change Applications. TMWA will be responsible for preparing, filing and securing any change applications ("**Change Applications**") required in order to use the Banked Water to support delivery of treated effluent water and to facilitate compliance with Truckee River return flow requirements applicable to Reno. Reno shall cooperate with TMWA as reasonably necessary to secure approval of the Change Applications. TMWA's obligation to make the Banked Water available for use shall be conditional on TMWA receiving approvals, if any are required, from the State Engineer or Federal Water Master.

3. Cost Reimbursement. Reno shall reimburse TMWA: for all costs incurred by TMWA in connection with the Change Applications, including without limitation, legal and staffing costs, and permitting fees up to a total amount under the Agreement of \$20,000 dollars. TMWA shall invoice Reno for such costs on the Closing Date for Year 1 of the Term and on a yearly basis thereafter, and Reno shall pay such invoices within thirty (30) days of receipt. TMWA and Reno agree to work in good faith to resolve any disputes over reimbursement invoices and TMWA agrees to extend the period for payment for a reasonable time period if an extension is needed to accommodate the good faith resolution of any invoice disputes.

3.1 Costs. Reno shall pay TMWA Three Hundred Fifteen Thousand Ninety Five Dollars (\$315,095) on July 1st of each year of the Term to make up to 3,000 acre feet of Banked Water available for the uses described in this Agreement plus any reimbursement

described in section 3. If both parties consent, the 3,000 acre feet may be used for other purposes. If the water is used to benefit a third party, any monetary benefit will be provided to Reno in the form of a credit on the following year's annual payment.

3.2 Backup Information. TMWA shall, through its designated representative, provide to Reno information reasonably requested relating to any invoice submitted for payment. TMWA shall set up a separate account for the Banked Water, 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 Banked Water expenditures, copies of itemized invoices, and properly documented timesheets.

4. Limitations on Liability. TMWA shall not be responsible or liable in any manner for any claims arising from or related to the production, delivery, transmission or use of, or any disruption, restriction, curtailment or interruption in, effluent production, reclaimed water supply or Truckee River water quality issues arising from or related to the unavailability of the Banked Water. TMWA is hereby released from and disclaims liability for, and Reno shall indemnify and hold TMWA harmless from, any losses, claims, causes of action, liability and expenses of whatever nature and howsoever arising in connection with or related to effluent production or reclaimed water supply, including quality and quantity of effluent or reclaimed water. In no event shall TMWA be responsible for any punitive, consequential, loss of use, business interruption or special damages, whether foreseeable or not foreseeable and whether or not same were contemplated by a party as being potentially incurred by the other.

5. Term and Termination.

5.1 Term. The term of this Agreement shall be 10 years unless terminated consistent with this Agreement.

5.2 Termination. This Agreement may only be terminated on the following conditions:

- (a) By written consent of all the Parties; or
- (b) By TMWA, in the event there is insufficient water available under the FSR Banking Agreement upon no less than ninety (90) days prior written notice to Reno.
- (c) In the event this Agreement is terminated as authorized by this Section 5.2, neither Party shall have any further obligations or liabilities hereunder except if the Agreement is terminated under 5.2(b) TMWA will use best efforts to supply a replacement source of water to Reno.

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 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.

6.6 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.

6.7 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 Reno: John Flansberg
Director of Public Works
City of Reno
P.O. Box 1900
Reno, Nevada 89501
flansbergj@reno.gov

6.8 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

CITY OF RENO

ATTEST:

By: _____
Hillary L. Schieve, Mayor

Mikki Huntsman, Reno City Clerk

Date: _____, 2021

APPROVED AS TO FORM:

Susan Ball Rothe, Deputy City Attorney

Exhibit A
Fish Springs Ranch Banking Agreement

WATER RESOURCE PURCHASE AGREEMENT

THIS WATER RESOURCE PURCHASE AGREEMENT (this "**Agreement**") is made as of _____, 2021 (the "**Effective Date**"), by and between TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority ("**TMWA**") and FISH SPRINGS RANCH, LLC, a Nevada limited liability company ("**FSR**").

RECITALS

WHEREAS, FSR and TMWA are parties to that certain Water Banking and Trust Agreement dated February 28, 2006 originally between FSR and Washoe County, a predecessor in interest to TMWA, as amended by that certain Amendment to Water Banking Trust Agreement dated May 24, 2018 ("**Banking Agreement**"), pursuant to which TMWA owns and has banked in trust for the benefit of FSR or its assignees approximately 13,000 acre feet of water rights more particularly described in Permit Numbers 53423, 53424, 53433, 74685, 74686, and 78118 through 78135, inclusive (the "**Dedicated Water Rights**").

WHEREAS, FSR has processed and received an Environmental Impact Statement in accordance with the requirements of the National Environmental Policy Act and related Federal requirements permitting the transportation of the Dedicated Water Rights to be put to beneficial use within the TMWA service area.

WHEREAS, TMWA and FSR desire that TMWA continue to pump the aquifer in eastern Honey Lake Valley Nevada to monitor and verify the capacity and water quality of the water resources available for use throughout the service area of TMWA as those resources are delivered and used within the service area and to continue to analyze and update the TMWA FSR groundwater model with the data collected.

WHEREAS, TMWA and FSR desire to collaborate to pursue opportunities to fully utilize the Dedicated Water Rights to be put to beneficial use within the TMWA service area.

WHEREAS, FSR desires to sell to TMWA all right, title and interest in 400.00 acre feet of the Dedicated Water Rights described in Exhibit "A" attached hereto (the "**Purchased Water Rights**") including the capacity to move the Purchased Water Rights on the terms and conditions set forth herein.

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

1. Purchase and Sale. FSR hereby sells to TMWA and TMWA agrees to purchase from FSR the Purchased Water Rights and the capacity to move Purchased Water Rights in accordance with the terms and subject to the conditions of this Agreement. The Purchased Water Rights shall be purchased in ten tranches as set forth in Section 2. On each Closing, the Purchased Water Rights which are the subject of the Closing shall be released from and neither party shall

have any further rights or obligations under the Banking Agreement with respect to the Purchased Water Rights which are the subject of the Closing.

2. Purchase Price. The total purchase price (“**Purchase Price**”) of the Purchased Water Rights is Ten Million Dollars (\$10,000,000.00). The sale and transfer of the Purchased Water Rights, and the payment of the Purchase Price, shall be made in ten tranches as follows:

Closing Date	Purchased Water Rights	Purchase Price
Closing Date	44.50 afa	\$1,000,000
Closing Anniversary, 2023	43.50 afa	\$1,000,000
Closing Anniversary, 2024	42.50 afa	\$1,000,000
Closing Anniversary, 2025	41.50 afa	\$1,000,000
Closing Anniversary, 2026	40.50 afa	\$1,000,000
Closing Anniversary, 2027	39.50 afa	\$1,000,000
Closing Anniversary, 2028	38.50 afa	\$1,000,000
Closing Anniversary, 2029	37.50 afa	\$1,000,000
Closing Anniversary, 2030	36.50 afa	\$1,000,000
Closing Anniversary, 2031	35.50 afa	\$1,000,000

The applicable portion of the Purchase Price shall be paid to FSR in cash or other immediately available funds at the Closing Date corresponding to the Purchased Water Rights acquired. So long as FSR owns any Dedicated Water Rights, TMWA shall not sell the Purchased Water Rights for use in the Cold Springs and Lemmon Valley groundwater basins.

3. Representations and Warranties.

3.1 FSR’s Representations and Warranties. FSR represents and warrants to TMWA that:

(i) FSR is a limited liability company, duly organized and in good standing under the laws of the State of Nevada and has the power to enter into this Agreement and to execute and deliver this Agreement and to perform all duties and obligations imposed upon it hereunder, and FSR has obtained all necessary limited liability company authorizations required in connection with the execution, delivery and performance of this Agreement. As executed by FSR and delivered to TMWA, this Agreement constitutes a valid and legally binding obligation of FSR enforceable against FSR in accordance with its terms, subject only to applicable bankruptcy,

insolvency, reorganization, moratorium laws or equitable principles affecting or limiting the rights of the contracting parties generally.

(ii) Subject only to the Banking Agreement, FSR is the beneficial owner of the Purchased Water Rights, free of all liens, claims and encumbrances, and is able to transfer its interest in the Subject Water Rights to TMWA, subject only to the Banking Agreement, free of all liens, claims and encumbrances. The Banking Agreement is in full force and effect and FSR is not aware of any default or alleged breach thereunder.

(iii) No party other than TMWA has any right to acquire, lease or use the Purchased Water Rights (by contract, option, or otherwise) and neither the execution by it of this Agreement nor the consummation of the transactions contemplated herein will constitute a violation or breach by FSR of any contract or other instrument to which it is a party, or to which FSR is subject, or by which any of FSR's assets or properties may be affected, or any judgment, order, writ, injunction or decree issued against or imposed upon FSR; or will result in a violation of any applicable law, order, rule or regulation of any governmental authority. Other than as contained in this Agreement, FSR has not granted any options, right of first refusal or entered into any other agreement that would commit or obligate FSR in any manner whatsoever, to sell, lease or assign the Purchased Water Rights, or its beneficial interest in them, or any portion thereof.

(iv) FSR has no knowledge of any condition or fact related to the Purchased Water Rights which would prevent or impede the transfer, sale and/or lease of the Subject Water Rights and use by TMWA for the Authorized Purposes. The permits issued by the State of Nevada Division of Water Resources for the Purchased Water Rights are in good standing and FSR has not received any notice of, nor is FSR aware of any condition relating to, any violation or any contest or adverse claim with respect to the Purchased Water Rights.

(v) FSR will indemnify TMWA against any liability and will hold TMWA harmless from and pay any loss, damage, costs and expense (including, without limitation, reasonable attorney's fees, court costs) which TMWA incurs to the extent caused by a breach of any FSR's representations and warranties.

3.2 TMWA Representations and Warranties. TMWA represents and warrants to FSR that:

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

(ii) 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.

4. Closing.

4.1 Closing Dates. The first purchase contemplated by this Agreement shall take place on the last business day of the first month following satisfaction of all of TMWA's Conditions to closing (such date referred to as the "**Initial Closing**"); provided, however, if the Initial Closing fails to occur by December 1, 2022, either party may terminate this Agreement. Subsequent closings shall occur on the anniversary of the Initial Closing each year thereafter (such date the "**Closing Anniversary**") during the remainder of the Term.

4.2 TMWA's Conditions to Closing. TMWA shall not be required to close any purchase tranche provided for under this Agreement, unless and until TMWA deems that each and every one of the following conditions ("**TMWA's Conditions**") has been fulfilled or TMWA has waived such conditions:

(i) Representations. All representations and warranties of the FSR shall be true and correct as of Closing.

(ii) TMWA Board Approval. This Agreement has been approved by the Board of Directors of TMWA.

(iii) State Engineer Approval. TMWA has received such assurances or approvals required from the Nevada State Engineer's office, on terms and conditions acceptable to TMWA in its sole discretion, authorizing TMWA to use the Purchased Water Rights which are the subject of the Closing to support existing will-serve commitments in the North Valleys and replace and free up Truckee River water rights otherwise supporting such will-serve commitments for subsequent sale and will serve commitments by TMWA.

4.3 Deliveries. On or before each Closing, TMWA shall deliver to FSR the Purchase Price applicable to the Closing in cash or other immediately available funds and FSR shall deliver to TMWA an Assignment of Beneficial Interest to the Purchased Water Rights which are the subject of the Closing in the form attached hereto as Exhibit "B", fully executed by FSR with notary acknowledgment.

5. Banking Agreement. Except as otherwise set forth in Section 1, nothing in this Agreement is intended to nor shall be construed as amending, modifying, diminishing or impairing any of the rights, obligations, terms or conditions of the Banking Agreement, including without limitation TMWA's rights to temporarily use the Dedicated Water Rights pursuant to Section 3.4 of the Banking Agreement or the right of either Party to assert or dispute that any of the Authorized Purposes referenced in this Agreement are permitted temporary uses under Section 3.4 of the Banking Agreement.

6. Miscellaneous.

6.1 Notices. All notices or other communications required or permitted under this Agreement shall be in writing and shall be (a) delivered personally, (b) sent by facsimile (without indication of transmission failure), (c) sent by e-mail (without indication of delivery failure), or (d) sent by registered or certified mail or by overnight courier service, in each case, to the addresses set forth below the applicable Party's name on the signature page to this Agreement (or to such other address as a Party may provide to the other in compliance with this Section). Any notice or other communication delivered personally or sent by registered or certified mail or by overnight courier service will be deemed given at the local time of the recipient upon receipt. Any notice or other communication delivered via facsimile (without indication of transmission failure) or via e-mail (without indication of delivery failure) will be deemed given at the local time of the recipient upon transmission.

If to FSR: Fish Springs Ranch, LLC
 3480 G.S. Richards Blvd, Suite 101
 Carson City, Nevada 89703

If to TMWA: Truckee Meadows Water Authority
 Attn: Water Resources Manager
 P.O. Box 30013
 Reno, Nevada 89502

6.2 Entire Agreement. This Agreement embodies the entire agreement between the parties relative to the subject matter hereof, and there is no oral or written agreement between the parties, nor any representation made by either party relative to the subject matter hereof, which is not expressly set forth herein.

6.3 Amendment. This Agreement may be amended only by a written instrument executed by the party or parties to be bound thereby.

6.4 Headings. The captions and headings used in this Agreement are for convenience only and do not in any way limit, amplify, or otherwise modify the provisions of this Agreement.

6.5 Time of Essence. Time is of the essence of this Agreement; however, if the final date of any period which is set out in any provision of this Agreement falls on Saturday, Sunday or other holiday on which banking institutions are closed under the laws of the United States or the State of Nevada ("Business Day"), then, in such event, the time of such period shall be extended to the next Business Day.

6.6 Successors and Assigns. This Agreement shall inure to the benefit of FSR and TMWA and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns. This Agreement is solely for the benefit of FSR and TMWA; there are no third-party beneficiaries hereof.

6.7 Invalid Provision. If any provision of this Agreement is held to illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and, the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid, or unenforceable provision or by its severance from this Agreement.

6.8 Attorneys' Fees. In the event it becomes necessary for either party hereto to file suit to enforce this Agreement or any provision contained herein, the party prevailing in such suit shall be entitled to recover, in addition to all other remedies or damages as provided herein, reasonable attorneys' fees and expenses incurred in such suit.

6.9 Multiple Counterparts; Electronic Signatures. This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart with each party's signature. This Agreement may be also executed by pdf signatures.

6.10 Exhibits. The exhibits and schedules attached to this Agreement and referred to herein are hereby incorporated into this Agreement by reference and made a part hereof for all purposes.

6.11 Construction. FSR and TMWA acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

[Signature Page Follows]

[Signature Page Water Resource Purchase Agreement]

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

<p><u>TMWA:</u> TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Dated: _____</p>	<p><u>FSR:</u> FISH SPRINGS RANCH, LLC, a Nevada limited liability company</p> <p>By: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Dated: _____</p>
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EXHIBIT “A”

Purchased Water Rights Description

A portion of underground water rights more particularly described as 0.6271 cfs but not to exceed 400.00 acre-feet annually from PERMIT NO. 78120 granted by the Division of Water Resources, Office of the Nevada State Engineer on August 24, 2009, together with the right to change the point of diversion, place of use and manner of use thereof.

EXHIBIT “B”
ASSIGNMENT
OF BENEFICIAL INTEREST IN WATER RIGHTS AND
PARTIAL RELEASE OF BANKING AGREEMENT

This ASSIGNMENT OF BENEFICIAL INTEREST IN WATER RIGHTS AND PARTIAL RELEASE OF BANKING AGREEMENT (“Assignment”), dated for identification purposes as of the ____ day of _____, 20____, is made by and between FISH SPRINGS RANCH, LLC, a Nevada limited liability company (“Assignor”) and the Truckee Meadows Water Authority, a joint powers authority (“TMWA”).

WHEREAS, Assignor and TMWA entered into that certain Water Rights Banking agreement (“Banking Agreement”) dated February 28, 2006, as amended May 24, 2018, pursuant to which TMWA agreed to hold for the beneficial use of Assignor, 13,000 AF of water rights (“Dedicated Water Rights”) more particularly described in Exhibit “A” attached hereto and incorporated herein by reference; and

WHEREAS, Assignor and TMWA have entered into that certain Water Resource Purchase Agreement dated _____, 2021 (the “Purchase Agreement”) pursuant to which Assignor has agreed to sell and assign to TMWA all of its beneficial right, title and interest to a portion of the Dedicated Water Rights and to release such rights from the Banking Agreement; and

WHEREAS, as of the date of this Assignment, Assignor has previously assigned to TMWA _____ AF of the Dedicated Water Rights under the Purchase Agreement; and

WHEREAS, Assignor and TMWA desire Assignor to assign all of its beneficial right, title and interest to the use of _____ AF of Water Rights from Permit No. _____ to TMWA on the terms and conditions herein.

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

1. **Assignment of Beneficial Interest.** Assignor hereby sells, assigns and conveys to TMWA all of Assignor’s right, title and interest to, and the beneficial use of _____ AF of the Water Rights (a portion of Permit No. _____) (“Assigned Water Rights”) held by TMWA on behalf of and for the benefit of the Assignor pursuant to the Banking Agreement. Assignor reserves for itself all beneficial right, title and interest in the remaining Water Rights not assigned to TMWA hereunder.

2. **Partial Release of Banking Agreement.** Assignor and TMWA agree the Assigned Water Rights are hereby released from the Banking Agreement and neither party shall have any right or obligation under the Banking Agreement with respect to the Assigned Water Rights.

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

ASSIGNOR FISH SPRINGS RANCH, LLC, a Nevada limited liability company By: _____ Name: _____ Title: _____	TMWA TRUCKEE MEADOWS WATER AUTHORITY By: _____ Name: _____ Title: _____
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STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

 This instrument was acknowledged before me on _____ day of _____, 20____,
by _____, as _____, of
_____, Assignor.

Notary Public

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

 This instrument was acknowledged before me on _____ day of _____,
20____, by _____, who identified himself to be the signatory hereto by satisfactory
documentation.

Notary Public



STAFF REPORT

TO: Board of Directors
FROM: Mark Foree, General Manager
DATE: February 9, 2022
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*).

Included in your agenda packet are press clippings from January 12, 2022 through February 10, 2022.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Scott Estes, Director of Engineering
BY: Bill Hauck, Water Supply Supervisor
DATE: February 16, 2022
SUBJECT: February 2022 Operations Report

SUMMARY

- Despite the fact that January was a complete bust as far as snowfall is concerned, the water supply outlook is still quite good with most upstream reservoirs projected to make a significant recovery and normal river flows are projected through the end of the year
- Lake Tahoe storage is now at 16% of capacity, and the elevation is 0.97' above the rim
- Combined total upstream reservoir storage is about 24% of maximum capacity
- Customer demand averaged 40 MGD over the first week of February
- Hydroelectric revenue for January 2022 was \$205,638

(A) Water Supply

- **River Flows** - Truckee River flow at the CA/NV state line was approximately 300 cubic feet per second (CFS) this morning. This is below normal as the 113-year median flow for this day at Farad is 403 CFS.
- **Snowpack** - Lake Tahoe Basin snowpack is currently 93% of normal, and 103% of normal in the Truckee River Basin. This is a significant decline from the start of the New Year when snowpack values were well over 200% of normal in both basins. Very dry conditions since then (January and through the first week of February), with no measurable snowfall, has changed the regional snowpack outlook which is about average right now. While the latest projections for runoff are still showing normal Truckee River flows through the rest of the year, more snowfall is needed. Just a couple of decent winter storms could greatly improve the overall water supply outlook and help to refill many of the upstream reservoirs this spring.
- **Outlook** - Despite the lack of snowfall over the last five weeks, projections for streamflow runoff this spring are still promising, suggesting a significant recovery for most upstream reservoirs, and the likelihood of normal river flows through the end of the

year. And there is still ample opportunity to further improve the water supply outlook as we still have the remainder of February and March (and even April) ahead of us.

- **Reservoir Storage** - Overall Truckee River reservoir storage is ~24% of capacity. The elevation of Lake Tahoe is 6223.97 feet. Storage values for each reservoir as of February 9th are as follows:

Reservoir	Current Storage (Acre-Feet)	% Capacity (Percent)
Tahoe	117,800	16%
Boca	26,072	64%
Stampede	94,663	42%
Prosser	7,063	24%
Donner	3,250	34%
Independence	12,110	69%

In addition to approximately 15,360 acre-feet of storage in Donner and Independence reservoirs, TMWA has about 31,930 acre-feet of water stored between Lake Tahoe, and Boca and Stampede reservoirs under the terms of TROA. TMWA's total combined upstream reservoir storage is approximately 47,290 acre-feet (as of February 9th).

(B) Water Production

- **Demand** - TMWA's customer demand averaged 40 million gallons per day (MGD) over the first full week of February. Overall, surface water made up ~93% of our supply and groundwater the other 7%. Approximately 4 MGD is being recharged currently.

(C) Hydro Production

Generation - Truckee River flows at Farad (CA/NV state line) for the month of January averaged 300 CFS. TMWA kept river flows steady (@ 300 CFS) throughout the month which allowed for modest generation from all three plants. The Washoe plant was on-line all 31 days (100% available), as was the Fleish plant. The Verdi plant was on-line for 17 days (55% available) during the month of January.

Statistics for the month are as follows:

Plant	Generation Days	% Availability	Generation (Megawatt Hours)	Revenue (Dollars)	Revenue (Dollars/Day)
Fleish	31	100%	1,476	\$110,291	\$3,558
Verdi	17	55%	566	\$42,334	\$2,490
Washoe	31	100%	702	\$53,013	\$1,710
Totals	61	-	2,744	\$205,638	-



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: Stefanie Morris, Manager, Water Resources
DATE: February 7, 2022
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		3,284.22 AF
Purchases of water rights	0.51 AF	
Refunds	0.00 AF	
Sales	– 26.44 AF	
Adjustments	0.00 AF	
Ending Balance		3,258.29 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		7,628.16 AF
Committed water rights	– 0.00 AF	
Ending Balance		7,628.16 AF

Price per acre foot at report date: \$43,575 (for SFR and MFR); \$37,800 (for all other services)¹

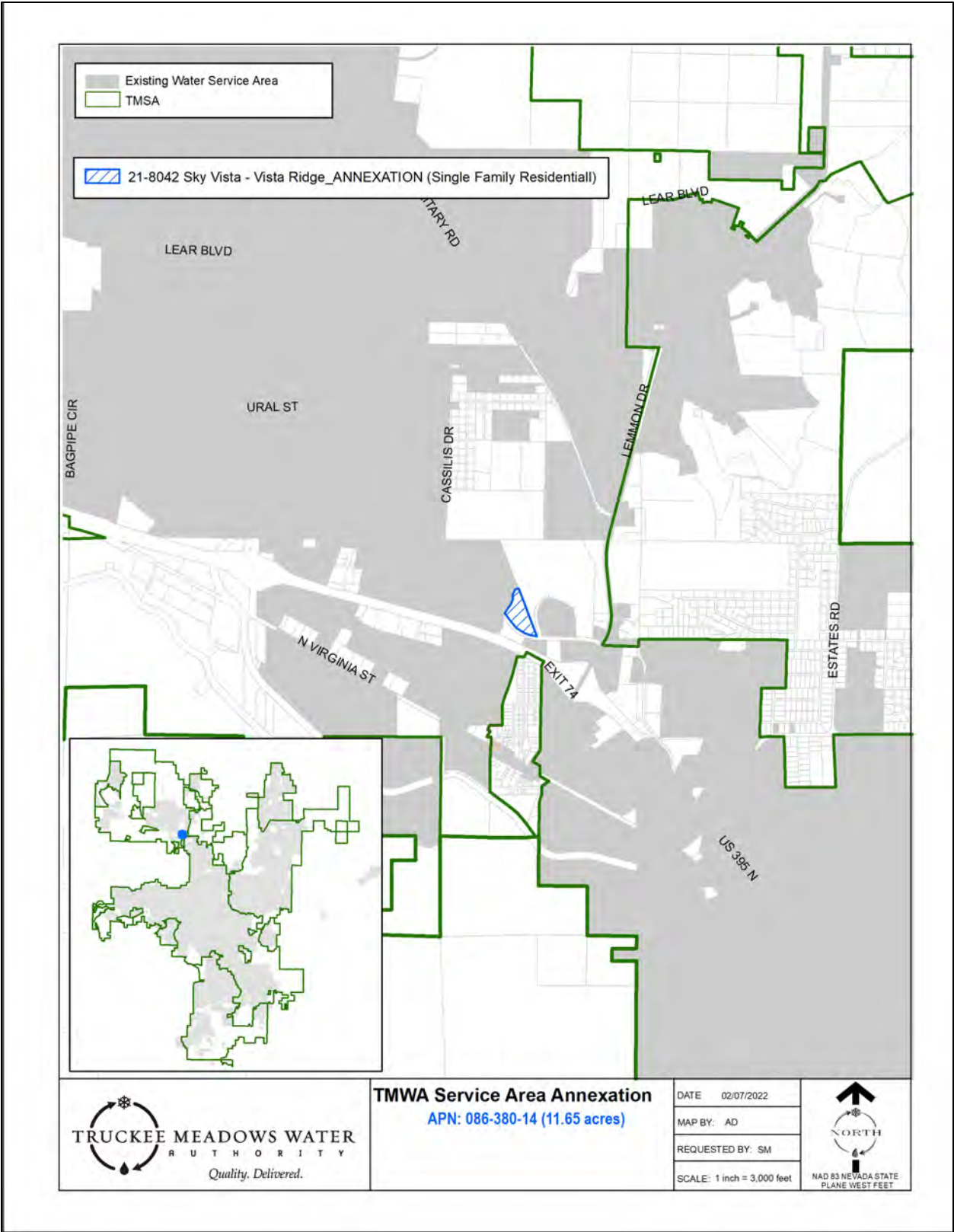
¹ Price reflects avoided cost of Truckee River water right related fees and TMWA Supply & Treatment WSF charge.

WATER SERVICE AREA ANNEXATIONS

Since the date of the last report, 11.65 acres have been annexed into TMWA's service area. (See attachment.)

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: February 16, 2022
SUBJECT: **January Customer Service Report**

The following is a summary of Customer Service activity for January 2022.

Ombudsman

- No calls for January.

Communications

- Nothing for January.

Conservation (2021 Calendar year)

- 117 Water Watcher Contacts
- 29 Water Usage Reviews

Customer Calls –January

- 8,210 phone calls handled
- Average handling time 4 minutes, 36 seconds per call.
- Average speed of answer – .27 seconds per call.

Billing – January

- 133,811 bills issued.
- N/A (0.00%) corrected bills.
- 15,738 customers (12%) have signed up for paperless billing to date.

Remittance – January

- 22,340 Mailed-in payments
- 23,493 Electronic payments
- 44,234 Payments via AutoPay (EFT)
- 19,419 One-time bank account payments
- 116 Store payments
- 361 Pay by Text
- 4,792 IVR Payments
- 800 Reno office Payments
- 1 Kiosk Payments

Collections – January

- 14,715 accounts received a late charge
- 2,724 Mailed delinquent notices, 0.02% of accounts
- 830 accounts eligible for disconnect
- 696 accounts were disconnected (including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- .37 % write-off to revenue

Meter Statistics – Fiscal Year to Date

- 0 Meter retrofits completed
- 4,591 Meter exchanges completed
- 1,194 New business meter sets completed
- 126,809 Meters currently installed