



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

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

AGENDA

§501-c-9 Post-Retirement Medical Plan & Trust Tuesday, July 16, 2024 at 1:00 p.m. Independence Room: 1355 Capital Blvd. Reno, NV 89520 and Teleconference

MEMBERS OF THE PUBLIC MAY ATTEND TELPHONICALLY BY CALLING THE NUMBER LISTED BELOW.
(be sure to keep your phones on mute, and do not place the call on hold)

Phone: (775) 325-5404

Meeting ID: 262 559 077 343#

1. Roll call*
2. Public comment — limited to no more than three minutes per speaker*
3. Approval of the agenda **(For Possible Action)**
4. Approval of the April 16, 2024 minutes **(For Possible Action)**
5. Discussion and possible direction on changing Benefit Calculation templates- Jessica Atkinson **(For Possible Action)**
6. Review and approval of Post-Retirement Medical Plan & Trust calculation for TMWA Retiree Tim Gomo- Jessica Atkinson **(For Possible Action)**
7. Review and approval of Post-Retirement Medical Plan & Trust calculation for TMWA Retiree Jonathon Rouse- Jessica Atkinson **(For Possible Action)**
8. Discussion and possible Trustee direction regarding Calculation of applicability points for IBEW transfer employee hired by Sierra before January 1, 1998- Jessica Atkinson **(For Possible Action)**
9. Review and consider for approval request(s) for premium reimbursements. —Jessica Atkinson **(For Possible Action)**
10. Update regarding status of trust document revision —Jessica Atkinson*
11. Discussion and possible Trustee direction regarding retiree premium reimbursement policy— Matt Bowman **(For Possible Action)**
12. Review of the Actuarial Analysis – Veronica Galindo*
13. Review of the Financial Statement Audit- Veronica Galindo*
14. Review of Retirement Benefits Investment Fund (RBIF) performance review—Matt Bowman*
15. Trustee comments and requests for future agenda items*
16. Public comment — limited to no more than three minutes per speaker*
17. Adjournment **(For Possible Action)**



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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) 834-8294 at least 24 hours before the meeting date. 3. The Board may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.

4. Asterisks (*) denote non-action items.

5. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.



Truckee Meadows Water Authority

Post-Retirement Medical Plan & Trust

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

Draft April 16, 2024 MINUTES

The meeting of the TMWA Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Tuesday, April 16, 2024 in person and through teleconference.

Matt Bowman, Chairman, called the meeting to order at 01:00 P.M.

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

A quorum was present.

Voting Members Present:

Matt Bowman
Kelly McGlynn
Pete Pribyl
Steve Enos

Voting Members Absent

Members Present

Rosalinda Rodriguez
Gus Rossi

Members Absent:

Jessica Atkinson
Mike Venturino

2. PUBLIC COMMENT

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE JANUARY 16, 2024 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the January 16, 2024 minutes.

5. TRUSTEE APPOINTMENT OF MICHELL “KELLY” MCGLYNN

Ms. Rodriguez advised that as Trustee Juan Esparza had announced his upcoming retirement, Mr. Mitchell “Kelly” McGlynn has been selected and formally appointed by the TMWA board on 02/21/2024 to serve as a trustee on the PRMT Trust Section 501-c-9 for the term ending 12/31/2024.

For informational purposes only, no action required.

6. REVIEW AND APPROVAL OF POST-RETIREMENT MEDICAL PLAN & TRUST CALCULATION FOR TMWA RETIREE KEVIN COMPHEL

Ms. Rosalinda Rodriguez, HR Technician II, presented the benefits calculation for Kevin Compbel. Mr. Compbel will retire on August 2, 2024, and with Trustee approval have a benefit effective date of September 1, 2024. Ms. Rosalinda Rodriguez confirmed she met with the retiree and confirmed the information on the benefit calculation form. Mr. Compbel has elected to continue on TMWA coverages as a Retiree and Spouse for medical, dental and vision coverages. Mr. Compbel has elected for any remaining premium balance to be paid from his PERS check.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the benefits calculation for Kevin Compbel.

7. REVIEW AND APPROVAL OF POST-RETIREMENT MEDICAL PLAN & TRUST CALCULATION FOR TMWA RETIREE JUAN ESPARA.

Ms. Rosalinda Rodriguez, HR Technician II, presented the benefits calculation for Juan Esparza. Mr. Esparza will retire on July 3, 2024, and with Trustee approval have a benefit effective date of August 1, 2024. Ms. Rosalinda Rodriguez confirmed she met with the retiree and confirmed the information on the benefit calculation form. Mr. Esparza has elected to continue on TMWA coverages as a Retiree Only for medical, dental and vision coverages. Mr. Esparza has elected for any remaining premium balance to be paid from his PERS check.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the benefits calculation for Juan Esparza.

8. REVIEW AND CONSIDERATION FOR APPROVAL OF REQUEST(S) FOR REIMBURSEMENT OF PREMIUMS

Ms. Rodriguez presented a reimbursement request received for employee # 50072, for premiums for Medicare premiums paid directly by the retiree through Social Security, and Anthem Blue Cross Blue Shield supplemental coverage, and RX coverage through Wellcare paid for directly by the retiree.

Upon motion made and seconded, and carried by unanimous consent by the Trustee’s present, the reimbursement request for employee # 50072 for Medicare premiums paid directly by the retiree through Social Security was approved.

Ms. Rodriguez presented a reimbursement request for employee # 50078 for supplemental coverage through United Healthcare and supplemental prescription coverage also through United Healthcare paid for directly by the retiree.

Upon motion made and seconded, and carried by unanimous consent by the Trustee's present, the reimbursement request for employee #50078 for supplemental coverage through United Healthcare and supplemental prescription coverage also through United Healthcare paid for directly by the retiree was approved.

Ms. Rodriguez presented a reimbursement request received for employee # 50055 for Medicare premiums paid for through Social Security and supplemental coverage paid directly by the retiree.

Upon motion made and seconded, and carried by unanimous consent by the Trustee's present, the reimbursement request for employee # 50055 for Medicare premiums paid through Social Security and supplemental coverage paid directly by the retiree was approved.

Ms. Rodriguez presented a reimbursement request for employee # 50049 for Medicare deducted through Social Security, and supplemental coverage paid for directly by the retiree.

Upon motion made and seconded, and carried by unanimous consent by the Trustee's present, the reimbursement request for employee # 50049 for Medicare deducted through Social Security and supplemental coverage paid for directly by the retiree was approved.

Ms. Rodriguez presented a reimbursement request for employee # 50131 for Medicare premiums and supplemental coverage paid directly by the retiree.

Upon motion made and seconded, and carried by unanimous consent by the Trustee's present, the reimbursement request for employee # 50131 for Medicare premiums and supplemental coverages paid directly by the retiree was approved.

9. UPDATE REGARDING STATUS OF TRUST DOCUMENT REVISION

During the October 18, 2022, meeting Ms. Stefanie Morris, Director of Legal & Regulatory Affairs discussed interpretation of the VEBA language as it relates to Nevada Revised Statute (NRS) 287.023 and whether an individual needs to be receiving a NV PERS benefit to elect a health plan offered by TMWA. Additionally, Ms. Morris discussed interpretation NRS 287.023 and 287.0205 and whether a retiree can continue group life without being enrolled in group health. Trustees requested that staff review the Trust document to ensure it complies with the NRS and bring back recommended revisions for Trustee consideration.

During the January 17, 2023 meeting, a draft of proposed changes was presented and approved by Trustees pending discussion with the City of Reno Plan administrators on interpretation of NRS 287.023 and 287.0205 relating to retiree life insurance eligibility.

During the July 25, 2023, October 17, 2023, January 16, 2024 and April 16, 2024 meetings, Ms. Rodriguez informed Trustees that TMWA staff is still waiting to meet with the City of Reno

regarding whether an individual needs to be enrolled in TMWA health plans to continue group life coverage.

For informational purposes only, no action required.

10. DISCUSSION AND POSSIBLE TRUSTEE DIRECTION REGARDING RETIREE PREMIUM REIMBURSEMENT POLICY

Mr. Bowman informed Trustees of a letter submitted by retiree Mary Bennett in April of 2024 requesting Trustees consider changing to the retiree premium reimbursement policy to process reimbursements as soon as they are received.

Discussion ensued on changes that could be made to the process. However, it was determined if the discussed changes were implemented, the timelines for reimbursement would only be impacted by a couple of weeks due to the requirement that Trustee review the requests during their quarterly meetings.

Discussion then ensued regarding whether to continue reimbursement request approvals as part of the quarterly trustee meetings or if the Chief Financial Officer could be delegated this responsibility. Mr. Bowman advised he would draft a revision to the reimbursement policy considering Trustee feedback and would present to Trustee's in a future meeting.

11. REVIEW OF RETIREMENT BENEFITS INVESTMENT FUND (RBIF) PERFORMANCE REVIEW

Mr. Bowman reviewed the RBIF dated December 31, 2023. Overall the performance did well, the Fiscal Year to Date return was 6%.

For informational purposes only, no action required.

12. TRUSTEE COMMENTS AND REQUEST FOR FUTURE AGENDA ITEMS*

Reimbursement Requests

Discussion of reimbursement policy

13. PUBLIC COMMENT

14. ADJOURNMENT

With no further business to discuss, Chairman Bowman adjourned the meeting at 1:30 PM.

Minutes were approved by the Trustees in session on _____.

Respectfully Submitted,

Rosalinda Rodriguez, Recording Secretary



STAFF REPORT

TO: Trustees of the Post Retirement Plan & Trust §501-c-9
From: Jessica Atkinson, HR Director
DATE: July 16, 2024
SUBJECT: **Proposal to update Benefit Calculation Templates**

Recommendation:

Approve the revised Benefit Calculation Templates for:

1. Management, Professional and Administrative (MPAT) employees hired before December 14, 2018,
2. IBEW transfer employees hired by Sierra before January 1, 1998, and
3. IBEW employees hired between January 1, 1998, and December 13, 2018.

Summary

To verify eligibility and calculate benefit amounts for the §501-c-9 Post Retirement Benefit Plan & Trust, staff utilizes Benefit Calculation templates to enter information necessary to determine the trust benefit as well as identify retiree group health, dental, vision, and life insurance plan elections and any remaining retiree premium obligations.

The current templates combine the trust benefit, retiree elections and obligations into one page and do not have parameters set up to flag if someone does not meet eligibility criteria, which may result in providing misinformation to employees.

Staff has worked with the finance department to revise the benefit calculation templates for each benefit tier of the §501-c-9 trust. These proposed templates are designed to minimize manual data input and have built in formulas to verify eligibility and calculate benefits and retiree premium obligations where possible. Additionally, the proposed templates create a distinct page to depict trust eligibility and benefit amounts, which are approved by Trustees and a second page to show retiree elections and premium obligations, which may change over time and are not approved by Trustees.

The proposed templates improve the current process and separate the sections approved by Trustees from those that maybe be modified by the retirees.

Attachments:

- Attachment 1 Benefit Calculation Template for MPAT employees hired before December 14, 2018
- Attachment 2 Benefit Calculation Template for IBEW transfer employees hired by Sierra before January 1, 1998

Attachment 3 Benefit Calculation Template for IBEW employees hired between January 1, 1998, and December 13, 2018

DRAFT The following trust benefit calculation was prepared and reflects amounts as of:

7/3/2024

Applicable Plan Section:

4.1.2 Specific Post Retirement Benefits for Health Plan Coverage for MPAT Employees

General Information:		Penalty Information:			
Retiree Name:	Retiree Test	Penalty Applied	# of Penalty Years	Annual Penalty	Total Penalty
Date of Birth:	05/29/68				
Date of Hire:	10/02/01				
Date of Retirement:	08/03/24	Age <62 Reduction	Yes	5.7399	5.00%
Date of Benefit Request:	09/01/24				28.70%
Age at Benefit Request:	56.2601	Did the employee have any periods of less than full time work?			Yes - or - No
Years of Service:	22.8364				No

Trust Benefit Information:		a	b	a x b = c	d	c - (c*d)
Annual Medical Benefit Credit:		Credit Rate	Years of Service	Unadjusted Credit	Total Penalty	Final Credit
Age 55 through 64	VEBA Permits to 30 YOS					
Credit calculation:		\$ 235.00	22.8364	\$ 5,366.56	28.70%	\$ 3,826.38
Age 65 and above	VEBA Permits to 35 YOS					
Credit calculation:		\$ 105.00	22.8364	\$ 2,397.82	28.70%	\$ 1,709.66
Annual trust credit for calculating benefits at time of retirement:						\$ 3,826.38

Life Insurance:
Retiree Coverage: Trust Subsidized in accordance with MPAT benefit resolution. **No cost for retiree**
Spouse Coverage: \$0.48/month
 Coverage Elected: Yes

Employees are responsible for reviewing the calculations above for accuracy in accordance with the PRMT plan document. Minimum eligibility includes a date of hired on or before 12/13/18 and exiting TMWA with at least 10 years of service and after reaching age 55. This benefit is only considered approved once signed off on by the Post Retirement Medical Trust Board of Trustees below.

Retiree Acknowledgement:

(Initial) I have reviewed the above calculation and accept the TMWA §501-c-9 Post Retirement Medical Plan & Trust benefit(s). I understand I will have to request reimbursement credit or pay my portion of any outstanding premium in accordance with Trust polices and guidelines.

(Initial) I choose to **waive** my TMWA Post Medical Plan benefit(s). **I understand this waiver is permanent.**

Retiree Signature _____

Date _____

Company Approval:

TMWA HR Administrator _____

Date _____

Trustee Approval:

Chairperson - Post Retirement Medical Plan & Trust _____

Date _____

Vice-Chairperson - Post Retirement Medical Plan & Trust _____

Date _____

DRAFT The following premium calculation was prepared and reflects estimates as of:

7/3/2024

Retiree Information:

Retiree Name:	Retiree Test
Date of Retirement:	08/03/24
Enrollment on TMWA Medical Coverage:	Retiree & Family
Enrollment on TMWA Dental Coverage:	No Coverage
Enrollment on TMWA Vision Coverage:	Retiree & Spouse
Spouse Life Coverage:	Yes

TMWA Insurance Premium Costs:

<u>Retiree Monthly Coverage 2024</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
No coverage	\$ -	\$ -	\$ -
Retiree Only	\$ 747.54	\$ 78.56	\$ 5.46
Retiree & Spouse	\$ 1,307.61	\$ 132.10	\$ 8.74
Retiree & Child(ren)	\$ 1,240.53	\$ 124.79	\$ 8.93
Retiree & Family	\$ 1,630.27	\$ 171.40	\$ 14.42

Elected Premium Amounts

\$ 1,630.27	\$ -	\$ 8.74
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Retiree Premium and Credit Amounts:

	<u>Annual Amounts</u>	<u>Monthly Amounts</u>	<u>Spouse Life Premium:</u>	
Premium Amount:	\$ 19,668.12	\$ 1,639.01	\$	0.48
Subtract Trust Credit:	\$ 3,826.38	\$ 318.87		
Amount Due:	\$ 15,841.74	\$1,320.14		

Total monthly due will come from:

NV PERS

Retiree Total Monthly Due:

\$1,320.62

Important Information: Retirees who continue on TMWA coverage must provide proof of Medicare Enrollment at the time the retiree and or the retiree's spouse turn 65 and for each subsequent year they are covered. MPAT benefit resolutions are subject to change as directed by the TMWA Board of Directors. All health and life premium calculations and Trust benefit awards are subject to change.

All premium costs and trust benefit credits shown above are subject to change.

Retiree Acknowledgement:

Retiree Signature _____

Date _____

DRAFT The following trust benefit calculation was prepared and reflects amounts as of:

07/03/24

Applicable Plan Section: 4.1.4 Specific Post Retirement Benefits for Health Plan Coverage for Bargaining Unit (IBEW Local #1245) PRE98 Employees

General Information:		SPPCO Point Letter	
Retiree Name:	Testing Retiree	Points applied	Artificial Age Achieved
Date of Birth:	11/19/68		
Date of Hire:	12/20/90		
Date of Retirement:	08/30/25	3	59.7830
Date of Benefit Request:	09/01/25		
Age at Benefit Request:	56.7830	Did the employee have any periods of less than full time work?	
Years of Service:	34.7178	No	

Trust Benefit Information:

Annual Benefit Credit:
Eligible for **80%** of annual premium.
Annual trust credit for calculating benefits: **\$ 13,315.68**

Life Insurance:

Retiree Coverage: Trust Subsidized in accordance with benefit resolution. **No cost for retiree**

Spouse Coverage: **\$0.48/month**
Coverage Elected: **Yes**

Employees are responsible for reviewing the calculations above for accuracy in accordance with the PRMT plan document. Minimum eligibility includes a date of hire on or before 12/13/18 and exiting TMWA with at least 10 years of service and after reaching age 55. This benefit is only considered approved once signed off on by the Post Retirement Medical Trust Board of Trustees below.

Retiree Acknowledgement:

(Initial) I have reviewed the above calculation and accept the TMWA §501-c-9 Post Retirement Medical Plan & Trust benefit(s). I understand I will have to request reimbursement credit or pay my portion of any outstanding premium in accordance with Trust polices and guidelines.

(Initial) I choose to **waive** my TMWA Post Medical Plan benefit(s). **I understand this waiver is permanent.**

Retiree Signature _____

Date _____

Company Approval:

TMWA HR Administrator _____

Date _____

Trustee Approval:

Chairperson - Post Retirement Medical Plan & Trust _____

Date _____

Vice-Chairperson - Post Retirement Medical Plan & Trust _____

Date _____

DRAFT The following premium calculation was prepared and reflects estimates as of:

7/3/2024

Retiree Information:

Retiree Name:	Testing Retiree
Date of Retirement:	08/30/25
Enrollment on TMWA Medical coverage:	Retiree & Child(ren)
Enrollment on TMWA Dental Coverage:	Retiree & Spouse
Enrollment on TMWA Vision Coverage:	Retiree & Family
Spouse Life coverage	Yes

TMWA Insurance Premium Costs:

<u>Retiree Monthly Coverage 2024</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
No coverage	\$ -	\$ -	\$ -
Retiree Only	\$ 747.54	\$ 78.56	\$ 5.46
Retiree & Spouse	\$ 1,307.61	\$ 132.10	\$ 8.74
Retiree & Child(ren)	\$ 1,240.53	\$ 124.76	\$ 8.93
Retiree & Family	\$ 1,630.27	\$ 171.40	\$ 14.42

Elected Premium Amounts	\$ 1,240.53	\$ 132.10	\$ 14.42
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Retiree Premium and Credit Amounts:

	<u>Annual Amounts</u>	<u>Monthly Amounts</u>	<u>Spouse Life Premium:</u>	\$
Premium Amount	\$ 16,644.60	\$ 1,387.05		0.48
Subtract Trust Credit:	\$ 13,315.68	\$ 1,109.64		
Amount Due:	\$ 3,328.92	\$277.41		

Total monthly due will come from: **NV PERS** Retiree Total Monthly Due: **\$277.89**

Important Information: Retirees who continue on TMWA coverage must provide proof of Medicare Enrollment at the time the retiree and or the retiree's spouse turn 65 and for each subsequent year they are covered. Benefit resolutions are subject to change as directed by the TMWA Board of Directors. All health and life premium calculations and Trust benefit awards are subject to change.

All premium costs and trust benefit credits shown above are subject to change.

Retiree Acknowledgement:

Retiree Signature _____

Date _____

Name: **Testing Retiree**

Hire Date **12/20/1990**

Retirement Date: **8/30/2025**

Retiree's Birthday **11/19/1968**

Age at Retirement **56.7775**
Years of Service at Retirement **34.6940**

SPPC Grandfathering Criteria

Age as of 7/1/1998 29.6329
Years of Service as of 7/1/1998 7.53
If as of 07/01/1998, age 60 w/ at least 10 years of service
Criteria Met? **No**

Bridge (Option A) Criteria

Age as of: 6/11/2001 32.58
Years of Service as of: 6/11/2001 10.48
43.06
Criteria Met (80 point attained)? **No**

Bridge (Option B) Criteria

Age at close of sale 6/11/2001 32.56
Years of service at close of sale 6/11/2001 10.48
Points If Eligible **3**

Points

Years of Service	Points
0-9	0
10-14	3
15-19	4
20+	5

DRAFT The following trust benefit calculation was prepared and reflects amounts as of:

7/3/2024

Applicable Plan Section:

4.1.3 Specific Post Retirement Benefits for Health Plan Coverage for Post98 Employees

General Information:

Retiree Name:	Testing Retiree		Did the employee have any periods of less than full time work?	No
Date of Birth:	10/04/61			
Date of Hire:	05/31/00			
Date of Retirement:	06/14/24			
Date of Benefit Request:	07/01/24			
Age at Benefit Request:	62.7406			
Years of Service:	24.0548			

Trust Benefit Information:

Lifetime Benefit Credit				
	Credit Amount		Adjusted Years of Service	Lifetime Credit Amount
	\$1,250.00	x	24.0548	= \$30,068.49

Life Insurance:

Retiree Coverage: Trust Subsidized in accordance with benefit resolution. **No cost for retiree**

Spouse Coverage: \$0.48/month

Coverage Elected: Yes

Employees are responsible for reviewing the calculations above for accuracy in accordance with the PRMT plan document. Minimum eligibility includes a date of hire on or before 12/13/18 and exiting TMWA with at least 10 years of service and after reaching age 55. This benefit is only considered approved once signed off on by the Post Retirement Medical Trust Board of Trustees below.

Retiree Acknowledgement:

_____ (Initial) I have reviewed the above calculation and accept the TMWA §501-c-9 Post Retirement Medical Plan & Trust benefit(s). I understand I will have to request reimbursement credit or pay my portion of any outstanding premium in accordance with Trust policies and guidelines.

_____ (Initial) I choose to **waive** my TMWA Post Medical Plan benefit(s). **I understand this waiver is permanent.**

Retiree Signature

Date

Company Approval:

TMWA HR Administrator

Date

Trustee Approval:

Chairperson - Post Retirement Medical Plan & Trust

Date

Vice-Chairperson - Post Retirement Medical Plan & Trust

Date

DRAFT The following premium calculation was prepared and reflects estimates as of:

7/3/2024

Retiree Information:

Retiree Name:	Testing Retiree
Date of Retirement:	06/14/24
Enrollment on TMWA Medical Coverage:	Retiree & Spouse
Enrollment on TMWA Dental Coverage:	Retiree & Family
Enrollment on TMWA Vision Coverage:	No Coverage
Spouse Life Coverage:	Yes

TMWA Insurance Premium Costs:

<u>Retiree Monthly Coverage 2024</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision Coverage</u>
No coverage	\$ -	\$ -	\$ -
Retiree Only	\$ 747.54	\$ 78.56	\$ 5.46
Retiree & Spouse	\$ 1,307.62	\$ 132.10	\$ 8.74
Retiree & Child(ren)	\$ 1,240.54	\$ 124.80	\$ 8.94
Retiree & Family	\$ 1,630.28	\$ 171.40	\$ 14.42

Elected Medical Premium	\$ 1,307.62	\$ 171.40	\$0.00
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Retiree Premium Credit Amounts:

	<u>Annual Amounts</u>	<u>Monthly Amounts</u>	<u>Spouse Life Premium:</u>
Premium Amount:	\$ 17,748.24	\$ 1,479.02	\$ 0.48

Retiree Credit Amounts:

	<u>Available at Retirement</u>	<u>Estimated Months Until Run Out</u>
Trust Credit:	\$ 30,068.49	20.32

Retiree Total Monthly Due:

\$ 1,479.50
Premiums paid by Trust until exhausted

Total monthly due will come from:

Important Information: Retirees who continue on TMWA coverage must provide proof of Medicare Enrollment at the time the retiree and or the retiree's spouse turn 65 and for each subsequent year they are covered. Benefit resolutions are subject to change as directed by the TMWA Board of Directors. All health and life premium calculations and Trust benefit awards are subject to change.

All premium costs and trust benefit credits shown above are subject to change.

Retiree Acknowledgement:

Retiree Signature

Date



STAFF REPORT

TO: Trustees of the Post Retirement Plan & Trust §501-c-9
THRU: Rosalinda Rodriguez, TMWA HR Technician II
DATE: July 16, 2024
SUBJECT: **Calculation of applicability points for IBEW transfer employee hired by Sierra before January 1, 1998**

Summary

An error was discovered on the *Sierra Pacific Power Company Retiree Medical Premium % Calculation* (“Inducement Letter”) form provided to an IBEW transfer employee hired by Sierra before January 1, 1998 (Attachment 1). Trustees should consider the form provided to the employee, the employee’s personnel records regarding dates of hire, and the plan documents regarding dates and eligibility and determine whether the points calculated on the form should be applied to the employee’s benefit calculation at the time of retirement.

Background:

At the time of the divesture from Sierra Pacific Power Company, TMWA and IBEW executed a Letter of understanding (Attachment 2), which provided a voluntary retirement bridge for transfer employees. Employees were provided an Inducement Letter from Sierra outlining how each of the bridge options would apply to each employee.

Employee #50040 was provided an Inducement Letter (Attachment 1), which was calculated using a date of hire of December 20, 1990, resulting in a calculation of 3 available points.

Review of this employee’s personnel records from Sierra indicate that the employee was:

- Hired on December 24, 1990, as a Contract Laborer and terminated on June 24, 2001, with the reason “END OF TEM ASSIGNMENT.”
- Rehired on June 26, 2001, as a Contract Laborer with a subsequent term date of January 14, 1992, and reason “END OF TEM ASSIGNMENT.”
- Rehired on January 20, 1992. Given Bid #6774 for an Operator, Utility III (9244) position.

These dates and notes above are logged on a Sierra Pacific Power Company form titled, *Pay Roll Record Change* (Attachment 3).

In addition to the Pay Roll Record Change log, there is an employment offer letter in the file dated January 28, 1992 (Attachment 4) and a *Sierra Pacific Power Company 1997 BU employee Benefits Statement* (Attachment 5), which indicates the employee’s date of hire is January 20,

1992, and provides a list of benefits offered to include Retirement Benefits. All the above records indicate that the employee's hire date as a regular full-time, benefited employee was January 20, 1992.

Review of this employee's personnel records from TMWA indicate that when the employee was initially entered into TMWA's payroll system on 06/11/2001, he was given a Seniority Date of December 24, 1990 (Attachment 6). Then on July 06, 2001, the system was updated, and his seniority date was corrected to January 20, 1992 (Attachment 7).

The §501-c-9 plan document (Attachment 8) Section 2.18, defines Service or Years of Service as,

“(a) “For IBEW Transfer Employees and MPAT transfer Employees.” “Service” or “Years of Service” include all years of service earned and accumulated by a Participant under the Sierra Plan in accordance with the Sierra Plan.”

The Sierra Pacific Resources Retirement Plan document (Attachment 9) Section 1.26 states,

“The following Employees shall not be Eligible Employees: (v) Employees who are classified as “Contingent Workers” as described in Appendix B or as a Temporary Employee as documented in an offer of employment or in Employer personnel or payroll records. Temporary Employee refers to a common-law Employee hired by the Employer to complete a short-term assignment or to fill a position or perform a function that is not part of the Employer's regular operations or that is likely to be eliminated in the foreseeable future because of a change in technology, outsourcing, subcontracting or other reason.”

TMWA has January 20, 1992, documented as this employee's date of hire to be used for determining §501-c-9 trust benefits. While this date is consistent with both the §501-c-9 plan document and the Sierra Pacific Resources Retirement Plan document, it does not match the date that was used to create the Inducement Letter provided to the employee.

The December 20, 1990, date used for the hire date on the Inducement Letter appears to be erroneous. All available documentation indicates that the employee was hired as a temporary employee on December 20, 1990, and did not become a regular, benefited employee until January 20, 1992. In accordance with the trust document and the original Sierra Retirement Plan, temporary employees are not considered eligible for the post-retirement benefits.

The employee believes that because December 20, 1990, was used as his hire date in the Inducement Letter and because the Inducement Letter indicated he was eligible for 3 points using the December 20, 1990, date of hire, three points should be credited to him at the time of his retirement from TMWA. The addition of three points added to the employee's age and would increase the amount of the premiums covered by the trust from 80% to 85%.

The available documentation indicates that the employee's actual date of hire for benefit purposes is January 20, 1992, and not December 20, 1990, as presented on the Inducement Letter. Accordingly, TMWA's benefit calculation with a re-engineered Inducement Letter, would not include the 3 points to be added to the employee's age resulting in the trust paying 80% of the employees eligible premiums.

Trustees should consider the Inducement Letter provided to the employee, the employee's personnel records regarding dates of hire, and the plan documents regarding dates and eligibility and determine 1.) the correct date of hire that should be used when calculating the post-

retirement medical benefit and 2.) whether the points calculated on the original Inducement Letter should be applied to the employee's benefit calculation at the time of retirement from TMWA.

Attachments:

- Attachment 1 Sierra Pacific Power Company Retiree Medical Premium % Calculation
- Attachment 2 Letter of Understanding between TMWA and Local Union 1245 of the International Brotherhood of Electrical Workers, together with the attachments (Agreement Concerning Compliance with Letter of Understanding and Agreement Amending Letter of Understanding.
- Attachment 3 Pay Roll Record Change Log
- Attachment 4 Employment Offer Letter
- Attachment 5 SPPC 1997 BU Employee Benefits Statement
- Attachment 6 Personnel and Payroll Action Form 6/11/01
- Attachment 7 Personnel and Payroll Action Form 7/6/01
- Attachment 8 §501-c-9 Plan Document As Restated on September 20, 2017
- Attachment 9 Sierra Pacific Resources Retirement Plan As Amended and Restated Effective January 1, 200

**SIERRA PACIFIC POWER COMPANY
RETIREE MEDICAL PREMIUM % CALCULATION**

Name:	[REDACTED]
Employee #:	[REDACTED]
Employee Status:	Local 1245 Water Divestiture

Hire Date (<i>1st of the month following date of hire</i>):	12/20/90
Retirement Date (<i>1st of the month following last day worked</i>):	7/1/01
Retiree's Birthday (<i>1st of the month following month of birthday</i>):	11/19/62
Age at Retirement	38.56
Years of Service at Retirement	10.61

Must meet eligibility criteria: Age 55 with points and 10 Years of Service

1. First add points to age to meet age requirement of 55.
2. Add remaining points consistently with SPR Retirement Plan benefits.

POINTS (IF ELIGIBLE):

POINTS ADDED TO AGE TO ATTAIN 55:	3.0
POINTS ADDED TO YOS:	0.0
TOTAL POINTS AVAILABLE:	3.0

Granfathering Criteria:

Age as of 7/01/1998	35.56
Years of Service as of 7/01/1998	7.61
Criteria Met:	no

Benefit Formula for Retirements on or after July 1, 1998:

Difference of 20 years of service and completed years of service	0.00
Percentage of Premiums	20%

Notes:

1. If you are under age 65, you pay 20% of premium plus 4% for each year under 20 years of credited service.
2. If you are at least 65 or older, you pay 15% of premium plus 4% for each year under 20 years of credited service.
3. If as of 7/01/1998, you are at least 60 with at least 10 years of service, the 15% and 20% are waived, but you will be required to pay 4% for each year under 20 years



LETTER OF UNDERSTANDING

The parties to this Letter of Understanding ("LOU") are Sierra Pacific Power Company ("Company") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

The LOU is based upon the following:

- (a) Company is in the process of divesting itself of certain water facilities. Potential buyers will be subject to bidding requirements. Company and Union have executed a Collective Bargaining Agreement which expires on December 31, 2002 ("Current CBA"). Positions covered under the Current CBA will be eliminated by the Divstiture.
- (b) Company and Union have negotiated a Water Agreement between Successor and Local 1245 of the International Brotherhood of Electrical Workers ("Agreement"). At the close of sale, the Successor will be required to become signatory to the negotiated Water Agreement.

Now therefore, it is agreed as follows:

1. Union and Company agree that the Company would require the buyer (Buyer) to retain all of the bargaining unit employees whom the Company has assigned to the Water Business ("Employees"), including those employees who accept positions in the bidding process identified in Item 17 below.
2. Company agrees to include the following terms and conditions in any and all appropriate Divestiture agreements and require the Buyer to:
 - 2.1 Execute and be bound by the Agreement for the 2-year period immediately following the close of sale of the Water Business.
 - 2.1.1 Enter into a neutrality agreement with Union for the creation of any Bargaining Unit positions.
 - 2.1.2 General wage increase of 3.5% at the close of sale, and 3.5% one year later.
 - 2.2 Retain all of the Employees whom the Company has assigned to the Water Business. There will be a prohibition of layoffs through the first year of the Water Agreement. If during the term of the

Agreement, an Employee is terminated for reasons other than for cause for the remainder of the term of the Water Agreement, then Title 19.11, Enhanced Severance & Retirement Bridge Program will apply.

- 2.3 Recognize the Company's hire and seniority dates as the hire and seniority dates of the Buyer.
 - 2.4 Assume obligations of current retirement and post retirement medical provisions. Funding medium to be determined by the Company and the Buyer.
3. The Company shall provide a voluntary retirement bridge for a specified window of time (length of time as allowed by law) as follows:

(A) An Employee who has achieved 80 (eighty) points in combination of age and credited service at the time of the close of sale will not have to reach the minimum age 55 requirement for retirement or post retirement medical. The Employee's retirement benefit will be reduced by 4% per year for each year under age 62.

For example, an Employee who is age 49 with 31 years of service (for a total of 80 points) at the close of sale would be eligible to "retire" and receive post retirement medical regardless of their minimum age and would receive the benefit of the 4% reduction for each year under age 62 rather than the previous 6% reduction for each year under age 65.

OR

(B) An Employee may add the following schedule of points to either their age or service or a combination thereof to affect their retirement eligibility. The Employee must achieve a minimum of age 55 (including points) with at least 10 years of service to be eligible to retire and receive post retirement medical.

Years of Service	Points
0-9	0
10-14	3
15-19	4
20+	5

For example, an Employee who is age 52 with 28 years of service at the close of sale can add 3 points to their age and effectively become age 55

and 2 points to service, which gives them 85 points, which qualifies them for full retirement at the time they retire,

And

For example, an Employee who is age 58 with 19 years of service at the close of sale can add 4 points to their age to achieve age 62, which qualifies them for an unreduced pension benefit, OR 4 points to his service to achieve 23 years of credited service, whichever combination provides the most advantage to the Employee.

4. Buyer to provide a 401 (k) or similar plan that is comparable to or better than the Bargaining Unit 401 (k) Plan presently provided by the Company. Unless barred by law, funds in each Employee's account will be available for rollover at each Employee's discretion to Buyer's qualified plan, a qualified IRA, or may remain in the account under Sierra Pacific Power Company's Bargaining Unit 401 (k) Plan until age 70 ½.
5. Buyer to provide Medical/Dental/Vision coverage that is comparable, by category of benefit (medical, dental, vision), in overall value to the coverage presently provided by the Company under Title 22.4 of the Current CBA. All Employees and their eligible dependents at the close of sale shall be covered immediately without regard to pre-existing conditions.
6. Buyer to recognize and make available to Employees, the balance of each Employee's sick leave hours. Sick leave balance shall be the current Company balance at the close of sale less those hours paid in 8.1 below.
7. Buyer to recognize and make available to each Employee vacation accrued for up to two years. Vacation balance shall be the current Company balance at the close of sale less those hours paid in 8.2 below.
8. In addition to the above, Company agrees to do the following at close of sale:
 - 8.1 Buy back in a lump sum payment, all pre-September 6, 1983 banked sick leave referenced under and in accordance with section 15.9 of the Current CBA, sick leave payoff. Those hours will then be deducted from the Employee's sick leave accumulated balance. An Employee may at his option decide to roll pre-83 sick leave to post-83 sick leave and forfeit that portion of the buyback provision.
 - 8.2 Buy back in a lump sum payment, vacation in excess of two years accrual. Those hours will then be deducted from the Employee's vacation accrual balance.

9. All regular full time and part time Employees with an overall satisfactory performance rating (or above) and who are assigned to the Water Business and are on the "Affected Employee" list at the close of sale will be eligible to receive a Team Incentive Award in the amount of 3%, prorated to the close of sale date, unless close of sale date is coincidental with the normal timing of payment, in which case Attachment I of the Current CBA would apply. For purposes of calculation, the 3% will be based on each Employee's wage rate at the close of sale date.

10. Those Employees who are on the Company's "Affected Employee" list and who remain in the Water Business at the close of sale, will be awarded six weeks base pay.

11. Employees will retain bidding/transfer/bumping rights under the Current CBA until the close of sale.

12. The Employee Electric, Gas, and Water Discount, Wellness Program, Stock Purchase Plan, Employee Personal Purchase Program, Educational Reimbursement Program, and any other policy, plan, procedure, rule, or benefit not specifically noted herein will no longer be applicable to Water Business Employees. The language for Time Off For Jury Duty, Time Off For Funerals, and Military Leave in Attachment #1 will be included in Title 22, Employee Benefit Programs of the Agreement.

13. The modified job descriptions and wage schedules in Attachment #3 will be included in the Agreement.

14. The Company will facilitate a meeting between the Union and the Buyer to discuss appropriate issues.

15. The parties agree that for this transaction, Sections 19.10 (Severance) and 19.11 (Enhanced Severance) will not apply to Employees who have their employment terminated by Company and who are hired by the Buyer.

16. The parties agree that the Employee Discount issues for the remainder of the Bargaining Unit Employees shall be addressed in a separate session prior to the sale of the Water Business.

17. The following tiered bidding process subject to Title 16 Seniority will be implemented 30 to 60 days prior to the close of sale, moving chronologically from Tier 1 thru Tier 3:

- Tier 1 - Gas & Water Department Operations Occupational Group, Construction Department
- Tier 2 - Remainder of Bargaining Unit

- Tier 3 - Fill from any source, limited to full-time regular Employees of Sierra Pacific Power Company
- 17.1 Jobs posted will be limited to (3) Gas & Water Heavy Working Foreman, (2) Gas & Water Light Working Foreman, (1) Fitter Welder, (3) Fitter, (1) Equipment Operator II, (2) Equipment Operator III, (4) Inspector, (1) Construction Inspector, (3) Water Serviceman, (2) Helper
- 17.2 Employees accepting one of the aforementioned positions will be added to the Company's "Affected Employee" list, and will be covered under the terms of this agreement (this will exclude any position filled under Tier 3 of the aforementioned bidding process). It is the intent that the buyer will complete staffing of any partial crews not filled by the aforementioned process. Company intends to include in the asset sale the necessary equipment and supplies to support the filled positions.
- 17.3 Employees who are not on the Company's "Affected Employee" list as of the close of sale of the Water Business will remain in their current positions with the Company and be covered by the terms, conditions, and protections afforded by the current CBA.
18. All positions identified in Attachment #2 will be included in the Agreement.
19. This LOU will become effective when it is signed by both parties.

Sierra Pacific Power Company
Mary Jane Reed

International Brotherhood of Electrical
Workers
Jack McNally

By: Mary Jane Reed 12/1/00
Signature Date
Vice President, Human Resources

By: Jack McNally 12-1-00
Signature Date
Business Manager, Local 1245

Attachment #1 - Additional Benefits
Attachment #2 - Lines of progression
Attachment #3 - Modified Classifications and Wage Rates

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A.H. 1

10 23-00

Time Off For Jury Duty And Serving As A Witness T/A

07/16/2024 PRMT \$591-9 Agenda Item 08 Attachment 2

Employees who serve on jury duty or are subpoenaed to testify as a witness in court during regularly scheduled working hours will be excused from work and will receive their regular pay for the time they are required to serve. Jury or witness fees may be retained by the employee.

An employee who is served with a summons for jury duty or a subpoena to appear as a witness must notify his supervisor as soon as possible.

Upon being discharged from jury duty or appearing as a witness, the employee is expected to report to work for the remainder of his regular work schedule.

If an employee has brought legal action against another party and is subpoenaed to appear as a result of filing such action, then the employee is not entitled to pay for any time away from work.

Time Off For Funerals

A regular employee will be allowed time off, without loss of pay, to attend funerals of members of his immediate family and other individuals provided he gets approval from his supervisor in advance.

In the case of death of a member of the employee's immediate family, the employee will be allowed not more than three consecutive work days off at the time of the funeral. Immediate family includes spouse, children (foster and/or step), parents, parents-in-law, brothers, sisters, brothers-in-law, sisters-in-law, grandparents, and grandchildren.

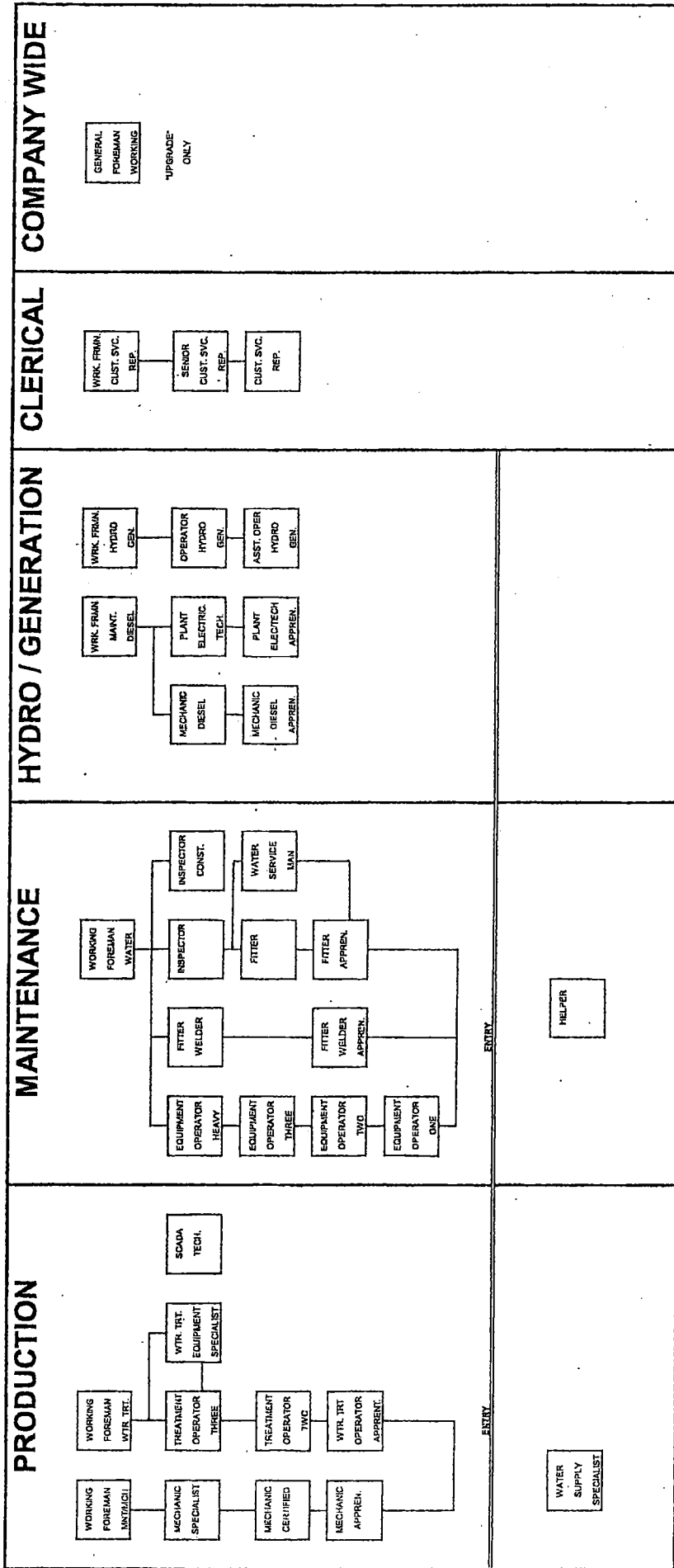
Attendance by an employee at funerals of individuals other than members of the employee's immediate family (such as other relatives, fellow employees, friends, and business acquaintances) will be limited to a maximum of 24 working hours in any calendar year, to be taken in increments of no more than eight hours.

Employees will be paid funeral pay for the amount of time they are actually absent from their job during their regularly scheduled working hours. Pay will be calculated at the employee's regular straight-time earnings rate.

Military Leave

Sierra provides military leave of absence with pay (less military wages) for regular and probationary employees for fourteen days annually.

THE WATER COMPANY



Final Job Description Changes 10-25-00

LOU - Attachment #3

Operations Wage Scales (Effective at close of sale, subject to G.W.I.)

Job #7643 Apprentice, Operator, Water Plant

Start	\$20.65
6 month	\$21.66
1 year	\$22.17
18 month	\$23.17
2 year	\$24.18

Job #8470 Operator, Water Plant II

Grade II Treatment only	\$24.39 (subject to review)
Grade II Treatment and Distribution	\$25.20

NEW JOB Operator, Water Plant III

Grade III Treatment and Distribution	\$26.75
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Job #6297 Foreman, Shift, Water Treatment, Working

\$29.42

Maintenance Wage Scales (Effective at close of sale, subject to G.W.I.)

Job #7683 Apprentice, Mechanic Maintenance/Control, WP

Start	\$20.16
6 month	\$20.65
1 year	\$21.66
18 month	\$22.17
2 years	\$23.17
30 month	\$24.18

Job #7585 Mechanic, Maintenance/Control, Certified, WP

\$25.20

Job #7385 Mechanic, Specialist, Maintenance/Control, WP

\$26.75

Job #6285 Foreman, Mechanic, Maintenance/Control, WP, Working

\$29.42

Peaking/Hydro Wage Scales (Effective at close of sale, subject to G.W.I.)

Job #8850 Operator, Hydro/Generation, Assistant

\$22.85

Job #8325 Operator, Hydro/Generation

\$25.20

Job #6396 Foreman, Hydro/Generation, Working

\$29.42

Job #7652 Apprentice, Mechanic, Hydro/Generation

Start	\$20.16
6 month	\$20.65
1 year	\$21.66
18 month	\$22.17
2 year	\$23.17
30 month	\$24.18

Job #7632 Apprentice, Technician, Electrical Plant, Hydro/Generation

Start	\$20.16
6 month	\$20.65
1 year	\$21.66
18 month	\$22.17
2 year	\$23.17
30 month	\$24.18

Job #7350 Mechanic, Hydro/Generation

\$26.75

Job #7110 Technician, Electrical Plant, Hydro/Generation

\$27.27

Job #6071 Foreman, Maintenance, Hydro/Generation, Working

\$29.42

7643 *APPRENTICE, OPERATOR, WATER PLANT

An employee who assists the Water Plant Operators as required and who is in training to acquire the experience and develop the skills necessary for advancement to Operator, Water Plant. In order to gain experience for advancement, he may be required to work alone or under direct supervision on jobs for which he has been trained or instructed. The employee in this classification will be required to progress to the one-year rate of pay. Grade II Distribution and Treatment certifications will be required to progress to the two year rate of pay. His education and general qualifications must be such that he is considered capable of attaining Journeyman status.

8470 *OPERATOR, WATER PLANT II

An employee who has completed an apprenticeship and/or equivalent level of training or appropriate certification and is responsible for the production of safe and clean drinking water in compliance with all Federal, State, and Local regulations and restrictions, under general supervision of the Working Foreman. Will also be responsible for the operation of pumps and valves to regulate the flow of water through canals and treatment plants and will coordinate the rate of flow with demand, storage and other operating needs; operates the overall distribution system through the companies SCADA system, and using the SCADA system to start, stop, and take out of service for work, whatever part of the distribution system is required for the efficient delivery of water to customers; will take appropriate action to help resolve customer complaints when necessary; performs such record keeping functions as log of plant operations, test results, maintenance work performed, unusual operating conditions and special reports as required; takes samples of water at regular intervals and makes such control tests required to ensure the efficient production of a safe product for public consumption; performs tests and adjusts chemical feed equipment to ensure optimal performance of treatment plant process; will make limited repairs and adjustments, for which training has been provided; receives supplies delivered during his/her shift and ensures that they are properly stored. Must possess State of Nevada Grade II Water Treatment and Water Distribution certifications or equivalent. The Employee shall be reclassified to Operator III, Water Plant upon completion of Grade III Water Treatment and Water Distribution Certifications.

Wage Scale

Grade II Treatment only-----	\$24.39 (subject to review)
Grade II Treatment and distribution-----	\$25.20

New OPERATOR, WATER PLANT III

Job # An employee who has completed an apprenticeship and/or equivalent level of training or appropriate certification and is responsible for the production of safe and clean drinking water in compliance with all Federal, State, and Local regulations and restrictions, under general supervision of the Working Foreman. Will also be responsible for the operation of pumps and valves to regulate the flow of water through canals and treatment plants and will coordinate the rate of flow with demand, storage and other operating needs; operates the overall distribution system through the companies SCADA system, and using the SCADA system to start, stop, and take out of service for work, whatever part of the distribution system is required for the efficient delivery of water to customers; will take appropriate action to help resolve customer complaints when necessary; performs such record keeping functions as log of plant operations, test results, maintenance work performed, unusual operating conditions and special reports as required; takes samples of water at regular intervals and makes such control tests required to ensure the efficient production of a safe product for public consumption; performs tests and adjusts chemical feed equipment to ensure optimal performance of treatment plant process; will make limited repairs and adjustments, for which training has been provided; receives supplies delivered during his/her shift and ensures that they are properly stored. Must possess State of Nevada Grade III Water Treatment and Water Distribution certifications or equivalent. Required for upgrade to Working Foreman.

Wage Scale

Grade III Treatment and Distribution-----\$26.75

7585 *MECHANIC, MAINTENANCE/CONTROL, CERTIFIED, WP

An employee who has completed a Maintenance/Control Mechanic apprenticeship or equivalent and is qualified to install, maintain, test and repair various types of mechanical equipment within the Water Production Department, including, but not limited to, production wells, booster pump stations, pressure regulator stations as well as the water treatment facilities. Must have an understanding of the electrical systems related to the mechanical equipment. Must have a thorough understanding of hydraulic controls, and their principles, and will be required to install, test, and service these controls in order to obtain an efficient operation. Must have a working knowledge of the SCADA system and will be required to access data relative to the operation of the various pumping systems and pressure zones. Will also input setpoints related to the hydraulic controls and their automatic functions and may at times be asked to aid the plant operators in the operation of these systems/zones. Must be able to work from various service and repair manuals and be capable of solving technical problems where resources may be limited. Will be required to perform other related tasks such as incidental welding and rigging and will keep accurate and legible records of the operation and maintenance of the equipment for which the employee is responsible. Must be thoroughly familiar with the company tagging procedure and safety rules. Must have and maintain a current Nevada Grade II Water Distribution Certificate and a current driver's license.

Please add the following sentence:

The employee will be reclassified to Mechanic, Specialist, Maintenance/Control, WP, upon completion of two years in this classification and attaining the welding certification, chemical handling system training and Nevada Grade III Water Distribution Certification.

7385 *MECHANIC, SPECIALIST, MAINTENANCE/CONTROL, WP

An employee who has completed a Mechanic, Maintenance/Control apprenticeship or equivalent, has received hazardous materials handling training or equivalent and is qualified to install, maintain, test and repair various types of mechanical equipment, chemical handling equipment, and piping systems used in water production, treatment, and distribution facilities, including, but not limited to, production wells, booster pump stations, pressure regulator stations, water treatment plants, and associated facilities. Must have an understanding of the electrical systems related to the mechanical systems controlling and driving mechanical equipment. Must have a thorough understanding of hydraulic controls and will be required to install, test and service these controls in order to obtain an efficient operation. Must have a working knowledge of the SCADA system and will be required to access data relative to the operation of the various pumping systems and pressure zones. Will also enter data relative to hydraulic setpoints and controls. May be asked to aid the plant operators in operations of pumping and/or regulator station operation. Will be called on to assist customers in resolving pressure or flow problems. Will be required to inspect contractor-installed work in any water production facility. Must be able to work from various service and repair manuals and be capable of solving technical problems where resources may be limited. Will be required to perform other related tasks such as welding and rigging and will keep accurate and legible records of operation and maintenance of the equipment for which the employee is responsible. Must be certified to perform maintenance welding on water production related facilities. Must be thoroughly familiar with company lock-out/tag-out procedures, safety rules and hazardous materials handling procedures. Must maintain current Nevada Grade III Water Distribution Certificate.

6285 *FOREMAN, MECHANIC, MAINTENANCE/CONTROL, WP, WORKING

An employee who has the knowledge and skill through experience and training to work with and direct the activities of a crew engaged in construction and maintenance of facilities connected with or related to the Water Production Department. Must be a Journeyman Mechanic, Maintenance/Control, WP, to be considered for promotion to this classification. Must be skilled in the crafts in which he works and have sufficient knowledge of all tools and equipment used under his direction and guidance. Must have sufficient knowledge of the function of water system equipment, how it operates mechanically, hydraulically and electronically. Must be able to interpret plans, sketches, specifications and written instructions. Will be required to interpret and work from various service and repair manuals. Must be thoroughly familiar with work procedures and methods for the assigned area of responsibility. Will be required to keep and maintain accurate and legible records of the operation and maintenance of water system related mechanical equipment. Shall be thoroughly familiar with Company's dispatching, clearance, rigging and hazardous materials handling regulations. Requires a State of Nevada Grade III Water Distribution Certification and a current driver's license.

8325 *OPERATOR, HYDRO/GENERATION

A shift employee with at least one (1) year's experience as an Assistant Hydro/Generation Operator, who during his shift is in direct charge of and is responsible for the operation of one (1) or more Hydro Generation units, Diesel Generation units, and any related facilities. They will perform the duties of System Operator at unattended hydro plants and substations, water collection and delivery systems or ditch and stream gauging. May be required to perform monthly runs and testing for emergency generation units and assist in maintenance. Will be required to observe and record station operation data on a continuous basis and maintain equipment in proper operating condition. Will be required to operate, inspect, and perform routine maintenance of all Water Production dams, headgates, flumes, penstocks, and other related facilities in order to insure proper river and canal flows at all times. Will be responsible for minor maintenance of all equipment in their care. Will keep facilities and grounds in a clean and orderly fashion. Will prepare switching orders and maintain operating diagrams. May be required to perform and direct electrical switching in accordance with established company procedures. Must be familiar with company dispatching and clearance rules, electrical and mechanical tagging and safety rules and be qualified to render first aid. May be required to direct and train other operating employees in any or all of the above mentioned duties. May be upgraded to Hydro/Generation Foreman.

6396 *FOREMAN, HYDRO/GENERATION, WORKING

An employee who, under general supervision, is in charge of and responsible for the operation of Hydro, Stand-by Diesel and Combustion Turbine Plants. The employee is directly responsible for the day-to-day Operation & Maintenance of all hydro and water production flumes, ditches, diversion dams, head gates and related facilities. Will be required to direct and inspect work being performed on all hydro plants and waterways. Will be required to measure and record water flows, operate ditch and dam headgates on all company waterways from the upriver storage dams to all hydro plant intakes. Must have at least two years experience as a Hydro/Generation Operator and possess the knowledge and skills through experience and training to direct and train the Hydro/Generation Operator or Apprentice Operator. The employee will be responsible to determine the lumber and hardware needed for flume and penstock repairs and rebuilds and may be required to provide construction management and inspection. He shall be responsible for controlling the Verdi Lumberyard inventory and access. The employee shall be responsible for keeping proper records of plant operations, maintenance and outages. The employee shall be thoroughly familiar with Company dispatching and clearance rules, electrical and mechanical tagging and safety rules. In the absence of management, the employee shall be the controlling party of all hydro and related facilities and is authorized to issue and grant all clearances. The employee must possess a current driver's license and be qualified to render first aid.

7350 *MECHANIC, HYDRO/GENERATION

An employee who is qualified and regularly engaged in performing all types of hydro, diesel, and turbine generation maintenance, including maintenance of engine turbo chargers, oil systems, cooling systems and all related plant facilities. Employee shall also perform all types of mechanical and electrical maintenance to water production and distribution facilities for which he is qualified. Employee shall possess a current driver's license and be qualified to render first aid.

7110 *TECHNICIAN, ELECTRICAL, PLANT, HYDRO/GENERATION

An employee who is a Journeyman and is engaged in testing, repairing, maintaining and installing all types of electric and electronic equipment and related components in generating stations, water production and related facilities. May be required to do plant and plant substation switching. May be required to do incidental welding, such as tack hangers and test welding machines after repair, etc. His background of apprenticeship and experience must be such as to qualify him to perform these duties with skill and efficiency. He may also be required to instruct or advise operating personnel on problems pertaining to electrical equipment. He must be thoroughly familiar with Company's electrical and mechanical tagging and safety rules. Employee shall possess a current driver's license and qualified to render first aid.

6071 *FOREMAN, MAINTENANCE, HYDRO/GENERATION, WORKING

An employee who, under general supervision, is engaged in performing all types of hydro and generation maintenance having full charge of and directing entire crew. Must be a Journeyman Hydro/Generation Mechanic or Plant Technician, Hydro and Generation, with at least two (2) years experience as such or its equivalent. An employee who is qualified and regularly engaged in performing all types of hydro, diesel, and turbine generation maintenance, including maintenance of engine turbo chargers, oil systems, cooling systems and all related plant facilities. Employee shall also perform all types of mechanical and electrical maintenance to water production and distribution facilities for which he is qualified. Employee shall possess a current driver's license and be qualified to render first aid.

10/23/00

Let it be known that upon divestiture, the position of Clerical Representative located at Glendale Water Treatment facility will be reclassified to Representative, Customer Service.

8150 *SPECIALIST, EQUIPMENT, WATER TREATMENT

An employee who is responsible for the operation and routine maintenance of water treatment equipment, machinery and instrumentation including flow meters. Will be required to conduct water treatment tests including determination of coagulant and purification dosage. Must be able to modify existing water treatment systems when needed and be capable of recognizing the need for making these changes and make recommendations. Will be required to make preliminary analysis of usage and costs of chemical and chemical equipment. Must be able to make estimates for plant operations improvements and changes. Will be required to keep accurate records of plant operations and maintenance, chemical usage, purchases and other special reports as required. Will be responsible for maintaining proper stock of water treatment chemicals for all plants. Requires a Grade II Distribution, Grade III Water Treatment and Backflow Specialist Certifications.

Wage: 26.75

T/A 10-25-00

AGREEMENT CONCERNING COMPLIANCE WITH LETTER OF UNDERSTANDING

Parties. The parties to this Agreement Concerning Compliance With Letter of Understanding ("Agreement") are Truckee Meadows Water Authority ("TMWA") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

Basis. On December 1, 2000, Sierra Pacific Power Company and Union executed the Letter of Understanding ("LOU"), which by reference is made a part of this Agreement. The LOU contains the following obligations that must be fulfilled by TMWA. The purpose of this Agreement is to clarify this obligation and matters related thereto.

Terms. The terms and conditions of this Agreement are:

1. TMWA agrees to comply with the following sections of the LOU:
 - 2.2 Retain all of the Employees whom the Company has assigned to the Water Business. There will be a prohibition of layoffs through the first year of the Water Agreement. If during the term of the Agreement, an Employee is terminated for reasons other than for cause for the remainder of the term of the Water Agreement, then Title 19.10, Enhanced Severance shall apply.
 - 2.3 Recognize the Company's hire and seniority dates as the hire and seniority dates of the Buyer.
 - 2.4 Assume obligations of current post retirement medical provisions. Service with Sierra Pacific Power Company shall be included in determining eligibility for post retirement medical coverage, except where employees are participants in Sierra Pacific Power Company's post retirement medical coverage. In addition, employees who have completed eligibility for post retirement medical may terminate for any reason prior to vesting with PERS and be eligible to receive the post retirement medical coverage from TMWA.
- 6 Buyer to recognize and make available to Employees, the balance of each Employee's sick leave hours. Sick leave balance shall be the current Company balance at the close of sale less those hours paid by SPPC as sick leave payoff.

Page 2 – Agreement Concerning Compliance With Letter of Understanding

- 7 Buyer to recognize and make available to each Employee vacation accrued for up to two years. Vacation balance shall be the current Company balance at the close of sale less those hours paid by SPPCO as excess accrual.
2. TMWA will convert any unused floating holidays to vacation at close of sale.
3. Any dispute arising from or related to this Agreement shall be fully and finally resolved through the grievance procedure set forth in the collective bargaining agreement between TMWA and Union, except where claims under TMWA employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

TRUCKEE MEADOWS WATER AUTHORITY

By  General Manager June 8, 2001
Signature Title Date

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, LOCAL 1245

 Brs. Mgr 6-11-01
Signature Title Date

AGREEMENT AMENDING LETTER OF UNDERSTANDING

Parties. The parties to this Agreement Amending Letter of Understanding ("Amendment") are Sierra Pacific Power Company ("Company") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

Basis. On December 1, 2000, the parties executed the Letter of Understanding ("LOU"), which by reference is made a part of this Amendment. The parties have agreed to amend the LOU under the terms and conditions contained herein. All other terms and conditions of the LOU shall remain in full force and effect.

Terms. The terms and conditions of this Amendment are:

1. Paragraph 2.4 of the LOU is replaced completely with the following provisions:

"Company agrees to accelerate vesting in the Sierra Pacific Resources Retirement Plan for all SPPC bargaining unit full time employees who transfer to the Buyer at the time of the sale. Further, if any transferred employee does not achieve vesting in the Buyer's pension plan due to termination for reasons other than "cause" or voluntary resignation, the Company agrees to recognize the years of service with the Buyer as vesting service in Company's retirement plan. "Cause" is defined as the violation of the Buyer's policies, work rules and/or codes of conduct.

The Company will provide all employees who transfer at the time of sale an uncapped lump sum option equivalent to the present value of their accrued vested pension calculated with the following enhancements:

- 1.1 All employees will receive the benefit of the early retirement factor (4% per year under age 62) rather than the terminated vested factors for purposes of determining early retirement penalties.
- 1.2 Except for those employees who are eligible for the early retirement bridge, the schedule of points outlined in Paragraph of 3B of the LOU will be applied for calculating the pension of all transferred employees from the Company.

These enhancements apply to either the lump sum option or the deferred vested annuity.

Page 2 – Agreement Amending Letter of Understanding

The Buyer will be required to assume the obligations of the current Post Retirement Medical ("PRM") provisions. Eligibility is defined as attaining at least age 55 with at least 10 years of "Service" including points, at the time of retirement/termination. Service shall be inclusive of years of service with Company and Buyer. Vesting in the Buyers retirement system is not required to be eligible for PRM.

An employee who terminates/retires from Company and has achieved PRM eligibility at the close of sale, may elect to receive PRM benefits from Company or defer participation to a future date. If the employee elects to receive PRM from Company, he will not be eligible to receive additional PRM benefits from the Buyer until he has achieved 10 years of service with the Buyer.

2. Paragraph 5 of the LOU is amended by adding the following:

"The Company will agree to reimburse transferred employees for any annual out-of-pocket eligible medical expenses greater than \$300 per person or \$900 per family for a period of 2 years after the sale. (The medical plan being offered by the Buyer provides for a \$2,200 annual out of pocket maximum for covered expenses.) This provision is contingent on employees participating in the Buyer's medical plan. Claims for such expenses must be presented to the Company in a format to be determined by the Company. Company will determine format within two months of the date of this agreement."

3. Paragraph 5 of the LOU is amended by adding the following:

"Jobs will only be awarded and accepted one time.

The provisions of Section 16.7(b) and 16.8 of the CBA shall not apply to this bidding process. This section amendment shall be utilized for this transaction only and shall not be precedent setting in determining future job awards at Sierra Pacific Power Company."

4. The parties agree that this Amendment fully and finally resolves all outstanding issues between the parties arising out of or related to the sale of the Company's water facilities to the Buyer, including, but not limited to the LOU.
5. The Union agrees to sign the Collective Bargaining Agreement with the Buyer, Truckee Meadows Water Authority, within a reasonable time after the close of the sale. CBA shall be signed by the Buyer prior to the Union becoming signatory.

Page 3 – Agreement Amending Letter of Understanding

6. Any dispute arising from or related to the LOU and/or this Amendment that arises prior to the close of the sale shall be fully and finally resolved through the grievance procedure set forth in Title 21 (Grievance Procedure) of the Agreement between Company and Union effective January 1, 1998, except where claims under Company employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

Any dispute arising from or related to the LOU and/or this Amendment that arises subsequent to the close of the sale and involves an obligation of the Company and Union shall be fully and finally resolved as follows. The Company and the Union shall meet and make a good faith effort to resolve the dispute. If the parties are unable to do so, then either party can demand that the dispute be arbitrated. Any arbitration shall be final and binding on the parties, except where claims under Company-employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

7. This Amendment shall become effective when it has been signed by both parties.

SIERRA PACIFIC POWER COMPANY

By Mary Gene Reed Vice President - HR 6/5/01
Signature Title Date

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL
1245

By [Signature] Bus Manager 6.11.01
Signature Title Date

AGREEMENT CONCERNING COMPLIANCE WITH LETTER OF UNDERSTANDING

Parties. The parties to this Agreement Concerning Compliance With Letter of Understanding ("Agreement") are Truckee Meadows Water Authority ("TMWA") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

Basis. On December 1, 2000, Sierra Pacific Power Company and Union executed the Letter of Understanding ("LOU"), which by reference is made a part of this Agreement. The LOU contains the following obligations that must be fulfilled by TMWA. The purpose of this Agreement is to clarify this obligation and matters related thereto.

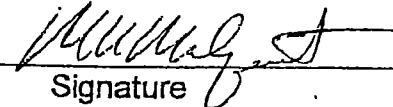
Terms. The terms and conditions of this Agreement are:

1. TMWA agrees to comply with the following sections of the LOU:
 - 2.2 Retain all of the Employees whom the Company has assigned to the Water Business. There will be a prohibition of layoffs through the first year of the Water Agreement. If during the term of the Agreement, an Employee is terminated for reasons other than for-cause for the remainder of the term of the Water Agreement, then Title 19.10, Enhanced Severance shall apply.
 - 2.3 Recognize the Company's hire and seniority dates as the hire and seniority dates of the Buyer.
 - 2.4 Assume obligations of current post retirement medical provisions. Service with Sierra Pacific Power Company shall be included in determining eligibility for post retirement medical coverage, except where employees are participants in Sierra Pacific Power Company's post retirement medical coverage. In addition, employees who have completed eligibility for post retirement medical may terminate for any reason prior to vesting with PERS and be eligible to receive the post retirement medical coverage from TMWA.
- 6 Buyer to recognize and make available to Employees, the balance of each Employee's sick leave hours. Sick leave balance shall be the current Company balance at the close of sale less those hours paid by SPPC as sick leave payoff.

Page 2 – Agreement Concerning Compliance With Letter of Understanding

- 7 Buyer to recognize and make available to each Employee vacation accrued for up to two years. Vacation balance shall be the current Company balance at the close of sale less those hours paid by SPPCO as excess accrual.
- 2. TMWA will convert any unused floating holidays to vacation at close of sale.
- 3. Any dispute arising from or related to this Agreement shall be fully and finally resolved through the grievance procedure set forth in the collective bargaining agreement between TMWA and Union, except where claims under TMWA employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

TRUCKEE MEADOWS WATER AUTHORITY

By  General Manager June 8, 2001
 Signature Title Date

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, LOCAL 1245

 Bks. Mgr 6-11-01
 Signature Title Date

AGREEMENT BETWEEN
TRUCKEE MEADOWS WATER AUTHORITY
AND
LOCAL UNION 1245
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

June 11, 2001 through June 10, 2003

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written, acting by and through their duly authorized officers.

TRUCKEE MEADOWS WATER AUTHORITY

LOCAL UNION 1245 OF THE
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS,
AFL-CIO


Malyn K. Malquist, General Manager


Jack McNally, Business Manager


Tony Armstrong, Chairman of the Board


Howard Stiefer, President

APPROVED:

Edwin D. Hill
International President

2000 NEGOTIATING COMMITTEE MEMBERS

COMPANY

Bruce Bullock, Chair
Lori Williams
Marie Stuersel
Al Feleciano
Bonnie Rose

UNION

Ray Thomas, Chair
Randy Osborn
Dennis Bergstrom
Chip Chadwick
Andy Gebhardt
Bob White
Bob Wilk

Date Eligible for PRMT Benefit



PAY ROLL RECORD CHANGE

NAME [REDACTED] EMP. NO. [REDACTED] SOCIAL SEC. # [REDACTED] STATUS _____ DATE _____
 ADDRESS [REDACTED] DATE OF BIRTH 11/19/62 [REDACTED] PART TIME
 DATE EMPLOYED 12/24/90 RETIREMENT # _____ TEMPORARY
 1/20/92 PROBATIONARY
 12/24/90 REGULAR
 INSURANCE YES NO

CLASSIFICATION	RATE	PER	EFFECTIVE DATE	DEPARTMENT	DISTRICT	REASON FOR CHANGE	MANAGEMENT APPROVALS	CHANGE RECORD BY
CONTRACT LABORER	\$14.87/HR.		12/24/90	11B--BBDA-	OHM			BJG
						TERMINATED 06/24/91 (END OF TEMP ASSIGNMENT)		KF
CONTRACT LABORER (9380)	14.87	hr	6/26/91	GAS & WATER	6260T RENO	REHIRE. NTE 3 MOS. (EXTENSION)		KF
CONTRACT LABORER	15.27	hr	10/01/91	GAS & WATER	RENO	UNION INCREASE PER 8/20/91 LTR		KF
						TERMINATED 1/14/92 (END OF TEMP ASSIGNMENT)		KF
(9244) OPERATOR, UTILITY III	11.28	hr	1/20/92	ELEC OPS	5535 VALMY	REHIRE. GIVEN BID #6774 ([REDACTED])		KF
OPERATOR, UTILITY III	11.73	hr	5/1/92	ELEC OPS	VALMY	IBEW CONTRACT 5/1/92		KF
OPERATOR, UTILITY III	12.97	hr	7/20/92	ELEC OPS	VALMY	STATUS CHANGE TO REGULAR AUTO INCR TO 6 MONTH WAGE STEP		KF

5601

Sierra Pacific Power Company

a Sierra Pacific Resources company

January 28, 1992



Dear [REDACTED]:

Please consider this correspondence as confirmation of our offer to you for the position of Utility Operator III. As we discussed, the salary will be \$11.28 per hour. For planning purposes, we will expect you to begin work on January 20, 1992.

The position being offered to you is one of trust and confidence. In accepting the position, you are agreeing that in addition to any other limitation, and regardless of the circumstances or any future limitation of your employment, you will not communicate to any person, firm or other entity any knowledge relating to documents, transactions or any other confidential knowledge which you might acquire with respect to the business of Sierra Pacific Power Company, its parent or any of the affiliated companies.

The following conditions pertinent to your employment are included for your reference. No agreements excluded from this letter apply, so please contact me if I have failed to cover any areas agreed upon previously.

For 1992, you will be entitled to three floating holidays in addition to our normal holidays. You will accrue vacation at a rate of 3.08 hours per pay period.

This should not be construed as a guarantee of employment. Employment status is probationary for a minimum of six months and conditional upon satisfactory performance after becoming a regular employee. You will be eligible for most employee benefits upon satisfactorily completing this probationary period. The one exception is Long-Term Disability Insurance. This benefit will be made available to you on the first of the month following your date of hire.


Page 2

It is intended that all of the terms and conditions of employment identified in this letter of offer be all-inclusive. Verbal agreements, stated or implied, will not be recognized by the company as a legitimate, legally binding commitment. This is for your protection as well as the company's by ensuring that all commitments are in writing and understood and agreed upon by all parties concerned. This offer letter is for your records; please sign the attached copy signifying your acceptance of the terms and conditions contained therein and return it to me at your earliest convenience.

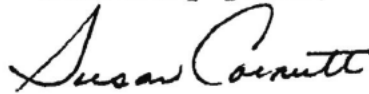
As a result of the passage on November 6, 1986, of the Immigration Reform and Control Act, it will be necessary for you to provide us with the following documents:

If a U.S. Citizen: Drivers License, Social Security Card and Birth Certificate.

If a non U.S. Citizen, who can be legally employed in the United States, you must provide the appropriate Immigration Documents.

Should you have any problems and questions, please feel free to contact me at any time at (702) 689-4525.

Sincerely yours,

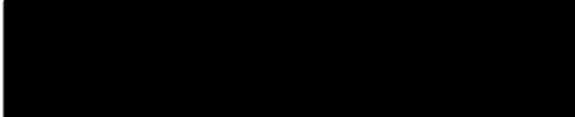


Susan Cornutt
Personnel Coordinator

SC/rmk

Enclosure

I have read and agreed to the above.


Signature

1-31-92
Date

Sierra Pacific Power Company 1997 BU Employee Benefits Statement



The benefits listed below are an important part of your total compensation which includes your base salary, and other benefits such as medical, dental, vision, pension, 401(k), post-retirement medical, life insurance, disability, vacation, sick leave, family sick leave, employee assistance programs, wellness program, and educational aid program. In a recent review of benefit programs from other companies (both utilities and general industry) in our region, the overall value of our benefits program was ranked in the top half of the companies in the study.

Wages:

Your current base annual salary (not including overtime, other earnings, or adjustments) is \$46,841.60.

General Information:

Employee No:	[REDACTED]
Name:	[REDACTED]
Mail Sort Code:	R55SM
Social Security No:	[REDACTED]
Date of Hire:	01/20/92
Date of Birth:	11/19/62

Medical, Dental, and Vision Benefits:

You are currently enrolled in the following medical, dental, and vision plan:

HealthFirst, Emp. + Family

Dependent(s) covered: 1.

- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

You must notify Human Resources (53A25) within 31 days if you incur a family status change (marriage, divorce, birth or adoption of a child, spouse loses a job, dependent no longer eligible, etc.).

Flexible Spending Accounts:

Health Care and Dependent Care Flexible Spending Accounts are available on a pre-tax basis up to \$5,000 per year per family for each account. You forfeit any money left in the account at the end of the calendar year. Contact Rehn & Associates at (800) 872-8979 for further information. You are participating in the following FSA accounts:

Dependent Care with a monthly contribution of: \$0.00

Health Care with a monthly contribution of: \$0.00

Employee Assistance Program:

The company pays for confidential counseling for all employees, dependents, and retirees up to eight visits per incident, per year. The number of incidents is unlimited. You can call Inland Empire at (800) 390-9150 to schedule a confidential appointment, or you can call the 24-hour crisis hotline at (800) 833-3031.

Employee No: [REDACTED]

Life Insurance Benefits:

The company pays the premiums for the following coverage:

Business Travel Accidental Life of \$100,000.00 to be paid to your beneficiary if you should die as a result of an accident while traveling on company business to a destination outside of your regularly assigned workplace.

Base Group Life Insurance of: \$50,000.00

Optional coverage for Supplemental, Spouse, and Child Life Insurance are insured and administered by Metlife and are not maintained on our system. You may contact Metlife directly at (800) 523-2894 to determine your coverage amounts.

Sick Leave Benefits:

You accrue one day of sick leave each month, credited to you at the rate of 3.70 hours each pay period. Currently, there is no limit to the amount of sick leave you may accumulate. As of November 1, 1997, your sick leave adds up to 438.7 hours which may be used for your personal illness. Of these hours, up to 24 hours may be used on an annual basis for family illness.

Long-Term Disability (LTD Benefits):

You are currently enrolled in the following Long-Term Disability Plan: 90-Day at a monthly cost of [REDACTED]. If enrolled in 1997, the plan will pay you \$2,500.00 a month based on your current salary (maximum benefit is \$2,500.00 per month). This plan is insured and administered by CIGNA Life Insurance Company.

Vacation:

You receive 12 paid holidays each year, including 3 floating holidays. As of November 1, 1997, you have 0 floating holiday hours available and 153.18 vacation hours available. Probationary employees accrue but are not eligible to use vacation hours until they complete their probationary period.

Retirement Benefits:

You are eligible to join the plan on the first day of the month after you are age 21 and have completed one year of service. Part-time employees will be considered to have completed one year of service after earning 1,000 hours of service during a 12-month period. Your normal retirement date is December 1, 2027, the first of the month following your 65th birthday. Based on your present salary and your normal retirement date, your projected monthly income from the retirement plan would be \$[REDACTED]. This amount would be reduced if you retire early or elect a joint and survivor annuity. If you are planning to retire within the next five years, please contact Human Resources at 689-3578 for an accurate calculation.

Voluntary Investment Plan - 401(k):

The Voluntary Investment Plan is a 401(k) tax-deferred defined contribution plan. Your payroll deduction in this plan is [REDACTED]%. The company matches \$.50 on the \$1.00 for the first 6% of contributions. For more information on your account balance or the funds offered in this plan, please refer to your quarterly statements from The Vanguard Group or contact them at (800) 523-1188 or through the Internet at www.vanguard.com.

Employee Stock Purchase Plan:

Participation in the Employee Stock Purchase Plan allows you to buy Sierra Pacific Resources shares of stock every six months at either a special option price or market value, whichever is lower. Your biweekly payroll deduction for this plan is \$[REDACTED]. For more information, please contact Stockholder Records at 689-3616.

Other Benefits:

Paid Jury Duty/Funeral Leave
Educational Aid Program
Christmas Gift Certificates

Service Recognition Awards
Company Picnic
Children's Christmas Party

20-Year Club
Wellness Program
Utility Discount at your Residence

**TRUCKEE MEADOWS WATER AUTHORITY
POST-RETIREMENT MEDICAL AND LIFE INSURANCE PLAN & TRUST
(AS RESTATED ON SEPTEMBER 20, 2017)**

ARTICLE 1. INTRODUCTION

1.1 Purpose of Plan.

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

1.2 Plan Status.

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

ARTICLE 2. DEFINITIONS

2.1 Code.

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

2.2 CBA.

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

2.3 Dependent.

"Dependent" shall have the same meaning as set forth in the Health Plans and/or the Group Life Insurance Plans, such as a spouse or child of the Participant; provided, however, that any such Dependent must also qualify as a dependent of the Participant under the applicable provisions of Code Section 152 and the corresponding Treasury Regulations.

2.4 Eligible Retiree.

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

2.5 Health Plans and Group Life Insurance Plans.

“Health Plan(s)” means (i) the group policies and/or plans that may be offered by TMWA from time to time that provide medical, dental, and/or vision coverage to Participants and/or their Dependents, (ii) individual policies or plans that are procured by a Participant that provide medical, dental, and/or vision coverage to Participants and/or their Dependents, (iii) Medicare Plans Part B and Part D, Medicare Supplemental Plans, and Medicare Advantage Plans that provide medical, dental, and/or vision coverage for Participants and/or their Dependents, together with any current and future plans available to individuals eligible for Medicare coverage that are approved and authorized by the United States Department of Health and Human Services or its successor, and (iv) the group policies or plans offered by an employer of a Participant or an

employer of a spouse of a Participant (other than TMWA) that provide medical, dental, and/or vision coverage to Participants and/or their Dependents.

“Group Life Insurance Plan(s)” means the group policies and/or plans that may be offered by TMWA, from time to time, that provide group life insurance coverage to the Participants and/or their Dependents.

Notwithstanding anything contained in this Section 2.5 to the contrary, the terms “Health Plan(s)” and “Group Life Insurance Plans(s)” shall not include a policy or plan offered by the employer of a Participant or an employer of a Participant’s spouse to the extent that the premiums are paid by the employer on a “pre-tax” basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a “Cafeteria Plan”).

2.6 Highly Compensated Employee.

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

2.7 IBEW.

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

2.8 IBEW 1245 Employees.

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

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

(b) "IBEW Transfer Employees Receiving Sierra Plan Benefits" mean each

former employee of Sierra who transferred to TMWA from Sierra on June 11, 2001, who is covered by the "Agreement Concerning Compliance with Letter of Understanding" between TMWA and Local Union 1245 of the International Brotherhood of Electrical Workers, who elected to retire under the Sierra Plan;

(c) "Other IBEW Employees" mean each employee of TMWA, other than those described in clauses (a) and (b) above, who was hired by TMWA and is covered by a CBA that provides for Post-Retirement Benefits under this Plan.

2.9 MPAT Employees.

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

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

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

(c) "Other MPAT Employees" mean each (i) regular (non-temporary) management, professional, administrative and technical employee of TMWA who is not listed in clauses (a) or (b) of this Section 2.9, other than an employee who is entitled to receive benefits under "The Truckee Meadows Water Authority OPEB Trust Fund."

2.10 NRS and NAC.

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

2.11 Participant.

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

2.12 Permanent Waiver.

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

2.13 Plan.

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

2.14 Plan Year.

"Plan Year" means the calendar year.

2.15 Post-Retirement Benefits.

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

incurred by a Participant and/or his or her Dependents under a Health Plan, (ii) any premiums paid by a Participant and/or his or her Dependents for coverage under a Health Plan that are reimbursed to the Participant or the Dependents by a person or entity other than this Plan, or (iii) any premiums paid by a Participant and/or his or her Dependents under a Health Plan that are not treated as qualified medical expenses under Code Section 213.

2.16 Purchase Agreement.

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

2.17 Retirement Date.

"Retirement Date" means the date elected by an Eligible Employee, on or after his or her retirement date from TMWA, to participate in the Plan in accordance with the procedures established by the Trustees from time to time.

2.18 Service or Years of Service.

"Service" or "Years of Service" means:

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

"Service" or "Years of Service" include all years of service earned and accumulated by a Participant during the time he or she was an employee of TMWA and all years of service earned and accumulated by a Participant under the Sierra Plan in accordance with the terms of the Sierra Plan.

(b) "For IBEW Transfer Employees Receiving Sierra Plan Benefits," "Other IBEW Employees," "MPAT Transfer Employees Receiving Sierra Plan Benefits" and "Other MPAT Employees." "Service" or "Years of Service" include all years of service earned and accumulated by a Participant during the time her or she was an employee of TMWA.

(c) "For MPAT and IBEW Employees hired by TMWA." "Service or Years of Service" include all years of service earned and accumulated by a Participant during the time that he or she was an employee of TMWA.

For purposes of clauses (a), (b), and (c) above, a "Year of Service" will be earned and accumulated by a Participant, classified by TMWA as a regular (non-temporary and non-"provisional") full or part-time employee, who works continuously without a break in service. However, if a Participant was classified as a "provisional" employee of TMWA and subsequently became classified as a regular employee of TMWA, then for purposes of this Section the Participant is to be classified as a regular employee of TMWA retroactively to the date that he or she was classified as a "provisional" employee of TMWA. The Years of Service will be calculated at the time of separation from service from TMWA retroactively for all periods of continuous regular employment. No period where an employee is classified by TMWA as a temporary non-benefited employee will qualify towards periods of Years of Service. Years of Service shall be recognized only for periods of paid employment. Therefore, the only periods of unpaid leave of absence that shall be credited towards Years of Service are those required by current or future State and Federal laws, such as The Uniformed Services Employment and Reemployment Rights Act (USERRA). Furthermore, breaks in service shall not be included in Years of Service; however, Years of Service earned prior to a break in service shall be aggregated with Years of Service worked after the break in service. All references in this paragraph to a "provisional" employee of TMWA means an IBEW 1245 Employee whose employment, at the time of hire, was intended to last more than six (6) months, but less than two (2) calendar years, and whose work or duties are linked to specific projects, or are in anticipation of future events, with a specific date at which the position will be eliminated.

2.19 Adjusted PRMPT Years of Service,.

"Adjusted PRMPT Years of Service" shall be calculated by adding each "Year of Service." Years of Service will then be prorated for periods in which a Participant worked less than full time (as defined by the CBA or TMWA policy). Refer to Section 4.1.7 for further information.

2.20 Sierra.

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

2.21 Sierra Plan.

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

2.22 Trust.

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

2.23 Trustees and Trustee.

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

2.24 TMWA.

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

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.1 Eligibility and Commencement of Coverage.

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

3.2 Termination of Participation.

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

ARTICLE 4. POST-RETIREMENT BENEFITS

4.1 Post-Retirement Benefits Pertaining to Health Plans-In General.

If permitted by this Plan and the terms of the applicable Health Plan, a Participant may elect coverage under a particular Health Plan, and a Participant may enroll his or her Dependents in such Health Plan. Post-Retirement Benefits earned by a Participant under this Plan shall be used to either reimburse the Participant or pay directly to the Health Plan the Plan's share of the total premiums assessed for such coverage under the Health Plan, as specified by the terms of this Plan (See Sections 4.1.1 through 4.1.4 for the calculation of the amount of the Post-Retirement Benefits to which a Participant and his or her Dependents are entitled to receive for coverage under a Health Plan). Those portions of the premiums that are not required to be paid by this Plan shall be the sole responsibility of, and paid by, the Participant. A Participant who does not pay his or her portion of the premiums for coverage under a Health Plan in the time and manner specified by the Trustees shall forfeit all rights to his or her coverage under the Health Plan. The Trustees shall from time to time adopt policies pertaining to the timing and the manner in which Participants and their Dependents are to pay their share of the health coverage premiums for the coverage elected. If the Trustees adopt a policy in which all premiums for coverage under a Health Plan are to be paid by

the Plan, the Participant and Dependents of a Participant shall reimburse the Plan for their share of the total premiums that are required to be paid by them, and the Plan's policies and procedures shall specify the due dates in which the Participant and the Participant's Dependents are required to remit their share of such premiums to the Plan. Copies of the policies and procedures adopted by the Trustees from time to time are to be provided to each Participant and each Dependent of a Participant.

4.1.1 Transfer of Employees between IBEW and MPAT.

If during the time a Participant was employed by TMWA and/or Sierra, he or she transferred from employment as an IBEW 1245 Employee to employment as an MPAT Employee (or vice versa), the Participant's Post-Retirement Benefits under this Plan at his or her Retirement Date shall be calculated as if Participant was employed in his or her most recent employment classification for his or her entire period of service with TMWA and/or Sierra. Notwithstanding the above, if the Participant was an IBEW Transferred Employee or an MPAT Transferred Employee, such Participant shall continue to be treated as either an IBEW Transfer Employee or an MPAT Transferred Employee at his or her Retirement Date for purposes of calculating his or her Years of Service under Section 2.18, and if applicable Section 2.19.

4.1.2 Specific Post Retirement Benefits for Health Plan Coverage for MPAT Employees.

A Participant who was an MPAT Employee at his or her Retirement Date may elect coverage under the Health Plans that are made available to TMWA's active employees who are entitled to receive health and life benefits (hereafter referred to as "Benefited Employees"), or alternatively, elect coverage under other Health Plans described in Section 2.5. A Participant who is an MPAT Employee shall receive Post-Retirement Benefits based upon an annual credit that is to be applied towards the total annual premiums charged for his or her chosen Health Plan coverage which is to be based upon the Participant's Years of Service as described below. The annual credit shall be calculated as follows:

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

**Annual
Credit
Calculation**

Age 55 through 64	$\$235 \times$ "Adjusted PRMPT Years of Service" (up to 30 years)
Age 65 and above	$\$105 \times$ "Adjusted PRMPT Years of Service" (up to 35 years)

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

Example of Calculation of Annual Credit:

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

Before Age 65:

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

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

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

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

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

4.1.3 Specific Post-Retirement Benefits for Health Plan Coverage for all IBEW 1245 Employees hired on or after January 1, 1998 and for "IBEW Transfer Employees Receiving Sierra Plan Benefits" hired before January 1, 1998.

All IBEW 1245 Employees hired on or after January 1, 1998, and "IBEW Transfer Employees Receiving Sierra Plan Benefits" hired before January 1, 1998, are entitled to receive Post-Retirement Benefits for coverage under the Health Plans made available to Benefited Employees of TMWA or other Health Plans described in Section 2.5. For those Participants described in this Section, he or she will receive Post-Retirement Benefits in an amount equal to the following lifetime lump-sum credit which will be applied toward the annual premiums charged for his or her coverage under a Health Plan: $\$1,250$ for each "Adjusted PRMPT Year of Service." The Plan shall use the amount of the above referenced lifetime lump-sum credit to pay the entire premiums for the coverage elected under a Health Plan for the Participant and his or her Dependents until the lifetime lump-sum credit is exhausted. At that point, the Participant may elect to continue coverage under the Health Plan and this Plan; provided, however, that the Participant is to be responsible for the total premiums for his or her coverage under the Health Plan at the rates and terms established under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (hereafter, referred to as "COBRA"). Unless otherwise specified by the Trustees, the Plan may pay the entire premiums for a Participant's chosen coverage under a Health

Plan, provided that the Participant shall reimburse the Plan for the Participant's share of such premiums in accordance with the policies and procedures adopted from time to time by the Trustees.

4.1.4 Specific Post-Retirement Benefits for Health Plan Coverage for IBEW Transfer Employees Hired by Sierra before January 1, 1998.

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

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

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

Unless otherwise specified by the Trustees, the Plan may pay the entire annual premium

charged for a Participant's coverage under a Health Plan, provided that the Participant must reimburse the Plan for the Participant's share of such premiums (i.e., those premiums in excess of the annual credit available to the Participant) in accordance with the policies and procedures adopted from time to time by the Trustees. In this regard, each Participant shall be responsible for reimbursing the Plan for the difference between (i) the amount determined under 4.1.4(a)(1) and 4.1.4(a)(2), and (ii) 100% of the total premium charged for coverage chosen by the Participant under a Health Plan.

(b) Age 65 and over.

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

- (1) 85% of the total annual premiums for coverage under a Health Plan, less
- (2) 4% of the total annual premium for such coverage, multiplied by the difference between:
 - (A) 20, minus
 - (B) the Participant's number of Years of Service (not to exceed 20).

The 85% in clause (1) above shall be 100% for a Participant who elects to participate in a Medicare Risk Contract. In order to be eligible for the benefits under this Section, the Participant must enroll in and pay the entire cost of Medicare Part "B" or Medicare Part "C" coverage. Unless

otherwise specified by the Trustees, the Plan may pay the entire annual premium charged for a Participant's coverage under a Health Plan, provided that the Participant must reimburse the Plan for the Participant's share of such premiums (i.e., those premiums in excess of the annual credit available to the Participant) in accordance with the policies and procedures adopted from time to time by the Trustees. In this regard, each Participant described in this Section shall be responsible for reimbursing the Plan for the difference between (i) the amount determined under 4.1.4(b)(1) and 4.1.4(b)(2), and (ii) 100% of the total premium charged for coverage chosen by the Participant under a Health Plan.

4.1.5 Surviving Spouse's Death Benefits.

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

4.1.6 Procedures for Payment of Benefits.

In the event that a Participant and/or his or her Dependents is entitled to receive Post-Retirement Benefits under the terms of the Plan for coverage under a Health Plan, in order to receive such benefits from the Plan, the Participant and/or his or her Dependents must submit proof

of coverage under a Health Plan and proof of the payment of premiums in the time and manner specified by the Trustees. Participants who are age 65 or older during the relevant Plan Year must also submit proof of enrollment in and proof of payment of premiums for Medicare Part "B" or Medicare Part "C" coverage. Post-Retirement Benefits shall be made in a time and manner specified by the Trustees upon receipt of proof of coverage and payment of premiums. However, if a Participant who receives an annual credit towards the payment of premiums for a particular Plan Year fails to request reimbursement for the premiums incurred in such Plan Year on a timely manner as determined by the Trustees, then the Participant will forfeit any unused credits for that particular Plan Year and such credits will not carry forward to future Plan Years.

4.1.7 Reduction in Annual and Lump Sum Credits.

Notwithstanding anything contained in this Plan to the contrary, the annual and lifetime lump sum credits available to Participants shall be computed as indicated under the applicable Sections of this Article 4.

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

Examples of the Reduced Credits are below:

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

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

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

4.2 Post-Retirement Benefits for Group Life Insurance Plan Coverage.

A Participant, who is covered under the CBA shall be eligible to elect coverage for the Participant and/or the Participant's Dependents under the Group Life Insurance Plans maintained by TMWA for its Benefited Employees in accordance with the terms and conditions of the CBA and the Group Life Insurance Plans, as amended from time to time. A Participant, who is not covered by a CBA, shall be eligible to elect coverage for the Participant and/or the Participant's Dependents under the Group Life Insurance Plans maintained by TMWA for its Benefited Employees in accordance with the terms and conditions of the Group Life Insurance Plans and the policies and resolutions adopted by TMWA from time to time. If a Participant elects coverage under a Group Life Insurance Plan, then this Plan shall pay Post-Retirement Benefits towards the premium cost of such coverage in those amounts set forth in the CBA (for Participants covered by the CBA) or TMWA's policies and resolutions (for Participants not covered by a

CBA). The amount of coverage that a Participant may currently elect under a Group Life Insurance Plan is set forth in Appendix "C" attached to this Plan. Those portions of premiums for coverage under a Group Life Insurance Plan that are not paid by this Plan shall be paid by the Participant. A Participant who does not pay his or her share of the premiums or costs for coverage under a Group Life Insurance Plan in the time and manner specified by the Trustees shall forfeit all rights to the life insurance coverage elected by the Participant. The Trustees shall from time to time adopt policies pertaining to the timing and the manner in which Participants and Dependents of Participants are to pay their share of the premiums for coverage under a Group Life Insurance Plan. To the extent that the Trustees require the Participants and/or their Dependents to pay their share of the premiums for coverage elected under a Group Life Insurance Plan, then such policies and procedures shall specify the due dates in which the Participant and/or Dependents are required pay their share of such life insurance premiums to the Plan. Copies of the policies and procedures adopted by the Trustees from time to time are to be provided to each Participant and each Dependent of a Participant.

ARTICLE 5. COBRA CONTINUATION OF COVERAGE

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

ARTICLE 6. HIPAA COMPLIANCE

6.1 General.

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

6.2 Definition of PHI.

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

6.3 Uses and Disclosures of PHI.

The Plan may disclose a Plan Participant's PHI to TMWA or the Trustees (or to TMWA or the Trustees' agent) to the fullest extent permitted by the HIPAA Regulations (but not in a manner inconsistent with 45 C.F.R. § 164.504(f)), including but not limited to:

(a) Enrollment-Disenrollment Information.

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

(b) Summary Health Information.

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

(c) Plan Administrative Purpose

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

6.4 Restriction on Plan Disclosure to TMWA.

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

6.5 Privacy Agreements of TMWA/Trustees.

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

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

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

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

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

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

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

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

(h) If feasible, return or destroy all PHI received from the Plan that TMWA or

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

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

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

6.6 Separation between Plan and TMWA or the Trustees.

6.6.1 Employees with Access to PHI.

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

6.6.2 Use Limited to Plan Administration.

The access to and use of PHI by the individuals described in Section 6.6.1, is limited to Plan Administration functions as defined in HIPAA Regulation 45 C.F.R. § 164.504(a) that are performed by TMWA or the Trustees for the Plan.

6.6.3 Mechanism for Resolving Noncompliance.

If TMWA or the Trustees, or person(s) responsible for monitoring compliance, determines that any person described in Section 6.6.1 has violated any of the restrictions of this Section, then such individual shall be disciplined in accordance with the policies of TMWA or the

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

ARTICLE 7. ADMINISTRATION OF PLAN

7.1 Administration.

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

- (a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan in good faith with such interpretation to be final and conclusive on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To appoint such attorneys, actuaries, accountants, consultants and other persons as may be required to assist in administering the Plan;
- (e) To allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan;
- (f) To approve the amount of Post-Retirement Benefits that shall be payable to any Participant in accordance with the provisions of the Plan; to inform the Participant of the amount of such Post-Retirement Benefits; and to provide a full and fair review to any Participant whose claim for Post-Retirement Benefits has been denied in whole or in part; and
- (g) To hold meetings in compliance with Chapter 241 of NRS.

7.2 Indemnification.

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

ARTICLE 8. TRUST PROVISIONS

8.1 Appointment, Qualification and Terms of Trustees.

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

8.2 Meetings of the Trustees.

The Trustees shall meet quarterly or at the call of the Chairperson of the Board of the

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

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

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

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

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

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

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

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

8.3 Assets Held by Trustees; Contributions.

(a) Receipt of Contributions.

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

(b) Initial Funding.

A cash contribution was initially made to the Trust by TMWA. Additionally, Sierra (now known as NV Energy) transferred funds from a voluntary employee benefit association sponsored by Sierra that represents funds accumulated to pay Post-Retirement Benefits for the IBEW 1245 Employees during their employment with Sierra.

(c) Plan Contributions.

Subject to Section 8.6 (a), TMWA shall annually contribute to the Trust an amount which TMWA determines is necessary to fund the benefits due under this Plan pursuant to a qualified actuarial analysis performed in accordance with NRS 287.015 and 287.017 and generally

accepted accounting principles. All contributions made to the Trust Fund are to be irrevocable.

(d) Source of Funds.

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

8.4 Payment from Trust Fund.

The Trustees shall pay Post-Retirement Benefits and administrative expenses from the Trust Fund as provided under the terms of the Plan.

8.5 Exclusive Benefit of Participants.

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

8.6 Investments.

(a) Funding Policy.

The Trustees shall, pursuant to the Plan, establish and carry out a funding and investment policy consistent with the purposes of the Plan and the requirements of applicable law.

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

(b) Investment by the Trustees.

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

8.7 Trustees' Responsibilities.

The responsibilities of the Trustees shall be:

- (a) To hold, invest and reinvest the assets in the Trust Fund, subject to the terms and conditions of the Plan and the funding policy;
- (b) To revalue the assets held in the Trust Fund at fair market value annually and more often as necessary,
- (c) To report the value of the Trust Fund as of each Plan Year to TMWA; and
- (d) To pay monies from the Trust Fund in accordance with the provisions in this Plan and at the discretion of the Trustees.

8.8 Administration of the Trust Fund.

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

8.9 Powers of the Trustees.

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

- (a) Purchase, or subscribe for, any securities or other property and to retain the same in the Trust;
- (b) Sell, alter, improve, lease or otherwise dispose of any asset of the Trust Fund;
- (c) Vote upon any stocks, bonds, or other securities; give general or special proxies or powers of attorney with or without power of substitution; exercise any conversion privileges, subscription rights, or other options, and to make any payments incidental thereto; oppose, consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, delegate discretionary powers, pay any assessments or charges in connections therewith, and generally exercise any of the powers of an owner with respect to stock, bonds, securities or other property held as part of the Trust Fund;
- (d) Cause any securities or other property held as part of the Trust Fund to be registered in the Trustees' own name or in the name of one or more of the Trustees' nominees, and to hold any investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust Fund;
- (e) Accept and retain for such time as the Trustees may deem advisable any securities or other property received or acquired by them as Trustees hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;
- (f) Make, execute, acknowledge and deliver documents of transfer and conveyance and other instruments that may be necessary or appropriate to carry out the powers granted in this Section;
- (g) Invest funds of the Trust Fund in overnight deposits or savings accounts bearing a reasonable rate of interest in a bank selected by the Trustees;

- (h) Invest in Treasury Bills and other forms of United States government obligations;
- (i) Except as expressly authorized herein, the Trustees are prohibited from selling or purchasing stock options. The Trustees are expressly authorized to write and sell call options under which the holder of the option has the right to purchase shares of stock held by the Trustees as part of the assets of this Trust, if such options are traded on and sold through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, which exchange has been authorized to provide a market for option contracts pursuant to rules promulgated under such Act so long as the Trustees hold sufficient stock in the assets of this Trust to meet the obligations under such option if exercised. In addition, the Trustees are expressly authorized to purchase and acquire call options for the purchase of shares of stock covered by such options if the options are traded on and purchased through a national securities exchange as described in the immediately preceding sentence, and so long as any such option is purchased solely in a closing purchase transaction, meaning the purchase of an exchange traded call option the effect of which is to reduce or eliminate the obligations of the Trustees with respect to a stock option contract or contracts which it has previously written and sold in a transaction authorized under the immediately preceding sentence;
- (j) Deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;
- (k) Deposit stocks or other securities held in the Trust Fund in any voting trust, with any protective or like committee, or with a trustee or depositories designated by any protective or like committee;
- (l) Retain part interests in real property or in mortgages on real property, wherever situated, with the right to transfer title in their name as Trustee or in the name of a nominee, either alone or jointly with the holder or holders of other part interests in the property or their nominees;
- (m) Delegate the management and operation of any part interest in any real property or mortgage to a manager or the holders of a majority interest in such real property or mortgage on such real property;
- (n) Sell real property or sell any mortgages on real property that it may retain in the

Trust Fund;

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

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

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

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

(s) Establish custodial arrangements as deemed necessary;

(t) Delegate all or some of these powers to an Investment Manager if (i) the Investment Manager is qualified as an investment manager under applicable law, and (ii) the Investment Manager acknowledges in writing that it is acting as a fiduciary with respect to the Plan and Trust, or to the Retirement Benefits Investment Fund of the Public Employees' Retirement System of Nevada by contract with the Retirement Benefits Investment Board.

(u) Employ suitable agents and counsel;

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

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

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

8.10 Administrative Expenses.

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

8.11 Trustee Compensation.

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

8.12 Records, Reports and Budgets.

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

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

8.13 Removal and Resignation of Trustees.

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

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

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

8.14 Actions by TMWA.

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

8.15 Acceptance by Trustees.

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

8.16 Source of Funds.

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

8.17 Trust Exemption.

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

8.18 Standards of Interpretation.

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

8.19 Certain Prohibitions pertaining to the Trust.

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

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

ARTICLE 9. AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment and Termination.

TMWA and the Trustees reserve the right to amend the Plan and associated Trust to (i) comply with the requirements of Code Section 501(c)(9) or other provisions of the Code that are applicable to the Plan and Trust, or to conform the Plan and Trust with any other laws applicable

to the Plan and Trust, (ii) conform the Plan and Trust with any amendments, changes, or modifications to the Post-Retirement Benefits for IBEW 1245 Employees that are approved under a CBA between TMWA and IBEW, and (iii) conform the Plan and Trust with any amendments, changes, or modifications to the Post-Retirement Benefits for MPAT Employees that are approved under a policy or resolution of the governing board of TMWA. TMWA and the Trustees also reserve the right to terminate the Plan and Trust by a duly adopted resolution of the governing board of TMWA, and upon termination of the Plan, the Trustees shall apply all the assets remaining in the Trust in a uniform and non-discriminatory manner toward the provision of benefits for Participants in accordance with applicable law. Notwithstanding anything contained in the Plan to the contrary, TMWA and the Trustees are precluded from amending, modifying or terminating the Plan in any form or manner that would allow the assets of the Plan to inure to or revert to TMWA, or which would violate any law applicable to the Plan.

ARTICLE 10. MISCELLANEOUS PROVISIONS

10.1 Non-Discrimination.

TMWA intends that this Plan will not discriminate in favor of Highly Compensated Employees and/or Key Employees as required by Code Sections 505(b), 105(h), and 79(d), in both coverage and benefits provided.

10.2 Right to Payment.

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

10.3 Information to Be Furnished.

Participants and Dependents shall provide the Trustees with information and evidence and

shall sign documents as may reasonably be requested for the purpose of administration of the Plan.

10.4 Limitation of Rights.

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

10.5 Prohibition of Discrimination.

Any discretionary acts to be taken under the terms and provisions of this Plan by the Trustees shall be uniform in their nature and in their application to all those similarly situated, and no discretionary acts shall be taken that would be discriminatory under the provisions of the Code relating to accident and health plans and/or group life insurance plans. In applying the discrimination provisions of Code Sections 105(h), Code Section 79(d), and the corresponding Treasury Regulations thereto, to the extent permitted by applicable law, the Post-Retirement Benefits described herein for the benefit of the MPAT Employees and the IBEW 1245 Employees are to be treated as a separate plans.

10.6 No Contract of Employment.

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

10.7 Incapacity.

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

10.8 Governing Law.

This Plan shall be construed, administered and enforced according to the laws of Nevada and all applicable federal laws. TMWA and the Trustees recognize that this Plan shall be subject to amendments of such laws and regulations, to new legislation, or to new interpretations of existing laws or regulations. Any provision of law that invalidates or is otherwise inconsistent with the terms of this Plan or would cause the Plan to be in violation of law shall be deemed to have superseded the terms of this Plan; provided, however, that TMWA and the Trustees shall exercise their best efforts to accommodate the terms and intent of this Plan to the greatest extent possible consistent with the intent of Plan.

10.9 Coverage Options

The terms of the Health Plans and Group Life Insurance Plans chosen by the Participant shall govern the Participant's coverage and receipt of benefits under those plans. Should any term of this Plan conflict with any term of the Health Plans and/or Group Life Insurance Plans which provide coverage to the Participants and their covered Dependents, the terms of the Health Plans and Group Life Insurance Plans shall govern, except that such terms shall not apply to expand or reduce the amount of any Post-Retirement Benefits offered or provided under this Plan.

10.10 Costs

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

10.11 Tax Effects

Neither TMWA nor the Trustees makes any warranty or other representation as to whether any Post-Retirement Benefits paid to or on behalf of any Participant will be treated as excludable from gross income for state or federal income tax purposes.

(Dates and Signatures to Follow)

Dated this 15th day of August, 2017.

Board of Trustees

Michele Sullivan

~~[Signature]~~

Michael J. [Signature]

[Signature]

Accepted and Approved By:

Truckee Meadows Water Authority

By: [Signature]

Its: Chairman, Board of Directors

Appendix A (as referenced in Article 2.8)

**AGREEMENT CONCERNING COMPLIANCE WITH LETTER OF
UNDERSTANDING**

Parties. The parties to this Agreement Concerning Compliance With Letter of Understanding ("Agreement") are Truckee Meadows Water Authority ("TMWA") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

Basis. On December 1, 2000, Sierra Pacific Power Company and Union executed the Letter of Understanding ("LOU"), which by reference is made a part of this Agreement. The LOU contains the following obligations that must be fulfilled by TMWA. The purpose of this Agreement is to clarify this obligation and matters related thereto.

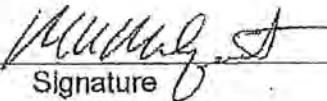
Terms. The terms and conditions of this Agreement are:

1. TMWA agrees to comply with the following sections of the LOU:
 - 2.2 Retain all of the Employees whom the Company has assigned to the Water Business. There will be a prohibition of layoffs through the first year of the Water Agreement. If during the term of the Agreement, an Employee is terminated for reasons other than for cause for the remainder of the term of the Water Agreement, then Title 19.10, Enhanced Severance shall apply.
 - 2.3 Recognize the Company's hire and seniority dates as the hire and seniority dates of the Buyer.
 - 2.4 Assume obligations of current post retirement medical provisions. Service with Sierra Pacific Power Company shall be included in determining eligibility for post retirement medical coverage, except where employees are participants in Sierra Pacific Power Company's post retirement medical coverage. In addition, employees who have completed eligibility for post retirement medical may terminate for any reason prior to vesting with PERS and be eligible to receive the post retirement medical coverage from TMWA.
- 6 Buyer to recognize and make available to Employees, the balance of each Employee's sick leave hours. Sick leave balance shall be the current Company balance at the close of sale less those hours paid by SPPC as sick leave payoff.

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7. Buyer to recognize and make available to each Employee vacation accrued for up to two years. Vacation balance shall be the current Company balance at the close of sale less those hours paid by SPPCO as excess accrual.
2. TMWA will convert any unused floating holidays to vacation at close of sale.
3. Any dispute arising from or related to this Agreement shall be fully and finally resolved through the grievance procedure set forth in the collective bargaining agreement between TMWA and Union, except where claims under TMWA employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

TRUCKEE MEADOWS WATER AUTHORITY

By  General Manager June 8, 2001
Signature Title Date

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, LOCAL 1245

 Bus. Mgr 6.11.01
Signature Title Date

EXAMPLE OF LETTER FOR TMWA BU PRE 98 STAFF
SIERRA PACIFIC POWER COMPANY
RETIREE MEDICAL PREMIUM % CALCULATION

Name: [REDACTED]
Employee #: [REDACTED]
Employee Status: [REDACTED] Local 1245 Water Divestiture

Hire Date (1st of the month following date of hire): 9/1/79
Retirement Date (1st of the month following last day worked): 7/1/01
Retiree's Birthdate (1st of the month following month of birthdate): 10/1/44
Age at Retirement¹ 61.75
Years of Service at Retirement^{1,2} 21.83

Must meet eligibility criteria: Age 55 with points and 10 Years of Service

1. First add points to age to meet age requirement of 55,
2. Add remaining points consistently with SPR Retirement Plan benefits.

POINTS (IF ELIGIBLE):

POINTS ADDED TO AGE TO ATTAIN AGE 55: 5.00
POINTS ADDED TO YOS: 0.00
TOTAL POINTS AVAILABLE: 5.00

Grandfathering Criteria:

Age as of 7/01/1998 53.75
Years of Service as of 7/01/1998 18.83
Criteria Met: no

Benefit Formula for Retirements on or after July 1, 1998:

Difference of 20 years of service and completed years of service 0.00
Percentage of Premiums 20%

Notes:

1. If you are under age 65, you pay 20% of premium plus 4% for each year under 20 years of credited service.
2. If you are at least age 65 or older, you pay 15% of premium plus 4% for each year under 20 years of credited service.
3. If as of 7/01/98, you are at least age 60 with at least 10 years of service, the 15% and 20% are waived, but you will be required to pay 4% for each year under 20 years.



LETTER OF UNDERSTANDING

The parties to this Letter of Understanding ("LOU") are Sierra Pacific Power Company ("Company") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

The LOU is based upon the following:

- (a) Company is in the process of divesting itself of certain water facilities. Potential buyers will be subject to bidding requirements. Company and Union have executed a Collective Bargaining Agreement which expires on December 31, 2002 ("Current CBA"). Positions covered under the Current CBA will be eliminated by the Divstiture.
- (b) Company and Union have negotiated a Water Agreement between Successor and Local 1245 of the International Brotherhood of Electrical Workers ("Agreement"). At the close of sale, the Successor will be required to become signatory to the negotiated Water Agreement.

Now therefore, it is agreed as follows:

1. Union and Company agree that the Company would require the buyer (Buyer) to retain all of the bargaining unit employees whom the Company has assigned to the Water Business ("Employees"), including those employees who accept positions in the bidding process identified in Item 17 below.
2. Company agrees to include the following terms and conditions in any and all appropriate Divestiture agreements and require the Buyer to:
 - 2.1 Execute and be bound by the Agreement for the 2-year period immediately following the close of sale of the Water Business.
 - 2.1.1 Enter into a neutrality agreement with Union for the creation of any Bargaining Unit positions.
 - 2.1.2 General wage increase of 3.5% at the close of sale, and 3.5% one year later.
 - 2.2 Retain all of the Employees whom the Company has assigned to the Water Business. There will be a prohibition of layoffs through the first year of the Water Agreement. If during the term of the

Agreement, an Employee is terminated for reasons other than for cause for the remainder of the term of the Water Agreement, then Title 19.11, Enhanced Severance & Retirement Bridge Program will apply.

- 2.3 Recognize the Company's hire and seniority dates as the hire and seniority dates of the Buyer.
- 2.4 Assume obligations of current retirement and post retirement medical provisions. Funding medium to be determined by the Company and the Buyer.

3. The Company shall provide a voluntary retirement bridge for a specified window of time (length of time as allowed by law) as follows:

(A) An Employee who has achieved 80 (eighty) points in combination of age and credited service at the time of the close of sale will not have to reach the minimum age 55 requirement for retirement or post retirement medical. The Employee's retirement benefit will be reduced by 4% per year for each year under age 62.

For example, an Employee who is age 49 with 31 years of service (for a total of 80 points) at the close of sale would be eligible to "retire" and receive post retirement medical regardless of their minimum age and would receive the benefit of the 4% reduction for each year under age 62 rather than the previous 6% reduction for each year under age 65.

OR

(B) An Employee may add the following schedule of points to either their age or service or a combination thereof to affect their retirement eligibility. The Employee must achieve a minimum of age 55 (including points) with at least 10 years of service to be eligible to retire and receive post retirement medical.

Years of Service	Points
0-9	0
10-14	3
15-19	4
20+	5

For example, an Employee who is age 52 with 28 years of service at the close of sale can add 3 points to their age and effectively become age 55

and 2 points to service, which gives them 85 points, which qualifies them for full retirement at the time they retire,

And

For example, an Employee who is age 58 with 19 years of service at the close of sale can add 4 points to their age to achieve age 62, which qualifies them for an unreduced pension benefit, OR 4 points to his service to achieve 23 years of credited service, whichever combination provides the most advantage to the Employee.

4. Buyer to provide a 401 (k) or similar plan that is comparable to or better than the Bargaining Unit 401 (k) Plan presently provided by the Company. Unless barred by law, funds in each Employee's account will be available for rollover at each Employee's discretion to Buyer's qualified plan, a qualified IRA, or may remain in the account under Sierra Pacific Power Company's Bargaining Unit 401 (k) Plan until age 70 ½.
5. Buyer to provide Medical/Dental/Vision coverage that is comparable, by category of benefit (medical, dental, vision), in overall value to the coverage presently provided by the Company under Title 22.4 of the Current CBA. All Employees and their eligible dependents at the close of sale shall be covered immediately without regard to pre-existing conditions.
6. Buyer to recognize and make available to Employees, the balance of each Employee's sick leave hours. Sick leave balance shall be the current Company balance at the close of sale less those hours paid in 8.1 below.
7. Buyer to recognize and make available to each Employee vacation accrued for up to two years. Vacation balance shall be the current Company balance at the close of sale less those hours paid in 8.2 below.
8. In addition to the above, Company agrees to do the following at close of sale:
 - 8.1 Buy back in a lump sum payment, all pre-September 6, 1983 banked sick leave referenced under and in accordance with section 15.9 of the Current CBA, sick leave payoff. Those hours will then be deducted from the Employee's sick leave accumulated balance. An Employee may at his option decide to roll pre-83 sick leave to post-83 sick leave and forfeit that portion of the buyback provision.
 - 8.2 Buy back in a lump sum payment, vacation in excess of two years accrual. Those hours will then be deducted from the Employee's vacation accrual balance.

9. All regular full time and part time Employees with an overall satisfactory performance rating (or above) and who are assigned to the Water Business and are on the "Affected Employee" list at the close of sale will be eligible to receive a Team Incentive Award in the amount of 3%, prorated to the close of sale date, unless close of sale date is coincidental with the normal timing of payment, in which case Attachment I of the Current CBA would apply. For purposes of calculation, the 3% will be based on each Employee's wage rate at the close of sale date.

10. Those Employees who are on the Company's "Affected Employee" list and who remain in the Water Business at the close of sale, will be awarded six weeks base pay.

11. Employees will retain bidding/transfer/bumping rights under the Current CBA until the close of sale.

12. The Employee Electric, Gas, and Water Discount, Wellness Program, Stock Purchase Plan, Employee Personal Purchase Program, Educational Reimbursement Program, and any other policy, plan, procedure, rule, or benefit not specifically noted herein will no longer be applicable to Water Business Employees. The language for Time Off For Jury Duty, Time Off For Funerals, and Military Leave in Attachment #1 will be included in Title 22, Employee Benefit Programs of the Agreement.

13. The modified job descriptions and wage schedules in Attachment #3 will be included in the Agreement.

14. The Company will facilitate a meeting between the Union and the Buyer to discuss appropriate issues.

15. The parties agree that for this transaction, Sections 19.10 (Severance) and 19.11 (Enhanced Severance) will not apply to Employees who have their employment terminated by Company and who are hired by the Buyer.

16. The parties agree that the Employee Discount issues for the remainder of the Bargaining Unit Employees shall be addressed in a separate session prior to the sale of the Water Business.

17. The following tiered bidding process subject to Title 16 Seniority will be implemented 30 to 60 days prior to the close of sale, moving chronologically from Tier 1 thru Tier 3:

- Tier 1 - Gas & Water Department Operations Occupational Group, Construction Department
- Tier 2 - Remainder of Bargaining Unit

- Tier 3 - Fill from any source, limited to full-time regular Employees of Sierra Pacific Power Company
- 17.1 Jobs posted will be limited to (3) Gas & Water Heavy Working Foreman, (2) Gas & Water Light Working Foreman, (1) Fitter Welder, (3) Fitter, (1) Equipment Operator II, (2) Equipment Operator III, (4) Inspector, (1) Construction Inspector, (3) Water Serviceman, (2) Helper
- 17.2 Employees accepting one of the aforementioned positions will be added to the Company's "Affected Employee" list, and will be covered under the terms of this agreement (this will exclude any position filled under Tier 3 of the aforementioned bidding process). It is the intent that the buyer will complete staffing of any partial crews not filled by the aforementioned process. Company intends to include in the asset sale the necessary equipment and supplies to support the filled positions.
- 17.3 Employees who are not on the Company's "Affected Employee" list as of the close of sale of the Water Business will remain in their current positions with the Company and be covered by the terms, conditions, and protections afforded by the current CBA.
- 18. All positions identified in Attachment #2 will be included in the Agreement.
- 19. This LOU will become effective when it is signed by both parties.

Sierra Pacific Power Company
Mary Jane Reed

International Brotherhood of Electrical
Workers
Jack McNally

By: Mary Jane Reed 12/1/00
Signature Date
Vice President, Human Resources

By: Jack McNally 12-1-00
Signature Date
Business Manager, Local 1245

Attachment #1 - Additional Benefits
Attachment #2 - Lines of progression
Attachment #3 - Modified Classifications and Wage Rates

①

A# 1

10 23-00

Time Off For Jury Duty And Serving As A Witness T/A

Employees who serve on jury duty or are subpoenaed to testify as a witness in court during regularly scheduled working hours will be excused from work and will receive their regular pay for the time they are required to serve. Jury or witness fees may be retained by the employee.

An employee who is served with a summons for jury duty or a subpoena to appear as a witness must notify his supervisor as soon as possible.

Upon being discharged from jury duty or appearing as a witness, the employee is expected to report to work for the remainder of his regular work schedule.

If an employee has brought legal action against another party and is subpoenaed to appear as a result of filing such action, then the employee is not entitled to pay for any time away from work.

Time Off For Funerals

A regular employee will be allowed time off, without loss of pay, to attend funerals of members of his immediate family and other individuals provided he gets approval from his supervisor in advance.

In the case of death of a member of the employee's immediate family, the employee will be allowed not more than three consecutive work days off at the time of the funeral. Immediate family includes spouse, children (foster and/or step), parents, parents-in-law, brothers, sisters, brothers-in-law, sisters-in-law, grandparents, and grandchildren.

Attendance by an employee at funerals of individuals other than members of the employee's immediate family (such as other relatives, fellow employees, friends, and business acquaintances) will be limited to a maximum of 24 working hours in any calendar year, to be taken in increments of no more than eight hours.

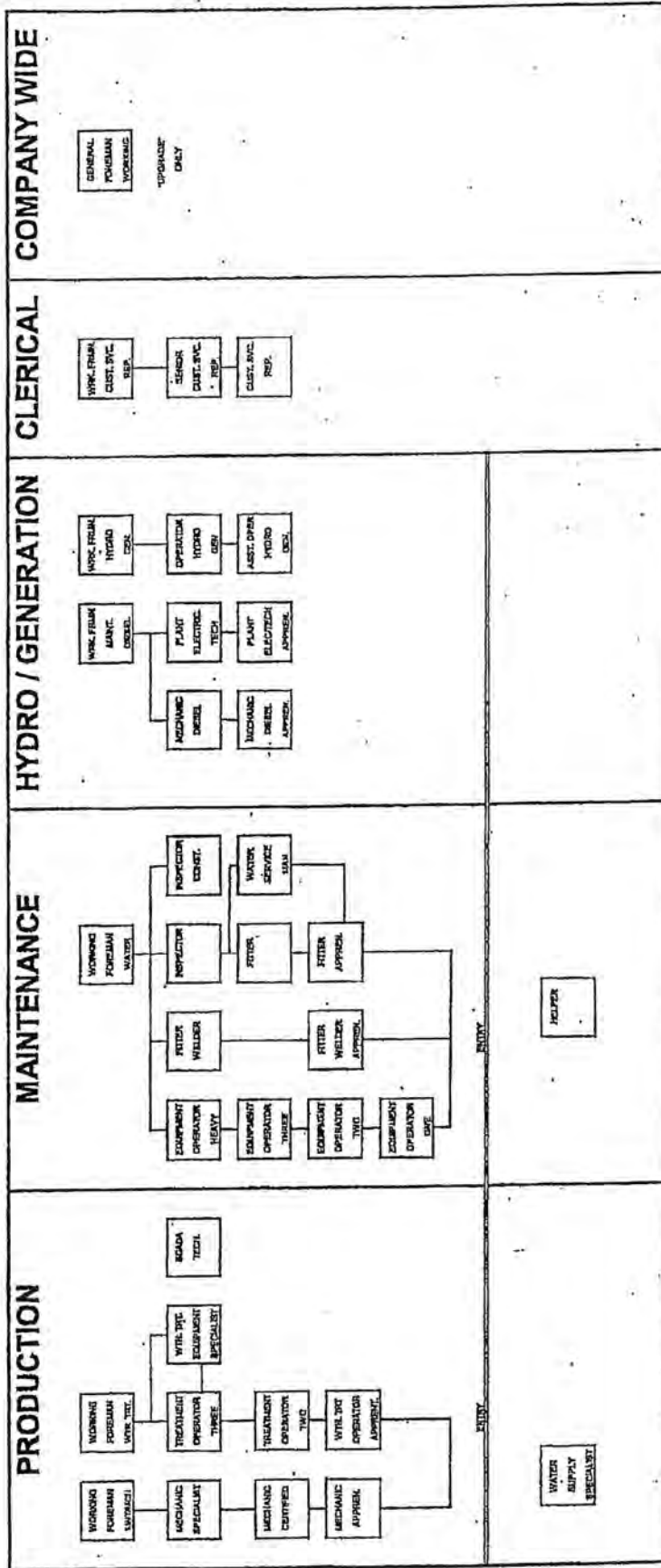
Employees will be paid funeral pay for the amount of time they are actually absent from their job during their regularly scheduled working hours. Pay will be calculated at the employee's regular straight-time earnings rate.

Military Leave

Sierra provides military leave of absence with pay (less military wages) for regular and probationary employees for fourteen days annually.

ATTACHMENT #2
10-25-00

THE WATER COMPANY



Final Job Description Changes 10-25-00
LOU - Attachment #3

Operations Wage Scales (Effective at close of sale, subject to G.W.I.)

Job #7643 Apprentice, Operator, Water Plant

Start	\$20.65
6 month	\$21.66
1 year	\$22.17
18 month	\$23.17
2 year	\$24.18

Job #8470 Operator, Water Plant II

Grade II Treatment only	\$24.39 (subject to review)
Grade II Treatment and Distribution	\$25.20

NEW JOB Operator, Water Plant III

Grade III Treatment and Distribution	\$26.75
--------------------------------------	---------

Job #6297 Foreman, Shift, Water Treatment, Working

\$29.42

Maintenance Wage Scales (Effective at close of sale, subject to G.W.I.)

Job #7683 Apprentice, Mechanic Maintenance/Control, WP

Start	\$20.16
6 month	\$20.65
1 year	\$21.66
18 month	\$22.17
2 years	\$23.17
30 month	\$24.18

Job #7585 Mechanic, Maintenance/Control, Certified, WP

\$25.20

Job #7385 Mechanic, Specialist, Maintenance/Control, WP

\$26.75

Job #6285 Foreman, Mechanic, Maintenance/Control, WP, Working

\$29.42

Peaking/Hydro Wage Scales (Effective at close of sale, subject to G.W.I.)

Job #8850 Operator, Hydro/Generation, Assistant

\$22.85

Job #8325 Operator, Hydro/Generation

\$25.20

Job #6396 Foreman, Hydro/Generation, Working

\$29.42

Job #7652 Apprentice, Mechanic, Hydro/Generation

Start	\$20.16
6 month	\$20.65
1 year	\$21.66
18 month	\$22.17
2 year	\$23.17
30 month	\$24.18

Job #7632 Apprentice, Technician, Electrical Plant, Hydro/Generation

Start	\$20.16
6 month	\$20.65
1 year	\$21.66
18 month	\$22.17
2 year	\$23.17
30 month	\$24.18

Job #7350 Mechanic, Hydro/Generation

\$26.75

Job #7110 Technician, Electrical Plant, Hydro/Generation

\$27.27

Job #6071 Foreman, Maintenance, Hydro/Generation, Working

\$29.42

7643 *APPRENTICE, OPERATOR, WATER PLANT

An employee who assists the Water Plant Operators as required and who is in training to acquire the experience and develop the skills necessary for advancement to Operator, Water Plant. In order to gain experience for advancement, he may be required to work alone or under direct supervision on jobs for which he has been trained or instructed. The employee in this classification will be required to progress to the one-year rate of pay. Grade II Distribution and Treatment certifications will be required to progress to the two year rate of pay. His education and general qualifications must be such that he is considered capable of attaining Journeyman status.

8470

*OPERATOR, WATER PLANT II

An employee who has completed an apprenticeship and/or equivalent level of training or appropriate certification and is responsible for the production of safe and clean drinking water in compliance with all Federal, State, and Local regulations and restrictions, under general supervision of the Working Foreman. Will also be responsible for the operation of pumps and valves to regulate the flow of water through canals and treatment plants and will coordinate the rate of flow with demand, storage and other operating needs; operates the overall distribution system through the companies SCADA system, and using the SCADA system to start, stop, and take out of service for work, whatever part of the distribution system is required for the efficient delivery of water to customers; will take appropriate action to help resolve customer complaints when necessary; performs such record keeping functions as log of plant operations, test results, maintenance work performed, unusual operating conditions and special reports as required; takes samples of water at regular intervals and makes such control tests required to ensure the efficient production of a safe product for public consumption; performs tests and adjusts chemical feed equipment to ensure optimal performance of treatment plant process; will make limited repairs and adjustments, for which training has been provided; receives supplies delivered during his/her shift and ensures that they are properly stored. Must possess State of Nevada Grade II Water Treatment and Water Distribution certifications or equivalent. The Employee shall be reclassified to Operator III, Water Plant upon completion of Grade III Water Treatment and Water Distribution Certifications.

Wage Scale

Grade II Treatment only	-----	\$24.39 (subject to review)
Grade II Treatment and distribution	-----	\$25.20

New
Job #

OPERATOR, WATER PLANT III

An employee who has completed an apprenticeship and/or equivalent level of training or appropriate certification and is responsible for the production of safe and clean drinking water in compliance with all Federal, State, and Local regulations and restrictions, under general supervision of the Working Foreman. Will also be responsible for the operation of pumps and valves to regulate the flow of water through canals and treatment plants and will coordinate the rate of flow with demand, storage and other operating needs; operates the overall distribution system through the companies SCADA system, and using the SCADA system to start, stop, and take out of service for work, whatever part of the distribution system is required for the efficient delivery of water to customers; will take appropriate action to help resolve customer complaints when necessary; performs such record keeping functions as log of plant operations, test results, maintenance work performed, unusual operating conditions and special reports as required; takes samples of water at regular intervals and makes such control tests required to ensure the efficient production of a safe product for public consumption; performs tests and adjusts chemical feed equipment to ensure optimal performance of treatment plant process; will make limited repairs and adjustments, for which training has been provided; receives supplies delivered during his/her shift and ensures that they are properly stored. Must possess State of Nevada Grade III Water Treatment and Water Distribution certifications or equivalent. Required for upgrade to Working Foreman.

Wage Scale

Grade III Treatment and Distribution-----\$26.75

7585 *MECHANIC, MAINTENANCE/CONTROL, CERTIFIED, WP

An employee, who has completed a Maintenance/Control Mechanic apprenticeship or equivalent and is qualified to install, maintain, test and repair various types of mechanical equipment within the Water Production Department, including, but not limited to, production wells, booster pump stations, pressure regulator stations as well as the water treatment facilities. Must have an understanding of the electrical systems related to the mechanical equipment. Must have a thorough understanding of hydraulic controls, and their principles, and will be required to install, test, and service these controls in order to obtain an efficient operation. Must have a working knowledge of the SCADA system and will be required to access data relative to the operation of the various pumping systems and pressure zones. Will also input setpoints related to the hydraulic controls and their automatic functions and may at times be asked to aid the plant operators in the operation of these systems/zones. Must be able to work from various service and repair manuals and be capable of solving technical problems where resources may be limited. Will be required to perform other related tasks such as incidental welding and rigging and will keep accurate and legible records of the operation and maintenance of the equipment for which the employee is responsible. Must be thoroughly familiar with the company tagging procedure and safety rules. Must have and maintain a current Nevada Grade II Water Distribution Certificate and a current driver's license.

Please add the following sentence:

The employee will be reclassified to Mechanic, Specialist, Maintenance/Control, WP, upon completion of two years in this classification and attaining the welding certification, chemical handling system training and Nevada Grade III Water Distribution Certification.

7385 *MECHANIC, SPECIALIST, MAINTENANCE/CONTROL, WP

An employee who has completed a Mechanic, Maintenance/Control apprenticeship or equivalent, has received hazardous materials handling training or equivalent and is qualified to install, maintain, test and repair various types of mechanical equipment, chemical handling equipment, and piping systems used in water production, treatment, and distribution facilities, including, but not limited to, production wells, booster pump stations, pressure regulator stations, water treatment plants, and associated facilities. Must have an understanding of the electrical systems related to the mechanical systems controlling and driving mechanical equipment. Must have a thorough understanding of hydraulic controls and will be required to install, test and service these controls in order to obtain an efficient operation. Must have a working knowledge of the SCADA system and will be required to access data relative to the operation of the various pumping systems and pressure zones. Will also enter data relative to hydraulic setpoints and controls. May be asked to aid the plant operators in operations of pumping and/or regulator station operation. Will be called on to assist customers in resolving pressure or flow problems. Will be required to inspect contractor-installed work in any water production facility. Must be able to work from various service and repair manuals and be capable of solving technical problems where resources may be limited. Will be required to perform other related tasks such as welding and rigging and will keep accurate and legible records of operation and maintenance of the equipment for which the employee is responsible. Must be certified to perform maintenance welding on water production related facilities. Must be thoroughly familiar with company lock-out/tag-out procedures, safety rules and hazardous materials handling procedures. Must maintain current Nevada Grade III Water Distribution Certificate.

6285 *FOREMAN, MECHANIC, MAINTENANCE/CONTROL, WP, WORKING

An employee who has the knowledge and skill through experience and training to work with and direct the activities of a crew engaged in construction and maintenance of facilities connected with or related to the Water Production Department. Must be a Journeyman Mechanic, Maintenance/Control, WP, to be considered for promotion to this classification. Must be skilled in the crafts in which he works and have sufficient knowledge of all tools and equipment used under his direction and guidance. Must have sufficient knowledge of the function of water system equipment, how it operates mechanically, hydraulically and electronically. Must be able to interpret plans, sketches, specifications and written instructions. Will be required to interpret and work from various service and repair manuals. Must be thoroughly familiar with work procedures and methods for the assigned area of responsibility. Will be required to keep and maintain accurate and legible records of the operation and maintenance of water system related mechanical equipment. Shall be thoroughly familiar with Company's dispatching, clearance, rigging and hazardous materials handling regulations. Requires a State of Nevada Grade III Water Distribution Certification and a current driver's license.

8325 *OPERATOR, HYDRO/GENERATION

A shift employee with at least one (1) year's experience as an Assistant Hydro/Generation Operator, who during his shift is in direct charge of and is responsible for the operation of one (1) or more Hydro Generation units, Diesel Generation units, and any related facilities. They will perform the duties of System Operator at unattended hydro plants and substations, water collection and delivery systems or ditch and stream gauging. May be required to perform monthly runs and testing for emergency generation units and assist in maintenance. Will be required to observe and record station operation data on a continuous basis and maintain equipment in proper operating condition. Will be required to operate, inspect, and perform routine maintenance of all Water Production dams, headgates, flumes, penstocks, and other related facilities in order to insure proper river and canal flows at all times. Will be responsible for minor maintenance of all equipment in their care. Will keep facilities and grounds in a clean and orderly fashion. Will prepare switching orders and maintain operating diagrams. May be required to perform and direct electrical switching in accordance with established company procedures. Must be familiar with company dispatching and clearance rules, electrical and mechanical tagging and safety rules and be qualified to render first aid. May be required to direct and train other operating employees in any or all of the above mentioned duties. May be upgraded to Hydro/Generation Foreman.

6396 *FOREMAN, HYDRO/GENERATION, WORKING

An employee who, under general supervision, is in charge of and responsible for the operation of Hydro, Stand-by Diesel and Combustion Turbine Plants. The employee is directly responsible for the day-to-day Operation & Maintenance of all hydro and water production flumes, ditches, diversion dams, head gates and related facilities. Will be required to direct and inspect work being performed on all hydro plants and waterways. Will be required to measure and record water flows, operate ditch and dam headgates on all company waterways from the upriver storage dams to all hydro plant intakes. Must have at least two years experience as a Hydro/Generation Operator and possess the knowledge and skills through experience and training to direct and train the Hydro/Generation Operator or Apprentice Operator. The employee will be responsible to determine the lumber and hardware needed for flume and penstock repairs and rebuilds and may be required to provide construction management and inspection. He shall be responsible for controlling the Verdi Lumberyard inventory and access. The employee shall be responsible for keeping proper records of plant operations, maintenance and outages. The employee shall be thoroughly familiar with Company dispatching and clearance rules, electrical and mechanical tagging and safety rules. In the absence of management, the employee shall be the controlling party of all hydro and related facilities and is authorized to issue and grant all clearances. The employee must possess a current driver's license and be qualified to render first aid.

7350 *MECHANIC, HYDRO/GENERATION

An employee who is qualified and regularly engaged in performing all types of hydro, diesel, and turbine generation maintenance, including maintenance of engine turbo chargers, oil systems, cooling systems and all related plant facilities. Employee shall also perform all types of mechanical and electrical maintenance to water production and distribution facilities for which he is qualified. Employee shall possess a current driver's license and be qualified to render first aid.

7110 *TECHNICIAN, ELECTRICAL, PLANT, HYDRO/GENERATION

An employee who is a Journeyman and is engaged in testing, repairing, maintaining and installing all types of electric and electronic equipment and related components in generating stations, water production and related facilities. May be required to do plant and plant substation switching. May be required to do incidental welding, such as tack hangers and test welding machines after repair, etc. His background of apprenticeship and experience must be such as to qualify him to perform these duties with skill and efficiency. He may also be required to instruct or advise operating personnel on problems pertaining to electrical equipment. He must be thoroughly familiar with Company's electrical and mechanical tagging and safety rules. Employee shall possess a current driver's license and qualified to render first aid.

6071 *FOREMAN, MAINTENANCE, HYDRO/GENERATION, WORKING

An employee who, under general supervision, is engaged in performing all types of hydro and generation maintenance having full charge of and directing entire crew. Must be a Journeyman Hydro/Generation Mechanic or Plant Technician, Hydro and Generation, with at least two (2) years experience as such or its equivalent. An employee who is qualified and regularly engaged in performing all types of hydro, diesel, and turbine generation maintenance, including maintenance of engine turbo chargers, oil systems, cooling systems and all related plant facilities. Employee shall also perform all types of mechanical and electrical maintenance to water production and distribution facilities for which he is qualified. Employee shall possess a current driver's license and be qualified to render first aid.

10/23/00

Let it be known that upon divestiture, the position of Clerical Representative located at Glendale Water Treatment facility will be reclassified to Representative, Customer Service.

8150 *SPECIALIST, EQUIPMENT, WATER TREATMENT

An employee who is responsible for the operation and routine maintenance of water treatment equipment, machinery and instrumentation including flow meters. Will be required to conduct water treatment tests including determination of coagulant and purification dosage. Must be able to modify existing water treatment systems when needed and be capable of recognizing the need for making these changes and make recommendations. Will be required to make preliminary analysis of usage and costs of chemical and chemical equipment. Must be able to make estimates for plant operations improvements and changes. Will be required to keep accurate records of plant operations and maintenance, chemical usage, purchases and other special reports as required. Will be responsible for maintaining proper stock of water treatment chemicals for all plants. Requires a Grade II Distribution, Grade III Water Treatment and Backflow Specialist Certifications.

Wage: 26.75

T/A 10-25-00

AGREEMENT CONCERNING COMPLIANCE WITH LETTER OF UNDERSTANDING

Parties. The parties to this Agreement Concerning Compliance With Letter of Understanding ("Agreement") are Truckee Meadows Water Authority ("TMWA") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

Basis. On December 1, 2000, Sierra Pacific Power Company and Union executed the Letter of Understanding ("LOU"), which by reference is made a part of this Agreement. The LOU contains the following obligations that must be fulfilled by TMWA. The purpose of this Agreement is to clarify this obligation and matters related thereto.

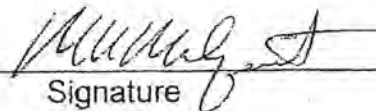
Terms. The terms and conditions of this Agreement are:

1. TMWA agrees to comply with the following sections of the LOU:
 - 2.2 Retain all of the Employees whom the Company has assigned to the Water Business. There will be a prohibition of layoffs through the first year of the Water Agreement. If during the term of the Agreement, an Employee is terminated for reasons other than for cause for the remainder of the term of the Water Agreement, then Title 19.10, Enhanced Severance shall apply.
 - 2.3 Recognize the Company's hire and seniority dates as the hire and seniority dates of the Buyer.
 - 2.4 Assume obligations of current post retirement medical provisions. Service with Sierra Pacific Power Company shall be included in determining eligibility for post retirement medical coverage, except where employees are participants in Sierra Pacific Power Company's post retirement medical coverage. In addition, employees who have completed eligibility for post retirement medical may terminate for any reason prior to vesting with PERS and be eligible to receive the post retirement medical coverage from TMWA.
- 6 Buyer to recognize and make available to Employees, the balance of each Employee's sick leave hours. Sick leave balance shall be the current Company balance at the close of sale less those hours paid by SPPC as sick leave payoff.

Page 2 – Agreement Concerning Compliance With Letter of Understanding

- 7 Buyer to recognize and make available to each Employee vacation accrued for up to two years. Vacation balance shall be the current Company balance at the close of sale less those hours paid by SPPCO as excess accrual.
2. TMWA will convert any unused floating holidays to vacation at close of sale.
3. Any dispute arising from or related to this Agreement shall be fully and finally resolved through the grievance procedure set forth in the collective bargaining agreement between TMWA and Union, except where claims under TMWA employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

TRUCKEE MEADOWS WATER AUTHORITY

By  General Manager June 8, 2001
Signature Title Date

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, LOCAL 1245

 Bks. Mgr 6-11-01
Signature Title Date

AGREEMENT AMENDING LETTER OF UNDERSTANDING

Parties. The parties to this Agreement Amending Letter of Understanding ("Amendment") are Sierra Pacific Power Company ("Company") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

Basis. On December 1, 2000, the parties executed the Letter of Understanding ("LOU"), which by reference is made a part of this Amendment. The parties have agreed to amend the LOU under the terms and conditions contained herein. All other terms and conditions of the LOU shall remain in full force and effect.

Terms. The terms and conditions of this Amendment are:

1. Paragraph 2.4 of the LOU is replaced completely with the following provisions:

"Company agrees to accelerate vesting in the Sierra Pacific Resources Retirement Plan for all SPPC bargaining unit full time employees who transfer to the Buyer at the time of the sale. Further, if any transferred employee does not achieve vesting in the Buyer's pension plan due to termination for reasons other than "cause" or voluntary resignation, the Company agrees to recognize the years of service with the Buyer as vesting service in Company's retirement plan. "Cause" is defined as the violation of the Buyer's policies, work rules and/or codes of conduct.

The Company will provide all employees who transfer at the time of sale an uncapped lump sum option equivalent to the present value of their accrued vested pension calculated with the following enhancements:

- 1.1 All employees will receive the benefit of the early retirement factor (4% per year under age 62) rather than the terminated vested factors for purposes of determining early retirement penalties.
- 1.2 Except for those employees who are eligible for the early retirement bridge, the schedule of points outlined in Paragraph of 3B of the LOU will be applied for calculating the pension of all transferred employees from the Company.

These enhancements apply to either the lump sum option or the deferred vested annuity.

Page 2 – Agreement Amending Letter of Understanding

The Buyer will be required to assume the obligations of the current Post Retirement Medical ("PRM") provisions. Eligibility is defined as attaining at least age 55 with at least 10 years of "Service" including points, at the time of retirement/termination. Service shall be inclusive of years of service with Company and Buyer. Vesting in the Buyers retirement system is not required to be eligible for PRM.

An employee who terminates/retires from Company and has achieved PRM eligibility at the close of sale, may elect to receive PRM benefits from Company or defer participation to a future date. If the employee elects to receive PRM from Company, he will not be eligible to receive additional PRM benefits from the Buyer until he has achieved 10 years of service with the Buyer.

2. Paragraph 5 of the LOU is amended by adding the following:

"The Company will agree to reimburse transferred employees for any annual out-of-pocket eligible medical expenses greater than \$300 per person or \$900 per family for a period of 2 years after the sale. (The medical plan being offered by the Buyer provides for a \$2,200 annual out of pocket maximum for covered expenses.) This provision is contingent on employees participating in the Buyer's medical plan. Claims for such expenses must be presented to the Company in a format to be determined by the Company. Company will determine format within two months of the date of this agreement."

3. Paragraph 5 of the LOU is amended by adding the following:

"Jobs will only be awarded and accepted one time.

The provisions of Section 16.7(b) and 16.8 of the CBA shall not apply to this bidding process. This section amendment shall be utilized for this transaction only and shall not be precedent setting in determining future job awards at Sierra Pacific Power Company."

4. The parties agree that this Amendment fully and finally resolves all outstanding issues between the parties arising out of or related to the sale of the Company's water facilities to the Buyer, including, but not limited to the LOU.
5. The Union agrees to sign the Collective Bargaining Agreement with the Buyer, Truckee Meadows Water Authority, within a reasonable time after the close of the sale. CBA shall be signed by the Buyer prior to the Union becoming signatory.

Page 3 – Agreement Amending Letter of Understanding

6. Any dispute arising from or related to the LOU and/or this Amendment that arises prior to the close of the sale shall be fully and finally resolved through the grievance procedure set forth in Title 21 (Grievance Procedure) of the Agreement between Company and Union effective January 1, 1998, except where claims under Company employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

Any dispute arising from or related to the LOU and/or this Amendment that arises subsequent to the close of the sale and involves an obligation of the Company and Union shall be fully and finally resolved as follows. The Company and the Union shall meet and make a good faith effort to resolve the dispute. If the parties are unable to do so, then either party can demand that the dispute be arbitrated. Any arbitration shall be final and binding on the parties, except where claims under Company-employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

7. This Amendment shall become effective when it has been signed by both parties.

SIERRA PACIFIC POWER COMPANY

By Mary Jane Reed Vice President - HR 6/5/01
Signature Title Date

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 1245

By Joe Welch Bus Manager 6.11.01
Signature Title Date

AGREEMENT CONCERNING COMPLIANCE WITH LETTER OF UNDERSTANDING

Parties. The parties to this Agreement Concerning Compliance With Letter of Understanding ("Agreement") are Truckee Meadows Water Authority ("TMWA") and the International Brotherhood of Electrical Workers, Local 1245 ("Union").

Basis. On December 1, 2000, Sierra Pacific Power Company and Union executed the Letter of Understanding ("LOU"), which by reference is made a part of this Agreement. The LOU contains the following obligations that must be fulfilled by TMWA. The purpose of this Agreement is to clarify this obligation and matters related thereto.


Terms. The terms and conditions of this Agreement are:

1. TMWA agrees to comply with the following sections of the LOU:
 - 2.2 Retain all of the Employees whom the Company has assigned to the Water Business. There will be a prohibition of layoffs through the first year of the Water Agreement. If during the term of the Agreement, an Employee is terminated for reasons other than for-cause for the remainder of the term of the Water Agreement, then Title 19.10, Enhanced Severance shall apply.
 - 2.3 Recognize the Company's hire and seniority dates as the hire and seniority dates of the Buyer.
 - 2.4 Assume obligations of current post retirement medical provisions. Service with Sierra Pacific Power Company shall be included in determining eligibility for post retirement medical coverage, except where employees are participants in Sierra Pacific Power Company's post retirement medical coverage. In addition, employees who have completed eligibility for post retirement medical may terminate for any reason prior to vesting with PERS and be eligible to receive the post retirement medical coverage from TMWA.
- 6 Buyer to recognize and make available to Employees, the balance of each Employee's sick leave hours. Sick leave balance shall be the current Company balance at the close of sale less those hours paid by SPPC as sick leave payoff.

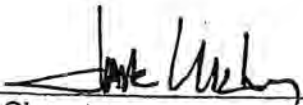
Page 2 – Agreement Concerning Compliance With Letter of Understanding

- 7. Buyer to recognize and make available to each Employee vacation accrued for up to two years. Vacation balance shall be the current Company balance at the close of sale less those hours paid by SPPCO as excess accrual.
- 2. TMWA will convert any unused floating holidays to vacation at close of sale.
- 3. Any dispute arising from or related to this Agreement shall be fully and finally resolved through the grievance procedure set forth in the collective bargaining agreement between TMWA and Union, except where claims under TMWA employee benefit plans are involved. Disputes involving claims under employee benefit plans shall be resolved under the claim procedure of the employee benefit plan involved.

TRUCKEE MEADOWS WATER AUTHORITY

By  General Manager June 8, 2001
 Signature Title Date

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 1245

 Bus. Mgr 6-11-01
 Signature Title Date

AGREEMENT BETWEEN
TRUCKEE MEADOWS WATER AUTHORITY
AND
LOCAL UNION 1245
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

June 11, 2001 through June 10, 2003

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written, acting by and through their duly authorized officers.

TRUCKEE MEADOWS WATER AUTHORITY

LOCAL UNION 1245 OF THE
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS,
AFL-CIO


Malyn K. Malquist, General Manager


Jack McNally, Business Manager


Tony Armstrong, Chairman of the Board


Howard Stiefer, President

APPROVED:

Edwin D. Hill
International President

2000 NEGOTIATING COMMITTEE MEMBERS

COMPANY	UNION
Bruce Bullock, Chair	Ray Thomas, Chair
Lori Williams	Randy Osborn
Marie Stuersel	Dennis Bergstrom
Al Feleciano	Chip Chadwick
Bonnie Rose	Andy Gebhardt
	Bob White
	Bob Wilk

**TRUCKEE MEADOWS WATER AUTHORITY
POST-RETIREMENT MEDICAL AND LIFE INSURANCE PLAN & TRUST
(AS RESTATED ON JUNE 16, 2011)**

Appendix B (as referenced in Article 2.9)

List of MPAT Transfer Employees also includes the following MPAT personnel:

- Mark Foree
- Debra Kaye
- Lori Williams

APPENDIX "C"

(CURRENT SCHEDULE OF LIFE INSURANCE BENEFITS)

1. Current Life Insurance Coverage for Participants. The amount of life insurance coverage that a Participant may elect is 1 times the Participant's annual earnings on his or her Retirement Date, rounded to the next higher multiple of \$1,000, if not already a multiple of \$1,000, subject to a maximum of \$175,000. At the time a Participant attains age 70 and continuing through age 74, the life insurance coverage elected by the Participant will be reduced to 50% of the coverage elected, and at the time the Participant attains 75 the life insurance coverage will be reduced to \$2,500.

2. Current Life Insurance Coverage for Dependents of Participants. The amount of life insurance coverage that a Participant may elect for his or her spouse is \$1,500, and the amount of life insurance coverage that a Participant may elect for a child of the Participant is \$750. However, the amount of life insurance coverage for a spouse or child of the Participant may not exceed 100% of the life insurance coverage elected by the Participant.

Sierra Pacific Resources Retirement Plan

(Originally Established April 1, 1957)

As Amended and Restated Effective January 1, 2000

(Including Administrative Clarifications adopted by the HR Benefits Committee in May 2001)

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PREAMBLE

This is the controlling amendment and restatement of the Sierra Pacific Resources Retirement Plan (the "Plan"). This Plan covers Eligible Employees of Sierra Pacific Resources ("SPR"), Sierra Pacific Power Company ("SPPC"), Nevada Power Company ("NPC") and such other companies, affiliates, and subsidiaries which adopt the Plan with Board consent.

The Plan was originally adopted by Nevada Power Company effective April 1, 1957 and was known as the Nevada Power Company Retirement Plan ("NPC Plan"). This restatement is effective as of January 1, 2000. Benefits for Participants who retire or terminate employment prior to the effective date of this restatement, or any amendment hereto, shall not be affected by such restatement or such amendment, unless so expressly provided. There are three exceptions to the foregoing with respect to this restatement; (1) the \$10,000 post-retirement death benefit payable to beneficiaries of retirees under the NPC Plan will not be payable under this Plan to the extent that the obligation has been transferred to the group term life insurance plan sponsored by SPR, (2) previous SPPC retirees will be allowed to receive an immediate refund of their remaining employee contribution account pursuant to Appendix C and (3) for NPC employees who terminated before January 1, 2000 and are electing to commence payments after January 1, 2000, the 75% Joint & Survivor option will replace the 66 2/3% Joint & Survivor option. Any Participant who was a member of the NPC Plan or the SPPC Plan and was deemed to have been on long-term Disability as of the effective date of this Plan will have their benefits determined under the Prior Plan provisions applicable to such Employee. Furthermore, benefits for any Employee who elected to terminate under the 1999 Merger Severance Program shall be determined under the Prior Plan provisions applicable to such Employee, even if the Termination Date occurs on or after January 1, 2000.

The purpose of this amendment and restatement is to integrate the provisions of the predecessor NPC Plan with the provisions of the Retirement Plan for Employees of Sierra Pacific Power

Company and Affiliates ("SPPC Plan"). There are separate benefit structures for Local 396, Local 1245, and MPAT Employees. The benefit structures for Local 396 and Local 1245 Employees are the same as provided under the Prior Plans for such Employees in accordance with the Bargaining Agreement applicable to the respective Locals.

A separate trust agreement adopted by the Employer and the Trustee is intended to form a part of this Plan. The purpose of this Plan is to provide retirement funds to Eligible Employees and Beneficiaries. It is intended that this Plan continues to be qualified under Section 401(a) of the Internal Revenue Code of 1986 (the "Code"), as amended from time to time, and the Trust continues to be exempt from taxation as provided under Code Section 501(a).

ARTICLE 1: Definitions

The following words and phrases when used in the Plan shall have the following meanings, unless a different meaning is plainly required by the context.

- 1.01 "Accounts" shall mean the value of all the accounts a Participant had from his participation in the R&T Plan and the Nevada Power Company Supplementary Plan before January 1, 1976 or the value of the employee contributions made to the SPPC Plan prior to July 1, 1974, with interest up to the date these Accounts are paid. "Employee R&T Account" means the Employee Account under the R&T Plan on December 31, 1975. "Company R&T Account" means the Employer Account for an Employee who was a member of the R&T Plan on December 31, 1975. "Company Supplementary Account" means the Employer Account for an Employee who was a member of the Nevada Power Company Supplementary Plan on December 31, 1975. The benefits attributable to these Accounts are set forth in Appendix C.
- 1.02 "Accrued Benefit" shall mean the amount of annual pension benefit, payable as a straight life annuity, determined in accordance with the provisions of Section 5.01.
- 1.03 "Actuarial Equivalent" shall mean a benefit or amount having the same Actuarial Equivalent Value as an Accrued Benefit or other applicable benefit.
- 1.04 "Actuarial Equivalent Value" shall mean a benefit of equivalent value when calculated under generally accepted actuarial methods, using the applicable tables, interest rates and other factors described in Appendix A of this Plan. Notwithstanding the foregoing, for all purposes not specifically stated otherwise, Actuarial Equivalence will be based on the

applicable mortality table promulgated by the IRS under Code Section 417(e)(3) as in effect on the first day of the Plan Year and the applicable interest rate promulgated by the IRS under Code Section 417(e)(3) for the second calendar month preceding the first day of the Plan Year.

- 1.05 "Actuary" shall mean that individual who is an "enrolled actuary" as defined in Section 7701(a)(35) of the Code or that firm of actuaries which has on its staff such an Actuary, appointed by the Committee.
- 1.06 "Adjustment Factor" shall mean the cost of living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code for years beginning after December 31, 1987, applied to such items and in such manner as the Secretary shall prescribe.
- 1.07 "Affiliated Employer" shall mean any corporation which is included with the Employer in a controlled group of corporations, as determined in accordance with Code Section 414(b), any unincorporated trade or business which, as determined under regulations of the Secretary of the Treasury, is controlling, controlled by or under common control with the Employer under Code Section 414(c), any organization that includes the Employer, which is a member of an affiliated service group, as defined in Code Section 414(m), and any other entity required to be aggregated with the Employer pursuant to regulations under Code Section 414(o). For the purposes of Section 6.01, Code Sections 414(b) and (c) shall be applied as modified by Code Section 415(h).

- 1.08 "Beneficiary" shall mean that person(s) or entity(ies) (including a trust) or estate that shall be entitled to receive benefits payable pursuant to the provisions of this Plan by virtue of a Participant's death, pursuant to the provisions of Appendix C.
- 1.09 "Benefit Accrual Service" shall mean the period of Service of a Participant that is used to calculate the amount of the Participant's Accrued Benefit, determined in accordance with Article 2.
- 1.10 "Benefit Commencement Date" shall mean the first day of the first month for which a benefit is payable to an individual, even though the first payment may not actually have been made at that date.
- 1.11 "Board" or "Board of Directors" shall mean the Board of Directors of the Company, except that any action which may be taken by the Board may also be taken by a duly authorized individual(s) or committee(s) of the Board.
- 1.12 "Break in Service" shall mean a Termination followed by the completion of a One-Year Break in Service.
- 1.13 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations thereunder.
- 1.14 "Committee" shall mean the person or persons designated by the Board to administer the Plan in accordance with Article 11. Absent a designation to the contrary, the Company's internal administrative committee known as the "SPR Benefits Committee" shall act on behalf of the Company in operating this Plan.

- 1.15 "Company" shall mean Sierra Pacific Resources and any successor that shall maintain the Plan and any predecessor that has maintained the Plan.
- 1.16 "Compensation" (used for purposes of Code Section 415, not for calculating benefits; see Earnings for the definition of plan recognized compensation) shall mean wages (as defined in Code Section 3401(a) for purposes of income tax withholding) paid to an Employee by an Employer or Affiliated Employer during a designated period, but without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed. For Plan Years beginning on or after January 1, 1998, Compensation shall also include contributions made by an Employer or Affiliated Employer pursuant to the salary reduction elections of an Employee that are not includible in the gross income of the Employee under Code Sections 125 and 402(e)(3) (e.g., cafeteria plan and 401(k) contributions).
- 1.17 "Covered Compensation" shall mean Social Security Covered Compensation.
- 1.18 "Deferred Vested Benefit" shall mean the benefit to which a vested Participant would be entitled after Termination, as calculated in accordance with Section 5.06.
- 1.19 "Disability" shall mean a physical or mental condition, presumably permanent, resulting from a bodily injury, disease, or mental disorder, which renders an Eligible Employee incapable of performing the normal and customary activities of his employment and which qualifies him to receive benefits under the Social Security Act or under the Company's Long Term Disability Plan.

- 1.20 "Early Retirement Benefit" shall mean the benefit to which a Participant would be entitled if he retires as of an Early Retirement Date, as calculated in accordance with Section 5.05.
- 1.21 "Early Retirement Date" shall mean the first day of any calendar month following the Participant's Termination Date, if such date is earlier than the Participant's Normal Retirement Date, provided that the Participant has both attained age 55 and completed at least five (5) years of Vesting Service by his Termination Date. Notwithstanding the foregoing, a Local 1245 Union Employee must have attained both age 55 and completed ten (10) years of Vesting Service by his Termination Date.
- 1.22 "Earnings" shall mean cash compensation paid by the Employer to the Participant prior to Termination of employment and shall specifically include base salary, short term disability earnings, shift 1 or 2 premium, upgrade pay, overtime for MPAT or Local 396 Union Employees, annual incentive pay, plus any deferrals to 401(k) or 125 plans pursuant to salary reduction agreements. Earnings shall specifically exclude retention bonuses, severance pay, moving expenses, deferred compensation, auto or perquisite allowances, pay advances, service awards, overtime meal reimbursements, certification awards, education reimbursements, cash-outs of sick leave and personal time pay (except cashouts of sick leave are included for Local 396 Plant and Clerical employees who are not generation employees), ineligible holiday pay, union negotiations pay, imputed life insurance, company-owned life insurance, tax gross-ups, unpaid family and medical leave, banked holiday pay, banked compensation time, long-term Incentive plan awards, customer service prizes, and other miscellaneous ineligible pay. Notwithstanding the foregoing, while employed in a position covered by a Bargaining Agreement with IBEW Local 1245 or Local 396, Earnings shall include only those pay elements that are specifically identified in such Bargaining Agreement as being eligible for recognition under this Plan.

Earnings in excess of \$150,000 shall be disregarded. Such amount shall be adjusted for increases in the cost of living in accordance with Code Section 401(a)(17), except that the dollar increase in effect on January 1 of any calendar year shall be effective for the Plan Year beginning with or within such calendar year. For any short Plan Year the compensation limit shall be an amount equal to the compensation limit for the calendar year in which the Plan Year begins multiplied by the ratio obtained by dividing the number of full months in the short Plan Year by twelve (12).

For purposes of this Section, if the Plan is a plan described in Code Section 413(c) or 414(f) (a plan maintained by more than one Employer), the limitation applies separately with respect to the compensation of any Participant from each Employer maintaining the Plan.

1.23 "Effective Date" shall mean April 1, 1957.

1.24 "Effective Date of This Restatement" shall mean January 1, 2000.

1.25 "Eligibility Service" shall mean Service as counted for determining a Participant's right to become a Participant in the Plan, as determined in accordance with Article 2.

1.26 "Eligible Employee" shall mean an Employee satisfying the following requirements:

- (a) Employment by the Employer as a common-law Employee subject to the withholding of employment and income taxes by the Employer under Sections 3121 and 3401 of the Code; and

- (b) Employment by the Employer as a Management, Professional, Administrative or Technical Employee or as a Union Employee of IBEW Local 396 or 1245 while the applicable Bargaining Agreement provides for coverage under this Plan.

If an Employee is not classified as an Eligible Employee, he shall not be eligible to participate in this Plan during the period the individual is so initially classified and thereafter even if such individual is later retroactively reclassified as an Eligible Employee during all or any part of such period pursuant to applicable law or otherwise. The following Employees shall not be Eligible Employees:

- (i) Employees whose employment is covered by a collective Bargaining Agreement between Employee representatives (within the meaning of Code Section 7701(a)(46)) and the Employer under which retirement benefits were the subject of good faith bargaining between the parties unless such agreement expressly provides for coverage in this Plan; and
- (ii) Employees who are "Leased Employees" as defined under Code Section 414 (n)(2) and 414(o)(2); and
- (iii) Employees who are nonresident aliens (within the meaning of Code Section 7701(b)(1)(B)) and who receive no earned income (within the meaning of Code Section 911(d)(2)) from the Employer which constitutes income from sources within the United States (within the meaning of Code Section 861(a)(3)); and
- (iv) Employees of Affiliated Employers shall not be eligible to participate in this Plan unless such Affiliated Employers are Participating Employers; and

- (v) Employees who are classified as "Contingent Workers" as described in Appendix B or as a Temporary Employee as documented in an offer of employment or in Employer personnel or payroll records. Temporary Employee refers to a common-law Employee hired by the Employer to complete a short-term assignment or to fill a position or perform a function that is not part of the Employer's regular operations or that is likely to be eliminated in the foreseeable future because of a change in technology, outsourcing, subcontracting or other reason.
- 1.27 "Employee" shall include any person who is a common-law Employee or a Leased Employee of an Employer or Affiliated Employer.
- 1.28 "Employer" shall mean the Company, Nevada Power Company, Sierra Pacific Power Company, and any Affiliated Employer that, with the consent of the Board, becomes a Participating Employer by adopting this Plan for the benefit of its Eligible Employees. "Employer" when used in this Plan shall refer to such adopting entities either individually or collectively, as the context may require.
- 1.29 "Employment Commencement Date" shall mean the date on which the Employee is first credited with an Hour of Service.
- 1.30 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 1.31 "Excess Compensation" shall mean the amount by which a Participant's Final Average Earnings exceeds his Covered Compensation for the Plan Year in which he terminates.

1.32 "Final Average Earnings" shall mean the average of an Employee's monthly Earnings during that period of sixty (60) complete consecutive calendar months in his last 120 months of Benefit Accrual Service in which he received the highest aggregate Earnings. If an Employee does not have at least sixty (60) complete consecutive calendar months of Benefit Accrual Service, then Earnings will be averaged over the number of complete consecutive calendar months. If a Participant has terminated (or is on an unpaid leave and returns from the leave) and been rehired and therefore has breaks in service, those breaks will be ignored and periods worked will be joined together for the purpose of measuring "sixty (60) complete consecutive calendar months in his last 120 months of Benefit Accrual Service". In calculating "Final Average Earnings" for a Participant who is being credited with Service under Section 1.55(c), it shall be assumed that such Participant continued to earn at the rate equal to his Earnings on the date he first commenced to receive Service credit under Section 1.55(c). Notwithstanding the foregoing or Section 1.22, Earnings for a Local 396 Employee shall include accrued vacation pay cashouts upon termination of employment. The averaging period for determining Final Average Earnings will include the period of time associated with any such accrued vacation pay; the period of time associated with the accrued vacation pay will be added to the end of the averaging period, and the corresponding period of time at the beginning of the averaging period will be eliminated from the calculation.

1.33 "Fund" shall mean any fund provided for in a trust arrangement or an insurance contract or a combination of both, which is held by a funding agent, to which contributions under the Plan will be made, and out of which Plan expenses are paid and benefits are provided to Participants (or otherwise provided for).

- 1.34 "Hour of Service" shall mean an Hour of Service calculated in accordance with the provisions of Article 2.
- 1.35 "Joint and Survivor Annuity" shall mean the form of payment described in Section 9.05(a).
- 1.36 "Joint Annuitant" shall mean the individual designated by the Participant before his Benefit Commencement Date to receive survivor benefits under the Joint and Survivor Annuity form of payment after the death of the Participant, as described in Article 9.
- 1.37 "Leased Employee" shall mean any person who renders personal services to an Employer or Affiliated Employer and who is described in Section 414(n)(2) of the Code by reason of providing such services, other than a person described in Section 414(n)(5) of the Code.
- 1.38 "Limitation Year" shall be the calendar year.
- 1.39 "MPAT" shall mean a Management, Professional, Administrative or Technical Employee as determined by the Employer.
- 1.40 "Named Fiduciary" shall mean a fiduciary designated as such under the provisions of Article 11.
- 1.41 "Normal Retirement Benefit" shall mean the benefit to which a Participant would be entitled in the event of his retirement as of his Normal Retirement Date, as calculated in accordance with Article 5.

1.42 "Normal Retirement Date" shall mean the first day of the calendar month next following attainment of age sixty-five (65).

1.43 "One-Year Break in Service" shall mean a Plan Year Computation Period in which an Employee is credited with 500 Hours of Service or less. In the case of an Employee who is absent from work for any period on or after the first day of the first Plan Year beginning after December 31, 1984, by reason of:

- (a) The pregnancy of the Employee,
- (b) The birth of a child of the Employee,
- (c) The placement of a child with the Employee in connection with the adoption of such child by the Employee, or
- (d) The care of a child for a period beginning immediately following such birth or placement,

the Plan shall include, solely for purposes of determining whether the Employee has incurred a One-Year Break in Service, the Hours of Service which would normally have been credited to the Employee but for such absence, or in any case in which the Committee is unable to determine the Hours of Service which would normally have been credited to the Employee, eight (8) Hours of Service per day of absence, provided, however, that the total number of hours treated in this manner as Hours of Service shall not exceed 501 Hours of Service. The Hours of Service described in the preceding sentence shall be credited in the Plan Year in which the absence from work begins, only if it would prevent the Participant from incurring a One-Year Break in Service in such year. Otherwise, such Hours of Service shall be credited to the Employee in the immediately following Plan Year.

- 1.44 "Participant" mean any Eligible Employee who becomes a Participant in the Plan pursuant to Article 3 and shall include any Participant who has separated from service or ceased to be an Eligible Employee and for whom there is still a liability under the Plan, and shall also include the Beneficiary of a deceased Participant.
- 1.45 "Participating Employer" shall mean the Company, Nevada Power Company, Sierra Pacific Power Company, or any other entity that is or hereinafter becomes an Affiliated Employer and assumes the obligations of the Plan and Trust by vote of its Board of Directors and with the consent of the Board of the Company. If the Plan is adopted only by an Affiliated Employer with regard to certain divisions, only those divisions shall be deemed the Participating Employer, and the other divisions of such Affiliated Employer shall not be deemed to be a Participating Employer hereunder.
- 1.46 "Plan" shall mean the Sierra Pacific Resources Retirement Plan as set forth in this document and as amended from time to time.
- 1.47 "Plan Administrator" within the meaning of Section 3(16)A of ERISA shall mean the Company.
- 1.48 "Plan Year" shall mean each 12-month period beginning on January 1 of each year and ending on the following December 31.
- 1.49 "Postponed Retirement Benefit" shall mean the benefit to which a Participant would be entitled in the event of his retirement as of his Postponed Retirement Date, as calculated in accordance with Section 5.04.

- 1.50 "Postponed Retirement Date" shall mean the first day of the calendar month next following the Participant's Termination Date, if such date is later than the Participant's Normal Retirement Date.
- 1.51 "Prior Plan" shall mean the NPC Plan or the SPPC Plan as defined in the Preamble.
- 1.52 "Qualified Joint and Survivor Annuity" shall mean a Joint and Survivor Annuity with the Participant's Spouse as the Joint Annuitant and a fifty (50) percent survivor benefit. The Qualified Joint and Survivor Annuity shall be at least the Actuarial Equivalent of the Participant's Accrued Benefit or, if greater in Actuarial Equivalent Value, any optional form of benefit then available to the Participant under the Plan.
- 1.53 "R&T Plan" shall mean the Retirement and Thrift Plan that Nevada Power Company maintained before January 1, 1976.
- 1.54 "Retirement Date" shall mean a Participant's Normal, Early or Postponed Retirement Date.
- 1.55 "Service" shall mean periods of employment with the Employer and Affiliated Employers measured from the individual's Employment Commencement Date to his Termination Date. Service excludes any period between an Employee's Termination Date and his Reemployment Date, if applicable.
- (a) Service shall include the first twelve (12) months of any authorized leave of absence or layoff. Failure to return to work after the expiration of the leave shall be considered a resignation as of the earlier of the (1) expiration of the leave or (2) twelve (12) months following the commencement of the leave of absence.

- (b) Service shall not include, in the case of an Employee who is absent from work due to Parental Leave of Absence and does not return to work within one year, the period of time after the first anniversary of the commencement of the Parental Leave of Absence and before the individual returns to work with the Employer or an Affiliated Employer. However, the period between the first anniversary and second anniversary of the first day of a Parental Leave of Absence shall not count as a period of severance for purposes of aggregating periods of Benefit Accrual Service under Section 3.02. For this paragraph, Parental Leave of Absence means absence due to pregnancy of the Employee, birth of a child of the Employee, placement for adoption by the Employee, or caring for a child following such birth or placement.
- (c) If an Employee leaves active Service to enter the Armed Forces of the United States (1) through the operation of a compulsory military service law, or (2) during a period of declared national emergency, or (3) pursuant to a military leave of absence granted by the Employer, the period of his absence shall be counted as active Service, provided the Employee returns to Service with the Employer within 90 days (or such longer period as may be provided by law for the protection of reemployment rights) after his discharge or release from active duty in the Armed Forces of the United States or within the period for which such military leave of absence was granted by the Employer, as the case may be. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credited with respect to "Qualified Military Service" within the meaning of Code Section 414(u) shall be provided in accordance with said Code Section and any regulations issued thereunder.

1.56 "Social Security Covered Compensation" shall mean, for any Plan Year, the average (without indexing) of the Social Security Taxable Wage Base in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which the Employee attains (or will attain) Social Security Retirement Age. In determining an Employee's Covered Compensation for a Plan Year, the Social Security Taxable Wage Base for the current Plan Year and any following Plan Year shall be assumed to be the same as in effect for the Plan Year for which the determination is being made. An Employee's Covered Compensation for any Plan Year after the 35-year period is his Covered Compensation for the Plan Year in which he attains Social Security Retirement Age. An Employee's Covered Compensation shall be automatically adjusted for each Plan Year in accordance with these rules.

1.57 "Social Security Retirement Age" shall mean the age determined in accordance with the following table:

<u>Year of Participant's Birth</u>	<u>Age</u>
prior to 1938	65
1938 - 1954	66
1955 or after	67

1.58 "Social Security Taxable Wage Base" shall mean the contribution and benefit limit in effect under Code Section 3121(a)(1).

1.59 "Spouse" shall mean the legal Spouse or surviving Spouse of a Participant as determined in accordance with applicable state law. A former Spouse will be treated as the Spouse or surviving Spouse to the extent required under a qualified domestic relations order as defined in Code Section 414(p).

- 1.60 "Termination" shall mean the cessation of employment with all Employers and Affiliated Employers.
- 1.61 "Termination Date" shall mean the earliest of the following:
- (a) The date on which the Employee resigns, is discharged, or retires from Service with the Employer and all Affiliated Employers;
 - (b) The date the Employee dies;
 - (c) The first anniversary of the date on which the Employee is laid off, starts an authorized leave of absence, or is absent from work for any other reason other than a Parental Leave of Absence; and
 - (d) The second anniversary of the date on which the Employee commenced a Parental Leave of Absence, if such Employee has not yet returned to work with the Employer or an Affiliated Employer.
- 1.62 "Trust" shall mean any trust established under an agreement between the Plan Sponsor and a Trustee under which any portion of the Fund is held, and shall include any and all amendments to the Trust agreement.
- 1.63 "Trustee" shall mean any trustee holding any portion of the Fund under a Trust agreement forming a part of the Plan.
- 1.64 "Union Employee" shall mean any Employee during any period with respect to which terms and conditions of employment are the subject of collective bargaining. A "Local 396 Union Employee" is governed by an agreement with IBEW Local 396. A "Local 1245 Union Employee" is governed by an agreement with IBEW Local 1245.

1.65 "Vesting Service" shall mean Service for determining a Participant's nonforfeitable right to an Accrued Benefit under Article 7, as determined under the rules of Article 2.

ARTICLE 2: Service Counting Rules

2.01 Hour of Service – Hour of Service shall mean:

- (a) Each hour for which an Employee is directly or indirectly paid or entitled to payment by the Employer or any Affiliated Employer for the performance of duties;
- (b) Each hour for which an individual is directly or indirectly paid or entitled to payment by the Employer or any Affiliated Employer (including payments made or due from a trust fund or insurer to which the Employer or Affiliated Employer contributes or pays premiums) on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to periods of vacation, holidays, illness, incapacity, disability, layoff, jury duty, military duty, or leave of absence, provided that:
 - (1) No more than 501 Hours of Service shall be credited under this subsection (b) to an individual on account of any single continuous period during which the individual performs no duties; and
 - (2) Hours of Service shall not be credited under this subsection (b) to an individual for a payment which solely reimburses the individual for medically related expenses incurred by the individual or which is made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, unemployment compensation or disability insurance laws.
- (c) Each hour not already included under subsection (a) or (b) above for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the

Employer or by an Affiliated Employer, provided that crediting of Hours of Service under this subsection (c) with respect to periods described in subsection (b) above shall be subject to the limitation therein set forth.

The number of Hours of Service to be credited under subsection (b) or (c) above on account of a period during which an Employee performs no duties, and the Plan Years to which Hours of Service shall be credited under subsection (a), (b) or (c) above shall be determined by the Committee in accordance with Sections 2530.200b-2(b) and (c) of the regulations of the U.S. Department of Labor.

To the extent not credited above, Hours of Service will also be credited based on the customary work week of the Employee for periods of military duty (as required by applicable law), layoff, and approved leave of absence.

2.02 Eligibility Service – An Eligible Employee shall be credited with a year of Eligibility Service if he has 1,000 or more Hours of Service during his first year of employment, or in any subsequent calendar year.

If an Eligible Employee incurs a One Year Break in Service before becoming a Participant, Hours of Service credited prior to the Eligible Employee's Break in Service shall not be counted. If the Hours of Service credited to an Eligible Employee or Participant prior to his Break in Service are disregarded, such Eligible Employee or Participant will be treated as a new hire and Eligibility Service will be determined starting with his date of rehire.

2.03 Vesting Service – A Participant shall be credited with a year of Vesting Service if he has one (1) or more Hours of Service during a Plan Year.

2.04 Benefit Accrual Service – Benefit Accrual Service is measured in completed months under the elapsed time rule, with aggregation of separate periods of Service under the rules set forth in Section 3.02. Pre Participation Service is recognized as Benefit Accrual Service depending on the following employee classifications:

- (a) MPAT Employee - As of January 1, 2000, a Participant shall be credited with at least the same years of Benefit Accrual Service as was credited under the Prior Plan as of such date. Each MPAT Employee employed by an Employer on January 1, 2000, who has not elected to terminate under the 1999 Merger Severance Program, shall also receive additional (but not duplicative) credit for Service between his Employment Commencement Date and the date he was first eligible to participate in a Prior Plan. In addition, if an Employee employed by an Employer on January 1, 2000 had previous Service with both SPPC or NPC, those Service periods shall be aggregated to determine Benefit Accrual Service, provided that the period between the Termination Date with one Employer and the Reemployment Date with the other Employer did not exceed five years. After January 1, 2000, a Participant shall be credited with Benefit Accrual Service for Service while an Eligible MPAT Employee, including Service prior to becoming a Participant.
- (b) Local 1245 Union Employee - As of January 1, 2000, a Participant shall be credited with the same years of Benefit Accrual Service as was credited under the Prior Plan as of such date. In addition, if an Employee employed by an Employer on January 1, 2000 had previous Service with both SPPC or NPC, those Service periods shall be aggregated to determine Benefit Accrual Service, provided that the period between the Termination Date with one Employer and the Reemployment Date with the other Employer did not exceed five years. After January 1, 2000, a Participant shall be

credited with Benefit Accrual Service for Service while an Eligible Local 1245 Union Employee, including Service prior to becoming a Participant.

- (c) Local 396 Union Employee - Benefit Accrual Service for a Local 396 Union Employee will be determined in the same way as for a Local 1245 Union Employee, except that it will be credited only for Service performed while a Participant, after satisfying the eligibility requirements to enter the Plan. Therefore, Service performed prior to becoming a Participant (attainment of age 21 with 1 year of Eligibility Service) is not recognized. In addition, Benefit Accrual Service for a fully vested Local 396 Union Employee who terminates after February 1, 1998 will be increased to include all sick leave accrued and not paid at his Termination Date.

For both Sierra Pacific Power Company MPAT employees and Local 1245 Union Employees, Benefit Accrual Service was not credited under the prior plan for any period in which the employee chose not to make a required contribution, if employee contributions were required, while eligible to do so.

- 2.05 Service While Receiving Long Term Disability – A Local 1245 Union Employee or an MPAT Employee who incurs a Disability after ten (10) years of Benefit Accrual Service and who has at least sixty (60) points (i.e., age and Benefit Accrual Service) shall continue to accrue Benefit Accrual Service while eligible to receive disability benefits under either the Social Security Act or an Employer's Long Term Disability Plan, for periods prior to his Benefits Commencement Date. A Local 396 Union Employee who incurs a disability and who does not take an immediate benefit under Section 5.08 shall also continue to accrue Benefit Accrual Service while eligible to receive disability benefits under either the Social Security Act or an Employer's Long Term Disability Plan, for periods prior to his Benefits Commencement Date.

ARTICLE 3: Eligibility for Participation and Transfers

3.01 Eligibility to Become a Participant – All Employees who were participating in a Prior Plan on the Effective Date of this Restatement shall continue to participate. Any other Eligible Employee shall become a Participant on the first day of the calendar month next following the date on which he has both attained age twenty-one (21) and been credited with at least one year of Eligibility Service.

3.02 Reemployment – If a Participant or a former Participant who has incurred a Termination is rehired as an Eligible Employee, he shall begin or resume his status as an active Participant on the later of the date of rehire, or the date described in Section 3.01.

If the Termination Date occurred before January 1, 1976, a reemployed Eligible Employee will be deemed a new Employee with no years of Benefit Accrual, Vesting, or Eligibility Service. Notwithstanding the foregoing, such Service prior to January 1, 1976 shall be restored upon reemployment if such Eligible Employee retained a vested benefit in a predecessor plan for such Service or if he repays, with interest, any previous distribution of Company R&T or Company Supplementary Accounts. If an Employee incurs a One-Year Break in Service after December 31, 1975 and is reemployed as an Eligible Employee, his years of Benefit Accrual, Vesting, and Eligibility Service before his Termination Date will be recognized if he was vested at such Termination Date or if the period between his Termination Date and his Reemployment Date was less than five (5) years. Otherwise, such previous Benefit Accrual, Vesting and Eligibility Service will not be recognized upon reemployment.

3.03 Termination of Participant – A Participant who incurs a Termination before he becomes entitled to a benefit under the Plan, shall cease to be a Participant as of his Termination Date. A Participant who incurs a Termination after becoming entitled to a benefit under the Plan, shall cease to be a Participant upon receipt of payments equal to his total benefit under the Plan, as a lump sum benefit under the terms of Section 9.02, Section 9.05(b), or otherwise.

3.04 Transfers Between Employers and Affiliates

- (a) Transfer to Ineligible Employment - A Participant who transfers to employment with an Affiliated Employer or to ineligible employment with an Employer, shall cease to accrue benefits under this Plan as of the date on which he ceases to be an Eligible Employee. Such Participant's Accrued Benefit will be frozen when he ceases to be an Eligible Employee, but he shall continue to be a Participant for other purposes under the Plan and shall continue to earn Vesting Service.
- (b) Transfer to Eligible Employment - If an Eligible Employee transfers from ineligible employment with an Employer or Affiliated Employer, he shall become a Participant on the later of (1) the date of such transfer or (2) the first day of the month next following the date he has both attained age twenty-one (21) and been credited with at least one year of Eligibility Service. Prior Service with an Affiliated Employer who was not a Participating Employer or prior Service in an ineligible job classification with any Affiliated Employer shall be recognized for Eligibility and Vesting Service, but not for Benefit Accrual Service. Notwithstanding the foregoing, prior Service as a Temporary employee with a Participating Employer will be recognized as Benefit Accrual, Eligibility and Vesting Service upon transfer to Eligible Employee Status.

- (c) Transfer and Return - Notwithstanding the foregoing in (a) and (b) above, Participants who transfer from a Participating Employer to an Affiliated Employer who is not a Participating Employer and then transfer back to a Participating Employer within one year will have their service while at the non-participating Affiliated Employer counted for both Vesting and Benefit Accrual purposes.

3.05 Transfer from Another Plan - Prohibition of Double Counting - In the event a Participant:

- (a) Participates in another defined benefit plan of an Employer or Affiliated Employer (regardless of whether such participation occurs before, during or after participation in this Plan began) and
- (b) is entitled to a benefit under this Plan which is calculated using Benefit Accrual Service which includes service that is also counted for entitlement to benefits under such other defined benefit plan,

then, unless such other plan provides an offset for benefits provided under this Plan, the benefit provided hereunder shall be offset by the benefit provided by such other plan (or, if not payable in the same form, the Actuarial Equivalent of such benefit).

ARTICLE 4: Retirement Eligibility and Suspension of Benefits

4.01 Retirement – A Participant who has reached his Retirement Date shall be entitled to retire and receive benefits in accordance with Article 5.

4.02 Suspension of Benefits

- (a) After Normal Retirement - Except as provided by Section 4.06, if an Eligible Employee's Service continues or restarts after his Normal Retirement Age and such Service after his Normal Retirement Age constitutes Section 203(a)(3)(B) Service (as defined in Section 4.04), his benefits will be suspended, provided that the Committee notifies him that his benefits have been suspended in the manner provided by Section 4.05.

If the Committee inadvertently fails to notify the Participant of this suspension, the Participant's benefit shall be recalculated each December 31 thereafter until such notice is provided. As of the first December 31 following the Participant's attainment of Normal Retirement Age, the Participant's Accrued Benefit shall be increased to the greater of the Actuarial Equivalent of the benefit that would have been payable as of the Participant's Normal Retirement Date or his benefit under the Plan determined without regard to this adjustment. For each year thereafter until the notice is given, the Participant's Accrued Benefit shall be increased to the greater of the Actuarial Equivalent of the benefit that would have been payable as of the previous December 31 or his benefit under the Plan determined without regard to this adjustment.

- (b) Before Normal Retirement - If a Participant who is receiving benefits from the Plan is rehired by an Employer or an Affiliated Employer as an Eligible Employee prior to his Normal Retirement Date, payment of those benefits will be suspended as long as the rehired Participant remains employed with the Employer or Affiliated Employer, provided such Service constitutes Section 203(a)(3)(B) Service (as defined in Section 4.04) and provided that the Committee notifies him that benefits have been suspended, in the manner provided by Section 4.03.

4.03 Suspension of Benefit Notice – The notice required under Section 4.02 shall contain:

- (a) A description of the specific reasons for the suspension of benefit payments,
- (b) A general description of the Plan's provisions relating to the suspension, including copies of such provisions,
- (c) A statement to the effect that applicable rules may be found in Department of Labor Regulations Section 2530.203-3, and
- (d) A description of the Plan's procedure for affording a review of such suspension, as set forth in Section 11.08.

Such notice shall be furnished by personal delivery or first-class mail during the first calendar month in which payments are discontinued.

- 4.04 Section 203(a)(3)(B) Service – In accordance with Department of Labor Regulations Section 2530.203-3, Section 203(a)(3)(B) Service shall be determined on a monthly basis and a Participant shall be deemed to be in Section 203(a)(3)(B), Service in any month in which he shall perform forty (40) or more actual Hours of Service.
- 4.05 Recommencement of Benefits – Benefits which are suspended in accordance with Section 4.02 shall be paid in any month in which the Participant is not in Section 203(a)(3)(B) Service. If a Participant whose benefits are suspended earns additional Benefit Accrual Service during such suspension, previously suspended benefits shall not be recommenced, and the Participant's benefit shall be recalculated as of the date his employment terminates based on his entire period of Benefit Accrual Service. In no event shall his recalculated benefit be less than his benefit payable prior to suspension. The form of payment of any benefit to which the Participant may thereafter become entitled shall be determined in accordance with the provisions of the Plan without regard to the form in which his benefits had previously been paid.
- 4.06 Required Commencement of Benefits – A Participant not currently receiving benefits under this Plan who attains age 70½ shall commence receiving benefits as if he had retired on December 31 of the calendar year in which he attains age 70½, and had a Benefit Commencement Date of no later than April 1 of the following calendar year. Each December 31 thereafter, and upon his later actual Postponed Retirement Date, his benefit payment shall be recalculated using his actual Benefit Accrual Service and actual Final Average Earnings.
- 4.07 Required Commencement - Conditions – Notwithstanding any provision of this Plan to the contrary, all distributions under the Plan shall be made in accordance with the requirements

of Section 401(a)(9) of the Code and the regulations thereunder, including the incidental death benefit requirements of Treasury Regulation Section 1.401(a)(9)-2. The provisions of this Section 4.07 override any distribution options under the Plan if inconsistent with the requirements of Section 401(a)(9) of the Code.

ARTICLE 5: Amount of Retirement Benefit

5.01 Accrued Benefit - A Participant's Accrued Benefit shall be an annual annuity for the life of the Participant. The formula for computing the Accrued Benefit (including the applicable Early Retirement Factors and computation of Benefit Accrual Service) will be selected based on the job classification in effect on Termination, provided that the Participant has been in that classification during the 12-month period immediately prior to his Termination Date. If the Participant has not been in that job classification for at least 12 months, the formula (including the applicable Early Retirement Factors and computation of Benefit Accrual Service) will be based on the immediately preceding job classification in which he had at least 12 months of Benefit Accrual Service.

- (a) Participant whose Service ends as an MPAT Employee - 1.325% of the Participant's Final Average Earnings times his Benefit Accrual Service, plus 0.475% of the Participant's Excess Compensation times his Benefit Accrual Service up to 35 years.

- (b) Participant whose Service ends as a Local 396 Union Employee - For Participants who terminate employment effective February 1, 1998 through January 31, 2001: 1.35% of the Participant's Final Average Earnings times Benefit Accrual Service, plus 0.45% of the Participant's Excess Compensation times his Benefit Accrual Service up to 35 years. For Participants who terminate employment effective February 1, 2001, or later: 1.365% of the Participant's Final Average Earnings times Benefit Accrual Service, plus 0.435% of the Participant's Excess Compensation times his Benefit Accrual Service up to 35 years. Notwithstanding the foregoing, the formula for Participants who terminate employment effective February 1, 2002 or later from a

job classification included under the "Generation Collective Bargaining Agreement with Local 396" shall be: 1.4325% of the Participant's Final Average Earnings times Benefit Accrual Service, plus 0.3675% of the Participant's Excess Compensation times his Benefit Accrual Service up to 35 years.

- (c) Participant whose Service ends as a Local 1245 Union Employee - 1.5% of the Participant's Final Average Earnings times his Benefit Accrual Service.

The amount determined above shall be reduced by the Accrued Benefit corresponding to a previous lump sum cashout of the Participant's Accrued Benefit under Article 9, by the portion of the Participant's Accrued benefit paid to an alternate payee under a Qualified Domestic Relations Order under Section 15.04, and by the reduction in Appendix C corresponding to a lump sum refund of the Company R&T Account or the Company Supplemental Account. In no event shall the Accrued Benefit be less than the Transfer Minimum determined under Section 5.02.

- 5.02 Participants Whose Benefit Accrual Service Ends as Either an MPAT or Union Employee, But Includes Benefit Accrual Service as Both an MPAT and Union Employee - The benefit determined under Section 5.01 shall be no less than the Transfer Minimum. The amount of the Transfer Minimum shall be the Accrued Benefit (together with the associated Early Retirement Factors) using Benefit Accrual Service, Covered Compensation, and Final Average Earnings determined as of the day immediately preceding the Formula Transition Date. The Formula Transition Date refers to the date when a new formula becomes effective under Section 5.01, which generally occurs 12 months following transfer between a union and nonunion job classification.

5.03 Normal Retirement Benefit – Except as otherwise provided in Section 9.02, a Participant who retires as of his Normal Retirement Date is entitled to a Normal Retirement Benefit. A Participant's Normal Retirement Benefit is the Actuarial Equivalent of his Accrued Benefit, as adjusted for the form of payment selected under Article 9.

5.04 Postponed Retirement Benefit – A Participant who retires on a Postponed Retirement Date is entitled to a Postponed Retirement Benefit. A Participant's Postponed Retirement Benefit payable beginning on such date shall be his Retirement Benefit described in Article 5 but based on Final Average Earnings and Benefit Accrual Service as of his Postponed Retirement Date.

5.05 Early Retirement Benefit

(a) Commencing at Normal Retirement Date - Except as otherwise provided in Section 9.02, a Participant who incurs a Termination after reaching an Early Retirement Date is entitled to an Early Retirement Benefit payable as of his Normal Retirement Date. A Participant's Early Retirement Benefit shall be the Actuarial Equivalent of his Accrued Benefit, as adjusted for the form of payment selected under Article 9.

(b) Early Commencement - A Participant who is entitled to an Early Retirement Benefit may elect to begin payment as of an Early Retirement Date. If a Participant's Early Retirement Benefit commences before his Normal Retirement Date, his Accrued Benefit shall be multiplied by the applicable Early Retirement Factor selected from Appendix D.

5.06 Deferred Vested Benefit

(a) Commencing at Normal Retirement Date - Except as otherwise provided in Section 9.02, a Participant who incurs a Termination prior to reaching a Retirement Date and after becoming vested in any portion of his benefit pursuant to Article 7, shall be entitled to a Deferred Vested Benefit payable as of his Normal Retirement Date. A Participant's Deferred Vested Benefit shall be the Actuarial Equivalent of his Accrued Benefit as adjusted for the form of payment selected under Article 9.

(b) Early Commencement - A Participant who is entitled to a Deferred Vested Benefit, may elect to begin payment as of the first day of any month following the date he satisfies the age requirement for an Early Retirement Benefit. If a Participant's Early Retirement Benefit commences before his Normal Retirement Date, his Accrued Benefit shall be multiplied by the applicable Early Retirement Factor selected from Appendix D.

5.07 Protection of Accrued Benefits - In no event will a Participant receive a lesser benefit than he would have received had his Termination Date been December 31, 1999, as computed under the terms of the applicable Prior Plan.

5.08 Retirement Benefit for Disabled Participants

(a) A Participant who incurred a Disability while an Eligible Local 396 Union Employee after completing ten (10) years of Vesting Service will be entitled to a Retirement Benefit equal to his Accrued Benefit payable in the Normal Form, or in such optional form under Article 9 as he, with his Spouse's consent, may elect. Benefits will start on the later of the first day of the month following the final payment from the

Employer's sick leave plan and the first day of the month following the start of the Disability.

- (b) Each Participant who incurs a Disability while an Eligible Employee shall be eligible for continued Benefit Accrual Service if he satisfies the requirements of Article 2.05. Such Participant may elect to commence benefits as early as age fifty-five (55), but Benefit Accrual Service will stop accruing after the Benefits Commencement Date.

ARTICLE 6: Required Benefit Limitations

6.01 Code Section 415 Limits – The benefits otherwise payable to a Participant or a Beneficiary under this Plan and, where relevant, the Accrued Benefit of a Participant, shall be limited to the extent required, and only to the extent required, by the provisions of Section 415 of the Code and rulings, notices and regulations issued thereunder. To the extent applicable, Section 415 of the Code and rulings, notices and regulations issued thereunder are hereby incorporated by reference into this Plan. In calculating these limits, the following rules shall apply:

- (a) Actuarial Equivalencies - Except where otherwise specifically set forth in rulings, notices and regulations incorporated into this Plan by reference, the limitations applicable to alternative forms of benefit (other than a Qualified Joint and Survivor Annuity under Section 417 of the Code) shall be determined based on the Actuarial Equivalent Value.

- (b) Cost of Living Adjustments - If the applicable Section 415 limits are increased after a benefit is in pay status by virtue of an adjustment to those limits reflecting a change in the cost of living index, benefit payments to a Participant or his Joint Annuitant or Beneficiary (whose benefits had been previously reduced to comply with lower 415 limits) shall be increased automatically to the extent permitted under the revised limits. This increase shall occur only to the extent it would not cause the benefit to exceed the benefit to which the Participant, Joint Annuitant or Beneficiary would have been entitled in the absence of the Section 415 limits.

- (c) Surviving Spouse Payments - If, upon the death of a Participant whose benefits were limited under this Section 6.01, the Participant's surviving Spouse shall be entitled to a benefit payment smaller than that which was payable while the Participant was alive, the benefit payments to the Spouse shall equal the lesser of (1) and (2) below:
- (1) The benefit payment which would be payable to the surviving Spouse if the benefit under this Plan had not been limited by this Section 6.01
 - (2) The benefit payment which would be payable to the surviving Spouse if the benefit provided under this Plan had been a Joint and Survivor Annuity with survivor benefits equal to 100% of the amount payable while the Participant was alive, in an amount equal to the maximum limitations provided under this Section 6.01.
- (d) Reduction for Participation in Defined Contribution Plans - For Plan Years beginning before January 1, 2000, if the Participant is, or ever has been, covered under one or more qualified defined contribution plans maintained by an Employer or Affiliated Employer, the combined plan limits of Section 415(e) shall be calculated by reducing the limits applicable to this Plan first, prior to restricting annual additions to any such defined contribution plan. This limitation shall not reduce any benefit payable after December 31, 1999.
- (e) Reduction for Participation in Defined Benefit Plans - If the Participant is entitled to a benefit under any defined benefit plan which is, or ever has been, maintained by an Employer or Affiliated Employer, the limits under this Section 6.01 shall be applied to the combined benefits payable and the benefit payable hereunder shall be

reduced to the extent necessary to make the combined benefits meet the limits under this Section 6.01.

- (f) Average Compensation - To calculate average Compensation for a Participant's high three (3) years of Service, Compensation shall be the Participant's Compensation as defined in Section 1.16 and the three (3) year average shall be calculated using consecutive calendar years.

- (g) Protection of December 31, 1995 Accrued Benefit - Notwithstanding the foregoing, an Accrued Benefit shall not be reduced to less than that which would equal the limitations applicable to the Accrued Benefit as of December 31, 1995, and a lump sum shall not be reduced to less than that which would equal the limitations applicable to the Accrued Benefit as of December 31, 1995 converted to a lump sum using the mortality table that would have been used under the Plan as of December 31, 1995, set forth in Appendix A, and the applicable interest rate (determined as of the first day of the Plan Year in which the distribution is made) under the provisions of Code Section 417(e) as in effect before the 1996 Plan Year.

6.02 Special Limitation on Distributions to 25 Highest-Paid Employees

- (a) Special Limitation on Distributions to 25 Highest-Paid Employees - The provisions of this Section 6.02 shall apply to the 25 highest-paid Highly Compensated Employees and Highly Compensated Former Employees for a Plan Year. If a benefit becomes or is payable for a Plan Year to such a Participant, it cannot exceed an amount equal to the payments that would be made during the Plan Year on behalf of the

Participant under a single life annuity that is the Actuarial Equivalent of the sum of the Participant's Accrued Benefit and any other benefits under the Plan.

- (b) Exceptions to Special Limitation - The provisions of Section 6.02(a) shall not apply if: (1) the value of the benefits which would be payable to a Participant described in Section 6.02(a) is less than one percent of the value of current liabilities, or (2) the assets held in the Fund equal or exceed, immediately after payment of a benefit to a Participant described in Section 6.02(a), one hundred ten (110) percent of the value of current liabilities. For purposes of this Section 6.02(b), the value of current liabilities shall be as defined in Code Section 412(l)(7).
- (c) Distributions Allowed if Security Furnished - A benefit that is restricted pursuant to Section 6.02(a) may nevertheless be distributed if, in the event of a termination of the Plan, the Participant is obligated to repay the Plan any amount necessary for the distribution of assets to satisfy the requirements of Section 6.02(d). The amount the Participant shall be obligated to repay as of any measurement date shall not exceed the excess of the distributions the Participant actually received over the amount that the Participant would have received had distributions commenced in a manner that would not have violated the provisions of Section 6.02(a) (the "restricted amount"), with both amounts increased by a reasonable rate of interest from the date payment was (or would have been) made to the measurement date. The Participant's obligation to repay must be secured by either: (1) an escrow account with an initial value as of the date of distribution of at least 125% of the restricted amount, and at all times thereafter a value of at least 110% of the restricted amount, (2) a bond, issued by a surety approved by the U.S. Treasury as an acceptable surety for federal

bonds, of 100% of the restricted amount, or (3) a bank letter of credit equal to 100% of the restricted amount.

- (d) Restriction of Benefits Upon Plan Termination - In the event the Plan is terminated, the benefit of any Participant who is a Highly Compensated Employee or Highly Compensated Former Employee shall be limited to a benefit that is nondiscriminatory under Code Section 401(a)(4).
- (e) Highly Compensated Employee - Plan Years Beginning Before January 1, 1997 - For Plan Years beginning before January 1, 1997, the term "Highly Compensated Employee" shall mean an Employee who performs Service during the Determination Year and is described in one or more of the following groups in accordance with IRS regulations:
- (1) An Employee who is a five percent (5%) owner as defined in Section 416(i)(1)(B)(i) of the Code, at any time during the Determination Year or the Look-back Year.
 - (2) An Employee who received 414(q) Compensation in excess of \$75,000 during the Look-back Year. The \$75,000 limitation will be adjusted annually for increases in the cost of living in accordance with Section 415(d) of the Code.
 - (3) An Employee who received 414(q) Compensation in excess of \$50,000 during the Look-back Year and was a member of the Top-paid Group for the Look-back Year. The \$50,000 limitation will be adjusted annually for increases in the cost of living in accordance with Section 415(d) of the Code.

(4) An Employee who: (i) was an officer within the meaning of Section 416(i) of the Code during the Look-back Year and (ii) received 414(q) Compensation in the Look-back Year greater than fifty percent (50%) of the dollar limitation in effect under Section 415(b)(1)(A) of the Code for the calendar year in which the Look-back Year began. Notwithstanding the foregoing, no more than 50 or, if lesser, the greater of three (3) Employees or ten percent (10%) of the Employees shall be treated as officers; provided, however, if no officer is described in this subsection (4), then the highest-paid officer for such year shall be treated as herein described.

(5) An Employee who is (i) described in subsection (2), (3) or (4) above, and (ii) one of the 100 Employees who receives the most 414(q) Compensation from the Employer during the Determination Year, when the Determination Year is substituted for the Look-back Year in subsection (2), (3), or (4) above.

(f) Highly Compensated Employee - Plan Years Beginning On or After January 1, 1997 -
For Plan Years beginning on or after January 1, 1997, the term "Highly Compensated Employee" shall mean an Employee who performs service during the Determination Year and is described in one or more of the following groups in accordance with IRS regulations:

(1) An Employee who is a five percent (5%) owner as defined in Section 416(i)(1)(B)(i) of the Code, at any time during the Determination Year or the Look-back Year.

(2) An Employee who received 414(q) Compensation in excess of \$80,000 during the Look-back Year. The \$80,000 limitation will be adjusted annually for increases in the cost of living in accordance with Section 415(d) of the Code.

(g) Determination of Highly Compensated Employee - Notwithstanding anything to the contrary in this Plan, Sections 414(b), (c), (m), (n) and (o) of the Code are applied prior to determining whether an Employee is a Highly Compensated Employee.

(h) Highly Compensated Former Employee - The term "Highly Compensated Former Employee" shall mean a former Employee who has a separation year prior to the Determination Year and (1) was a Highly Compensated Employee when he separated from Service, or (2) was a Highly Compensated Employee at any time after attaining age 55.

A "separation year" is the Determination Year in which the Employee separates from Service. Notwithstanding the foregoing, an Employee who separated from Service before January 1, 1987 is a Highly Compensated Employee only if he was a five percent (5%) owner or received 414(q) Compensation in excess of \$50,000 during (1) the Employee's separation year (or the year preceding such separation year), or (2) any year ending on or after such Employee's 55th birthday (or the last year ending before such Employee's 55th birthday).

(i) Definitions - For purposes of this Section 6.02:

- (1) "414(q) Compensation" shall mean compensation as defined in Section 414(q)(7) of the Code (for Plan Years beginning on or after January 1, 1997, Section 414(q)(4) of the Code), and the regulations thereunder.
- (2) "Determination Year" shall mean the Plan Year for which the determination of who is a Highly Compensated Employee is being made.
- (3) "Look-back Year" shall mean the twelve (12) month period preceding the Determination Year.

6.03 Family Aggregation and Benefits

- (a) Family Aggregation - For Plan Years beginning before January 1, 1997, if an Employee is a member of the family of a five percent (5%) owner (as defined in Section 416(i)(1)(B)(i) of the Code) or a Highly Compensated Employee in the group consisting of the ten Highly Compensated Employees paid the greatest compensation during a Plan Year (or the calendar year if Section 6.02(i)(5) applies), then:
 - (1) Such Employee shall not be considered a separate Employee for the purpose of calculation of, and limitations on, benefits under this Plan, and
 - (2) For such purposes, any compensation paid to such Employee, and any benefits on behalf of such Employee, shall be treated as if paid to, or on behalf of, the five percent (5%) owner or Highly Compensated Employee.

- (b) Family Benefits - If a Participant is aggregated with another Participant for determining limits on benefits under subsection (a) above, the benefits payable to the aggregated Participants shall be equitably apportioned.

- (c) Earnings - The family aggregation rules described in subsection (a) above shall also apply in determining an Employee's Earnings for all Plan Years beginning before January 1, 1997. If, as a result of the application of the family aggregation rules, the dollar limitation on Earnings described in Section 6.04 is exceeded for any Plan Year, then the dollar limitation shall be prorated among the affected individuals in proportion to each such individual's Earnings as determined after the application of the dollar limitation.

- (d) Family Members - A "member of the family" shall include only the Employee's Spouse, lineal ascendants and descendants, and Spouses of those lineal ascendants or descendants. Notwithstanding the foregoing, for purposes of determining Earnings, a "member of the family" shall include only the Employee's Spouse and any lineal descendants who have not attained age 19 before the close of the year.

6.04 Limitations on Earnings Taken Into Account

- (a) In calculating benefits under this Plan, Final Average Earnings shall be calculated taking into account for a Plan Year only such Earnings that do not exceed the Annual 401(a)(17) Compensation Limit for that Plan Year.

- (b) The Annual 401(a)(17) Compensation Limit for any Plan Year beginning before January 1, 1994 shall be \$200,000, adjusted as provided by multiplying by the

appropriate Adjustment Factor and rounded in accordance with regulations issued by the Internal Revenue Service. The Annual 401(a)(17) Compensation Limit for Plan Years beginning on or after January 1, 1994 shall be \$150,000, adjusted by multiplying by the appropriate Adjustment Factor and rounding in accordance with regulations issued by the Internal Revenue Service.

- (c) The Effective Dates for the provisions of this Section 6.04 are January 1, 1989, with respect to the \$200,000 limit, and January 1, 1994, with respect to the \$150,000 limit. The provisions of this Section 6.04 shall not cause any Accrued Benefit to be less than the Participant's Accrued Benefit as of the last day of the last Plan Year that began prior to the applicable Effective Date plus an additional amount calculated under Section 5.01 counting only Benefit Accrual Service earned in Plan Years that began after the Effective Date.

ARTICLE 7: Vesting

7.01 General Rule – A Participant who Incurs a Termination at a time when he is not entitled to an Early, Normal or Postponed Retirement Benefit, shall not be entitled to benefits under this Plan except as provided under the provisions of this Article 7.

7.02 Vested Portion – A Participant who incurs a Termination at a time when he is not entitled to an Early, Normal or Postponed Retirement Benefit, shall be entitled to a Deferred Vested Benefit based on the vested portion of his Accrued Benefit calculated in accordance with the following table:-

<u>If the Participant's Years of Vesting Service are:</u>	<u>The Vested Portion is:</u>
Less than 5 years	0%
5 years or more	100%

If the Plan's vesting schedule is amended, including an amendment caused by the automatic change to or from a top-heavy vesting schedule in accordance with Article 14, Participants with at least three (3) years of Service at the later of the date the amendment is adopted or the date the amendment becomes effective, shall automatically be vested, from that point forward, in the greater of the amount vested under the vesting schedule as amended or the amount vested under the vesting schedule in effect prior to amendment.

7.03 Vesting Upon Plan Termination – In the event of termination or partial termination of this Plan, each affected Participant shall be 100% vested in his Accrued Benefit, but only to the extent funded. The foregoing sentence shall not apply to a Participant who has received

full distribution of his benefit (including a Participant who is deemed to have been cashed out pursuant to Section 7.04) or who has incurred five (5) consecutive One-Year Breaks in Service. Such a Participant shall not be entitled to any additional vested benefit upon Termination or partial termination of the Plan.

7.04 Forfeitures – Subject to the provisions of Section 7.03, any portion of a Participant's Accrued Benefit to which he does not have a vested interest in accordance with the terms of this Article 7 on his Termination Date, shall be forfeited as of such date. If the Participant's Accrued Benefit is \$0 as of his Termination Date, such Participant shall be deemed to have received full distribution of his benefit as of his Termination Date.

7.05 Restoration of Forfeitures

- (a) If a Participant who forfeited any portion of his benefit pursuant to Section 7.04 is rehired as an Eligible Employee before incurring a One-Year Break in Service, such forfeiture shall be restored to his Accrued Benefit upon his rehire.
- (b) A Participant who is deemed to have been cashed out under Section 7.04 because he was entitled to a \$0 Deferred Vested Benefit on his Termination Date shall be deemed to have properly made a repayment upon his rehire as an Eligible Employee, provided the number of consecutive One-Year Breaks in Service incurred does not exceed the greater of five (5) or the number of years of Service credited to him prior to his Break in Service.
- (c) If a Participant who forfeited any portion of his benefit pursuant to Section 7.04 is rehired as an Eligible Employee after incurring a One-Year Break in Service, such

forfeiture shall be restored to his Accrued Benefit provided the number of consecutive One-Year Breaks in Service incurred does not exceed five (5), by virtue of recognizing previous Benefit Accrual Service under Article 3.

ARTICLE 8: Qualified Preretirement Survivor Annuity

8.01 Eligibility – The surviving Spouse of a Participant with a vested right to his Accrued Benefit who dies before his Benefit Commencement Date shall be entitled to a surviving Spouse pension payable for her lifetime.

8.02 Amount of Surviving Spouse Pension – The benefit shall equal (a) or (b), as applicable:

(a) If the Participant dies while a Local 1245 Union Employee and death occurs after attaining age 50 with 10 years of Vesting Service, the benefit shall be 50% of the Participant's Accrued Benefit based on Final Average Earnings as of the date of death, but shall be increased to reflect Benefit Accrual Service that he would have earned had he continued to work to his Normal Retirement Date. If the Spouse is more than five (5) years younger than the Participant, the benefit will be reduced by 1/8 of 1% for each full month that the age difference exceeds five.

(b) In each other case where a vested Participant dies, the benefit shall be 50% of the Participant's Accrued Benefit based on Benefit Accrual Service and Final Average Earnings as of the date of death. If the Spouse is more than five (5) years younger than the Participant, the 50% multiplier will be reduced by two percentage points for each full year that the age difference exceeds five.

8.03 Commencement Date – The automatic preretirement spousal death benefit described in this Article 8 shall commence to be paid to the surviving Spouse as of the later of (a) the date the Participant would have attained his Early Retirement Date had he survived or (b)

the first day of the month next following the Participant's date of death. Notwithstanding the foregoing, benefits will commence the first day of the month next following the Participant's date of death if the benefit is payable under Section 8.02(a) above. The automatic preretirement spousal death benefit shall be paid to the surviving Spouse until the first day of the month in which such Spouse dies. If the surviving Spouse dies before payment of the preretirement spousal death benefit begins, no payments will be made.

- 8.04 Spousal Lump Sum Option - If the Actuarial Equivalent Value of the preretirement surviving Spouse pension is under \$50,000, the Spouse of an MPAT Employee or Local 396 Union Employee may elect to receive a lump sum in lieu of monthly payments. This lump sum option shall be made available to the surviving spouse of a Local 1245 Union Employee only to the extent negotiated in a collective bargaining agreement entered into after December 31, 1999.

ARTICLE 9: Forms of Benefit

9.01 Normal Form of Benefit – Except as otherwise provided in Section 9.02, benefits under this Plan shall be paid to the Participant in the normal form. The normal form is (a) if the Participant is married, a Qualified Joint and Survivor Annuity, and (b) if the Participant is not married, a single life annuity as described in Section 9.05(c). The Participant may elect (with spousal consent, if required) to instead receive payment in any of the forms described in Section 9.05. Spousal consent is required if a married Participant elects payment in any form other than a Joint and Survivor Annuity with his Spouse designated as Joint Annuitant. Spousal consent shall be executed in accordance with the rules of Section 9.04.

9.02 Involuntary Lump Sum Payment

- (a) If, at the time a Participant incurs a Termination or a surviving Spouse becomes entitled to the automatic preretirement spousal death benefit, the Participant's benefit under this Plan has an Actuarial Equivalent Value of \$3,500 (\$5,000 for Terminations occurring in or entitlements arising in Plan Years beginning on or after August 6, 1997) or less, the Actuarial Equivalent Value shall be paid to such Participant or Spouse in a lump sum in lieu of, and in full satisfaction of, the benefit otherwise payable under this Plan. The consent of the Participant or Spouse shall not be necessary to make such payment. Such payment shall be made in full satisfaction of any benefits payable under this Plan to the Participant and the Participant's Spouse and Beneficiary.
- (b) As of the first day of each Plan Year occurring after the date of a Participant's Termination or a surviving Spouse's entitlement to a death benefit hereunder, the

Committee may recalculate the Actuarial Equivalent Value of the benefit of each such Participant and surviving Spouse whose benefits are not yet in pay status, to determine whether the Actuarial Equivalent Value of the benefit does not exceed \$3,500 (\$5,000 for each Plan Year beginning on or after August 6, 1997), in which case such benefit shall be paid to the Participant or Spouse in accordance with the provisions of this Section 9.02.

9.03 Right to Elect – In lieu of the normal form of benefit described in Section 9.01, the Participant shall have the right to elect, prior to his Benefit Commencement Date, one of the optional forms of benefit described in Section 9.05. If the Participant is married on his Benefit Commencement Date, any such election may be made only with the consent of his Spouse, executed as provided under Section 9.04. Any optional form of benefit shall be the Actuarial Equivalent of the Participant's Accrued Benefit.

9.04 Election of Optional Form – A Participant may make or revoke an election of any form of benefit to which the Participant is entitled under this Article 9 by completing the form prescribed by the Committee, and such election or revocation shall be subject to the following conditions:

- (a) The Committee shall furnish to each Participant a general written explanation in non-technical terms of the availability of the various optional forms of payment under the Plan at least 30 days, but no more than 90 days, prior to the Participant's Benefit Commencement Date. For Plan Years beginning after December 31, 1996, the 30-day period described in the preceding sentence shall be modified as follows: (1) the written explanation may be provided to the Participant after his Benefit Commencement Date as long as the Participant is permitted to change his benefit

election during the 30-day period following the date the explanation is provided; and (2) the Participant may waive the 30-day period as long as distribution of his benefit commences more than seven days after the explanation is provided.

- (b) An election to receive an optional form of benefit may be made at any time during the election period. The election period begins 90 days prior to the Participant's Benefit Commencement Date and ends on the later of the Participant's Benefit Commencement Date or the last day of the 30-day period (or shorter period if the 30-day period is waived by the Participant) described in subsection (a) above. Subject to subsection (c) below, the Participant may change his benefit election, including waiver of the Qualified Joint and Survivor Annuity and revocation of any previous election, and make a new election at any time until the expiration of the election period.
- (c) If the Participant is married, an election of a form of benefit other than the Qualified Joint and Survivor Annuity or a Joint and Survivor Annuity designating the spouse as Joint Annuitant will require the written consent of the Spouse. Such written consent must be on the form prescribed by the Committee and witnessed by a notary public or a representative of the Plan.

9.05 Optional Forms of Retirement Benefit – Except as otherwise provided in Section 9.02, a Participant may elect to receive his benefits in one of the following optional forms in lieu of the normal form described in Section 9.01:

- (a) Joint and Survivor Annuity Option - An Actuarial Equivalent benefit payable to the Participant in equal monthly payments for life, and after his death, 100%, 75% or 50% of such monthly amount (as specified by the Participant) shall be payable monthly to the Joint Annuitant for life. Should the Joint Annuitant die prior to the

Participant's Benefit Commencement Date, any election of this option shall be automatically canceled. If the Participant should die prior to the Benefit Commencement Date, no payments shall be made under this option to the Joint Annuitant, but if the Joint Annuitant is the Spouse of the Participant, such Spouse may be entitled to the preretirement spousal death benefit described in Article 8. If the Joint Annuitant should die after the Benefit Commencement Date but before the Participant, payments to the Participant shall continue in the same amount and upon the death of the Participant, no additional benefits shall be payable, except as otherwise provided in Section 9.06. A married Participant must obtain spousal consent to the election of this form of payment unless his Spouse is designated as the Joint Annuitant.

- (b) Lump Sum Option - The Actuarial Equivalent Value of the Participant's Accrued Benefit paid in a lump sum in lieu of, and in full satisfaction of, his benefit under the Plan. This option shall be available only if the Actuarial Equivalent Value is under \$50,000 and if the Participant's Accrued Benefit was determined under Section 5.01(a) or 5.01(b), reflecting MPAT or Local 396 Union status, respectively. This lump sum option shall be made available to a Local 1245 Union Employee only to the extent negotiated in a collective bargaining agreement entered into after December 31, 1999. A married Participant must obtain spousal consent to the election of this form of payment.

Notwithstanding the foregoing, the \$50,000 cap on lump sum shall not apply to a "Hardship Distribution" made to a former Employee who had previously been a Local 396 Union employee. To receive a "Hardship Distribution" the terminated Local 396 Participant must make a written request that is determined by the

him.

(3) The Committee may require the Participant to submit any appropriate documentation that it deems necessary to demonstrate the existence of an immediate and heavy financial need as defined in this section.

(c) Straight Life Annuity Option - An Actuarial Equivalent benefit payable to the Participant in equal monthly payments for life, with no further payments to any other person after the Participant's death. A married Participant must obtain spousal consent to the election of this form of payment

(d) Level Income Option - If a Participant retires before age 62, he may elect to have his benefit paid under a Social Security Level Income option. This option provides a monthly benefit to the Participant for life, with payments being adjusted so that when added to the monthly payments expected to be payable to him at age 62 under Title II of the Federal Social Security Act (in effect on the Benefits Commencement Date) are expected to produce a level income from both sources. The aggregate of the benefit payments expected to be made from the Plan before and after age 62 shall be Actuarial Equivalent to the Participant's constant single life annuity under Section 9.05(c). A married Participant must obtain spousal consent to the election of this form of payment.

9.06 Temporary Pop-Up Provision - In the event the person that the Participant designated as a Joint Annuitant predeceases the Participant within the twelve (12) month period immediately following the Benefits Commencement Date of the Joint and Survivor Annuity Option described in this section, the monthly benefit payable to the Participant will increase

("pop up") to the level that the monthly benefit would have been had the Participant elected a straight life annuity. The twelve (12) month pop-up period shall be extended by forty-eight (48) months to sixty (60) months with respect to Participants who terminate employment effective February 1, 2002 or later from a job classification included under the "Generation Collective Bargaining Agreement with Local 396". Such increased monthly payments will be made to the Participant beginning on the first day of the month following the date of death of the person that the Participant designated as Joint Annuitant and will continue to the first day of the month in which the Participant dies. The actuarial cost of this Pop-up Provision will be borne by the Plan; consequently, the adjusted retirement benefit received by the Participant who elects the Joint and Survivor Annuity Option will not be further adjusted to reflect the impact of the Pop-up Provision.

9.07 Joint Annuitant and Beneficiary –

- (a) A Participant electing the Joint and Survivor Annuity form of payment may, at such times and in the manner prescribed by the Committee, designate an individual as the Joint Annuitant. If the Participant is married, his Joint Annuitant is his Spouse as of his Benefit Commencement Date unless he has designated another individual as his Joint Annuitant with his Spouse's written consent. The Joint Annuitant may not be changed after the Benefit Commencement Date.

- (b) A Participant may designate (with the Spouse's written consent if the Participant is married), at such times and in the manner prescribed by the Committee, a Beneficiary or Beneficiaries to receive any benefits payable under Appendix C to a Beneficiary upon the death of the Participant. A Beneficiary may be an Individual(s) or entity(ies), including an estate, corporation, partnership or trust, provided that

such individual or entity is ascertainable. If more than one Beneficiary is named, payment will be made to the Beneficiaries in the percentages designated by the Participant.

- (c) If the Participant is married, written spousal consent (consistent with the requirements for spousal consent under Section 9.04(c)) to the designation of a Joint Annuitant who is not the Participant's Spouse or a Beneficiary is required. Once given, such consent is irrevocable by the Spouse. The Participant may revoke the Spouse's consent at any time, but must obtain new spousal consent to the designation of a new Joint Annuitant who is not the Participant's Spouse or a new Beneficiary. The Committee may, in its sole discretion, waive the requirement of spousal consent if it determines that the Spouse cannot be located, the Participant and spouse are legally separated or the Participant can show by court order that he has been abandoned by the Spouse (within the meaning of local law), as permitted under applicable law.
- (d) In the event a Beneficiary predeceases the Participant, is not in existence or ascertainable, or cannot be located at the time benefits become payable to such Beneficiary, the benefits shall be paid to the remaining Beneficiaries proportionately. If no Beneficiaries remain, payment shall be made to any surviving contingent Beneficiary(ies) designated by the Participant. If no Beneficiaries or contingent Beneficiaries survive the Participant or if the Committee determines that the Participant's Beneficiary designation cannot be given effect, payment shall be made to the Participant's surviving Spouse or if none, the Participant's estate.

- (e) A Joint Annuitant or Beneficiary designation shall not be effective for any purpose unless and until the Participant has properly filed it with the Committee. However, a Beneficiary designation mailed by the Participant to the Committee prior to his death and received by the Committee after his death shall take effect upon such receipt, but prospectively only and without prejudice to any payor or payee on account of payments made before receipt by the Committee.

- (f) If distribution in respect of a Participant's benefit is made to an individual or entity reasonably believed by the Committee (taking into account any document purporting to be a valid consent of the Participant's Spouse or any representation by the Participant that he is not married) to properly qualify as the Participant's Joint Annuitant or Beneficiary under this Section 9.07, the Plan shall have no further liability with respect to such benefits.

- (g) Before making distribution to a Joint Annuitant or Beneficiary, the Committee may require such proof of death and such evidence of the right of any person to receive all or part of any benefit payable upon the death of the Participant, as the Committee may deem desirable. The Committee's determination of the fact of death of a Participant and of the right of any person to receive distribution as a result thereof shall be conclusive upon such person or persons having or claiming any right to any benefit payable with respect to the Participant.

9.08 Eligible Rollover Distributions – This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section 9.08, a distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an eligible

rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

- (a) Eligible Rollover Distribution - An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).
- (b) Eligible Retirement Plan - An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving Spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity only.
- (c) Distributee - A distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or former Employee's Spouse or former Spouse who is the alternate payee under a

qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the Spouse or former Spouse.

- (d) Direct Rollover - A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

ARTICLE 10: Funding and Post-Retirement Medical Benefits

- 10.01 Funding Agreement – The Company has entered into a funding arrangement with one or more funding agents providing for the administration of the Fund or Funds in which the assets of this Plan are held. The Company may at any time or from time to time appoint one or more investment managers, as defined under Section 3(38) of ERISA, each of which shall direct the funding agent in the investment or reinvestment of all or part of the Fund.
- 10.02 Non-Diversion of the Fund – To the extent required by law, the principal or income of any Fund shall be used solely for the exclusive benefit of Participants or Beneficiaries, or to meet the reasonable expenses of administering the Plan, except that upon termination of the Plan, after all the liabilities under the Plan have been satisfied, any property remaining in a Fund after satisfaction of all liabilities under this Plan shall be considered the result of erroneous actuarial computation and shall be distributed by the funding agent to the Company.
- 10.03 Creation of Separate Medical Benefits Account
- (a) There is created, established and maintained under this Plan a separate account known as the Medical Benefits Account. The Trustee and Committee agree to hold and administer the Medical Benefits Account, and to receive contributions hereto, for the purpose of providing for the payment of certain medical expenses pursuant to Section 401(h) of the Code, for Covered Retirees and their Covered Dependents (as defined in Sections 10.04(a) and (b)). This separate account shall be for recordkeeping purposes only. Funds contributed to the Medical Benefits Account need not be invested separately but may be invested in any Fund or Funds

hereunder, without identification of which investments are allocable to the Medical Benefits Account.

- (b) (1) No part of the income or corpus of the Medical Benefits Account shall be (either within the taxable year of contribution or thereafter) used for, or diverted to, any purpose (including the provision of any retirement benefits provided under the Plan) other than the provision of Medical Benefits, at any time prior to the satisfaction of all liabilities under this Plan with regard to the payment of Medical Benefits in accordance with this Article 10. Notwithstanding the above, the payment of any necessary or appropriate expenses attributable to the administration of the Medical Benefits Account may be made from the income or corpus of such account.
- (2) Notwithstanding any other termination provisions herein, any amounts in the Medical Benefits Account which remain in such account following the satisfaction of all liabilities for the payment of Medical Benefits arising under this Article 10 shall be returned to the Company.
- (c) Notwithstanding the foregoing, no Medical Benefits shall be payable to any person who is, or ever has been, a Key Employee as defined in Section 14.07, or his Covered Dependents.

10.04 Definitions – Whenever used in this Plan, the following words shall have the meaning set forth below unless otherwise clearly required by the context:

- (a) "Covered Dependent" shall mean a Covered Retiree's dependent who meets the conditions for coverage under the Post-Retirement Medical Plan. In no event will the term Covered Dependent include any person who is an eligible Covered Retiree himself.
- (b) "Covered Retiree" shall mean a Retired Participant who (i) has completed 10 Years of Service (as defined in Section 1.55 hereof and which includes periods of employment with Affiliated Employers who are not Participating Employers) and has attained age 55 by his Retirement Date or (ii) is a Local 1245 Union Employee who has attained age 65 by his Retirement Date. In no event shall a Covered Retiree include a person not covered under the Post-Retirement Medical Plan, nor a person who is or ever was a Key Employee.
- (c) "Medical Benefits" shall mean, with respect to a Covered Retiree, a portion of the Per Capita Post-Retirement Medical Benefit Cost payable by the Employer. Such portion varies by service, age and the job classification in effect upon retirement; provided that the Participant has been in that classification during the 12-month period immediately prior to his Retirement Date. If the Participant has not been in that classification for at least 12 months, the cost sharing shall be based on the immediately preceding job classification in which he had at least 12 months of Benefit Accrual Service.
- (1) Participant Who Retires as an MPAT Employee - The annual Employer contribution that a Covered Retiree who retires after December 31, 1999 may use to purchase Post-Retirement Medical Coverage will be (i) \$235 times years of Benefit Accrual Service up to 30 if the Retiree is under age 65, or (ii)

\$105 times years of *Benefit Accrual Service* up to 30 if the *Retiree* has attained age 65. This annual contribution shall be reduced by 5% for each year that the *Participant's Retirement Date* precedes age 62. Interpolation shall be made for fractional years. The annual contribution is available in monthly installments to defray the monthly cost of Post-Retirement Medical Coverage. These contributions, as well as the *Medical Benefits* attributable to MPATs who retired prior to January 1, 2000, are payable from the 401(h) account.

- (2) Participant Who Retires as a Local 396 Union Employee - The employer contribution is the same as for MPATs in subsection (1) above, except solely for the purpose of computing retiree medical contributions, Local 396 Service performed during the waiting period under Section 2.04(c) shall be recognized as *Benefit Accrual Service*

- (3) Participant Who Retires as a Local 1245 Union Employee - Local 1245 Union Retiree benefits are not payable from the 401(h) account. The employer contribution is the difference between the total cost and the contribution required of the retiree pursuant to the Bargaining Agreement. The Agreement set to expire on December 31, 2000 has the following cost-sharing provisions:
 - (i) Employees retiring on or after January 1, 1998, who are under age 65, will be eligible for the same medical, dental and vision plan options as active Local 1245 Union Employees.

- (ii) Employees retiring on or after July 1, 1998, who are under age 65, will pay 20% of the applicable Medical Plan premium (including Dental and Vision); plus an additional 4% of the applicable Medical Plan premium (including Dental and Vision) for each year less than 20 full years of Benefit Accrual Service.
- (iii) Employees retiring on or after January 1, 1998, who are age 65 or over, or who subsequently become age 65, will be offered the same HMOs as active Local 1245 Union Employees, a Medicare Supplement Plan (plan design to be determined and mutually agreed upon in the Joint Wages and Benefits Committee), and a Medicare Risk Contract.
- (iv) Employees retiring on or after July 1, 1998, who are age 65 or over, will pay 15% of the applicable Medical Plan premium (including Dental and Vision); plus an additional 4% of the applicable Medical Plan premium (including Dental and Vision) for each year less than 20 full years of Benefit Accrual Service. If a retiree elects to participate in a Medicare Risk Contract, the 15% premium will be waived; any additional premium for years of Benefit Accrual Service less than 20 shall apply. In addition, retirees age 65 or over are required to enroll in and pay the cost of Medicare Part "B" or Medicare Part "C."
- (v) Grandfathering: Employees who are age 60 or greater with at least 10 years of Benefit Accrual Service as of July 1, 1998, will not be required to pay 20% (or 15% if over age 65) of the applicable premium at the time they retire, but will be required to pay 4% for each year less than 20 full years of Benefit Accrual Service.
- (vi) Unless the parties design a more mutually acceptable plan, all new employees hired on or after January 1, 1998, will receive an individual

account balance for post-retirement medical equivalent to \$1,250 per year of Credited Service at the time they retire. Details of design and administration will be deferred to the Joint Wages and Benefits Committee.

- (d) "Per Capita Post-Retirement Medical Benefits Cost" for any year shall mean the total annual Employer cost of claims or carrier provisions under the Post-Retirement Medical Plan, divided by the number of retired Employees covered under that plan at any time during that year.
- (e) "Post-Retirement Medical Plan" shall mean the Medical Plan, as it relates to retired persons and as it shall be amended from time to time. The provisions of such Post-Retirement Medical Plan are hereby incorporated by reference herein.
- (f) "Retired Participant" shall mean an individual who was an Active Participant under this Plan until his Early, Normal or Postponed Retirement Date and who retires from employment with all Employers and Affiliated Employers and is thereupon immediately eligible to receive retirement benefits hereunder.

10.05 Election to Continue Coverage – In the event a Covered Dependent loses coverage as a result of the death or divorce of a Covered Retiree or loss of dependent child status, such Covered Dependent shall have continuation coverage rights as shall be provided under the Post-Retirement Medical Plan, and the provisions of such continuation coverage shall be incorporated by reference with respect to benefits under the Medical Benefits Account created hereunder.

10.06 Funding Method and Policy – All contributions to fund medical benefits provided under this Article 10 shall be made by the Employers, except those relating to continuation coverage provided for in Section 10.05. Subject to the restrictions of this Section 10.06 and Sections 10.05 and 10.07, the Employers shall contribute to the Medical Benefits Account annually an amount which is reasonably estimated to cover the total cost of the Medical Benefits to be provided hereunder and which satisfies the general requirements applicable to deductions allowable under Section 404 of the Code (as set forth in Treasury Regulation Section 1.404(a)-3(f)). The total cost of providing Medical Benefits shall be determined in accordance with any generally accepted actuarial method which is reasonable in view of the provisions and coverage of the Plan, the funding medium and other applicable considerations.

10.07 Subordination to Retirement Benefits

- (a) It is intended that the Medical Benefits provided under this Article 10, when added to any Life Insurance Protection provided under this Plan, be subordinate at all times to the retirement benefits provided under this Plan. Therefore, the aggregate of contributions (made after the effective date of this Article 10) to the Medical Benefits Account, as well as any Life Insurance Protection, shall at no time exceed 25 percent of the aggregate of contributions (made after such effective date) for all purposes of this Plan, including life insurance and medical, other than contributions to fund past service credits. For this purpose, contributions to this Plan for benefits other than Medical Benefits shall not be deemed to be less than the cost of such benefits determined under the projected unit credit method (other than the cost of past service credits).

(b) For purposes of this Section 10.07, "Life Insurance Protection" means any benefit paid under the Plan on behalf of a Participant as a result of the Participant's death to the extent such payment exceeds the amount of the reserve to provide the retirement benefits for such Participant existing at his death. For this purpose, if the value of any death benefit is less than the value of the Participant's Accrued Benefit on the day of his death (determined under accepted actuarial principles as if he were then alive), then such benefits shall not be deemed to exceed such reserve.

10.08 Benefits Provision – The benefits payable pursuant to this Article 10 shall be limited to the payment of Medical Benefits for Covered Retirees and their Covered Dependents. The Medical Benefits provided under this Article 10 and the Employer contributions to fund such benefits shall not discriminate in favor of Highly Compensated Employees.

10.09 Coordination with Post-Retirement Medical Plan – Benefits under this Plan shall be provided by reimbursing annually the Employer or other paying agent under the Post-Retirement Medical Plan for the Medical Benefits, as defined under Article 10.04(c), for each Covered Retiree.

10.10 Reservation of the Right to Terminate Benefits – The Company reserves the right to amend or terminate the Medical Benefits provided hereunder or the Post-Retirement Medical Plan at any time. In such event, assets in the Medical Benefit Account shall be used to provide the Medical Benefits provided hereunder, both to Covered Retirees and those Participants who at the date of termination subsequently become Covered Retirees, but only to the extent assets remain in such account. After the satisfaction of all such liabilities, any assets remaining shall revert to the Company.

10.11 Code Section 420 Transfers - If Plan assets are transferred to the Medical Benefits Account pursuant to Section 420 of the Code, the Accrued Benefits of any affected Participants and beneficiaries shall become non-forfeitable in the same manner which would be required if the Plan had terminated immediately before the date of the transfer.

ARTICLE 11: Plan Administration

11.01 Appointment of Committee – The Company shall act as the "Plan Administrator" and "Named Fiduciary" of the Plan under ERISA. The Committee shall be responsible for the general administration of the Plan on behalf of the Company as Plan Administrator. The Committee shall consist of at least three (3) members appointed by the Board to administer the Plan. Vacancies in the Committee shall be filled from time to time by appointment of a new Committee member by the Board. A member of the Committee shall hold office until he gives written notice of his resignation to the Board, until death or until removal by the Board.

11.02 Powers and Duties

- (a) The Committee shall have full power, discretion, and authority to administer the Plan and to construe and apply all of its provisions on behalf of the Company and the Employers. The Committee's powers and duties, unless properly delegated, shall include, but shall not be limited to:
- (1) Designating agents to carry out responsibilities relating to the Plan, other than fiduciary responsibilities.
 - (2) Deciding questions relating to eligibility, continuity of employment and amounts of benefits.
 - (3) Deciding disputes that may arise with regard to the rights of Employees, Participants and Beneficiaries (or any of their legal representatives) under the

terms of the Plan. Decisions by the Committee will be deemed final in each case.

- (4) Obtaining information from an Employer with respect to its Employees as necessary to determine the rights and benefits of Employees under the Plan. The Committee may rely conclusively on such information furnished by an Employer.
- (5) *Compiling and maintaining all Plan records it deems necessary for administration of the Plan.*
- (6) Authorizing the Funding Agent to make payment of all benefits as they become payable under the Plan.
- (7) Engaging such legal, administrative, consulting, actuarial, investment, accounting and other professional services as the Committee deems proper.
- (8) Adopting rules and regulations for the administration of the Plan that are not inconsistent with applicable law. The Committee may, in a nondiscriminatory manner, waive the timing requirements of any notice or other requirements described in the Plan. Any such waiver will not obligate the Committee to waive any subsequent timing or other requirements for other Participants.
- (9) developing and implementing procedures for examining, evaluating, determining, litigating etc. the qualification of domestic

relations orders; and interpreting, approving and administering qualified domestic relations orders in compliance with relevant laws and the provisions of the Plan.

(10) Making minor, non-economic amendments for the purposes of maintaining the qualified status of the Plan or for improving Plan administration.

(11) Performing other actions provided for in other parts of this Plan.

(b) The Company shall have responsibility for, and shall be the Named Fiduciary for, the following purposes:

(1) Selection of the funding media for the Plan, including the power to direct investments and to appoint an investment manager or managers pursuant to Section 402(c) of ERISA.

(2) Allocation of fiduciary responsibilities, other than trustee responsibilities as defined in Section 405(c) of ERISA, among fiduciaries, and designation of additional fiduciaries.

(3) Selection of insurance contracts to provide benefits hereunder, or, if all assets are not held under insurance contracts, selection of the Trustee.

(c) The Trustee, if any, shall have responsibility for, and shall be the Named Fiduciary for the care and custody of, and, to the extent investment managers are not

appointed by the Company, management of Plan assets held by such Trustee other than Insurance contracts.

- 11.03 Actions by the Committee – A majority of the members comprising the Committee at any time will constitute a quorum. The Committee may act at a meeting, or in writing without a meeting, by the vote or assent of a majority of its members. The Committee will appoint a Chairperson and a Secretary. The Secretary will record all actions taken by the Committee. The Committee will have authority to designate one or more of its members or any other person as the person authorized to execute papers and perform other ministerial duties on behalf of the Committee.
- 11.04 Interested Committee Members – No member of the Committee will participate in an action of the Committee on a matter which applies solely to that member. Such matters will be determined by a majority of the remainder of the Committee.
- 11.05 Indemnification – The Company, by the adoption of this Plan, indemnifies and holds the members of the Committee, jointly and severally, harmless from the liabilities and losses arising from their acts, omissions and conduct in their official capacities, except to the extent that the effects and consequences result from their own willful misconduct, breach of good faith, or gross negligence in the performance of their duties. The foregoing right of indemnification will not be exclusive of other rights to which each such member may be entitled by any contract or other instrument or as a matter of law.
- 11.06 Conclusiveness of Action – Any action on matters within the discretion of the Committee will be conclusive, final and binding upon all Participants and upon all persons claiming any rights under the Plan, including Beneficiaries.

11.07 Payment of Expenses – The members of the Committee will serve without compensation for their services. The compensation or fees of consultants, actuaries, accountants, counsel and other specialists and any other costs of administering the Plan or Fund, including any premiums due to the Pension Benefit Guaranty Corporation (PBGC), will be paid by the Fund unless, at the discretion of the Company, paid by the Employers. To the extent permitted by ERISA Sections 403 through 408 and Code Sections 401 and 4975, the Committee may authorize and direct all disbursement of benefits under this Plan and all payments of reasonable costs and expenses incurred in the operation or administration of the Plan – which benefits, costs and expenses may be paid with the assets of any trust or other funding medium forming part of or maintained under the Plan – even if the Plan, trust or other funding medium is not formally a party to the specific arrangement in which the benefits, costs or expenses are paid or incurred.

11.08 Claim Procedure – The following benefit claim procedures must be exhausted in full prior to taking any other legal action with respect to the claim. This procedure shall apply to pension benefits, while the procedure in the underlying health plans shall apply to claims for retiree health care benefits.

- (a) Any Participant or Beneficiary or a duly authorized representative of either ("Claimant") may submit a written application to the Plan Administrator or designee for payment of any benefit that may be due him under the Plan, in accordance with Plan procedures. Such application shall include any information as the Committee may reasonably request. Upon receipt of such application, the Plan Administrator or designee shall determine whether or not the Claimant is entitled to the benefit claimed hereunder.

- (b) The Plan Administrator or designee will process the Claimant's application within ninety (90) days after the Plan Administrator or designee received the application unless special circumstances require an extension of time for processing the claim. In no event shall such extension exceed a period of ninety (90) days from the end of the initial review period. If the Plan Administrator or designee has not notified the Claimant of any determination of the Claimant's eligibility for a Plan benefit within this ninety (90) day period (one hundred eighty (180) day period if circumstances require an extension of time), the claim is deemed denied.
- (c) If a claim is denied, in whole or in part, the Plan Administrator or designee shall give written notice to the Claimant of the denial of the claim. The notice will include the specific reason or reasons for the denial, a specific reference or references to pertinent Plan provisions on which the denial is based, a description of any additional material or information required for the Claimant to perfect the claim (which will indicate why such material or information is needed), and an explanation of the Plan's claims review procedure.
- (d) If a claim is denied or deemed denied and the Claimant wishes to appeal the denial of the claim, the Claimant must file a written request for review of the claim with the Committee. The Claimant must make this request for review within sixty (60) days of the date the claim is denied or deemed denied. The Claimant may review pertinent documents relating to the claim and its denial and may submit issues and comments in writing to the Committee. Within sixty (60) days after receipt of such a request for review, the Committee shall review the claim and make a decision on the merits of the claim. If circumstances require an extension of time for reviewing the claim, the sixty (60) day period may be extended, but in no event by more than an

additional sixty (60) days. The decision on review will be in writing and include specific reasons and references to the pertinent Plan provisions on which the decision is based.

ARTICLE 12: Funding Policy and Contributions

12.01 Employer Contributions – The Employers intend to make contributions to fund this Plan at such times and in such amounts as the Actuary shall certify to the Company as being no less than the amounts required to be contributed under Section 412 of the Code. Any actuarial gains arising under the Plan shall be used to reduce future Employer contributions to the Plan and shall not be applied to increase retirement benefits with respect to any Participants or Beneficiaries.

12.02 Participant Contributions Participant contributions to the Fund are not permitted.

12.03 Contingent Nature of Contributions – Unless the Company notifies the Committee and the Funding Agent in writing to the contrary, all contributions made to this Plan are conditioned upon their current deductibility under Section 404 of the Code.

ARTICLE 13: Amendment, Termination and Merger of the Plan

- 13.01 Right to Amend the Plan – The Company, acting through its Board of Directors, reserves the right to modify, alter or amend this Plan at any time and, from time to time, to any extent that it may deem advisable including, but without limiting the generality of the foregoing, any amendment deemed necessary to ensure the continued qualification of the Plan under Section 401 of the Code or compliance with any other applicable law. The Committee is also empowered to make minor, non-economic Plan amendments that are legally required or which improve Plan administration. No such amendment shall increase the duties or responsibilities of a Funding Agent without its consent thereto in writing. No such amendment shall have the effect of reinvesting in the Company or any Employer the whole or any part of the principal or income of the Fund or to allow any portion of the principal or income of the Fund to be used for any purposes other than for the exclusive benefit of Participants or Beneficiaries at any time prior to the satisfaction of all the liabilities under the Plan with respect to such persons. No amendment shall (a) reduce a Participant's Accrued Benefit on the effective date of the Plan amendment, (b) eliminate or reduce an early retirement benefit, retirement-type subsidy or an optional form of benefit under the Plan with respect to the Participant's Accrued Benefit on the date of the amendment to the extent prohibited by Section 411 of the Code and related Treasury regulations, or (c) reduce a retired Participant's retirement benefit as of the effective date of the amendment.
- 13.02 Participating Employer's Right to Terminate – Each Participating Employer shall have the right to terminate participation in the Plan by delivering written notice authorizing the termination to the Board or its delegate, the Committee, and the Trustee. Except as provided by a Bargaining Agreement to the contrary, the Company, acting through the Board, shall have the right to terminate the entire Plan at any time and for any reason. In

the event of termination of the entire Plan, all affected Participants shall be vested in their benefits as provided in Section 7.03.

13.03 Allocation of Assets and Surplus – In the event the Plan shall be terminated as provided in Section 13.02, the then present value of retirement benefits vested in each Participant shall be determined as of the termination date, and the assets then held by the Funding Agents as reserves for benefits for Participants, Joint Annuitants and Beneficiaries under this Plan shall, subject to any necessary approval by the Pension Benefit Guaranty Corporation, be allocated, to the extent that they shall be sufficient, after providing for expenses of administration, in the order of precedence provided for under Section 4044 of ERISA, as modified by the provisions of Treasury Regulations Section 1.414(l)-1(f) or (h) if a special schedule of benefits (as defined in such regulations) is in effect as a result of a plan merger within the five-year period prior to the date of termination. The retirement benefits for which funds have been allocated in accordance with Section 4044 of ERISA shall be provided through the continuance of the existing Fund arrangements or through a new instrument entered into for that purpose and shall be paid either in a lump sum or in equal monthly installments through the purchase of a nontransferable annuity contract(s). After all liabilities of the Plan have been satisfied with respect to all Participants, Joint Annuitants and Beneficiaries affected by the Plan's termination, the Company shall be entitled to any balance of Plan assets which shall remain.

13.04 Plan Merger, Consolidation or Transfer – The merger or consolidation with, or transfer of the allocable portion of the assets and liabilities of the Fund to any other qualified retirement plan trust shall be permitted only if the benefit each Participant would receive, if the Plan were terminated immediately after such merger or consolidation or transfer of the allocable portion of the assets and liabilities, would be at least as great as the benefit he

would have received had this Plan been terminated immediately before the date of merger, consolidation or transfer.

ARTICLE 14: Top-Heavy Plan Provisions

14.01 General Rule – This Plan shall be subject to the provisions of this Article 14 for any Plan Year in which the Plan is a "Top-Heavy Plan" as defined in Section 14.06.

14.02 Vesting Provision – A Participant who has completed an Hour of Service during a Plan Year in which the Plan is determined to be a Top-Heavy Plan, shall be vested in his Accrued Benefit on a basis at least as favorable as is provided under the following table:

<u>Years of Vesting Service</u>	<u>Percentage of Accrued Benefit</u>
Less than 3 years	0%
3 or more years	100%

In any Plan Year in which the Plan is not deemed to be a Top-Heavy Plan, the vested percentage shall be no less than that which was determined as of the last day of the last Plan Year in which the Plan was deemed to be a Top-Heavy Plan. If the Plan ceases to be a Top-Heavy Plan, a Participant with at least three Years of Service shall have his vested percentage determined either in accordance with this Section 14.02 or Section 7.02. Each such Participant shall have the right to elect the applicable schedule within sixty (60) days after the day he is issued written notice by the Committee, or as otherwise provided in accordance with regulations issued under the provisions of the Code relating to changes in the vesting schedule.

14.03 Minimum Benefit Provision – If the Plan is a Top-Heavy Plan in any Plan Year, each Participant who is a Non-Key Employee shall, as of the end of that Plan Year, be entitled to an Accrued Benefit that is at least equal to the Applicable Percentage of the Participant's Average Compensation for Years in the Testing Period. For purposes of this Section 14.03:

- (a) "Applicable Percentage" shall mean the lesser of two (2) percent multiplied by Years of Service of the Participant, or twenty (20) percent;
- (b) "Average Compensation for Years in the Testing Period" shall mean average annual Earnings for that period of five (5) consecutive years that produces the highest average. In determining consecutive years, any year not included as a Year of Service under the provisions of Article 2 shall be ignored. In calculating Average Compensation for Years in the Testing Period, the amount of compensation taken into account shall not exceed the limits set forth in Section 6.04.

14.04 Change in 415(e) Limits – For Plan Years beginning before January 1, 2000, if the Plan is a Top-Heavy Plan, the combined plan limit of Section 415(e) of the Code shall be applied by substituting "1.0" for "1.25" in Code Sections 415(e)(2)(b) and 415(e)(3)(b). The first sentence of this Section 14.04 will not apply if the Plan is not a Super Top-Heavy Plan, as defined in Section 14.06, and if the Accrued Benefit of each Participant would meet the requirements of Section 14.03 if the Applicable Percentage under that Section were the lesser of (a) or (b) below:

- (a) Three (3) percent multiplied by years of Service

- (b) Twenty (20) percent increased by one (1) percent for each year the Plan was subject to the change in 415(e) limits under this Section 14.04, but not to more than thirty (30) percent.

14.05 Coordination with Other Plans – In the event that another defined contribution or defined benefit plan maintained by an Employer or Affiliated Employer provides contributions or benefits on behalf of Participants in this Plan, such other plan shall be treated as part of this Plan pursuant to applicable principles (such as Rev. Rule. 81-202 or any successor ruling) in determining whether this Plan satisfies the requirements of Sections 14.02 and 14.03. Such determination shall be made upon the advice of counsel by the Committee.

14.06 Top-Heavy and Super Top-Heavy Plan Definition – This Plan shall be a "Top-Heavy Plan" for any Plan Year if, as of the determination date (as defined in subsection (a) below), the present value of the cumulative Accrued Benefits under the Plan for Participants (including former Participants) who are Key Employees (as defined in Section 14.07) exceeds sixty (60) percent of the present value of the cumulative Accrued Benefits under the Plan for all Participants, excluding former Key Employees, or if this Plan is required to be in an aggregation group (as defined in Section 14.06(c)) which for such Plan Year is a top-heavy group (as defined in Section 14.06(d)). This Plan shall be a "Super Top-Heavy Plan" for any Plan Year if it meets the above definition after substituting "ninety (90) percent" for "sixty (60) percent." For purposes of this Section 14.06:

- (a) "Determination date" means for any Plan Year the last day of the immediately preceding Plan Year (except that for the first Plan Year the determination date means the last day of such Plan Year).

- (b) The present value shall be determined as of the most recent valuation date that is within the twelve (12) month period ending on the determination date and as described in the regulations under the Code. Present values for purposes of determining whether this Plan is a Top-Heavy Plan shall be based on actuarial equivalencies as defined in the plan.
- (c) "Aggregation group" means the group of plans, if any, that includes both the group of plans that are required to be aggregated and the group of plans that are permitted to be aggregated.
- (1) The group of plans that are required to be aggregated (the "required aggregation group") includes:
- (i) Each plan of an Employer or Affiliated Employer in which a Key Employee is a participant, including collectively bargained plans.
 - (ii) Each other plan, including collectively bargained plans of an Employer or Affiliated Employer, which enables a plan in which a Key Employee is a participant to meet the requirements of the Code prohibiting discrimination as to contributions or benefits in favor of employees who are officers, shareholders or the highly compensated or prescribing the minimum participation standards.
- (2) The group of plans that are permitted to be aggregated (the "permissive aggregation group") includes the required aggregation group plus one or more plans of an Employer or Affiliated Employer that is not part of the

required aggregation group and that the Committee certifies as constituting a plan within the permissive aggregation group. Such plan or plans may be added to the permissive aggregation group only if, after the addition, the aggregation group as a whole continues not to discriminate as to contributions or benefits in favor of officers, shareholders or the highly compensated and to meet the minimum participation standards under the Code.

- (d) "Top-Heavy Group" means the aggregation group, if as of the applicable determination date, the sum of the present value of the cumulative accrued benefits for Key Employees under all defined benefit plans included in the aggregation group plus the aggregate of the accounts of key employees under all defined contribution plans included in the aggregation group exceeds sixty percent (60%) of the sum of the present value of the cumulative accrued benefits for all Employees, excluding former Key Employees, under all such defined benefit plans plus the aggregate accounts for all Employees, excluding former Key Employees, under such defined contribution plans. If the aggregation group that is a Top-Heavy Group is a required aggregation group, each plan in the group will be Top-Heavy. If the aggregation group that is a Top-Heavy Group is a permissive aggregation group, only those plans that are part of the required aggregation group will be treated as Top-Heavy. If the aggregation group is not a Top-Heavy Group, no plan within such group will be Top-Heavy.
- (e) In determining whether this Plan constitutes a "Top-Heavy Plan," the Committee shall make the following adjustments in connection therewith:

- (1) When more than one plan is aggregated, the Committee shall determine separately for each plan as of each plan's determination date the present value of the accrued benefits or account balance. The results shall then be aggregated by adding the results of each plan as of the determination dates for such plans that fall within the same calendar year.

- (2) In determining the present value of the cumulative accrued benefit or the amount of the account of any Employee, such present value or account shall include the amount in dollar value of the aggregate distributions made to such Employee under the applicable plan during the five-year period ending on the determination date, unless reflected in the value of the accrued benefit or account balance as of the most recent valuation date. Such amounts shall include distributions to Employees which represented the entire amount credited to their accounts under the applicable plan.

- (3) Further, in making such determination, such present value or such account shall include any rollover contribution (or similar transfer), as follows:
 - (i) If the rollover contribution (or similar transfer) is initiated by the employee and made to or from a plan maintained by another employer, the plan providing the distribution shall include such distribution in the present value or such account; the plan accepting the distribution shall not include such distribution in the present value or such account unless the plan accepted it before December 31, 1983.

(ii) If the rollover contribution (or similar transfer) is not initiated by the Employee or made from a plan maintained by another employer, the plan accepting the distribution shall include such distribution in the present value or such account, whether the plan accepted the distribution before or after December 31, 1983; the plan making the distribution shall not include the distribution in the present value or such account.

(4) Further, in making such determination, in any case where an individual is a "Non-Key Employee," as defined in Section 14.08 with respect to an applicable plan, but was a Key Employee with respect to such plan for any prior plan year, any accrued benefit and any account of such Employee shall be altogether disregarded. For this purpose, to the extent that a Key Employee is deemed to be a Key Employee because he met the definition of Key Employee within any of the four preceding plan years, this provision shall apply following the end of such period of time.

14.07 Key Employee – The term "Key Employee" means any Employee or former Employee under this Plan who, at any time during the Plan Year containing the determination date or during any of the four preceding Plan Years, is or was one of the following:

(a) An officer of an Employer or Affiliated Employer having annual compensation greater than fifty percent (50%) of the amount in effect under Section 415(b)(1)(A) of the Code for such Plan Year. Whether an individual is an officer shall be determined by the Committee on the basis of all the facts and circumstances, such as an individual's authority, duties and term of office, not on the mere fact that the individual

has the title of an officer. For any such Plan Year, there shall be treated as officers no more than the lesser of:

- (1) 50 Employees, or
- (2) The greater of three Employees or 10 percent of the Employees.

For this purpose, the highest-paid officers shall be selected.

- (b) One of the ten Employees owning (or considered as owning, within the meaning of the constructive ownership rules of the Code) the largest interests in an Employer or Affiliated Employer. An Employee who has some ownership interest is considered to be one of the top ten owners unless at least ten other Employees own a greater interest than the Employee. However, an Employee will not be considered a top ten owner for a Plan Year if the Employee earns less than the amount in effect under Code Section 415(c)(1)(A) as in effect for the calendar year in which the determination date falls.
- (c) Any person who owns (or is considered as owning within the meaning of the constructive ownership rules of the Code) more than five percent of the outstanding stock of an Employer or Affiliated Employer or stock possessing more than five percent of the combined total voting power of all stock of an Employer or Affiliated Employer.
- (d) Any person who has annual compensation from the Employer or Affiliated Employer of more than \$150,000, and possessing more than one percent of the combined total voting power of all stock of the Employer or Affiliated Employer. For purposes of this Section 14.07, compensation means compensation as defined in Section 415 of the Code.

- (e) For purposes of subsections (a), (b), (c) and (d) above, a beneficiary of a Key Employee shall be treated as a Key Employee. For purposes of subsections (c) and (d) above, each Employer and Affiliated Employer is treated separately in determining ownership percentages; but, in determining the amount of compensation, all Employers and Affiliated Employers are taken into account.

14.08 Non-Key Employee – The term "Non-Key Employee" means any Participant who is not a Key Employee.

14.09 Collective Bargaining Rules – The provisions of Sections 14.02, 14.03 and 14.04 do not apply with respect to any Employee included in a unit of Employees covered by a collective bargaining agreement unless the application of such sections has been agreed upon with the collective bargaining agent.

ARTICLE 15: Miscellaneous

15.01 Limitation on Distributions – Notwithstanding any provision of this Plan regarding payment to Participants, Beneficiaries or any other person, the Committee may withhold payment to any person if the Committee determines that such payment may expose the Plan to conflicting claims for payment. As a condition for any payments, the Committee may require such consent, representations, releases, waivers or other information as it deems appropriate. The Committee may, in its discretion, comply with the terms of any judgment or other judicial decree, order, settlement or agreement including, but not limited to, a Qualified Domestic Relations Order as defined in Code Section 414(p).

15.02 Limitation on Reversion of Contributions – Except as provided in subsections (a) through (c) below, Employer contributions made under the Plan will be held for the exclusive benefit of Participants, Joint Annuitants or Beneficiaries and may not revert to the Employer.

(a) A contribution made by the Employer under a mistake of fact shall be returned to the Employer within one (1) year after it is contributed to the Plan, to the extent that it exceeds the amount which would have been contributed, absent the mistake in fact.

(b) A contribution conditioned on the Plan's initial qualification under Sections 401(a) and 501(a) of the Code may be returned to the Employer, if the Plan does not qualify, within one (1) year after the date the Plan is denied qualification.

- (c) A contribution conditioned upon its deductibility under Section 404 of the Code, may be returned, to the extent the deduction is disallowed, to the Employer within one (1) year after the disallowance.

Earnings attributable to amounts which may be returned to the Employer pursuant to this Section may not be distributed, but, in the event that there are losses attributable to such amounts, the amount returned to the Employer shall be reduced by the amount of such losses.

- 15.03 Voluntary Plan – The Plan is purely voluntary on the part of the Employer and neither the establishment of the Plan nor any Plan amendment nor the creation of any fund or account, nor the payment of any benefits will be construed as giving any Employee or any other person a legal or equitable right against the Company, any Employer, any Trustee, any Funding Agent or the Committee unless specifically provided for in this Plan or conferred by affirmative action of the Committee or the Company according to the terms and provisions of this Plan. Such actions will not be construed as giving any Employee or Participant the right to be retained in the service of any Employer or Affiliated Employer. All Employees and Participants will remain subject to discharge to the same extent as though this Plan had not been established.

- 15.04 Nonalienation of Benefits – Participants, Joint Annuitants and Beneficiaries are entitled to the benefits specifically set out under the terms of the Plan, but neither those benefits nor any of the property rights in the Plan are assignable or distributable to any creditor or other claimant of a Participant, Joint Annuitant or Beneficiary. A Participant will not have the right to anticipate, assign, pledge, accelerate, or in any way dispose of or encumber any of the monies or benefits or other property that may be payable or become payable to such

Participant or his Joint Annuitant or Beneficiary provided, however, the Committee shall recognize and comply with a valid Qualified Domestic Relations Order (QDRO) as defined in Code Section 414(p). An alternate payee under a QDRO may elect to receive an Actuarial Equivalent lump sum, provided that such lump sum is under \$50,000. Effective with judgments, orders, decrees and settlement agreements entered into on or after August 5, 1997, this Section 15.04 shall not apply with respect to any offset to a Participant's benefits expressly provided for in a judgment, order, decree or settlement agreement described in Section 401(a)(13)(C) of the Code. Notwithstanding any Plan provisions to the contrary, benefits under the Plan may be paid to someone other than the Participant pursuant to a Qualified Domestic Relations Order, in accordance with Section 414(p) of the Code. A Qualified Domestic Relations Order is a judgment, decree, or order ("Order") (including approval of a property settlement agreement) that:

- (a) relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a Participant;
- (b) is made pursuant to a state domestic relations law (including a community property law);
- (c) creates or recognizes the existence of an Alternate Payee's right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits payable to a Participant under the Plan;
- (d) specifies the name and last known address of the Participant and each Alternate Payee;

- (e) specifies the amount or method of determining the amount of benefit payable to an Alternate Payee;
- (f) names each plan to which the order applies;
- (g) does not require the payment of benefits at any time or in any form, type or amount not otherwise provided for a Participant or Beneficiary under the Plan;
- (h) does not conflict with a prior Domestic Relations Order that meets the other requirements of this section.

After the Plan Administrator determines that a domestic relations order is qualified, payments to an Alternate Payee pursuant to a Qualified Domestic Relations Order may commence within a reasonable time after the earlier of the Participant's attaining the "earliest retirement age" under Code Section 414(p) or the Participant's termination of employment. Notwithstanding the foregoing, an Alternate Payee may elect to receive an Actuarial Equivalent lump sum in complete satisfaction of the QDRO prior to the above date, provided that such lump sum value is under \$50,000.

The Plan Administrator shall determine whether an order meets the requirements of this section within a reasonable period after receiving an order (generally not more than eighteen (18) months after benefits to an Alternate Payee are to commence). The Plan Administrator shall notify the Participant and any Alternate Payee that an order has been received. Any amounts which are to be paid pursuant to the order, during the period while its qualified status is being determined, shall be held in a separate account under the Plan for any Alternate Payee pending determination that an order meets the requirements of this

section. If within eighteen (18) months after such a separate account is established, the order has not been determined to be a qualified Order, the amount in the separate account shall be distributed to the individual who would have been entitled to such amount if there had been no order.

- 15.05 Inability to Receive Benefits – If the Committee receives evidence that a person entitled to receive any benefit under the Plan is incompetent, by reason of physical or mental condition or age, to receive payment and give a valid release therefor or to give a valid consent required under the Plan, and no guardian, committee or other representative of such person has been duly appointed by a court of competent jurisdiction, then the Committee may, in its discretion, make such payment to or act upon the consent provided by any person or institution that is maintaining or has custody of the incompetent person. The payment to or consent received from such person or institution on behalf of the incompetent person will be a valid and complete discharge from liability for the payment.
- 15.06 Missing Persons – If the Committee is unable, after reasonable and diligent effort, to locate a Participant, Joint Annuitant or Beneficiary who is entitled to a distribution from the Plan, the distribution due such person will be forfeited at such time as the Committee shall determine in its sole discretion (but in all events prior to the time such benefit would otherwise escheat under any applicable state law). If, however, such a person later files a claim for such benefit, the benefit will be reinstated without any interest earned thereon. Notwithstanding the foregoing, in the event that after reasonable and diligent efforts the Committee is unable to locate a Beneficiary entitled to a distribution under the Plan, payment will be made, at the discretion of the Committee, to the Participant's contingent Beneficiary, spouse or estate, in accordance with the provisions of Section 9.06, and such non-locatable Beneficiary shall have no further claim or interest hereunder. Notification by

certified or registered mail to the last known address of the Participant, Joint Annuitant or Beneficiary will be deemed a reasonable and diligent effort to locate such person.

- 15.07 Limitation of Third Party Rights – Nothing expressed or implied in the Plan is intended or will be construed to confer upon or give to any person, firm or association other than the Employers, Participants, Joint Annuitants and Beneficiaries, any right, remedy, or claim under or by reason of this Plan, except as otherwise provided under Section 15.04.
- 15.08 Invalid Provisions – In case any provision of this Plan is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan. The Plan will be construed and enforced as if the illegal and invalid provisions had never been included.
- 15.09 One Plan – This Plan may be executed in any number of counterparts, each of which will be deemed an original and the counterparts will constitute one and the same instrument and may be sufficiently evidenced by any one counterpart.
- 15.10 Use and Form of Words – Whenever any words are used herein in the masculine gender, they will be construed as though they were also used in the feminine gender in all cases where that gender would apply, and vice versa. Whenever any words are used herein in the singular form, they will be construed as though they were also used in the plural form in all cases where the plural form would apply, and vice versa.
- 15.11 Headings – Headings to Articles and Sections are inserted solely for convenience and reference, and in the case of any conflict, the text, rather than the headings, shall control.

15.12 Governing Law – The Plan will be governed by and construed according to the federal laws governing employee benefit plans qualified under the Code and according to the laws of the state of Nevada to the extent not preempted by federal law.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly authorized and its corporate seal to be hereunto affixed, as of the 22nd day of May, 2001.

SIERRA PACIFIC RESOURCES

By William E. Peterson

William Peterson

Senior Vice President and General Counsel

APPENDIX A: Actuarial Equivalent Value

A-1 The following assumptions shall be used to determine lump sum cashouts under Article 9 and Section 15.04.

Annuity Form: Single Life Annuity

Interest rate: Average of 30-year Treasury Bond for the November preceding the calendar year of distribution

Mortality: 1983 GAM Unisex, or a successor mortality table promulgated by the IRS under Code Section 417(e)(3)

Benefit Commencement Age: Earliest possible age, unless the Participant's Benefit is being computed under Section 5.06 or 15.04, in which case age 65 shall be assumed

A-2 Conversions from a single life annuity to a joint and survivor annuity or to the Level Income Option shall be based on the UP-84 Unisex Mortality Table discounted at 7% interest.

APPENDIX B: Contingent Workers

B-1 For purposes of this Plan, the term "Contingent Worker" describes any person during the period in which the person renders services to, for or on behalf of the Employer under one or more of the following categories or classifications.

- (a) Independent Contractor. An "independent contractor" is an individual (1) whose services are engaged by the Employer under a written or oral contract, between the individual and the Employer, to perform specialized tasks, for or on behalf of the Employer, which require substantial skill and independent judgment and (2) whose compensation is not subject to the withholding of employment or income taxes by the Employer under Sections 3121 or 3401 of the Code (other than backup withholding under Code Section 3406) but is subject to reporting by the Employer, under Code Section 6041, on IRS Form 1099-MISC or other form for the reporting of non-employee compensation.

- (b) Leased Worker. A "leased worker" is an individual hired by an employee leasing company and made available to the Employer by the leasing company, under a written or oral contract between the Employer and the leasing company, in an arrangement in which the compensation paid to the individual is subject to the withholding of employment or income taxes by the leasing company under Sections 3121 or 3401 of the Code. The term "leased worker" includes but is not limited to persons who provide services to the Employer in a joint employment relationship with the leasing company. Similarly, the term "leased worker" includes but is not limited to a leased employee within the meaning of Section 414(n) of the Code.

- (c) Technical Contractor. A "technical contractor" is an individual who is a skilled technical worker, such as an engineer or computer specialist and who is hired by a technical services firm and made available to the Employer by the technical services firm, in an arrangement in which the compensation paid to the individual is subject to the withholding of employment or income taxes by the technical services firm under Sections 3121 or 3401 of the Code or is subject to reporting

by the technical services firm, under Code Section 6041, on IRS Form 1099-MISC or other form for the reporting of non-employee compensation. The term "technical contractor" includes but is not limited to independent contractors and leased workers. The term "technical services firm" includes but is not limited to a leasing company, as described above, or a firm distinct from the Employer under a master vendor program or outsourcing arrangement, as described below.

- (d) Master Vendor Worker. A "master vendor worker" is an individual who renders services to the Employer under a master vendor program. A master vendor program is an arrangement in which a personnel agency or other human resources firm supplies the Employer with some or all of the individuals who, at any time or from time to time, constitute the Employer's temporary workforce, either directly or through other temporary help services, with or without consolidated billing or invoicing. The compensation paid to the master vendor worker is subject to the withholding of employment or income taxes by the personnel agency or human resources firm under Sections 3121 or 3401 of the Code or is subject to reporting by the personnel agency or human resources firm, under Code Section 6041, on IRS Form 1099-MISC or other form for the reporting of non-employee compensation. The term "master vendor worker" includes but is not limited to independent contractors, leased workers and technical contractors.
- (e) Outsourcing Organization Worker. An "outsourcing organization worker" is an individual who renders services to the Employer under an outsourcing or managed services arrangement. An outsourcing or managed services arrangement exists when a firm, distinct from the Employer and with specialized expertise, contracts with the Employer not only to provide personnel but also to assume responsibility for functions not at the core of the Employer's business. Non-core functions include but are not limited to mail room, reception, food service, landscaping, and building security or maintenance. The compensation paid to an outsourcing organization worker is subject to the withholding of employment or income taxes by the outsourcing organization or managed services firm under Sections 3121 or 3401 of the Code or is subject to reporting by the outsourcing organization or managed services firm, under Code Section

6041, on IRS Form 1099-MISC or other form for the reporting of non-employee compensation. The term "outsourcing organization worker" includes but is not limited to independent contractors, leased workers, technical contractors and master vendor workers.

Consistent with the terms of the Plan and relevant laws, the Plan Administrative Committee ("Committee") shall have discretionary authority to determine which persons, if any, who provide services to, for or on behalf of an Employer are Contingent Workers excluded from the category of Employee or Eligible Employee under the Plan.

B-2 Treatment of Contingent Worker as an Employee

- (a) Leased Employees. Except as required to maintain the federal income tax qualification of the Plan, if a Contingent Worker is a leased employee within the meaning of Section 414(n)(2) of the Code and if such leased employees do not constitute more than twenty percent (20%) of the Employer's non-highly compensated workforce, then, under no circumstances, shall such Contingent Worker be treated as an Employee. Only to the extent required to maintain the federal income tax qualification of the Plan, pursuant to Section 2.1, if a Contingent Worker is a leased employee within the meaning of Section 414(n)(2) of the Code and, if such leased employees constitute more than twenty percent (20%) of the Employer's non-highly compensated workforce, then such Contingent Worker shall be treated as an Employee if the Contingent Worker is not covered by a plan maintained by the leasing company which meets the requirements of Section 414(n)(5) of the Code.
- (b) Other Contingent Workers. Only after leased employees within the meaning of Section 414(n)(2) of the Code have been treated as Employees to the extent required to maintain the federal income tax qualification of the Plan, then if additional Contingent Workers must be treated as Employees to maintain the federal income tax qualification of the Plan, pursuant to Section 2.1, such additional Contingent Workers shall be treated as Employees to the extent required to maintain the federal income tax qualification of the Plan.

Consistent with the terms of the Plan and relevant laws, the Committee shall have discretionary authority to determine which persons, if any, who provide services to, for or on behalf of an Employer as Contingent Workers reclassified as Employees or Eligible Employees, as described above, shall be included in the category of Eligible Employees for purposes of complying with any federal, state or local tax or substantive laws that pertain to the Plan.

APPENDIX C: Employee Contributions and Company R&T Account

- C-1 The SPPC Plan was contributory prior to July 1, 1974. The NPC Plan was contributory prior to January 1, 1976. This Appendix describes benefits payable to a Participant who has such contributions remaining in the Plan, which are payable in addition to any other benefit under the Plan.
- C-2 A Participant's "Contribution Refund Amount" shall be the total of contributions made by an NPC Employee to his Employee R&T Account through January 1, 1976 with 5% annually compounded interest through the date of payment, or contributions made by an SPPC Employee to the SPPC Plan through July 1, 1974 with 3% annually compounded interest through the date of payment.
- C-3 A Participant may elect, with the written consent of his Spouse, to receive his Contribution Refund Amount in a single-sum payment at any time, even while still an Employee. The information upon which to make such election will be furnished to the Participant and his Spouse at his Termination Date, or upon his request for in-service withdrawal if earlier.
- C-4 If a Participant dies before having received payment in full of his Contribution Refund Amount, the balance of his Contribution Refund Amount shall be paid as a lump sum to his Beneficiary upon his death.
- C-5 With the consent of his Spouse, a Participant may elect to receive payment of his Company R&T Account and Company Supplementary Account in a single lump sum upon his termination of employment, or Early, Normal, or Postponed Retirement Date. The lump sum amount shall be the total of all of the contributions to his Company R&T Account and Company Supplementary Account through January 1, 1976 with 5% Interest compounded annually through the date paid.
- (a) For a Participant who elects the lump sum option for payment on or before his Normal Retirement Date, his monthly Accrued Benefit under Article 5 shall be reduced by (1) divided by (2), below:

(1) The amount of his Company R&T Account and Company Supplementary Account refunded, projected forward to Normal Retirement Date at 5% interest compounded annually

(2) 120.

(b) If payment is made after Normal Retirement Date, his monthly Accrued Benefit under Article 5 shall be reduced by (1) divided by (2) below:

(1) The amount of his Company R&T Account and Company Supplementary Account as of his Normal Retirement Date

(2) 120.

APPENDIX D: Applicable Early Retirement Factor

The Applicable Early Retirement Factor is selected from the table below based on age as of the Benefits Commencement Date and the Participant's status upon his Termination Date.

Age at Benefits Commencement Date	(1) SPPC MPAT Employees Who Retire before 1/1/2000 or Local 1245 Union Employees Who Retire Before 7/1/98 under Section 5.05 Or SPPC MPAT Employees Who Terminate/Retire after 1/1/2000 and Elected to Terminate/Retire under the 1999 Merger Severance Plan	(2) SPPC MPAT or Local 1245 Union Employees Who Terminate before 1/1/2000 under Section 5.06 Or Local 1245 Union Employees Who Terminate after 1/1/2000 under Section 5.06	(3)		(4) All Other Employees under Either Section 5.05 or 5.06
			Local 1245 Union Employees Who Retire after 6/30/98 under Section 5.05 with Less Than 85 Points	Local 1245 Union Employees Who Retire after 6/30/98 under Section 5.05 with at Least 85 Points	
55	.58	.538	.72	1.00	.65
56	.64	.567	.76	1.00	.70
57	.70	.599	.80	1.00	.75
58	.76	.634	.84	1.00	.80
59	.82	.672	.88	1.00	.85
60	.88	.714	.92	1.00	.90
61	.94	.760	.96	1.00	.95
62	1.00	.811	1.00	1.00	1.00
63	1.00	.867	1.00	1.00	1.00
64	1.00	.930	1.00	1.00	1.00
65	1.00	1.000	1.00	1.00	1.00

Note: Points based on Age plus years of Vesting Service

Notes:
Each Early Retirement Factor in the table shall be interpolated for fractional ages, to year and months by which the Benefits Commencement Date precedes the Normal Retirement Date.

See Appendix E for details on the Retirement Bridge Program for Local 1245 Union Employees.

APPENDIX E: 1998 Retirement Bridge Program for Local 1245 Union Employees

E-1 Local 1245 Union Employees shall be eligible for the 1998 Retirement Bridge Program, under the Plan and the 1998 Bargaining Agreement, if they are determined to be no longer required due to displacement as a result of a sale, divestiture, merger, or any other business event ("Business Event") as defined by the Employer. An "Affected Participant" under this subsection is defined as a Local 1245 Union Employee in a specific classification and location who has been impacted by one or more of the foregoing Business Events on or after June 30, 1998.

An Affected Participant impacted by a Business Event who has selected the Retirement Bridge Program pursuant to the notification and placement procedures described in Title 19 of the 1998 Agreement may elect either option (a) or (b) below:

- (a) 80-Point Bridge Option. An Affected Participant whose combined age and years of Benefit Accrual Service total at least 80 may retire and receive a pension equal to his Accrued Benefit, payable in the form specified in Article 9, reduced by 4% for each year by which the Benefits Commencement Date precedes age 62. An Affected Participant need not reach age 55 in order to retire under this 80-Point Bridge option or for post retirement medical eligibility.
- (b) Schedule of Points Option. As an alternative to option (a) above, an Affected Participant may add the following schedule of points either to his age or years of Benefit Accrual Service or a combination thereof to affect his eligibility for and amount of retirement benefits. The Affected Participant must achieve a minimum of age 55 (including points) with at least 10 years of Service in order to retire under this Schedule of Points option.

Years of Service	Points
0-9	0
10-14	3
15-19	4
20+	5

APPENDIX F: Retirement Bridge for Local 396 Generation Employees

F-1 On or after the sale of an applicable generation plant, an "Affected Participant" who has attained age 55 and who has at least eighty (80) "points", both determined as of date of sale applicable to such plant, may retire under the Plan with full benefits as if he had attained age 62 on the Benefits Commencement Date. An "Affected Participant" under this Appendix F is defined as an Employee employed in a job classification included under the "Generation Collective Bargaining Agreement with Local 396". Points shall equal the sum of attained age and years of Service (calculated from the Participant's actual date of hire), both measured in years and completed months, plus bonus points as determined under the following table.

Years of Service	Points
0-9	0
10-14	3
15-19	4
20+	5

All points will be added to an Affected Participant's Benefit Accrual Service for the purpose of calculating retirement benefits regardless of whether the Affected Participant has 80 points. However, the points do not count for retiree medical.

APPENDIX G: 1999 Merger Severance Program

G-1 An uncapped lump sum option shall be available under the 1999 Merger Severance Program under the conditions set forth below:

- (a) Eligibility: An Affected MPAT Participant shall be defined as any Eligible Employee under this Plan who is also an eligible participant under Section 2(a) of the Severance and Health Benefit Continuation Plan of the 1999 Merger Severance Program.
- (b) 1999 Window Period: 1999 Merger Severance Program benefits shall be available to Affected MPAT Participants who: (1) satisfy the election requirements provided below between May 14, 1999 and August 6, 1999 (the "Window Period") to voluntarily terminate employment ("Electing MPAT Participants") or (2) are involuntarily terminated after May 14, 1999 as a result of the merger staffing and selection process ("Terminated MPAT Participants"); provided that in either case they must execute a settlement and release agreement prepared by the Company.

The Company shall retain authority to open a new Window Period and/or extend eligibility for exit incentive options to Affected MPAT Participants who are determined to be eligible as a result of subsequent business events (such as divestiture of generating plants) as determined by the Company.

- (c) Election: Affected MPAT Participants may make such an election to voluntarily terminate during the Window Period by satisfying the procedures established by the Committee, which procedures shall require a Participant to execute a voluntary termination form and a settlement and release agreement in a form required by the Employer. No elections will be permitted before or after the Window Period.
- (d) Enhanced Lump Sum Option: Notwithstanding Article 9, Electing MPAT Participants and Terminated MPAT Participants shall be allowed to elect a lump sum payment under the Plan. A lump sum must be elected in writing no later than 30 days following receipt of the explanation of benefit options or termination of employment, whichever is later. The lump sum will be paid as soon as practical after termination and will be calculated as follows:

- (i) Participants age 55 or over: Electing MPAT Participants and Terminated MPAT Participants age 55 or over shall receive the Actuarial Equivalent Value of the standard Early Retirement benefit (pursuant to Section 5.3).
 - (ii) Participants under age 55 who elect to voluntarily terminate during the Window Period: Electing MPAT Participants under age 55 who elect to voluntarily terminate during the Window Period shall receive the Actuarial Equivalent Value of an Early Retirement Benefit. The present value shall be based on an annuity commencing at age 55, determined by using the Early Retirement Factor that applies to employees who retire at age 55.
 - (iii) Employees under age 55 who are involuntarily terminated: Terminated MPAT Participants under age 55 shall receive the Actuarial Equivalent Value of the Normal Retirement Benefit commencing at age 65.
- (e) Additionally, Electing MPAT Participants and Terminated MPAT Participants shall be immediately eligible to receive the value of their SPPC Plan Employee Contribution Account without any offset against their retirement benefits under the Plan. Such payments shall be made as soon as practical following the Termination Date.
- (f) The provisions of Article 9 as to lump sum amounts and spousal consent shall continue to apply to Affected MPAT Participants except for purposes of:
- (i) providing a non-capped lump sum option as well as an Actuarial Equivalent annuity, and
 - (ii) capturing the value of early retirement subsidies for Electing MPAT Participants under age 55.
- (g) An Affected MPAT Participant under age 55 who is eligible to elect a lump sum in excess of \$5,000 shall be eligible to elect an immediate lifetime annuity (In lieu of the lump sum) which is the Actuarial Equivalent of the lump sum.
- (h) Actuarial Equivalence: The second paragraph of Appendix A shall be modified such that all Electing MPAT Participants and Terminated MPAT will have their lump sum

values calculated based on the 1983 Group Annuity Mortality Table and an interest rate equal to the lesser of 5.25% or the annual interest rate on 30-year Treasury Securities for the month of November in the plan year preceding the employee's termination date.

- G-2 1999 Post Retirement Medical Bridge: An Electing MPAT Participant or a Terminated MPAT Participant who has attained the age of 50 by December 31, 1999 shall be eligible for the 1999 Post Retirement Medical Bridge, provided that such participant executes a settlement and release agreement prepared by the Company and terminates on the date specified by the Company. Such Affected MPAT Participant may add the following schedule of points either to his or her age or years of Service or a combination thereof in order to meet the age requirement and/or improve service provision for Post Retirement Medical and Life Insurance benefits (i.e. separation from service after age 55 with at least 10 years of Vesting Service):

<u>Years of Service</u>	<u>Points</u>
0-9	0
10-14	3
15-19	4
20+	5

Post Retirement Medical Plan & Trust - Medical Premium Expense Reimbursement Request

RETRIEE INFORMATION:

DATE RANGE From 1/1/2024
To 12/31/2024

Name: [REDACTED] _____

Employee #: 50057

Address: [REDACTED] _____

Phone #: [REDACTED] _____

Expenses

Date Paid	Description (example: Monthly Premium)	Name of Provider (example: Anthem Blue Cross)	Cost	Total Eligible for Reimbursement
1/10/2024	Medicare withholding	Social Security Administration	\$257.50	\$257.50
2/14/2024	Medicare withholding	Social Security Administration	\$257.50	\$257.50
3/13/2024	Medicare withholding	Social Security Administration	\$257.50	\$257.50
4/10/2024	Medicare withholding	Social Security Administration	\$194.83	\$194.83
			\$967.33	
Medicare Eligible?	X YES ___ NO			Total \$967.33

Attach copies of Proof of Insurance and Payment of Premium. See back of form for examples of acceptable documentation.

I certify that the above information is correct. I understand that I will not be reimbursed for medical insurance premiums for any period during which I was not eligible for participation or failed to maintain coverage. I further understand that if I receive reimbursement for premiums for which I was not eligible or did not meet eligibility criteria, the Trust may recover these payments from my future benefit award(s) and I will be liable for all related taxes. I also authorize the Trust, and its designees to contact the insurance company I have listed above to verify coverage and premium amounts paid. I certify that all expenses for which reimbursement or payment is claimed were incurred by myself, my spouse, my eligible dependents, or a spouse beneficiary (after the participant's death only) while eligible to receive benefits under the trust. I also certify as follows: 1.) The premium expenses have not been reimbursed or will not be reimbursed by any other plan, 2.) The premium expenses were not paid by an employer of a participant or an employer of a participant's spouse on a "pre-tax" basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a "Cafeteria Plan"). I understand that I am fully responsible for the sufficiency, accuracy, and veracity of all information relating to this reimbursement request.

Retiree Signature: [REDACTED] _____

Date: 16 Apr 2024

PRMPT Approval*: _____

Date: _____

* Indicates the reimbursement request & back up are sufficient and expenses qualify as eligible for reimbursement under the trust

Accounting Approval***: _____

Date: _____

** Indicates the trust accountant has ensured any amounts reimbursed are within the participants available trust balance.

Return completed form to: PRMPT c/o TMWA Human Resources, PO Box 30013, Reno, NV 89520

Social Security Administration

Important Information



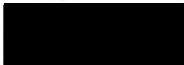
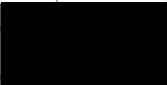

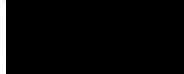
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We review Social Security benefits each year to make sure they keep up with the cost of living. Your Social Security benefits will increase by 3.2% in 2024 because of a rise in the cost of living.

The law requires some people to pay higher premiums for their Medicare Part B (Medical Insurance) and Part D (Prescription Drug Plan) because of their income. These increases in the premiums are called the Income-Related Monthly Adjustment Amounts (IRMAA). Based on your income, you are required to pay IRMAA. We use information from the Internal Revenue Service (IRS) to decide if you will need to pay IRMAA. The information in this letter is for one year only.

How Much You Will Get

This letter explains your benefit amount, your Medicare premiums, your IRMAA, and what you can do if you disagree with our decision or your situation has changed. The information below shows your monthly benefit amount before and after deductions:

- Your new 2024 monthly benefit amount before deductions is: - 
- Your 2024 monthly deduction for the Medicare Part B premium is: - \$244.60
 - \$174.70 for the standard Medicare premium, plus
 - \$69.90 for the Medicare Part B IRMAA based on your 2022 income tax return 
- Your 2024 deduction for Medicare Part D IRMAA based on your 2022 income tax return is: - 
- Your benefit amount after deductions that will be deposited into your bank account or sent in your check on January 10, 2024 is: - 

If you still get a paper check, you must visit the Department of the Treasury's website at www.godirect.gov to request electronic payments.

Payment History and Overpayments

Overpayments [What are overpayments?](#)

You do not currently have any overpayments.

Payment History

Your monthly payment amount can change depending on the types of benefits you receive, as well as any adjustments in your premiums or deductions.

Date	Payment Type	Amount
04/10/2024	Social Security (Retirement) How we calculated this payment...	[REDACTED]
	Monthly Benefit Amount:	[REDACTED]
	Credits & Adjustments:	\$0.00
	Medicare Premium(s):	-\$257.50
	Overpayment Withholding:	-\$0.00
	Other Deductions:	-\$0.00
	Total Payment:	[REDACTED]
03/13/2024	Social Security (Retirement)	[REDACTED]
02/14/2024	Social Security (Retirement)	
01/10/2024	Social Security (Retirement)	

Post Retirement Medical Plan & Trust - Medical Premium Expense Reimbursement Request

DATE RANGE From 4-1-24
To 6-30-24

RETRIEE INFORMATION:

Name: [REDACTED]
Address: [REDACTED]

Employee #: _____
Phone #: _____

Expenses

Date Paid	Description (example: Monthly Premium)	Name of Provider (example: Anthem Blue Cross)	Cost	Total
4-1-24	Medicare payments	Social Security	174.70	\$ 174.70 -
5-1-24	" "	" "	"	\$ 174.70 -
6-1-24	" "	" "	"	\$ 174.71 -
				\$ -
				\$ -
				\$ -
Total				\$ 0.00 <u>524.10</u>

Medicare Eligible? YES NO

Attach copies of Proof of Insurance and Payment of Premium. See back of form for examples of acceptable documentation.

I certify that the above information is correct. I understand that I will not be reimbursed for medical insurance premiums for any period during which I was not eligible for participation or failed to maintain coverage. I further understand that if I receive reimbursement for premiums for which I was not eligible or did not meet eligibility criteria, the Trust may recover these payments from my future benefit award(s) and I will be liable for all related taxes. I also authorize the Trust, and its designees to contact the insurance company I have listed above to verify coverage and premium amounts paid. I certify that all expenses for which reimbursement or payment is claimed were incurred by myself, my spouse, my eligible dependents, or a spouse beneficiary (after the participant's death only) while eligible to receive benefits under the trust. I also certify as follows: 1.) The premium expenses have not been reimbursed or will not be reimbursed by any other plan, 2.) The premium expenses were not paid by an employer of a participant or an employer of a participant's spouse on a "pre-tax" basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a "Cafeteria Plan"). I understand that I am fully responsible for the sufficiency, accuracy, and veracity of all information relating to this reimbursement request.

Retiree Signature: [REDACTED] _____

Date: 4-25-24

PRMPT Approval*: _____

Date: _____

Accounting Approval**: _____

Date: _____

* Indicates the reimbursement request & back up are sufficient and expenses qualify as eligible for reimbursement under the trust.

** Indicates the trust accountant has ensured any amounts reimbursed are within the participants available trust balance.

Return completed form to: PRMPT c/o TMWA Human Resources, PO Box 30013, Reno, NV 89520

Post Retirement Medical Plan & Trust - Medical Premium Expense Reimbursement Request

In order for an eligible recipient to receive reimbursement of medical insurance premiums from the Post Retirement Medical Plan & Trust, the eligible participant must submit at least one of the following as proof of payment for the medical insurance premiums:

- A copy of the invoice from the insurance company and copy of the receipt of payment;
- A copy of the invoice from the insurance company and copy of the front and back of the cancelled check made out to the insurance company;
- A copy of a pay stub if the pay stub clearly shows a deduction for medical insurance on a post-tax basis;
- A statement from the eligible recipient's employer listing dates and amounts of premiums deducted from wages on a post-tax basis;
- A copy of a bank statement showing deductions for medical insurance if the statement clearly indicates payment to a company that provides only medical insurance;
- A copy of a bank statement showing deductions to an insurance company along with a statement from the insurance company listing dates and amounts of premiums; or
- Other documentation which the Trust, or its designees, determines is sufficient to prove payment for medical insurance.



Social Security Administration Benefit Verification Letter

Date: April 24, 2024

0101BEV375KJFQ1 CCM.MT2.BEV37.R240424

[Redacted]

[Redacted]

You asked us for information from your record. The information that you requested is shown below. If you want anyone else to have this information, you may send them this letter.

Information About Current Social Security Benefits

Beginning December 2023, the full monthly Social Security benefit before any deductions [Redacted]

We deduct \$174.70 for medical insurance premiums each month.

The regular monthly Social Security payment is [Redacted]
(We must round down to the whole dollar.)

Social Security benefits for a given month are paid the following month. (For example, Social Security benefits for March are paid in April.)

Your Social Security benefits are paid on or about the second Wednesday of each month.

Information About Past Social Security Benefits

[Redacted]

We deducted \$164.90 for medical insurance premiums each month.

The regular monthly Social Security payment [Redacted]
(We must round down to the whole dollar.)

Type of Social Security Benefit Information

You are entitled to monthly retirement benefits.

Medicare Information

You are entitled to hospital insurance under Medicare beginning May 2015.

See Next Page

Return completed form to: PRMPT c/o TMWA Human Resources, PO Box 30013, Reno, NV 89520

Post Retirement Medical Plan & Trust - Medical Premium Expense Reimbursement Request

In order for an eligible recipient to receive reimbursement of medical insurance premiums from the Post Retirement Medical Plan & Trust, the eligible participant must submit at least one of the following as proof of payment for the medical insurance premiums:

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- A copy of the invoice from the insurance company and copy of the front and back of the cancelled check made out to the insurance company;
- A copy of a pay stub if the pay stub clearly shows a deduction for medical insurance on a post-tax basis;
- A statement from the eligible recipient's employer listing dates and amounts of premiums deducted from wages on a post-tax basis;
- A copy of a bank statement showing deductions for medical insurance if the statement clearly indicates payment to a company that provides only medical insurance;
- A copy of a bank statement showing deductions to an insurance company along with a statement from the insurance company listing dates and amounts of premiums; or
- Other documentation which the Trust, or its designees, determines is sufficient to prove payment for medical insurance.

Premium Payment History

Payment history for:



Member ID:

From: **November 21, 2023**

To: **May 18, 2024**

Plan: **AARP MEDICARE SUPPLEMENT PLAN**

Effective date: **January 1, 2016**

Payment date	Amount	Status	Payment method	Reference number
05/15/2024	\$306.50	Processed	Payment coupon	Not available for this payment
04/10/2024	\$274.50	Processed	Online Bill Pymt	Not available for this payment
03/18/2024	\$274.50	Processed	Online Bill Pymt	Not available for this payment
02/15/2024	\$274.50	Processed	Online Bill Pymt	Not available for this payment
01/10/2024	\$274.50	Processed	Online Bill Pymt	Not available for this payment
12/13/2023	\$274.50	Processed	Online Bill Pymt	Not available for this payment
Total amounts	\$1,679.00			

Post Retirement Medical Plan & Trust - Medical Premium Expense Reimbursement Request

DATE RANGE From January 2024
To June 2024

RETRIEE INFORMATION:

Name: [REDACTED]
Address: [REDACTED]

Employee #: 50077
Phone #: [REDACTED]

Expenses

Date Paid	Description (example: Monthly Premium)	Name of Provider (example: Anthem Blue Cross)	Cost	Total
2024	Monthly Medical	Blue Cross Blue Shield	Jan- \$284.34 ; Feb-June \$309.59	\$ 1,832.29
2024	Monthly Dental	Metlife	Jan-\$42.10; Feb-June \$ 42.12	\$ 252.70
2024	Monthly Vision	VSP	Jan-\$ 14.52; Feb-June \$ 14.53	\$ 87.17
				\$ -
				\$ -
				\$ -
Medicare Eligible? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO				Total \$ <u>2,172.16</u>

Attach copies of Proof of Insurance and Payment of Premium. See back of form for examples of acceptable documentation.

I certify that the above information is correct. I understand that I will not be reimbursed for medical insurance premiums for any period during which I was not eligible for participation or failed to maintain coverage. I further understand that if I receive reimbursement for premiums for which I was not eligible or did not meet eligibility criteria, the Trust may recover these payments from my future benefit award(s) and I will be liable for all related taxes. I also authorize the Trust, and its designees to contact the insurance company I have listed above to verify coverage and premium amounts paid. I certify that all expenses for which reimbursement or payment is claimed were incurred by myself, my spouse, my eligible dependents, or a spouse beneficiary (after the participant's death only) while eligible to receive benefits under the trust. I also certify as follows: 1.) The premium expenses have not been reimbursed or will not be reimbursed by any other plan, 2.) The premium expenses were not paid by an employer of a participant or an employer of a participant's spouse on a "pre-tax" basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a "Cafeteria Plan"). I understand that I am fully responsible for the sufficiency, accuracy, and veracity of all information relating to this reimbursement request.

Retiree Signature: [REDACTED]

Date: June 4, 2024

PRMPT Approval*: [REDACTED]

Date: _____

Accounting Approval**:

Date: _____

* Indicates the reimbursement request & back up are sufficient and expenses qualify as eligible for reimbursement under the trust.

** Indicates the trust accountant has ensured any amounts reimbursed are within the participants available trust balance.

Return completed form to: PRMPT c/o TMWA Human Resources, PO Box 30013, Reno, NV 89520

Post Retirement Medical Plan & Trust - Medical Premium Expense Reimbursement Request

In order for an eligible recipient to receive reimbursement of medical insurance premiums from the Post Retirement Medical Plan & Trust, the eligible participant must submit at least one of the following as proof of payment for the medical insurance premiums:

- A copy of the invoice from the insurance company and copy of the receipt of payment;
- A copy of the invoice from the insurance company and copy of the front and back of the cancelled check made out to the insurance company;
- A copy of a pay stub if the pay stub clearly shows a deduction for medical insurance on a post-tax basis;
- A statement from the eligible recipient's employer listing dates and amounts of premiums deducted from wages on a post-tax basis;
- A copy of a bank statement showing deductions for medical insurance if the statement clearly indicates payment to a company that provides only medical insurance;
- A copy of a bank statement showing deductions to an insurance company along with a statement from the insurance company listing dates and amounts of premiums; or
- Other documentation which the Trust, or its designees, determines is sufficient to prove payment for medical insurance.

**TRUCKEE MEADOWS WATER AUTHORITY
 POST-RETIREMENT MEDICAL PLAN & TRUST - MEDICAL PREMIUM EXPENSE REIMBURSEMENT
 2024 MEDICAL, DENTAL AND VISION PAID PREMIUMS FOR [REDACTED]
 EMPLOYEE # 50077**

Below is an itemized list of my 2024 paid premiums. Attached is documentation.

MEDICAL - BCBS BASIC	PREMIUM												TOTAL
[REDACTED]	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
[REDACTED]	\$ 284.34	\$ 309.59	\$ 309.59	\$ 309.59	\$ 309.59	\$ 309.59							\$ 1,832.29
[REDACTED]	\$ 187.78	\$ 207.44	\$ 207.44	\$ 207.44	\$ 207.44	\$ 207.44							
Total monthly	\$ 472.12	\$ 517.03	\$ 517.03	\$ 517.03	\$ 517.03	\$ 517.03							
DENTAL - METLIFE	PREMIUM												
[REDACTED]													
[REDACTED]	\$ 42.10	\$ 42.12	\$ 42.12	\$ 42.12	\$ 42.12	\$ 42.12							\$ 252.70
[REDACTED]	\$ 42.10	\$ 42.12	\$ 42.12	\$ 42.12	\$ 42.12	\$ 42.12							
Total monthly	\$ 84.20	\$ 84.24	\$ 84.24	\$ 84.24	\$ 84.24	\$ 84.24							
VISION - VSP	PREMIUM												
[REDACTED]													
[REDACTED]	\$ 14.52	\$ 14.53	\$ 14.53	\$ 14.53	\$ 14.53	\$ 14.53							\$ 87.17
[REDACTED]	\$ 14.47	\$ 14.50	\$ 14.50	\$ 14.50	\$ 14.50	\$ 14.50							
Total monthly	\$ 28.99	\$ 29.03	\$ 29.03	\$ 29.03	\$ 29.03	\$ 29.03							
2024 TOTAL PREMIUMS FROM JANUARY THROUGH JUNE FOR [REDACTED]												\$ 2,172.16	



Retirement Services

2024 Summary of Payment

Claim Number: [REDACTED]

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Gross Amount of Annuity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]							[REDACTED]
Basic LI Premium Until 65 (if ret after 1/1/90)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]							[REDACTED]
Blue Cross/Blue Shield Service Benefit Plan-Basic	-\$472.12	-\$517.03	-\$517.03	-\$517.03	-\$517.03	-\$517.03							-\$3,057.27
Federal Dental Insurance	-\$84.20	-\$84.24	-\$84.24	-\$84.24	-\$84.24	-\$84.24							-\$505.40
Federal Income Tax (Citizen)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]							[REDACTED]
Federal Vision Insurance	-\$28.99	-\$29.03	-\$29.03	-\$29.03	-\$29.03	-\$29.03							-\$174.14
Net Amount of Annuity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]							[REDACTED]

* An *(asterisk) reflected in the payment description indicates that the amount is a one-time only adjustment.

The summary of payments and total paid to date is current as of Jun 3, 2024, payment. The Summary of Payments contains information regarding the recurring monthly payments that are issued to you. The Summary of Payments does not include any adjustment payments that have been made. Generally, in the middle of the month, we authorize payments that are payable for the first business day of the following month.

The information contained in the Summary of Payments is not to be used for income tax filing purposes.

2024 Rate Information for the Blue Cross and Blue Shield Service Benefit Plan

To compare your FEHB health plan options please go to www.opm.gov/fehbcompare.

To review premium rates for all FEHB health plan options please go to www.opm.gov/FEHBpremiums or www.opm.gov/Tribalpremium.

Premiums for Tribal employees are shown under the Monthly Premium Rate column. The amount shown under employee contribution is the maximum you will pay. Your Tribal employer may choose to contribute a higher portion of your premium. Please contact your Tribal Benefits Officer for exact rates.

Type of Enrollment	Enrollment Code	Premium Rate			
		Biweekly		Monthly	
		Gov't Share	Your Share	Gov't Share	Your Share
Nationwide					
Standard Option Self Only	104	\$271.43	\$150.79	\$588.10	\$326.71
Standard Option Self Plus One	106	\$586.50	\$336.84	\$1,270.75	\$729.82
Standard Option Self and Family	105	\$646.18	\$370.68	\$1,400.06	\$803.14
Nationwide					
Basic Option Self Only	111	\$271.43	\$95.74	\$588.10	\$207.44
Basic Option Self Plus One	113	\$586.50	\$238.63	\$1,270.75	\$517.03
Basic Option Self and Family	112	\$646.18	\$262.60	\$1,400.06	\$568.96

2024 Health Insurance

High & Standard Rates

Rating Area	High - Bi-Weekly			High - Monthly		
	Self Only	Self Plus One	Self and Family	Self Only	Self Plus One	Self and Family
1	\$18.43	\$36.85	\$55.28	\$39.93	\$79.84	\$119.77
2	\$19.44	\$38.88	\$58.31	\$42.12	\$84.24	\$126.34
3	\$21.59	\$43.19	\$64.78	\$46.78	\$93.58	\$140.36
4	\$23.49	\$46.98	\$70.46	\$50.90	\$101.79	\$152.66
5	\$26.14	\$52.29	\$78.43	\$56.64	\$113.30	\$169.93

Rating Area	Standard - Bi-Weekly			Standard - Monthly		
	Self Only	Self Plus One	Self and Family	Self Only	Self Plus One	Self and Family
1	\$10.23	\$20.47	\$30.70	\$22.17	\$44.35	\$66.52
2	\$10.88	\$21.75	\$32.63	\$23.57	\$47.13	\$70.70
3	\$12.13	\$24.26	\$36.39	\$26.28	\$52.56	\$78.85
4	\$13.38	\$26.77	\$40.15	\$28.99	\$58.00	\$86.99
5	\$14.16	\$28.33	\$42.49	\$30.68	\$61.38	\$92.06

2024 MetLife Dental

2024 Premiums

You'll experience great overall value on services with savings built into your plan
—no matter which one you choose.

VSP Standard Option

	Bi-Weekly	Monthly
Self Only	\$3.55	\$7.69
Self + One	\$7.09	\$15.36
Self + Family	\$10.65	\$23.08

VSP High Option

	Bi-Weekly	Monthly
Self Only	\$6.69	\$14.50
Self + One	\$13.40	\$29.03
Self + Family	\$20.11	\$43.57

CURRENT PLAN

VSP Vision Care

High • PPO • Nationwide/International

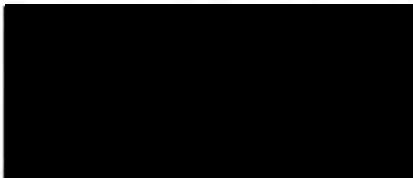
[View Plan Details](#)

[Cancel Plan](#)

[Modify Plan](#)

MONTHLY PREMIUM

\$29.03



ENROLLED AS

Annuitant (Retiree)

COVERAGE EFFECTIVE

01/01/2024

PLAN YEAR END

12/31/2024

[Payment & Billing](#)

[Other Insurance](#)

QUALIFYING LIFE EVENTS

Had a major life change?

Let us know what happened, and we'll tell you how your plan might change.

- [Acquired family](#) >
- [Lost family](#) >
- [Family lost other insurance](#) >

TOOLS & RESOURCES

- [Find a Provider](#) >
- [Visit VSP Vision Care's Website](#) >
- [View VSP Vision Care's Plan Brochure](#) >

U.S. OFFICE OF PERSONNEL MANAGEMENT

FREQUENTLY ASKED QUESTIONS INSURANCE
RETIREMENT

- **Will my deduction continue to be pre-tax after I retire?**

No, retiree pay premiums on a post tax basis.

- **I am not enrolled in FEHB. If I stay enrolled in a FEDVIP plan for the next five years, can I then get FEHB coverage in retirement?**

No, your FEDVIP enrollment will not count towards the 5-year enrollment requirement for carrying FEHB coverage into retirement.

- **I'm eligible for Medicare. What do I do?**

You should examine your Medicare coverage in order to determine if the Federal Employees Dental and Vision Insurance Program (FEDVIP) will benefit you or your family. Your FEDVIP premiums will not change if you enroll in Medicare.

- **Are retirees receiving a deferred annuity eligible?**

No.

- **If I accept a deferred retirement annuity at age 62, would I then be eligible for FEDVIP? What about MRA+10 retirees?**

If you are on a deferred retirement annuity, you are not eligible for FEDVIP.

If you are retiring with title to an MRA+10 annuity and you postpone receiving your annuity, you are eligible for FEDVIP only when you begin to receive that annuity. You would not be eligible for FEDVIP during the time between your separation from duty and before actual receipt of your annuity.

- **Will employees be responsible for contacting BENEFEDS and letting them know they have retired and FEDVIP premiums need to come out of their annuity payment instead of billing the agency they just retired from?**

No, you are not required to contact BENEFEDS. However, you can speed up the process by contacting BENEFEDS.

- **Does my coverage change if I go back to work as a reemployed annuitant?**

No. The Federal Employees Dental and Vision Insurance Program (FEDVIP) coverage is the same for all enrollees.


However, if you go back to work and you are in a position that conveys FEDVIP eligibility, you must contact BENEFEDS (1-877-888-3337), if you want your premiums to be deducted from your paychecks. Most reemployed annuitants want to make that change because retirees pay FEDVIP premiums with post-tax dollars and employees pay FEDVIP premiums with pre-tax dollars. If your new position does not convey FEDVIP eligibility you may retain the coverage as

Post Retirement Medical Plan & Trust - Medical Premium Expense Reimbursement Request

DATE RANGE From Apr. 2024
To Jun. 2024

RETRIEE INFORMATION:

Name: 
Address: 

Employee #: 50078
Phone #: 

Expenses

Date Paid	Description (example: Monthly Premium)	Name of Provider (example: Anthem Blue Cross)	Cost	Total
Apr/May	Mo. Premium	United Healthcare	\$234.60 x 2 mos.	\$ 469.20
June	" "	" "	\$280.08 x 1 mo.	\$ 280.08
				\$ -
Apr/May	Mo. Premium	United Healthcare	\$78 x 3 mos.	\$ 234.00
June	(Prescriptions)			\$ -
				\$ -
			\$0.00	
				Total \$ <u>983.28</u>

Medicare Eligible? YES NO

Attach copies of Proof of Insurance and Payment of Premium. See back of form for examples of acceptable documentation.

I certify that the above information is correct. I understand that I will not be reimbursed for medical insurance premiums for any period during which I was not eligible for participation or failed to maintain coverage. I further understand that if I receive reimbursement for premiums for which I was not eligible or did not meet eligibility criteria, the Trust may recover these payments from my future benefit award(s) and I will be liable for all related taxes. I also authorize the Trust, and its designees to contact the insurance company I have listed above to verify coverage and premium amounts paid. I certify that all expenses for which reimbursement or payment is claimed were incurred by myself, my spouse, my eligible dependents, or a spouse beneficiary (after the participant's death only) while eligible to receive benefits under the trust. I also certify as follows: 1.) The premium expenses have not been reimbursed or will not be reimbursed by any other plan, 2.) The premium expenses were not paid by an employer of a participant or an employer of a participant's spouse on a "pre-tax" basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a "Cafeteria Plan"). I understand that I am fully responsible for the sufficiency, accuracy, and veracity of all information relating to this reimbursement request.

Retiree Signature:  Date: 

PRMPT Approval*: _____ Date: _____
* Indicates the reimbursement request & back up are sufficient and expenses qualify as eligible for reimbursement under the trust.

Accounting Approval**: _____ Date: _____
** Indicates the trust accountant has ensured any amounts reimbursed are within the participants available trust balance.

Withdrawals and other subtractions - continued

Other subtractions - continued

Date	Description	Amount
03/29/24	[REDACTED]	[REDACTED]
04/03/24	[REDACTED]	[REDACTED]
04/03/24	[REDACTED]	[REDACTED]
04/04/24	[REDACTED]	[REDACTED]
04/04/24	[REDACTED]	[REDACTED]
04/05/24	UnitedHealthcare DES:PREMIUM PPD [REDACTED] D CO ID:1836282001	-234.60 ✓
04/05/24	UnitedHCMedicare DES:MedInsPym [REDACTED] ID:9000447048 PPD D CO	-78.00 ✓

[REDACTED]

Checks

Date	Check #	Amount	Date	Check #	Amount	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
					Total checks	[REDACTED]
					Total # of checks	[REDACTED]

* There is a gap in sequential check numbers

Braille and Large Print Request - You can request a copy of this statement in Braille or Large Print by calling 800.432.1000 or going to bankofamerica.com and enter Visually Impaired Access from the home page.

Withdrawals and other subtractions - continued

Other subtractions - continued

Date	Description	Amount
[REDACTED]		
05/06/24	UnitedHealthcare DES:PREMIUM ID:3430418891 INDN:SOTERO PPD	-234.60 ✓
05/06/24	UnitedHCMedicare DES:MedInsPymt ID:000001237714144 INDN:SOTERO ID:9000447048 PPD	-78.00 ✓
[REDACTED]		

Checks

Date	Check #	Amount	Date	Check #	Amount
[REDACTED]					
Total checks					[REDACTED]
Total # of checks					[REDACTED]

Braille and Large Print Request - You can request a copy of this statement in Braille or Large Print by calling 800.432.1000 or going to bankofamerica.com and enter Visually Impaired Access from the home page.

Withdrawals and other subtractions - continued

Other subtractions - continued

Date Description

[Redacted]

06/05/24 AARP HEALTH CARE DES:Premium ID:485587065751 INDN:SOTERO D CO -280.08 ✓
ID:1836282001 PPD

[Redacted]

06/05/24 UnitedHCMedicare DES:MedInsPymt ID:000001243745195 INDN:SOTERO D CO -78.00 ✓
ID:9000447048 PPD

[Redacted]

Checks

Date Check # Amount

[Redacted]

Date Check # Amount

[Redacted]

Total checks

Total # of checks

[Redacted]

Braille and Large Print Request - You can request a copy of this statement in Braille or Large Print by calling 800.432.1000 or going to bankofamerica.com and enter Visually Impaired Access from the home page.

Post Retirement Medical Plan & Trust - Medical Premium Expense Reimbursement Request

RETRIEE INFORMATION:

Name: [REDACTED]

Address: [REDACTED]

DATE RANGE From April, 2024
 To June, 2024

Employee #: 50049

Phone #: [REDACTED]

Expenses

Date Paid	Description (example: Monthly Premium)	Name of Provider (example: Anthem Blue Cross)	Cost	Total
apr-june	3 months Premium	Medicare Part B+D	257.50 X 3	\$ 772.50 -
apr-june	3 months Premium	United Part D Drug	54.10 X 3	\$ 162.30 -
apr+may	2 months Premium	United Medicare Supplement	117.99 X 2	\$ 235.98 -
June	1 month Premium	United Medicare Supplement	134.47	\$ 134.47 -
				\$ -
				\$ -
Medicare Eligible? <input type="checkbox"/> YES <input type="checkbox"/> NO				Total \$ 1,305.25

\$ 1,305.25

Attach copies of Proof of Insurance and Payment of Premium. See back of form for examples of acceptable documentation.

I certify that the above information is correct. I understand that I will not be reimbursed for medical insurance premiums for any period during which I was not eligible for participation or failed to maintain coverage. I further understand that if I receive reimbursement for premiums for which I was not eligible or did not meet eligibility criteria, the Trust may recover these payments from my future benefit award(s) and I will be liable for all related taxes. I also authorize the Trust, and its designees to contact the insurance company I have listed above to verify coverage and premium amounts paid. I certify that all expenses for which reimbursement or payment is claimed were incurred by myself, my spouse, my eligible dependents, or a spouse beneficiary (after the participant's death only) while eligible to receive benefits under the trust. I also certify as follows: 1.) The premium expenses have not been reimbursed or will not be reimbursed by any other plan, 2.) The premium expenses were not paid by an employer of a participant or an employer of a participant's spouse on a "pre-tax" basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a "Cafeteria Plan"). I understand that I am fully responsible for the sufficiency, accuracy, and veracity of all information relating to this reimbursement request.

Retiree Signature: [REDACTED]

PRMPT Approval*: [REDACTED]

Date: 6/16/24

Date: _____

Date: _____

Accounting Approval**:

* Indicates the reimbursement request & back up are sufficient and expenses qualify as eligible for reimbursement under the trust.

** Indicates the trust accountant has ensured any amounts reimbursed are within the participants available trust balance.

Social Security Administration

Important Information

Date: November 22, 2023

030154SXU188139* CCM:M16:54SXU R231117 000000000 00036106356268421018 89521724870

We review Social Security benefits each year to make sure they keep up with the cost of living. Your Social Security benefits will increase by 3.2% in 2024 because of a rise in the cost of living.

The law requires some people to pay higher premiums for their Medicare Part B (Medical Insurance) and Part D (Prescription Drug Plan) because of their income. These increases in the premiums are called the Income-Related Monthly Adjustment Amounts (IRMAA). Based on your income, you are required to pay IRMAA. We use information from the Internal Revenue Service (IRS) to decide if you will need to pay IRMAA. The information in this letter is for one year only.

How Much You Will Get

This letter explains your benefit amount, your Medicare premiums, your IRMAA, and what you can do if you disagree with our decision or your situation has changed. The information below shows your monthly benefit amount before and after deductions:

- Your new 2024 monthly benefit amount before deductions is: - [REDACTED]
- Your 2024 monthly deduction for the Medicare Part B premium is: - \$244.60
 - \$174.70 for the standard Medicare premium, plus
 - \$69.90 for the Medicare Part B IRMAA based on your 2022 income tax return
- Your 2024 deduction for Medicare Part D IRMAA based on your 2022 income tax return is: - \$12.90
- Your deduction for voluntary tax withholding is: - [REDACTED]
- Your benefit amount after deductions that will be deposited into your bank account or sent in your check on January 17, 2024 is: - [REDACTED]

Handwritten: \$257.50

If you still get a paper check, you must visit the Department of the Treasury's website at www.godirect.gov to request electronic payments.

Premium Payment History

Payment history for: 

Member ID: 

From: **March 12, 2024**

To: **June 09, 2024**

Plan: **AARP Medicare Rx Walgreens from UHC (PDP)**

Payment date	Amount	Status	Payment method	Reference number
06/02/2024	\$54.10	Processed	EFT	Not applicable for this payment
05/02/2024	\$54.10	Processed	EFT	Not applicable for this payment
04/02/2024	\$54.10	Processed	EFT	Not applicable for this payment

Premium Payment History

Payment history for: [REDACTED]
 Member ID: [REDACTED]
 From: **March 12, 2024**
 To: **June 09, 2024**
 Plan: **AARP MEDICARE SUPPLEMENT PLAN**
 Effective date: **April 1, 2021**

Payment date	Amount	Status	Payment method	Reference number
06/01/2024	\$134.47	Processed	EFT - Checking***3632	Not available for this payment
05/01/2024	\$250.98	Processed	EFT	Not available for this payment
04/01/2024	\$250.98	Processed	EFT	Not available for this payment
Total amounts	\$636.43			

\$117.99 - my portion

*Until June 1st United billed per family. \$250.98 was our total premium. attached shows \$117.99 was my portion.
 effective June 1st only my premium of \$134.47 was billed.*

Go to top ↑

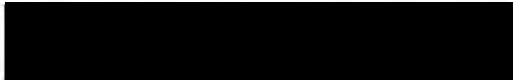
Your February 2024 premium breakdown

This is the amount of your household premium payment. It does not include any past due billed amounts or pending payments.

Household

Electronic Funds Transfer (EFT) discount	-\$2.00
Household Total*	\$250.98

*Includes all individual plan premiums, riders, household and individual discounts.



AARP MEDICARE SUPPLEMENT PLAN	\$220.25
Multi insured discount	-\$15.42
Enrollment discount	-\$85.90
Your portion of the Household Total*	\$117.99

april to May, 2024

*Your portion of the household total reflects your monthly plan premium(s) individual discount(s) and your portion of any household discount(s) if applicable, and is specific to the individual signed in.

Other individuals within the household must sign in to see their portion of the household total.

Sierra Credit Union Checking

07/16/2024 PRMT §501-c-9 Agenda Item 09_F

Description

Debit **Credit Amount** **Balance**

June 5, 2024

Premium AARP HEALTH CARE Premium, 06-05-2024 @ 0:00
Trace #:021000025044893

-\$134.47 -\$134.47

MedInsPymt UnitedHCMedicare MedInsPymt, 06-05-2024 @ 0:00
Trace #:021001030057907

-\$54.10 -\$54.10

[REDACTED]

May 6, 2024

MedInsPymt UnitedHCMedicare MedInsPymt, 05-06-2024 @ 0:00
Trace #:021001032123983

-\$54.10 -\$54.10

April 30, 2024

United Health Ca [REDACTED]
2024 @ 0:00 Tra [REDACTED]

-\$118.00 -\$118.00

April 22, 2024

[REDACTED]

April 5, 2024

MedInsPymt UnitedHCMedicare MedInsPymt, 04-05-2024 @ 0:00
Trace # [REDACTED]

-\$54.10

April 1, 2024

United Health Ca [REDACTED] 4-01-
2024 @ 0:00 [REDACTED]

-\$118.00

[REDACTED]

Post-Retirement Medical Plan & Trust

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



TO: Board of Trustees of the TMWA Post-Retirement Medical Plan and Trust
FROM: Veronica Galindo, Senior Accountant
DATE: July 9, 2024
SUBJECT: **Present and accept the December 31, 2023 actuarial valuation**

Recommendation

TMWA staff recommends the Trustees accept the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (the Plan) Actuarial Valuation of Other Post-Employment Benefit Programs as of December 31, 2023.

Discussion

The following report is attached:

- Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust Actuarial Valuation of Other Post-Employment Benefit Programs as of December 31, 2023

The primary purposes of this report are to:

- Remeasure the Plan's liabilities as of December 31, 2023,
- Develop actuarially determined contribution levels for prefunding plan benefits, and
- Provide information required by governmental accounting standards for this plan to be reported in TMWA's financial statements for the fiscal year ending June 30, 2024.

Some highlights of the Plan's report as of December 31, 2023 include:

- The Plan covers 148 active employees and 69 retirees.
- The Plan's total OPEB liability is \$10.8 million.
- The Plan's fiduciary net position is \$15.5 million.
- The Plan has a net OPEB asset of \$4.7 million.
- Given the substantial surplus position of the Plan, the actuarial determined contributions are \$0 through June 30, 2026.

May 22, 2024

Matt Bowman, CPA
Chief Financial Officer
Truckee Meadows Water Authority
1355 Capital Blvd.
Reno, NV 89502

Re: Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (PRMPT)
Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2024

Dear Mr. Bowman:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (PRMPT). The primary purposes of this report are to:

- 1) Remeasure plan liabilities as of December 31, 2023, in accordance with GASB 75's biennial valuation requirement,
- 2) Develop Actuarially Determined Contributions levels for prefunding plan benefits, and
- 3) Provide information required by GASB 75 ("Accounting and Financial Reporting for Post-employment Benefits Other Than Pension") to be reported in TMWA's financial statements for the fiscal year ending June 30, 2024.

The exhibits presented in this report reflect that TMWA has consistently contributed sufficient amounts to the plan to apply the expected trust return as the discount rate to value the plan liability. We based the valuation on the employee data, details of plan benefits, trust information and OPEB contributions reported to us by TMWA. Please review our summary of this information to ensure that it is consistent with your records. **Note that contributions and payroll for fiscal year 23/24 shown in this report are estimates** and should be updated once final amounts are known.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of TMWA staff who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal & Consulting Actuary

Enclosure

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A. Executive Summary

This report presents the results of the December 31, 2023, actuarial valuation and accounting information regarding the other post-employment benefit (OPEB) program of the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (PRMPT). The purposes of this report are to: 1) summarize the results of the valuation; 2) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits; and 3) provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2024. Separate reports have been prepared for the TMWA Section 115 Plan and the TMWA Implicit Subsidy Only Plan.

Important background information regarding the valuation process can be found in Appendix 2. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present exhibits and other information relevant for disclosures under GASB 75.

Results of the December 31, 2023, valuation will likely be applied to prepare TMWA's GASB 75 report for the fiscal year ending June 30, 2025. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations of TMWA

As required by Nevada Revised Statutes (NRS), TMWA offers continuation of medical, dental, vision and life insurance coverage to retiring employees under the PRMPT. Access to this coverage can potentially create one or more of the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare. In this program, TMWA contributes a portion of medical, dental, vision, and life insurance premiums for qualifying retirees. These benefits are described in Section 2.
- **Implicit subsidy liabilities:** An "implicit subsidy" exists when premiums are developed using blended active and retiree claims experience. In this program, premiums charged for retirees may not be sufficient to cover expected medical or life insurance claims¹ and the premiums charged for active employees are said to "implicitly subsidize" retirees. This OPEB program includes implicit subsidy liabilities for retiree coverage both before and after eligibility for Medicare.

We assumed no implicit liability exists with respect to dental and vision coverage provided to retirees, or that it is insignificant.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit subsidy liability as the projected difference between (a) estimated retiree medical or life insurance claim costs by age and (b) premiums charged for retiree coverage. For more information on MacLeod Watts' age rating methodology for medical coverage, see Appendix 3.

¹ In certain situations, including in this case, for Medicare-enrolled retirees enrolled in the coverage offered by TMWA, premiums for retiree coverage may be high enough that they subsidize pre-Medicare retiree and/or active employee claims.



Executive Summary

(Continued)

OPEB Funding Policy

TMWA's OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an Actuarially Determined Contribution each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

TMWA continues to prefund its OPEB liability, consistently contributing 100% or more of the Actuarially Determined Contribution each year. With TMWA's approval, the discount rate used for accounting purposes and to develop Actuarially Determined Contributions for plan funding is 6.0%. Information on how this rate was determined is provided on page 11, Expected Long-term Return on Trust Assets.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e., rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering TMWA employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits.

Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates for GASB 75 in this Report

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2024
Measurement Date	December 31, 2023
Measurement Period	January 1, 2023, to December 31, 2023
Valuation Date	December 31, 2023



Executive Summary

(Continued)

Updates Since the Prior Report

No benefit changes were reported to MacLeod Watts since the December 2021 valuation was prepared. We collected updated census and premium data and developed “plan experience”, the differences between projected and actual liability results. We then reviewed and updated certain assumptions used to project the OPEB liability. Investment experience, the difference between actual and expected return on trust assets, was also determined.

The Net OPEB Liability (Asset) on the current measurement date is lower (a larger surplus) than that reported one year ago. Section C presents the new valuation results and provides additional information on the impact of the new assumptions and plan experience. See *Recognition Period for Deferred Resources* on page 12 for details on how these changes are recognized.

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2024

The plan’s impact on Net Position will be the sum of the difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan’s impact on Net Position on the measurement date can be summarized as follows:

Items	For Reporting At Fiscal Year Ending June 30, 2024
Total OPEB Liability	\$ 10,805,583
Fiduciary Net Position	(15,465,242)
Net OPEB Liability (Asset)	\$ (4,659,659)
<i>Adjustment for Deferred Resources:</i>	
Deferred (Outflows)	(2,368,105)
Deferred Inflows	3,764,643
Impact on Statement of Net Position	\$ (3,263,121)
OPEB Expense (Income), FYE 6/30/2024	\$ (801,540)

Important Notices

This report is intended to be used only to present the actuarial information relating to other post-employment benefits for TMWA’s financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. TMWA should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend TMWA consult with their internal accounting staff, external auditor, or accounting firm about the accounting treatment of OPEB liabilities.

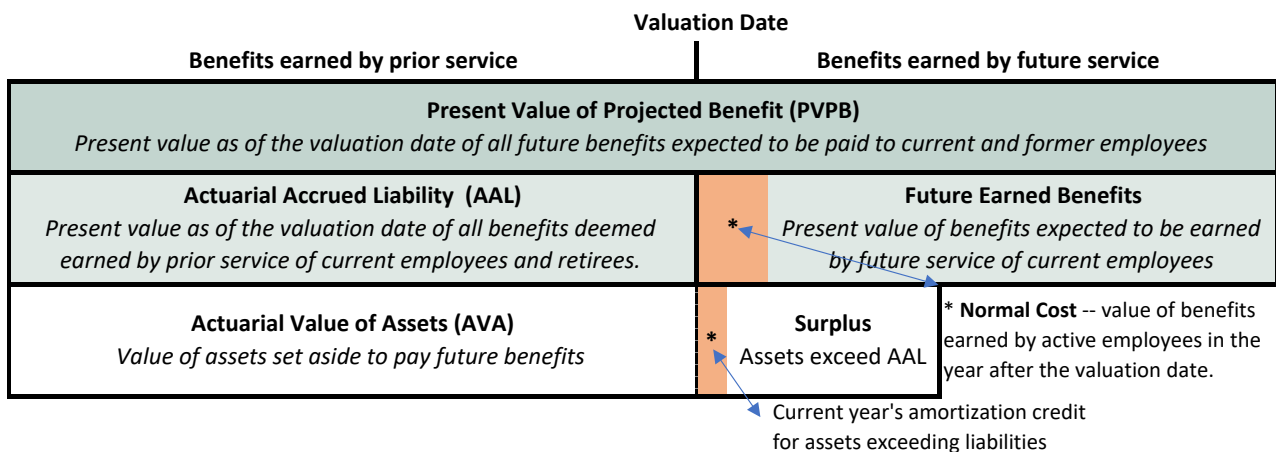


B. Valuation Process

This valuation is based on employee census data and benefits initially submitted to us by TMWA and clarified in various related communications. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on TMWA as to its accuracy. The valuation has been performed in accordance with the process described below using the actuarial methods and assumptions described herein and is consistent with our understanding of Actuarial Standards of Practice.

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over each current retiree’s or active employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and any implicit subsidies arising when retiree premiums are expected to be partially subsidized by premiums paid for active employees. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected dates when benefits will end. Assumptions regarding the probability that each employee will remain in service to receive benefits and the likelihood that employees will elect coverage for themselves and their dependents are also applied.

We then calculate the present value of these future benefit streams by discounting the value of each future expected employer payment back to the valuation date using the valuation discount rate. This present value is called the **Present Value of Projected Benefits (PVPB)** and represents the current value of all expected future plan payments to current retirees and current active employees. Note that this long-term projection does not anticipate entry of future employees.



The next step in the valuation process splits the Present Value of Projected Benefits into 1) the value of benefits already earned by prior service of current employees and retirees and 2) the value of benefits expected to be earned by future service of current employees. Actuaries employ an “attribution method” to divide the PVPB into prior service liabilities and future service liabilities. For this valuation we used the **Entry Age Normal** attribution method. This method is the most common method used for government funding purposes and the only attribution method allowed for financial reporting under GASB 75.

We call the value of benefits deemed earned by prior service the **Actuarial Accrued Liability (AAL)**. Benefits deemed earned by service of active employees in a single year is called the **Normal Cost** of benefits. The present value of all future normal costs (PVFNC) plus the Actuarial Accrued Liability will equal the Present Value of Projected Benefits (i.e. $PVPB = AAL + PVFNC$).



Valuation Process

(Concluded)

TMWA has committed to making regular contributions to a trust in order to prefund plan benefits. Trust contributions and earnings accumulate so that the trust can make benefit payments to retirees (or reimburse TMWA for making those payments directly). The difference between the value of trust assets (i.e., the Market Value of Assets) and the Actuarial Accrued Liability yields the **Unfunded Actuarial Accrued Liability (UAAL)**. The UAAL represents, as of the valuation date, the present value of benefits already earned by past service that remain unfunded. A plan is generally considered “fully funded” when the UAAL is zero. The plan sponsor of a fully funded plan will still need to make future contributions for benefits earned by future service of active employees. But in a fully funded plan, the plan sponsor has set aside sufficient assets to pay for benefits that have been earned by past service of current retirees and active employees if all valuation assumptions are realized.

Future contributions by TMWA will fund 1) the value of benefits earned each year by service of active employees (i.e. annual Normal Costs) less 2) an amortized credit of the amount by which assets exceed the actuarial accrued liability. Various strategies might be employed to reflect surplus assets, although it’s recommended that any surplus assets should generally be recognized in contributions over a long period.

Variation in Future Results

Please note that projections of future benefits over such long periods (frequently 70 or more years) which are dependent on numerous assumptions regarding future economic and demographic variables are subject to substantial revision as future events unfold. While we believe that the assumptions and methods used in this valuation are reasonable for the purposes of this report, the costs to TMWA reflected in this report are subject to future revision, perhaps materially. Demonstrating the range of potential future plan costs was beyond the scope of our assignment except to the limited extent of providing liability information at various discount rates.

Certain actuarial terms and GASB 75 terms may be used interchangeably, as shown below.

Actuarial Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	<i>No equivalent term</i>
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position
Actuarial Value of Assets (AVA)	<i>No equivalent term</i>
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability (NOL)
Normal Cost	Service Cost

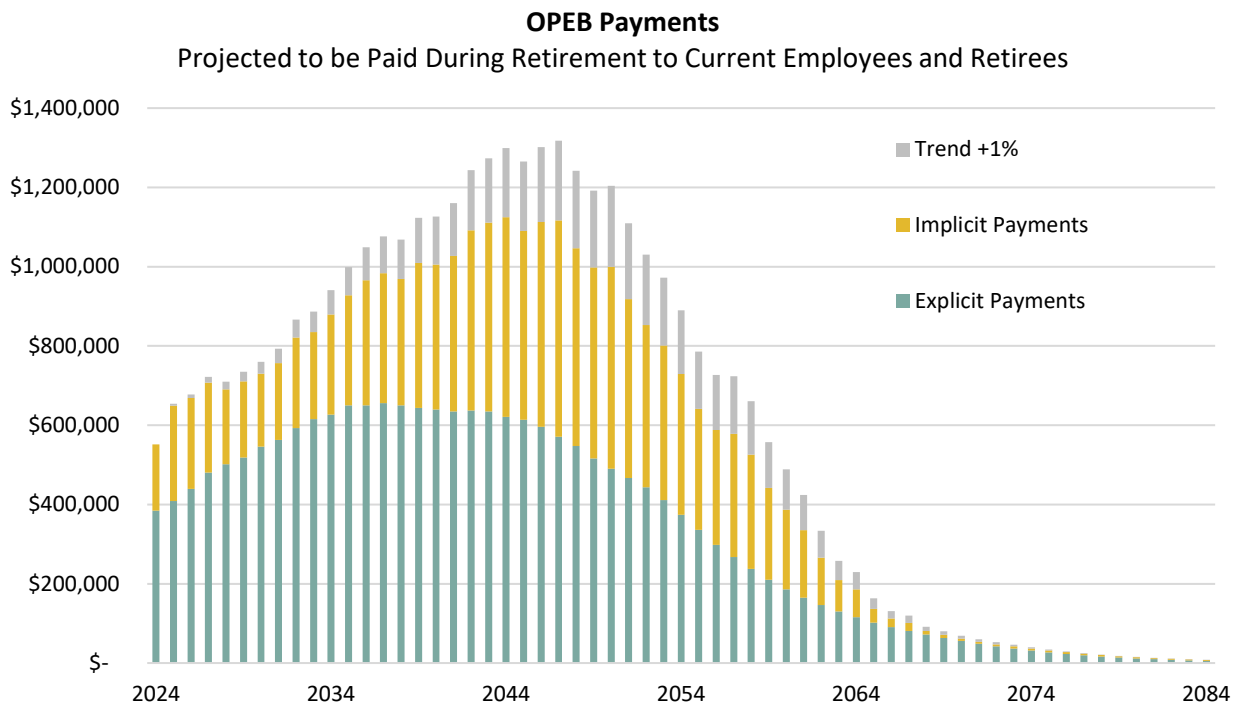


C. Valuation Results as of December 31, 2023

This section presents the basic results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the December 2023 valuation. We described the general process for projecting all future benefits to be paid to retirees and current employees in the preceding section. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Supporting Information, Section 3.

Lifetime healthcare and life insurance benefits are paid for qualifying PRMPT retirees. Please see Supporting Information, Section 2 for details.

The following graph illustrates the annual other post-employment benefits projected to be paid on behalf of current retirees and current employees expected to retire from TMWA.



The amounts shown in green reflect the expected payment by TMWA toward retiree medical premiums while those in yellow reflect the implicit subsidy benefits (i.e., the excess of estimated retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage). The projections in gray reflect increases in benefit levels if healthcare trend were 1% higher.

The first 15 years of benefit payments from the graph above are shown in tabular form on page 20.

Liabilities relating to these projected benefits are shown beginning on the following page.



Valuation Results as of December 31, 2023

(Continued)

This chart compares the results measured as of December 31, 2022, based on the prior valuation, with the results measured as of December 31, 2023, based on the current valuation.

Valuation Date	12/31/2021			12/31/2023		
Fiscal Year Ending	6/30/2023			6/30/2024		
Measurement Date	12/31/2022			12/31/2023		
Discount rate	6.00%			6.00%		
Number of Covered Employees						
Actives	164			148		
Retirees	62			69		
Total Participants	226			217		
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarial Present Value of Projected Benefits						
Actives	\$ 4,286,820	\$ 2,825,980	\$ 7,112,800	\$ 3,710,016	\$ 4,090,423	\$ 7,800,439
Retirees	5,012,358	(197,128)	4,815,230	4,453,699	491,075	4,944,774
Total APVPB	9,299,178	2,628,852	11,928,030	8,163,715	4,581,498	12,745,213
Total OPEB Liability (TOL)						
Actives	3,668,858	1,833,258	5,502,116	3,110,594	2,750,215	5,860,809
Retirees	5,012,358	(197,128)	4,815,230	4,453,699	491,075	4,944,774
TOL	8,681,216	1,636,130	10,317,346	7,564,293	3,241,290	10,805,583
Fiduciary Net Position	13,425,771			15,465,242		
Net OPEB Liability (Asset)	(3,108,425)			(4,659,659)		
Service Cost						
For the period following the measurement date	88,834	97,914	186,748	75,760	125,989	201,749

The funded ratio (ratio of the trust assets to the TOL) improved from 130% to 143% since the prior GASB 75 measurement date. The Net OPEB Asset has increased by \$1,551,234 from that reported one year ago. Some of this change was expected and some was unexpected. Reasons for the change in the TOL are discussed on the following page.



Valuation Results as of December 31, 2023

(Continued)

Expected NOL changes: The NOL was expected to decrease by \$127,727, from additional service and interest costs accruing for the period reduced by employer contributions and earnings on trust assets.

Unexpected NOL changes decreased the NOL by \$1,423,507 and fall into one of these categories:

- *Plan experience* increased the TOL by \$58,687, reflecting results that are different than expected based on the prior valuation data and assumptions. The main reasons are listed in the chart below.
- *Assumption changes* collectively increased the TOL by \$139,717. These changes are listed below, with additional information provided on the last page in Supporting Information, Section 3.
- *Investment experience:* Trust asset return exceeded the expected earnings by \$1,621,911.

This chart reconciles results measured December 31, 2022, to results measured on December 31, 2023.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2023 <i>Measurement Date 12/31/2022</i>	\$ 10,317,346	\$ 13,425,771	\$ (3,108,425)
Expected Changes During the Period:			
Service Cost	186,748		186,748
Interest Cost	614,891		614,891
Expected Investment Income		794,246	(794,246)
TMWA Contributions		162,921	(162,921)
Auditing Fees		(21,735)	21,735
Administrative Fees		(3,766)	3,766
Legal Fees		(2,300)	2,300
Retiree Contributions		139,380	(139,380)
Retiree Portion of Premiums		(139,380)	139,380
Benefit Payments	(511,806)	(511,806)	-
Total Expected Changes During the Period	289,833	417,560	(127,727)
Expected at Fiscal Year Ending 6/30/2024 <i>Measurement Date 12/31/2023</i>	\$ 10,607,179	\$ 13,843,331	\$ (3,236,152)
Unexpected Changes During the Period:			
<i>Change Due to Investment Experience</i>		1,621,911	(1,621,911)
<i>Plan Experience: Liability Changes Other than Expected For</i>			
Premiums Rates and Estimated Claims	958,327		
New Retirements, Terminations, & Pre-Retirement Deaths	(318,572)		
Retirees Shifting From TMWA Medical Plan to Other Coverage	(410,758)		
Other Plan Experience	(170,310)		
Change Due to Plan Experience			58,687
<i>Assumptions: Change Due to Change in Healthcare Trend</i>	139,717		139,717
Total Unexpected Changes During the Period	198,404	1,621,911	(1,423,507)
Balance at Fiscal Year Ending 6/30/2024 <i>Measurement Date 12/31/2023</i>	\$ 10,805,583	\$ 15,465,242	\$ (4,659,659)



D. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year ending June 30, 2024. For GASB 75 purposes, TMWA is classified as a single employer. *Deferred Contributions and covered payroll for fiscal year 23/24 shown in this Section are estimates subject to change based on the final reported amounts.*

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2024 <i>Measurement Date is December 31, 2023</i>	TMWA PRMPT
Items Impacting Net Position:	
Total OPEB Liability	\$ 10,805,583
Fiduciary Net Position	(15,465,242)
	(4,659,659)
<i>Deferred (Outflows) Due to:</i>	
Assumption Changes	(264,346)
Plan Experience	(51,918)
Investment Experience	(1,883,269)
Deferred Contributions	(168,572)
<i>Deferred Inflows Due to:</i>	
Assumption Changes	181,807
Plan Experience	1,448,428
Investment Experience	2,134,408
	(3,263,121)
Impact on Statement of Net Position, FYE 6/30/2024	\$ (3,263,121)
Items Impacting OPEB Expense:	
Service Cost	\$ 186,748
Interest Cost	614,891
Expected Investment Income	(794,246)
Auditing Fees	21,735
Administrative Fees	3,766
Legal Fees	2,300
Retiree Contributions	(139,380)
Retiree Portion of Premiums	139,380
<i>Recognition of Deferred Outflows:</i>	
Assumption Changes	48,321
Plan Experience	6,769
Investment Experience	627,757
<i>Recognition of Deferred (Inflows):</i>	
Assumption Changes	(29,951)
Plan Experience	(298,815)
Investment Experience	(1,190,815)
	(801,540)
OPEB Expense (Income), FYE 6/30/2024	\$ (801,540)



Accounting Information (GASB 75)

(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End <i>Measurement Date</i>	6/30/2023 <i>12/31/2022</i>	6/30/2024 <i>12/31/2023</i>	Change During Period
Total OPEB Liability	\$ 10,317,346	\$ 10,805,583	\$ 488,237
Fiduciary Net Position	<u>(13,425,771)</u>	<u>(15,465,242)</u>	<u>(2,039,471)</u>
Net OPEB Liability (Asset)	(3,108,425)	(4,659,659)	(1,551,234)
<i>Deferred (Outflows) Due to:</i>			
Assumption Changes	(172,950)	(264,346)	(91,396)
Plan Experience	-	(51,918)	(51,918)
Investment Experience	(2,511,026)	(1,883,269)	627,757
Deferred Contributions	(162,174)	(168,572)	(6,398)
<i>Deferred Inflows Due to:</i>			
Assumption Changes	211,758	181,807	(29,951)
Plan Experience	1,747,243	1,448,428	(298,815)
Investment Experience	<u>1,703,312</u>	<u>2,134,408</u>	<u>431,096</u>
Impact on Statement of Net Position	<u>\$ (2,292,262)</u>	<u>\$ (3,263,121)</u>	<u>\$ (970,859)</u>

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2023	\$ (2,292,262)
OPEB Expense (Income)	(801,540)
TMWA Contributions During Fiscal Year	<u>(169,319)</u>
Impact on Statement of Net Position, FYE 6/30/2024	<u>\$ (3,263,121)</u>

OPEB Expense

TMWA Contributions During Fiscal Year	\$ 169,319
Deterioration (Improvement) in Net Position	<u>(970,859)</u>
OPEB Expense (Income), FYE 6/30/2024	<u>\$ (801,540)</u>



Accounting Information (GASB 75)

(Continued)

Change in Fiduciary Net Position During the Measurement Period

Description	Trust Assets	Accruals	Fiduciary Net Position
Balance as of December 31, 2022	\$ 13,532,611	\$ (106,840)	\$ 13,425,771
<i>Income</i>			
Employer Contribution to trust	-	-	-
Investment Income	2,416,157	-	2,416,157
Plan Members Contribution	141,092	(1,712)	139,380
Total Income	2,557,249	(1,712)	2,555,537
<i>Expense</i>			
Audit Fees	21,735	-	21,735
Administrative Fees	3,766	-	3,766
Legal Fees	2,700	(400)	2,300
Retiree health premiums	483,991	(12,864)	471,127
Retiree life premiums	17,138	-	17,138
Total Expense	529,330	(13,264)	516,066
<i>Net Change During the Period</i>	2,027,919	11,552	2,039,471
Balance as of December 31, 2023	\$ 15,560,530	\$ (95,288)	\$ 15,465,242

Expected Long-term Return on Trust Assets

TMWA indicated that their long-term expected return on assets is 6.0% per year. Plan assets held by the trust were in the following two accounts as of December 31, 2023:

Wells Fargo (checking account)	\$	170,310
Retirement Benefits Investment Fund		15,390,220
Total Invested	\$	15,560,530

The expected long-term return on trust assets of 6.0% was approved by TMWA and was derived from information provided by the Retirement Benefits Investment Fund (RBIF).

Retirement Benefits Investment Fund		
December 31, 2023		
Asset Class	Target Allocation	Actual Allocation
U.S. Stocks- S&P 500 Index	49.5%	49.9%
Market Return		
Int'l Stocks- MSCI World x US Index	19.5%	19.2%
Market Return		
U.S. Bonds- U.S. Bond Index	28.0%	27.4%
Market Return		
Cash & Cash Equivalents	3.0%	3.5%
Total RBIF Fund	100.0%	100.0%



Accounting Information (GASB 75)

(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 8.67 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

When applicable, changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability changes attributable to benefit changes occurring during the period, if any, are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2024.

PRMPT	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 264,346	\$ 181,807
Differences Between Expected and Actual Experience	51,918	1,448,428
Net Difference Between Projected and Actual Earnings on Investments	-	251,139
Deferred Contributions	168,572	-
Total	\$ 484,836	\$ 1,881,374

In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2025	\$ (499,418)
2026	(278,063)
2027	29,697
2028	(598,059)
2029	(158,558)
Thereafter	(60,709)



Accounting Information (GASB 75)

(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for accounting purposes for the fiscal year ending 2024 is 6.0%. Healthcare Cost Trend Rate was assumed to start at 6.5% (increase effective January 1, 2025) and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 5.00%	Current 6.00%	Current + 1% 7.00%
Total OPEB Liability	\$ 11,939,137	\$ 10,805,583	\$ 9,822,307
Increase (Decrease)	1,133,554		(983,276)
% Increase (Decrease)	10.5%		-9.1%
Net OPEB Liability (Asset)	\$ (3,526,105)	\$ (4,659,659)	\$ (5,642,935)
Increase (Decrease)	1,133,554		(983,276)
% Increase (Decrease)	24.3%		-21.1%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	\$ 10,007,664	\$ 10,805,583	\$ 11,744,620
Increase (Decrease)	(797,919)		939,037
% Increase (Decrease)	-7.4%		8.7%
Net OPEB Liability (Asset)	\$ (5,457,578)	\$ (4,659,659)	\$ (3,720,622)
Increase (Decrease)	(797,919)		939,037
% Increase (Decrease)	-17.1%		20.2%



Accounting Information (GASB 75)

(Continued)

Schedule of Changes in TMWA's Net OPEB Liability and Related Ratios

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018
<i>Measurement Date</i>	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
<i>Discount Rate on Measurement Date</i>	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Total OPEB liability							
Service Cost	\$ 186,748	\$ 181,309	\$ 229,280	\$ 222,602	\$ 307,252	\$ 295,437	\$ 284,073
Interest	614,891	596,546	636,038	609,728	682,186	648,751	612,850
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	58,687	-	(760,853)	-	(2,013,876)	-	-
Changes of assumptions	139,717	-	(271,660)	-	301,774	-	-
Benefit payments (employer paid)	(511,806)	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)
Net change in total OPEB liability	488,237	334,578	(609,975)	474,079	(1,165,027)	589,020	632,224
Total OPEB liability - beginning	10,317,346	9,982,768	10,592,743	10,118,664	11,283,691	10,694,671	10,062,447
Total OPEB liability - ending (a)	\$ 10,805,583	\$ 10,317,346	\$ 9,982,768	\$ 10,592,743	\$ 10,118,664	\$ 11,283,691	\$ 10,694,671
Plan fiduciary net position							
Contributions - employer	\$ 162,921	\$ 76,785	\$ 63,156	\$ 131,267	\$ 258,430	\$ 324,529	\$ 445,063
Net investment income	2,416,157	(2,190,083)	2,369,210	1,845,954	2,301,207	(524,654)	1,515,031
Benefit payments (employer paid)	(511,806)	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)
Auditing Fees	(21,735)	(18,600)	(18,775)	(18,490)	(12,600)	(18,545)	(15,500)
Investment & Administrative Fees	(3,766)	(4,605)	(4,938)	(2,954)	(3,206)	(3,441)	(2,612)
Legal Fees	(2,300)	(1,931)	-	-	(1,750)	(5,250)	(19,268)
Retiree Contributions	139,380	128,878	110,022	111,103	103,249	117,015	93,172
Retiree Portion of Premiums	(139,380)	(128,878)	(110,022)	(111,103)	(103,249)	(117,015)	(93,172)
Net change in plan fiduciary net position	2,039,471	(2,581,711)	1,965,873	1,597,526	2,099,718	(582,529)	1,658,015
Plan fiduciary net position - beginning	13,425,771	16,007,482	14,041,609	12,444,083	10,344,365	10,926,894	9,268,879
Plan fiduciary net position - ending (b)	\$ 15,465,242	\$ 13,425,771	\$ 16,007,482	\$ 14,041,609	\$ 12,444,083	\$ 10,344,365	\$ 10,926,894
Net OPEB Liability (Asset) - ending (a) - (b)	\$ (4,659,659)	\$ (3,108,425)	\$ (6,024,714)	\$ (3,448,866)	\$ (2,325,419)	\$ 939,326	\$ (232,223)
Covered payroll during measurement period	\$ 20,242,089	\$ 20,105,987	\$ 21,664,461	\$ 19,385,303	\$ 21,658,320	\$ 20,579,301	\$ 15,993,551
Net OPEB liability (asset) as % of covered payroll	-23.02%	-15.46%	-27.81%	-17.79%	-10.74%	4.56%	-1.45%



Accounting Information (GASB 75)
 (Continued)

Schedule of Changes in TMWA’s Net OPEB Liability and Related Ratios
 (concluded)

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018
<i>Measurement Date</i>	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
<i>Discount Rate on Measurement Date</i>	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Summary of methods and assumptions used in the valuation:

Valuation Date	12/31/2023	12/31/2021	12/31/2019	12/31/2017
Actuarial cost method	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay
Healthcare cost trend rates	6.5% in 2025, fluctuating to an ultimate rate of 3.9% in 2075	5.8% in 2023, fluctuating to an ultimate rate of 3.9% in 2076	7.0% in 2021, fluctuating to an ultimate rate of 4% in 2076	6.25% in 2019, step down .5% per year to 5.0% by 2024
Salary increases	3.00%	3.00%	3.00%	4.00%
Investment rate of return	6.00%	6.00%	6.00%	6.00%
Retirement age	45-75	45-75	45-75	45-75
Mortality	NV PERS June 2021 Valuation	NV PERS June 2021 Valuation	NV PERS June 2017 Valuation	NV PERS June 2016 Valuation
Mortality Improvement	MW Scale 2022	Macleod Watts Scale 2022	Macleod Watts Scale 2018	Macleod Watts Scale 2017



Accounting Information (GASB 75)
 (Continued)

Schedule of Contributions

The chart below shows the Actuarially Determined Contribution (ADC), TMWA’s contribution, and the excess or shortfall. *Contributions and covered employee payroll for the fiscal year ending 2024 are estimates and should be updated when known.*

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ 63,677	\$ 56,323	\$ 50,113	\$ 298,076	\$ 284,883
Contributions in relation to the ADC	169,319	162,922	76,785	60,499	127,724	258,430	324,529
Contribution deficiency (excess)	<u>\$ (169,319)</u>	<u>\$ (162,922)</u>	<u>\$ (13,108)</u>	<u>\$ (4,176)</u>	<u>\$ (77,611)</u>	<u>\$ 39,646</u>	<u>\$ (39,646)</u>
Covered payroll during the fiscal year	\$ 21,313,557	\$ 20,699,967	\$ 20,105,987	\$ 20,118,991	\$ 21,402,817	\$ 21,399,449	\$ 15,993,551
Contributions as a % of covered payroll	0.79%	0.79%	0.38%	0.30%	0.60%	1.21%	2.03%

Notes to Schedule - assumptions used to develop the Actuarially Determined Contributions

Valuation Date	12/31/2021		12/31/2019			12/31/2017	
Actuarial cost method	Entry Age Normal Level % Pay		Entry Age Normal Level % of Pay			Entry Age Normal Level % Pay	
Amortization method	Level % of Pay		Level % of Pay			Level % of Pay	
Amortization period	21 years closed	22 years closed	23 years closed	24 years closed	25 years closed	26 years closed	27 years closed
Asset valuation method	Market Value		Market Value			Market Value	
Inflation	2.50%		2.50%			2.75%	
Healthcare cost trend rates	5.8% in 2023, fluctuating to an ultimate rate of 3.9% in 2076		7.0% in 2021, fluctuating to an ultimate rate of 4% in 2076			6.25% in 2019, step down .5% per year to 5.0% by 2024	
Salary increases	3.00%		3.00%			4.00%	
Investment rate of return	6.00%		6.00%			6.00%	
Retirement age	45-75		45-75			45-75	
Mortality	NV PERS June 2021 Valuation		NV PERS June 2017 Valuation			NV PERS June 2016 Valuation	
Mortality Improvement	MacLeod Watts Scale 2022		MacLeod Watts Scale 2018			MacLeod Watts Scale 2017	



Accounting Information (GASB 75)
 (Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

PRMPT	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)	(d) Deferred Outflows:				(e) Deferred Inflows:			Impact on Statement of Net Position (f) = (c) - (d) + (e)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	Assumption Changes	Plan Experience	Investment Experience	
Balance at Fiscal Year Ending 6/30/2023 <i>Measurement Date 12/31/2022</i>	\$ 10,317,346	\$ 13,425,771	\$ (3,108,425)	\$ 172,950	\$ -	\$ 2,511,026	\$ 162,174	\$ 211,758	\$ 1,747,243	\$ 1,703,312	\$ (2,292,262)
Changes During the Period:											
Service Cost	186,748		186,748								186,748
Interest Cost	614,891		614,891								614,891
Expected Investment Income		794,246	(794,246)								(794,246)
TMWA Contributions		162,921	(162,921)								(162,921)
Changes of Benefit Terms	-		-								-
Auditing Fees		(21,735)	21,735								21,735
Administrative Fees		(3,766)	3,766								3,766
Legal Fees		(2,300)	2,300								2,300
Retiree Contributions		139,380	(139,380)								(139,380)
Retiree Portion of Premiums		(139,380)	139,380								139,380
Benefit Payments	(511,806)	(511,806)	-								-
Assumption Changes	139,717		139,717	139,717							-
Plan Experience	58,687		58,687		58,687						-
Investment Experience		1,621,911	(1,621,911)							1,621,911	-
Recognized Deferred Resources				(48,321)	(6,769)	(627,757)	(162,174)	(29,951)	(298,815)	(1,190,815)	(674,560)
Contributions After Measurement Date							168,572				(168,572)
Net Changes in Fiscal Year 2023-2024	488,237	2,039,471	(1,551,234)	91,396	51,918	(627,757)	6,398	(29,951)	(298,815)	431,096	(970,859)
Balance at Fiscal Year Ending 6/30/2024 <i>Measurement Date 12/31/2023</i>	\$ 10,805,583	\$ 15,465,242	\$ (4,659,659)	\$ 264,346	\$ 51,918	\$ 1,883,269	\$ 168,572	\$ 181,807	\$ 1,448,428	\$ 2,134,408	\$ (3,263,121)



Accounting Information (GASB 75)
 (Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: December 31, 2023

Deferred Outflow or (Inflow)						Balance as of Dec 31, 2023	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Source	Impact on Net OPEB Liability (NOL)	Initial Amount	Period (Yrs)	Annual Recognition		2023 (FYE 2024)	2024 (FYE 2025)	2025 (FYE 2026)	2026 (FYE 2027)	2027 (FYE 2028)	2028 (FYE 2029)	Thereafter
12/31/2019	Plan Experience	Decreased NOL	\$ (2,013,876)	9.37	\$ (214,928)	\$ (939,236)	\$ (214,928)	\$ (214,928)	\$ (214,928)	\$ (214,928)	\$ (214,928)	\$ (79,524)	\$ -
12/31/2019	Assumption Changes	Increased NOL	301,774	9.37	32,206	140,744	32,206	32,206	32,206	32,206	32,206	11,920	-
12/31/2019	Investment Earnings	Decreased NOL	(1,686,590)	5.00	(337,318)	-	(337,318)	-	-	-	-	-	-
12/31/2020	Investment Earnings	Decreased NOL	(1,106,762)	5.00	(221,352)	(221,354)	(221,352)	(221,354)	-	-	-	-	-
12/31/2021	Plan Experience	Decreased NOL	(760,853)	9.07	(83,887)	(509,192)	(83,887)	(83,887)	(83,887)	(83,887)	(83,887)	(83,887)	(89,757)
12/31/2021	Assumption Changes	Decreased NOL	(271,660)	9.07	(29,951)	(181,807)	(29,951)	(29,951)	(29,951)	(29,951)	(29,951)	(29,951)	(32,052)
12/31/2021	Investment Earnings	Decreased NOL	(1,538,814)	5.00	(307,763)	(615,525)	(307,763)	(307,763)	(307,762)	-	-	-	-
12/31/2022	Investment Earnings	Increased NOL	3,138,783	5.00	627,757	1,883,269	627,757	627,757	627,757	627,755	-	-	-
12/31/2023	Plan Experience	Increased NOL	58,687	8.67	6,769	51,918	6,769	6,769	6,769	6,769	6,769	6,769	18,073
12/31/2023	Assumption Changes	Increased NOL	139,717	8.67	16,115	123,602	16,115	16,115	16,115	16,115	16,115	16,115	43,027
12/31/2023	Investment Earnings	Decreased NOL	(1,621,911)	5.00	(324,382)	(1,297,529)	(324,382)	(324,382)	(324,382)	(324,382)	(324,383)	-	-



Accounting Information (GASB 75)

(Continued)

Detail of TMWA Contributions to the Plan

TMWA contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums (“explicit subsidies”) and/or indirect payments to retirees in the form of higher premiums for active employees (“implicit subsidies”). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Appendix 2 – Important Background Information.

Benefits and other contributions paid by TMWA during the measurement period are shown below.

For the Measurement Period, Jan 1, 2023 thru Dec 31, 2023	TMWA PRMPT
TMWA	
(a) Contribution To PRMPT	\$ -
(b) Benefits Paid Directly To or On Behalf of Retirees	1,495
(c) Implicit Subsidy Payment	161,426
PRMPT	
(d) Benefits Paid Directly To or On Behalf of Retirees	348,885
(e) Reimbursements to TMWA	-
<i>Total Benefits Paid During the MP, (b)+(c)+(d)</i>	511,806
<i>TMWA Contribution During the MP, (a)+(b)+(c)-(e)</i>	162,921

We estimate TMWA’s OPEB contributions made after the measurement date but prior to the current fiscal year end in the chart below. These estimates should be updated with the actual amounts once known after the close of the year.

For the Fiscal Year, Jul 1, 2023 thru Jun 30, 2024	TMWA PRMPT
TMWA	
(f) Contribution To PRMPT	\$ -
(g) Benefits Paid Directly To or On Behalf of Retirees	1,496
(h) Implicit Subsidy Payment	167,823
PRMPT	
(i) Benefits Paid Directly To or On Behalf of Retirees	382,632
(j) Reimbursements to TMWA	-
<i>Total Benefits Paid During the Current FY, (g)+(h)+(i)</i>	551,951
<i>TMWA Contribution During the Current FY, (f)+(g)+(h)-(j)</i>	169,319



Accounting Information (GASB 75)

(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from TMWA. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2024	\$ 384,128	\$ -	\$ 384,128	\$ 167,823	\$ -	\$ 167,823	\$ 551,951
2025	342,750	65,963	408,713	177,567	62,998	240,565	649,278
2026	344,256	95,190	439,446	137,662	91,242	228,904	668,350
2027	344,872	135,453	480,325	109,837	117,078	226,915	707,240
2028	348,339	152,856	501,195	54,182	135,364	189,546	690,741
2029	344,241	174,546	518,787	18,360	173,319	191,679	710,466
2030	343,096	203,239	546,335	12,269	171,241	183,510	729,845
2031	342,704	220,074	562,778	2,481	191,541	194,022	756,800
2032	341,305	251,351	592,656	(10,618)	239,446	228,828	821,484
2033	338,123	277,457	615,580	(16,066)	235,764	219,698	835,278
2034	334,149	292,368	626,517	(19,414)	272,135	252,721	879,238
2035	330,074	320,317	650,391	(20,099)	297,203	277,104	927,495
2036	325,205	325,294	650,499	(19,444)	334,521	315,077	965,576
2037	319,120	336,283	655,403	(20,609)	348,843	328,234	983,637
2038	312,083	337,852	649,935	(21,250)	340,392	319,142	969,077

The amounts shown in the Explicit Subsidy section of the table reflect the expected payment by TMWA toward retiree medical premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date (“current retirees”) and those expected to retire after the valuation date (“future retirees”). **The explicit subsidy benefit amount shown for FYE 2024 is currently an estimate and will be replaced with the actual amount, once known.**

The amounts shown in the Implicit Subsidy table reflect the estimated excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees’ coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).



Accounting Information (GASB 75)

(Concluded)

Sample Journal Entries

OPEB Accounts at Beginning of Fiscal Year	By Source		Sources Combined	
	Debit	Credit	Debit	Credit
Net OPEB Liability	3,108,425		3,108,425	
<i>Deferred Outflow:</i>				
Assumption Changes	172,950			
Plan Experience	-			
Investment Experience	2,511,026			
Contribution Subsequent to MD	162,174			
Deferred Outflows			2,846,150	
<i>Deferred Inflow:</i>				
Assumption Changes		211,758		
Plan Experience		1,747,243		
Investment Experience		1,703,312		
Deferred Inflows				3,662,313
Record Benefits Paid to Retirees		Debit		Credit
Net OPEB Liability		1,496		
Cash				1,496
Record Implicit Subsidy Payment		Debit		Credit
Net OPEB Liability		167,823		
Premium Expense				167,823
Record End of Year Updates to OPEB Accounts		By Source		Sources Combined
	Debit	Credit	Debit	Credit
Net OPEB Liability	1,381,915		1,381,915	
<i>Deferred Outflow:</i>				
Assumption Changes	91,396			
Plan Experience	51,918			
Investment Experience		627,757		
Contribution Subsequent to MD	6,398			
Deferred Outflows				478,045
<i>Deferred Inflow:</i>				
Assumption Changes	29,951			
Plan Experience	298,815			
Investment Experience		431,096		
Deferred Inflows				102,330
OPEB Expense		801,540		801,540



E. Funding Information

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are "earned" and which correspond to years in which taxpayers benefit from those services.

Paying Down the UAAL

Once an employer decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the Unfunded Actuarial Accrued Liability, or UAAL²). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

Much like paying off a mortgage, when the Actuarial Accrued Liability (AAL) exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period is usually preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding of OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical and prescription drug claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees.

² We use actuarial, rather than accounting, terminology to describe the components used to develop the ADCs.



Funding Information

(Continued)

This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums?* Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and pre-Medicare retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.

Development of the Actuarially Determined Contributions

TMWA has approved development of ADCs based on the following two components, which are then adjusted with interest to each fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL) over an open 30-year period. Amortization payments are determined on a level dollar basis.

Actuarially Determined Contributions, developed as described above for TMWA's fiscal years ending June 30, 2025, and 2026 are shown the exhibit on the next page. These ADCs incorporate both explicit (cash benefit) and implicit subsidy benefit liabilities. Contributions credited toward meeting the ADC will be comprised of:

- 1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to TMWA by the trust; plus
- 2) each year's implicit subsidy payment; and
- 3) contributions to the OPEB trust.

ADCs determined on this basis should provide for trust sufficiency, based on the current plan provisions and census data, provided all assumptions are exactly realized and if TMWA contributes 100% or more of the ADC each year. When an agency commits to funding the trust at or above the ADC, the expected long-term trust return may be used as the discount rate in determining the plan liability for accounting purposes. Trust sufficiency cannot be guaranteed to a certainty, however, because of the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.



Funding Information

(Continued)

We develop the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2025, and June 30, 2026, from the results of this valuation. The ADC for fiscal year end June 30, 2024, was developed from the prior (2021) valuation and we have included this for reference as well.

Valuation date	12/31/2021		12/31/2023		
Discount rate	6.00%		6.00%		
Number of Covered Employees					
Actives	164		148		
Retirees	62		69		
Total Participants	226		217		
For fiscal year ending	6/30/2024		6/30/2025		6/30/2026
Actuarial Present Value of Projected Benefits	\$ 12,197,303	\$ 12,941,416	\$ 13,049,145		
Actuarial Accrued Liability (AAL)					
Actives	5,791,844	6,426,310	7,032,158		
Retirees	4,793,947	4,672,951	4,284,572		
Total AAL	10,585,791	11,099,261	11,316,730		
Actuarial Value of Assets	16,664,189	15,999,046	16,539,559		
Unfunded AAL (UAAL)	(6,078,398)	(4,899,785)	(5,222,829)		
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar		
Remaining amortization period (years)	30	30	30		
Amortization Factor	14.5907	14.5907	14.5907		
Actuarially Determined Contribution (ADC)					
Normal Cost	\$ 192,350	\$ 207,801	\$ 214,036		
Amortization of UAAL	(416,593)	(335,815)	(357,956)		
Interest to fiscal year end	(31,225)	(7,681)	(8,635)		
Total ADC	-	-	-		

Funding of the ADC

Accounting for current year implicit subsidy	\$ 167,823	\$ 240,565	\$ 228,904
Trust contribution (refund) needed to equal the ADC	(167,823)	(240,565)	(228,904)

Retiree benefits (explicit) are paid from the trust.

Given the substantial surplus position of the plan, ADCs are \$0 through June 30, 2026. We encourage TMWA to consider taking a reimbursement of each year's implicit subsidy amount to reduce the likelihood that this surplus will continue to widen.

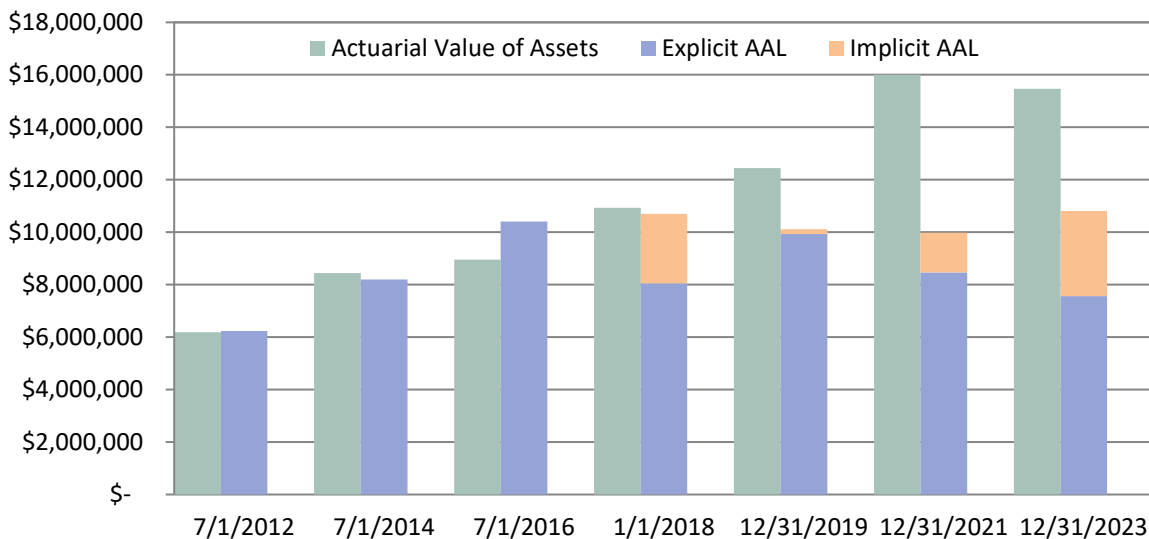


Funding Information
(Concluded)

In this section, we provide a review of key components of valuation results from 2015 through 2023.

Schedule of Funding Progress							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability (Asset) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
7/1/2012	\$ 6,181,506	\$ 6,228,631	\$ 47,125	99.2%	\$ 11,618,408	0.4%	6.5%
7/1/2014	\$ 8,443,923	\$ 8,196,010	\$ (247,913)	103.0%	\$ 12,941,448	-1.9%	6.5%
7/1/2016	\$ 8,948,929	\$ 10,407,569	\$ 1,458,640	86.0%	\$ 13,944,136	10.5%	6.0%
1/1/2018	\$ 10,926,894	\$ 10,694,671	\$ (232,223)	102.2%	\$ 15,993,551	-1.5%	6.0%
12/31/2019	\$ 12,444,083	\$ 10,118,664	\$ (2,325,419)	123.0%	\$ 18,016,608	-12.9%	6.0%
12/31/2021	\$ 16,007,482	\$ 9,982,768	\$ (6,024,714)	160.4%	\$ 21,664,461	-27.8%	6.0%
12/31/2023	\$ 15,465,242	\$ 10,805,583	\$ (4,659,659)	143.1%	\$ 21,313,549	-21.9%	6.0%

Schedule of Funding Progress



Significant changes in recent years include:

- *January 1, 2018:* Increase in liability from change in cost method from Projected Unit Credit to Entry Age Normal; largely offset by a net of assumption changes, notably changes in demographic assumptions and assumed spouse coverage.
- *December 31, 2019:* Favorable plan experience, primarily from lower than expected premiums and expected retiree claim costs; partially offset by updates to demographic assumptions and future healthcare trend. Plan is closed to new entrants and assets increased more than expected, with result that the plan is now in a surplus position.
- *December 31, 2021:* Higher than expected return on trust assets and lower healthcare premiums and projected claims than previously projected.
- *December 31, 2023:* Lower than expected return on trust assets over the two years since the prior valuation.



F. Certification

The primary purposes of this report are: (1) to provide actuarial information of the other post-employment benefits (OPEB) provided by the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (PRMPT) in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75); and (2) to provide Actuarially Determined Contributions for prefunding of this program in conformity with TMWA's OPEB funding policy. TMWA is not required to contribute the ADC shown in this report and we make no representation that it will, in fact, fund the OPEB trust at any particular level.

In preparing this report we relied without audit on information provided by TMWA. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75 and in accordance with TMWA's stated OPEB funding policy. Results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of TMWA and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: TMWA may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and TMWA may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: May 22, 2024

Catherine L. MacLeod, FSA, FCA, EA, MAAA

Michael J. Papendieck, EA, ACA, MAAA



G. Supporting Information

Section 1 - Summary of Employee Data

Active employees: TMWA reported 148 active employees in the data provided to us for the December 2023 valuation of the PRMPT.³ Age and service values as of the valuation date are summarized in the chart below, first in total and then separately for the IBEW and MPAT bargaining units.

Distribution of Benefits-Eligible Active Employees							
Current Age	Years of Service					Total	Percent
	Under 5	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25		1				1	0.7%
25 to 29		7				7	4.7%
30 to 34		9	1			10	6.8%
35 to 39		15	2	2		19	12.7%
40 to 44		17	4	6	2	29	19.6%
45 to 49		10	1	4	8	23	15.5%
50 to 54		6	2	7	8	23	15.5%
55 to 59		4	1	3	10	18	12.2%
60 to 64		2	4		8	14	9.5%
65 to 69		1			1	2	1.4%
70 & Up					2	2	1.4%
Total	0	72	15	22	39	148	100.0%
Percent	0.0%	48.6%	10.1%	14.9%	26.4%	100.0%	

Valuation	December 2021	December 2023
Average Attained Age for Actives	46.5	47.2
Average Years of Service	13.0	14.2

This chart summarizes the PRMPT census data for active employees by bargaining unit and hire date:

Bargaining Unit	Number	Average Age	Average Service	Payroll
MPAT	69	48.8	13.7	\$ 9,157,851
Hired before 1/1/1998	5	58.0	31.0	\$ 850,987
Hired after 12/31/1997	64	48.1	12.3	\$ 8,306,864
IBEW	79	45.8	14.7	\$ 8,136,451
Hired before 1/1/1998	9	61.3	34.9	\$ 983,237
Hired after 12/31/1997	70	43.8	12.1	\$ 7,153,214
All	148	47.2	14.2	\$ 17,294,301
Hired before 1/1/1998	14	60.1	33.5	\$ 1,834,223
Hired after 12/31/1997	134	45.9	12.2	\$ 15,460,078

³ The active employee count excludes any employees who were hired after December 13, 2018 and through the valuation date (December 31, 2023). Employees hired after December 13, 2018 are ineligible for direct (explicit) benefits from the PRMPT in retirement. Should any of these employees retire from TMWA, they will have continued access to the healthcare and life insurance coverage provided they pay the full premiums. This coverage, if elected, may result in an implicit subsidy liability, which is considered in a separate report.



Supporting Information

(Continued)

Section 1 - Summary of Employee Data

(continued)

MPAT: Distribution of Benefits-Eligible Active Employees							
Current Age	Years of Service					Total	Percent
	Under 5	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25						0	0.0%
25 to 29						0	0.0%
30 to 34		4	1			5	3.4%
35 to 39		6	1	1		8	5.4%
40 to 44		8	2	1	1	12	8.1%
45 to 49		6	1	2	3	12	8.1%
50 to 54		4	1	5	5	15	10.1%
55 to 59		2	1		6	9	6.1%
60 to 64		1	3		3	7	4.7%
65 to 69		1				1	0.7%
70 & Up						0	0.0%
Total	0	32	10	9	18	69	46.6%
Percent	0.0%	21.5%	6.8%	6.1%	12.2%	46.6%	

IBEW: Distribution of Benefits-Eligible Active Employees							
Current Age	Years of Service					Total	Percent
	Under 5	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25		1				1	0.7%
25 to 29		7				7	4.7%
30 to 34		5				5	3.4%
35 to 39		9	1	1		11	7.4%
40 to 44		9	2	5	1	17	11.5%
45 to 49		4		2	5	11	7.4%
50 to 54		2	1	2	3	8	5.4%
55 to 59		2		3	4	9	6.1%
60 to 64		1	1		5	7	4.7%
65 to 69					1	1	0.7%
70 & Up					2	2	1.4%
Total	0	40	5	13	21	79	53.4%
Percent	0.0%	27.0%	3.4%	8.8%	14.2%	53.4%	



Supporting Information

(Continued)

Section 1 - Summary of Employee Data

(continued)

Inactive members: There are also 68 retirees currently receiving benefits under this program, plus 1 former MPAT employee who is temporarily deferring their benefit. Ages and service values for these retirees are summarized in the chart below:

Retirees by Age								
Current Age	MPAT			IBEW			All Retirees	Percent
	Hired before 1998	Hired after 1997	Total MPAT	Hired before 1998	Hired after 1997	Total IBEW		
Below 55	<i>None currently</i>						0	
55 to 59	0	1	1	0	0	0	1	1.4%
60 to 64	1	8	9	10	4	14	23	33.4%
65 to 69	6	4	10	7	3	10	20	29.0%
70 to 74	3	5	8	4	0	4	12	17.4%
75 to 79	0	2	2	6	1	7	9	13.0%
80 & up	0	1	1	2	1	3	4	5.8%
Total	10	21	31	29	9	38	69	100%
Average Age:								
On 12/31/2023	67.6	68.5	68.2	69.4	67.6	69.0	68.6	
At retirement	61.9	62.5	62.3	61.6	62.2	61.7	62.0	
Average Service at Retirement	32.3	15.3	20.8	33.6	15.1	29.2	25.4	

The chart below compares the numbers of active and retired employees included in the December 2021 and December 2023 valuations:

Change in Number Included in Valuation			
Status	Actives	Retirees	Total
Number included in December 31, 2021 valuation	164	62	226
MPAT	74	24	98
IBEW	90	38	128
Number included in December 31, 2023 valuation	148	69	217
MPAT	69	31	100
IBEW	79	38	117
Increase (decrease) from 2021 to 2023	(16)	7	(9)
MPAT	(5)	7	2
IBEW	(11)	0	(11)
% change from 2021 to 2023	-10%	11%	-4%
MPAT	-7%	29%	2%
IBEW	-12%	0%	-9%



Supporting Information

(Continued)

Section 1 - Summary of Employee Data

(continued)

The chart below reconciles the number of actives and retirees included in the December 2021 valuation with those included in the December 2023 valuation:

Reconciliation of PRMPT Plan Members Between Valuation Dates					
Status	Covered Actives	Covered Retirees	Retirees Deferring Benefits	Covered Surviving Spouses	Total
Number reported as of December 31, 2021	164	61	1	0	226
Employees separating before retirement	(4)				(4)
New retiree, elected coverage	(10)	10			0
Deceased	(2)	(3)			(5)
Number reported as of December 31, 2023	148	68	1	0	217

In the two years since the prior valuation, the active population decreased by 16. Out of the 11 new retirees, one did not meet the requirements for trust benefits and waived coverage at their own expense. Because this plan is closed, there were no new employees added.

Summary of Plan Member Counts: The number of members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements. Here are the counts as of the December 31, 2023, valuation date.

Summary of Plan Member Counts	
Number of active plan members	148
Number of inactive plan members currently receiving benefits	68
Number of inactive plan members entitled to but not receiving benefits	1



Supporting Information

(Continued)

Section 2 - Summary of Retiree Benefit Provisions

PRMPT OPEB provided: TMWA reported that the following OPEB are provided: retiree medical, dental, vision and life insurance coverage for employees hired by TMWA on or before December 13, 2018.

Access to coverage: Employees who retire from TMWA are eligible to continue their coverage under the health plans offered by TMWA to its active employees. The only conditions to be eligible for coverage are satisfaction of the service and retirement guidelines consistent with eligibility for receiving retirement benefits from Nevada PERS.

Healthcare Subsidies under the PRMPT: Employees who retire from TMWA on or after age 55 with at least 10 years of service are eligible for a subsidy toward the cost of their health and life insurance premiums. Service at Sierra Pacific Resources (SPR) may be applied toward OPEB eligibility if the employee elected to have assets transferred from the SPR VEBA to the TMWA VEBA Trust.

Surviving spouses of (a) IBEW retirees hired before 1998 and (b) MPAT retirees are eligible to continue coverage for 12 months following the retiree's death. No other survivors are permitted to retain coverage in TMWA plans, except as required by COBRA.

Benefits vary by bargaining unit as follows:

IBEW

- **Hired before 1998:** The PRMPT pays a percentage of the retiree and eligible dependents' premiums for TMWA-sponsored medical, dental and vision coverage, based on the retiree's age and years of service at retirement as shown below:

PRMPT Paid % for IBEW Pre-1998 Hires					
Years of Service	% Paid by PRMPT		Years of Service	% Paid by PRMPT	
	Under 65	Over 65		Under 65	Over 65
< 10	0%	0%	15	60%	65%
10	40%	45%	16	64%	69%
11	44%	49%	17	68%	73%
12	48%	53%	18	72%	77%
13	52%	57%	19	76%	81%
14	56%	61%	20+	80%	85%

A surviving spouse is eligible to continue coverage and receive the same level of subsidy provided to the retiree for the first 12 months following the retiree's death.

- **Hired after 1997 and on or before December 13, 2018:** Upon retirement, the PRMPT makes a one-time deposit equal to \$1,250 times years of service to the employee's Retiree Health Savings (RHS) account. The RHS funds may be applied, at the retiree's discretion, toward qualifying healthcare expenses not paid by TMWA, including dependent premiums, whether covered by TMWA-sponsored plans or other coverage.

The retiree may continue coverage on TMWA plans after the RHS is exhausted, provided he or she makes timely payment of all premiums, for the retiree and any covered dependents.



Supporting Information

(Continued)

Section 2 - Summary of Retiree Benefit Provisions

(continued)

MPAT: The PRMPT makes an annual contribution to retiree’s Retiree Health Savings (RHS) account. RHS funds may be applied, at the retiree’s discretion, toward qualifying healthcare expenses, including TMWA-sponsored medical, dental and vision plans. The amount of the annual contribution varies by age and service as follows:

- If the employee retires on or after age 62:
 - Prior to age 65, PRMPT provides an annual allowance equal to \$235 times years of service, up to \$7,050 per year (30 years of credited service).
 - For ages 65 and above, PRMPT provides an annual allowance equal to \$105 times years of service, up to \$3,675 per year (35 years of credited service).
- If the employee retires before age 62, the PRMPT reduces the amount of the annual allowances described above by 5% for each full year retirement precedes age 62. For example, an employee retiring at age 60 would receive 90% of \$235 times years of service; upon reaching age 65 the retiree would receive 90% of \$105 times years of service. This reduction factor is waived for those who retire earlier but who elect to defer their benefits until age 62 or later.

A surviving spouse is eligible to continue coverage and receive the same level of subsidy provided to the retiree for the first 12 months following the retiree’s death.

Current premium rates: The 2024 monthly healthcare premiums for plans available to TMWA retirees are shown in the chart below:

2024 Healthcare Rates for TMWA Retirees				
Plan	Retiree Only	Retiree & Spouse	Retiree & Child(ren)	Retiree & Family
Medical	\$ 747.54	\$ 1,307.62	\$ 1,240.54	\$ 1,630.28
Vision	5.46	8.74	8.93	14.42
Dental	78.56	132.10	124.79	171.40

Life Insurance: Both MPAT and IBEW retirees who qualify for healthcare subsidies are eligible for fully-subsidized life insurance coverage. The premium rate for \$1,000 in coverage is \$0.24 plus an additional \$0.03 for AD&D coverage. The face amount of the policy varies by age as follows:

- Before age 70: 100% of life insurance coverage on retirement date (100% of annual salary)
- Ages 70-74: 50% of life insurance coverage on retirement date
- Ages 75+: \$2,000

A retiree may elect \$1,500 of life insurance coverage for his or her spouse in TMWA’s life insurance plan by paying 100% of the applicable premium. The premium for spouse life insurance is \$0.48 per month.

Employees excluded from this valuation: Employees hired after December 13, 2018, may have access to coverage but receive no premium benefit from TMWA. These employees are not included in this valuation; their liability is provided in a separate valuation report for implicit subsidy liability.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

(continued)

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. Actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Valuation Date	December 31, 2023
Fiscal Year End	June 30, 2024
GASB 75 Measurement Date	December 31, 2023

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology (Appendix 3 to this report).

Retiree claims experience, whether or not enrolled in Medicare, is blended with the claims experience of active members for TMWA plan members and all others enrolled in the health and life insurance plans offered by the City of Reno.

Monthly baseline premium costs were set equal to the UMR recommended 2024 premium rates, i.e., the 2023 premium rates increased by 7.5%. Representative claims costs derived from the premium rates provided by TMWA are shown in the chart below.

UMR Plan Estimated Monthly Claims for Selected Ages										
Retiree Age	48	53	58	63	68	73	78	83	88	93
Male	\$ 630	\$ 832	\$ 1,060	\$ 1,315	\$ 538	\$ 594	\$ 630	\$ 640	\$ 612	\$ 598
Female	\$ 816	\$ 961	\$ 1,086	\$ 1,276	\$ 520	\$ 573	\$ 605	\$ 620	\$ 613	\$ 600



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

(continued)

Economic Assumptions

Long-Term Return on Assets 6.0 % on December 31, 2023, and 6.0% on December 31, 2022, net of plan investment and trust expenses

Discount Rate 6.0% on December 31, 2023, and 6.0% on December 31, 2022

General Inflation Rate 2.5% per year

Salary Increase 3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.

Healthcare Trend Medical plan premiums and estimated claims costs by age are assumed to increase once each year. Increases over the prior year’s levels are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2024	Actual	2040-2043	4.8%
2025	6.5%	2044-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075 & Later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2023 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2032 20%; Resistance Point 21%; Year after which medical growth is limited to growth in GDP 2075.

Dental premiums are assumed to increase by 3.5% per year.

Vision premiums are assumed to increase by 2.5% per year.

Life Insurance Costs The rate per \$1,000 in life insurance coverage is assumed to remain fixed at the current rate.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

(continued)

Employer Cost Sharing Levels

IBEW Pre-1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).

IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.

MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.

Participant Election Assumptions

Participation Rates and Medical Plan Elections

Future retirees: 100% of qualifying future retirees are assumed to receive benefits. MPAT employees retiring before age 62 are assumed to defer their benefits until reaching age 62. All other retirees are assumed to receive benefits immediately upon retirement.

Future retirees are assumed to elect coverage in TMWA plans as follows:

IBEW Pre-1998 Hires: All future retirees are assumed to elect coverage in TMWA-sponsored coverage. Coverage is assumed to be continued for the retiree's lifetime.

MPAT and Post-1997 IBEW: The percentage of future retirees assumed to elect TMWA coverage in retirement is as follows:

- **Prior to age 65:** If eligible for subsidies from the PRMPT, the percentage of future retirees assumed to elect TMWA coverage is 40% with 10 years of service, increasing by 3% per year of service until reaching 100% at 30 years of service.
If not eligible for subsidies from PRMPT, only 15% are assumed to elect coverage and self-pay the full cost.
- **Ages 65 and older:** All are assumed to elect coverage in non-TMWA plans upon reaching age 65.

For both IBEW and MPAT, *of those assumed to elect TMWA coverage*, all (100%) of retirees are assumed to elect coverage in the Reno UMR Plan.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

(continued)

Participation Rates and
Medical Plan Elections (concluded)

Retired participants: Existing medical plan elections are assumed to be continued until retiree's death, with the following exception: MPAT and Post-1997 IBEW retirees currently under age 65 are assumed to elect coverage in non-TMWA healthcare plans upon reaching age 65.

Spouse Coverage

Active employees: 75% of pre-1998 IBEW employees and 40% of all other employees are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be continued until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

(continued)

Demographic Assumptions

The demographic actuarial assumptions used in this valuation are based on the most recently published report of the Nevada Public Employees Retirement System issued September 2021, which covers the employees included in this valuation except for a different basis used to project future mortality improvements.

Mortality: The rates described below were described in the September 2021 Experience Study report of the Nevada PERS program as being reasonably representative of mortality experience as of that measurement date.

Non-disabled life rates for Regular employees & future survivors:

Males: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30%

Females: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 15%

Pre-retirement life rates for Regular employees:

Males & Females: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table

Mortality Improvement The mortality rates described above were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward (see Appendix 3 for details).

Termination Rates These rates reflect the assumed probability that an employee will leave TMWA in the next 12 months for reasons other than a service retirement, disability retirement, or death.

Years of Service	Regular Employees	Years of Service	Regular Employees
0	15.75%	13	2.75%
1	12.75%	14	2.25%
2	10.25%	15	2.25%
3	8.25%	16	2.25%
4	7.50%	17	2.00%
5	6.50%	18	1.75%
6	5.75%	19	1.75%
7	5.25%	20	1.75%
8	4.75%	21	1.75%
9	4.50%	22	1.75%
10	4.25%	23	1.75%
11	3.25%	24	1.50%
12	3.00%	25 & Over	1.50%



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

(continued)

Retirement Rates

Regular Employees Hired before January 1, 2010						
Age	Years of Service					
	5-9	10-19	20-24	25-27	28-29	30 or more
45	0%	0%	0%	1%	20%	20%
50	0.2%	0.6%	0.7%	2%	20%	20%
55	0.8%	1.5%	3%	3%	20%	20%
60	5%	11%	18%	25%	21%	21%
65	18%	19%	22%	22%	25%	25%
70	20%	20%	25%	30%	30%	30%
75 & Over	100%	100%	100%	100%	100%	100%

Regular Employees Hired before July 1, 2015 but on or after January 1, 2010						
Age	Years of Service					
	5-9	10-19	20-24	25-27	28-29	30 or more
45	0%	0%	0%	0%	20%	20%
50	0%	0%	0%	0%	20%	20%
55	0.2%	1%	2%	2%	20%	20%
60	2%	4%	6%	10%	21%	21%
65	17%	18%	21%	21%	25%	25%
70	19%	19%	23%	28%	30%	30%
75 & Over	100%	100%	100%	100%	100%	100%

Regular Employees Hired on or after July 1, 2015						
Age	Years of Service					
	5-9	10-19	20-24	25-29	30-33	34 or more
45	0%	0%	0%	0%	7%	20%
50	0%	0%	0%	0%	13%	20%
55	0.2%	0.9%	2%	2%	18%	20%
60	1.8%	4%	5%	9%	19%	21%
65	15%	16%	19%	19%	23%	25%
70	17%	17%	21%	25%	27%	30%
75 & Over	100%	100%	100%	100%	100%	100%



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

(continued)

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums in Appendix 3.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in assumptions or methods since the prior Measurement Date

Healthcare Trend

Updated the base healthcare trend scale for projecting medical premiums and expected claims from Getzen Model 2022_b to Getzen Model 2023, as published by the Society of Actuaries.

Dental premium rate increases were lowered from 4.0% per year to 3.5% per year and vision premium rate increases were lowered from 4.0% per year to 2.5% per year, following a review of rate changes over the past 6 years.



Appendix 1: Basic Valuation Results by Tier

The chart below summarizes the valuation results on the December 31, 2023, measurement date for the MPAT and IBEW groups. Results are further split between those hired before and after January 1, 1998. Amounts in the Total column correspond to those shown in the Total column on page 7.

Valuation Date	12/31/2023						
Fiscal Year Ending	6/30/2024						
Measurement Date	12/31/2023						
Discount rate	6.00%						
Group	MPAT Pre 98	MPAT Post 97	All MPAT	IBEW Pre 98	IBEW Post 97	All IBEW	Grand Total
Number of Covered Employees							
Actives	5	64	69	9	70	79	148
Retirees	10	21	31	29	9	38	69
Total Participants	15	85	100	38	79	117	217
Actuarial Present Value of Projected Benefits							
Actives	\$ 439,950	\$ 2,514,835	\$ 2,954,785	\$ 2,011,464	\$ 2,834,190	\$ 4,845,654	\$ 7,800,439
Retirees	456,631	601,172	1,057,803	3,764,208	122,763	3,886,971	4,944,774
Total APVPB	896,581	3,116,007	4,012,588	5,775,672	2,956,953	8,732,625	12,745,213
Total OPEB Liability (TOL)							
Actives	409,549	1,720,107	2,129,656	1,873,423	1,857,730	3,731,153	5,860,809
Retirees	456,631	601,172	1,057,803	3,764,208	122,763	3,886,971	4,944,774
TOL	866,180	2,321,279	3,187,459	5,637,631	1,980,493	7,618,124	10,805,583
Service Cost							
For the period following the measurement date	7,591	77,393	84,984	31,742	85,023	116,765	201,749



Appendix 2: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		<i>Covered by higher active premiums</i>
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Valuation Process

The valuation was based on employee census data and benefits provided by TMWA. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on TMWA as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and



Important Background Information

(Continued)

- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Agency toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in estimated retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed, and/or
- Changes in the discount rate used to value the OPEB liability



Important Background Information

(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition:* Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected
and actual trust earnings:

5 year straight-line recognition

All other amounts:

Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



Important Background Information

(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy occurs when estimated retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year's "implicit subsidy". Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year's implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year's premium expense for active employees.



Important Background Information

(Concluded)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.



Appendix 3: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g., GASB 75) and actuarial standards (e.g., ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



Appendix 4: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2022** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

MacLeod Watts Scale 2022 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2021 which has two segments – (1) historical improvement rates for the period 1951-2017 and (2) an estimate of future mortality improvement for years 2018-2020 using the Scale MP-2021 methodology but utilizing the assumptions used in generating Scale MP-2015. The MacLeod Watts scale then transitions from the 2020 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2021-2030. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2030-2044. The SSA's Intermediate Scale has a final step in 2045 which is reflected in the MacLeod Watts scale for years 2045 and thereafter. Over the ages 95 to 117, the age 95 improvement rate is graded to zero.

Scale MP-2021 can be found at the SOA website and the projection scales used in the 2021 Social Security Administrations Trustees Report at the Social Security Administration website.



Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability.

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment.

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment.

Discount Rate – Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period.

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage.

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments.

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a 'blended' group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.



Glossary

(Continued)

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items.

NV PERS – Many state governments maintain a public employee retirement system; NV PERS is the Nevada program, covering all eligible state government employees as well as other employees of other governments within Nevada who have elected to join the system.

OPEB Expense – The OPEB expense reported in the Agency’s financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan.

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due.

Public Employees’ Benefit Plan (PEBP) – The state of Nevada’s health plan for State and non-State public agency employees. This program is generally closed to non-State employees who retired after November 30, 2008.

Plan Assets – The value of cash and investments considered as ‘belonging’ to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate).

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost.

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of “Actuarial Present Value”.

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility.



Post-Retirement Medical Plan & Trust

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



TO: Board of Trustees of the TMWA Post-Retirement Medical Plan and Trust
FROM: Veronica Galindo, Senior Accountant
DATE: July 8, 2024
SUBJECT: **Present and accept the December 31, 2023 audited financial statements**

Recommendation

TMWA staff recommends the Trustees accept the December 31, 2023 audited financial statements of the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (the Plan).

Discussion

The following report is attached:

- December 31, 2023 Financial Statements of the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust

The plan received an unqualified audit opinion, which means that the independent auditor believes the financial statements are fairly and appropriately presented and that they are in compliance with generally accepted accounting principles.

The Plan's basic financial statements include the following components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

In addition, required supplementary information is provided in three additional schedules.

Some highlights of the Plan's report as of and for the year ended December 31, 2023 include:

- Operating cash balances were \$0.2 million.
- Plan investments at fair value were \$15.4 million.
- Net investment income, including realized and unrealized gains and losses, was \$2.4 million.
- There were no employer contributions during the year.
- Net position totaled \$15.5 million, which was a \$2.0 million increase from the prior year.



Financial Statements
December 31, 2023

**Truckee Meadows Water Authority
Post-Retirement Medical Plan & Trust**
A Fiduciary Component Unit of Truckee Meadows Water
Authority

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust

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Independent Auditor's Report

To the Board of Trustees
Truckee Meadows Water Authority
Post-Retirement Medical Plan & Trust
Reno, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust (the "Plan"), a fiduciary component unit of Truckee Meadows Water Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Plan, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7, schedule of changes in the net OPEB liability and related ratios on page 17, schedule of contributions on page 18, and schedule of investment returns on page 19, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the

Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada
June 13, 2024

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust Management's Discussion & Analysis Year Ended December 31, 2023

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust (the Plan) financial management provides the following discussion and analysis as an introduction to the basic financial statements and an analytical overview of the Plan's financial activities for the reporting periods ended December 31, 2023 and 2022. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

Effective December 13, 2018, TMWA's Board of Directors adopted a resolution to close the Plan to any employees hired after December 13, 2018. Existing employees and plan participants currently receiving benefits were not impacted by this resolution.

Overview of the Financial Statements

The Plan's financial statements include the following components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

In addition to the financial statements, required supplementary information is provided in the following schedules:

- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of Contributions
- Schedule of Investment Returns

The *Statement of Fiduciary Net Position* presents the Plan's assets and liabilities and the net position, with the assets being held in trust for beneficiary post-employment benefits. This statement measures the Plan's investments at fair value, cash and other short-term assets and liabilities as of the year ended December 31, 2023.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's net position changed during the reporting year. This statement includes additions for employer contributions, investment income (loss), and deductions for payments for the benefit of retirees and administrative expenses for the year ended December 31, 2023.

The *Notes to the Financial Statements* are an integral part of the financial statements and provide additional information that is necessary to gain a comprehensive understanding of the data in the financial statements.

The *Schedule of Changes in the Net OPEB Liability and Related Ratios* is required supplementary information which provides multi-year information about the OPEB liabilities for which the Plan's assets are held and managed.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Management's Discussion & Analysis
Year Ended December 31, 2023

The *Schedule of Contributions* is required supplementary information which provides multi-year information. It contains the actuarial determined contribution as well as the methods and assumptions used to determine contribution rates.

The *Schedule of Investment Returns* is required supplementary information which provides multi-year information regarding the rate of return calculated as the internal rate of return on the Plan's investments, net of investment expense.

Financial Highlights

Financial highlights of the Plan as of and for the year ended December 31, 2023 are as follows:

- Operating cash balances at year end were \$0.2 million
- Plan investments at fair value at year end were \$15.4 million
- Net investment income was \$2.4 million
- Employer contributions to the Plan were \$0

Financial highlights of the Plan as of and for the year ended December 31, 2022 are as follows:

- Operating cash balances at year end were \$74,782
- Plan investments at fair value at year end were \$13.5 million
- Net investment loss was \$2.2 million
- Employer contributions to the Plan were \$0

Plan Analysis

The following table provides a summary of two years of Net Position of the Plan:

	<u>2023</u>	<u>2022</u>	<u>Change 2023 v 2022</u>
Assets			
Cash	\$ 170,310	\$ 74,782	\$ 95,528
Receivables from plan members	10,740	12,452	(1,712)
Investments, at fair value	<u>15,390,220</u>	<u>13,457,829</u>	<u>1,932,391</u>
Total assets	15,571,270	13,545,063	2,026,207
Liabilities			
Accounts payable	<u>106,028</u>	<u>119,292</u>	<u>(13,264)</u>
Net position restricted for postemployment benefits other than pensions	<u>\$ 15,465,242</u>	<u>\$ 13,425,771</u>	<u>\$ 2,039,471</u>

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Management's Discussion & Analysis
Year Ended December 31, 2023

At December 31, 2023, Plan assets of \$15.6 million were comprised primarily of investments at fair value. Also included in Plan assets were \$0.2 million in operating cash and \$10,740 in Plan member receivables. Plan assets increased by \$2 million as compared to December 31, 2022 due mostly to an increase in fair value of Plan investments.

The following table provides a summary of two years of Changes in Net Position of the Plan:

	2023	2022	Change 2023 v 2022
Additions			
Net investment income (loss)	\$ 2,412,391	\$ (2,194,687)	\$ 4,607,078
Deductions			
Benefit payments	348,885	366,492	(17,607)
Administrative expenses	24,035	20,532	3,503
Total deductions	372,920	387,024	(14,104)
Change in net position	2,039,471	(2,581,711)	4,621,182
Net position restricted for postemployment benefits other than pensions			
Beginning of year	13,425,771	16,007,482	(2,581,711)
End of year	\$ 15,465,242	\$ 13,425,771	\$ 2,039,471

Net position is restricted for future benefit payments to retirees.

As of December 31, 2023, the Net Position of the Plan was \$15.5 million. The Plan Net Position is essentially comprised of assets of the Plan offset by a minor balance of accounts payable. The Net Position of the Plan increased \$2.0 million in 2023. This was primarily due to an increase in fair value of investments of \$1.9 million from 2022 to 2023, related to higher returns from the investment portfolio. There were no employer contributions made in 2023 and 2022 as a result of the actuarial valuations dated December 31, 2023 and 2021. Benefits paid, net of plan member contributions, of \$348,885 in 2023 decreased from the previous year due primarily to a decrease in retirees. Additionally, greater contributions from retirees and decreases in premium expense decreased net benefits paid. Administrative expenses totaling \$24,035 in 2023 were slightly higher than in 2022 due to increased accounting fees.

To ensure that funds are accumulated on a regular and systematic basis, it is the practice of TMWA to contribute sufficient amounts to the plan to ensure that the Plan's assets are sufficient to cover the Total OPEB Liability which is disclosed in Note 4 to the financial statements.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Management's Discussion & Analysis
Year Ended December 31, 2023

Economic Outlook

The Federal Reserve continues to monitor economic indicators including inflation and unemployment with the goal of lowering inflation to 2%. The Federal Reserve is expected to lower the Federal Funds target rate during 2024. Market reaction to Federal Reserve decisions and/or other external factors could impact investment performance of the Plan.

Requests for Information

Questions concerning the information provided in this report or requests for additional financial information should be addressed to Matt Bowman, TMWA Chief Financial Officer/Treasurer at P.O. Box 30013, Reno, NV 89509-3013.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Statement of Fiduciary Net Position
December 31, 2023

Assets	
Cash	\$ 170,310
Receivables from plan members	10,740
Investments, at fair value	<u>15,390,220</u>
Total assets	15,571,270
Liabilities	
Accounts payable	<u>106,028</u>
Net position restricted for postemployment benefits other than pensions	<u><u>\$ 15,465,242</u></u>

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023

Additions	
Net investment income	<u>\$ 2,412,391</u>
Deductions	
Benefit payments	348,885
Administrative expenses	<u>24,035</u>
Total deductions	<u>372,920</u>
Net increase in net position	2,039,471
Net position restricted for postemployment benefits other than pensions	
Beginning of year	<u>13,425,771</u>
End of year	<u><u>\$ 15,465,242</u></u>

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Notes to Financial Statements
December 31, 2023

Note 1 - Significant Accounting Policies

Reporting Entity

Truckee Meadows Water Authority (TMWA) established a Voluntary Employee Benefit Association pursuant to Internal Revenue Service (IRS) Code 501(c)(9) which is referred to as the Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust (the Plan), a fiduciary component unit of TMWA and a single-employer defined benefit other postemployment benefit (OPEB) plan. Tax exempt status was granted by the IRS on May 25, 2007. The Plan provides TMWA retirees with postemployment group health, including medical, dental, vision, and life insurance coverage. The Plan's financial reporting period ends December 31, while TMWA's financial reporting period ends June 30.

These statements have also been prepared in accordance with the reporting standards as promulgated by the Governmental Accounting Standards Board (GASB). GASB has set forth criteria to be considered in GASB Statement No. 84, Fiduciary Activities and in GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These standards require the inclusion in TMWA's financial statements of fiduciary components if TMWA has control of the assets and if the following criteria are met:

1. If TMWA appoints a voting majority and either has financial burden (legally or assumed) to make contributions or has imposition of will.
2. If TMWA does not appoint a voting majority and has both a financial burden (legally or assumed) to make contributions and there is fiscal dependency on TMWA.

Therefore, due to the above criteria, the Plan is considered to be a fiduciary component unit of TMWA.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Investments and Investment Income

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income includes the Plan's net earnings from its participation in the State of Nevada's Retirement Benefits Investment Fund (RBIF), an external investment pool. The Plan's net earnings from the external investment pool is based on the Plan's original investment plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust

Notes to Financial Statements

December 31, 2023

Contributions

Contributions, if any, are recognized in the period in which such amounts are owed by TMWA for the OPEB benefits as they become due and payable.

Payment of Benefits

Benefits, net of plan member contributions, are recognized when due and payable in accordance with the terms of the Plan.

Administrative Expenses

Administrative expenses are recorded when incurred and payable by the Plan.

Net Position Classification

Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Net position is restricted for postemployment benefits other than pension by the TMWA Post-Retirement Medical Plan & Trust and Trust Agreement.

Note 2 - Plan Description and Contribution Information

Plan Description

The Plan, a single-employer defined benefit OPEB plan, was established to provide eligible TMWA retirees with post-employment group health, including medical, dental, vision, and life insurance coverage. Pursuant to Nevada State Administrative Regulations, adopted in September 2008, the Plan will be governed by not less than three but not more than five trustees. Four trustees were appointed by the TMWA Board of Directors, two members from non-represented positions and two members from represented employees. The TMWA General Manager has been given authority to appoint the two non-represented employee trustees and accept the nomination of represented employee trustees by the International Brotherhood of Electrical Workers (IBEW) Local 1245.

Eligibility requirements, benefit levels, and TMWA contributions are established and amended through TMWA's collective bargaining agreement for its represented employees (IBEW) and by the TMWA Board of Directors with respect to non-represented Management, Professional, Administrative, and Technical employees (MPAT).

Retiree Healthcare Coverage Plan Options

During the year ended December 31, 2023, TMWA retirees could chose between a Preferred Provider Organization or an Employer Health Maintenance Organization health plan coverage option administered by the City of Reno. These health plan coverage options are the same health plan coverage options offered to active employees of TMWA. Effective January 1, 2024, the City of Reno offers only a Preferred Provider Organization

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust

Notes to Financial Statements

December 31, 2023

health plan coverage option. TMWA retirees may choose to participate in a health plan coverage option not provided by the City of Reno. The amount paid by the Plan for participation in health plan coverage options other than those offered by the City of Reno are limited to the amount otherwise payable had the participant selected one of the City of Reno plans.

In order to be eligible for benefits, retirees must have at least ten years of credited service with TMWA and must be at least 55 years of age. When eligible, retirees must enroll in and pay the cost of Medicare Part B or Medicare Part C. Once participants exhaust their medical benefits, they will continue to be eligible for life benefits under the Plan.

Life Benefits

TMWA retiree coverage continues at the same coverage amount in force at the time of retirement (one times basic annual earnings) until age 70, at which time coverage reduces to one-half of that amount. At age 75, coverage is reduced to \$2,000. The retiree bears no cost of the premiums for this coverage amount. However, retirees do have the opportunity to purchase optional life insurance, the cost of which is paid by the retiree. A retiree may also elect \$1,500 of life insurance coverage for his or her spouse by paying 100% of the applicable premium.

Membership of the Plan

As of the actuarial valuation date of December 31, 2023, membership of the Plan consisted of the following:

Retirees currently receiving medical benefits	43
Retirees currently receiving life benefits	67
Retirees entitled to, but not yet receiving benefits	1
Active Plan Members	
IBEW members	79
MPAT members	69

The Plan is a closed plan that will provide future benefits to eligible TMWA employees.

Contributions and Benefits Provided

TMWA is responsible for a subsidy towards the costs of retiree coverage; the amount of which is dependent on the classification of the employee at the time of retirement from TMWA. There are three classifications of TMWA employees eligible for postemployment benefits upon retirement from TMWA. The classes of employees and related TMWA subsidies are as follows:

1. IBEW group hired on or before January 1, 1998: Retirees in this classification receive a benefit as a percentage of the total group health premiums, dependent upon credited years of service and their age at retirement. The maximum subsidy is 85% of the health care premium with a minimum of 20 years of credited service. Retirees with 20 or more years of credited service electing the Medicare Risk Contract can receive a subsidy of 100%. Retirees may elect the employer-offered medical plan of their choice for themselves and qualified dependents.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust

Notes to Financial Statements

December 31, 2023

2. IBEW group hired on or after January 1, 1998 and on or before December 13, 2018: Retirees in this classification will receive a lifetime lump-sum subsidy toward their chosen health coverage and the coverage of qualified dependents. The subsidy is a total of \$1,250 multiplied for each adjusted Post-Retirement Medical Plan & Trust year of service. This amount does not grow with interest and once exhausted a retiree is responsible for paying the full cost of health premiums.
3. MPAT personnel hired on or before December 13, 2018: Retirees in this classification are eligible to receive an annual subsidy towards the cost of health premiums calculated at \$235 multiplied by credited years of service, up to 30 years for retirees aged 55 through 64; and \$105 multiplied by credited years of service up to 35 years, for retirees aged 65 and above. The subsidy is reduced by 5% for each year or partial year that the individual is under age 62 as of his or her retirement date. There is no extra subsidy for spousal or dependent coverage.

TMWA shall annually contribute to the Plan an amount which TMWA determines is necessary to fund the benefits due pursuant to a qualified actuarial analysis. During the year ended December 31, 2023, TMWA contributed \$-0- to the Plan. Retiree contributions were \$139,380 which were net against benefit payments in the Statement of Changes in Fiduciary Net Position.

Retiree contributions are required for the portion of the premiums and costs in excess of the subsidies provided by TMWA as discussed above. During the year ended December 31, 2023, retirees' share of health premiums and costs ranged from \$2 to \$1,337 a month per retiree.

The Plan offers participants Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) continuation of coverage, subject to all conditions and limitations of COBRA. One participant utilized COBRA continuation of coverage during the year ended December 31, 2023.

Note 3 - Cash and Investments

Deposits

As of December 31, 2023, the Plan's bank balance was \$207,291 and carrying amount was \$170,310. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. All of the bank balance was covered by the FDIC.

Investments

The Board of Trustees has established an investment policy for the Plan. Under the policy, the Plan's assets are limited to investments in the State of Nevada's RBIF; and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170. Such investments under NRS 355.170 include certain "A" rated notes and bonds, guaranteed investment contracts, obligations of the U.S. Treasury, obligations of other U.S. Government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers acceptances, repurchase agreements, "AAA" rated mutual funds that invest in securities of the Federal Government or agencies of the Federal Government, and the State of Nevada Local Government Investment Pool.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Notes to Financial Statements
December 31, 2023

RBIF

The Plan invests its assets in the RBIF as allowed by the NRS 287.017 and the Nevada Administrative Code 287.

The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission as an investment company. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings (losses) and expenses according to their proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly. Complete financial information on RBIF as of June 30, 2023 can be obtained by contacting Public Employees Retirement System at 693 W. Nye Lane, Carson City, NV, 89703.

Investments at fair value as of December 31, 2023:

RBIF	<u>\$ 15,390,220</u>
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For the year ended December 31, 2023, the annual money-weighted rate of return on investments net expenses was 18.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 4 - Net OPEB Asset of TMWA

The components of the net OPEB asset of TMWA as of December 31, 2023 were as follows:

Total OPEB liability	\$ 10,805,583
Plan fiduciary net position	<u>15,465,242</u>
Net OPEB liability (asset)	<u>\$ (4,659,659)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	143.12%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.00%
Healthcare cost trend rates*	6.50% in 2025; 3.90% ultimated for 2075 and later years

* Healthcare cost trend rate fluctuates each year until ultimate trend rate is reached.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust

Notes to Financial Statements

December 31, 2023

Mortality rates were based on the MacLeod Watts Scale 2022, which was developed by the actuary from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

The actuarial assumptions used in the actuarial valuation as of December 31, 2023 were based on actual census data.

The long-term expected rate of return on OPEB plan investments was derived from RBIF's rates of return and investment policy:

Asset Class	Target Allocation	Asset Allocation
S&P 500 Index	49.50%	49.90%
MSCI World x US Index	19.50%	19.20%
U.S. Bond Index	28.00%	27.40%
Cash & Cash Equivalents	3.00%	3.50%
	100.00%	100.00%

The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Assumptions

The healthcare cost trend rate was updated for the year ended December 31, 2023 for projecting medical premiums and expected claims from Getzen Model 2022_b to Getzen Model 2023, as published by the Society of Actuaries. Dental premium rate increases were lowered from 4.0% per year to 3.5% per year and vision premium rate increases were lowered from 4.0% per year to 2.5% per year, following a review of rate changes over the past 6 years.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of TMWA, as well as what TMWA's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability (asset)	\$ (3,526,105)	\$ (4,659,659)	\$ (5,642,935)

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Notes to Financial Statements
December 31, 2023

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB asset of TMWA, as well as what TMWA's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50 percent decreasing to 2.90 percent) or 1-percentage-point higher (7.50 percent decreasing to 4.90 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 2.90%)	Healthcare Cost Trend Rate (6.5% decreasing to 3.90%)	1% Increase (7.5% decreasing to 4.90%)
Net OPEB liability (asset)	\$ (5,457,578)	\$ (4,659,659)	\$ (3,720,622)



Required Supplementary Information

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust

A Fiduciary Component Unit of Truckee Meadows Water
Authority

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Years*

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 186,748	\$ 181,309	\$ 229,280	\$ 222,602	\$ 307,252	\$ 295,437	\$ 284,073
Interest cost	614,891	596,546	636,038	609,728	682,186	648,751	612,850
Differences between expected and actual experience	58,687	-	(760,853)	-	(2,013,876)	-	-
Changes of assumptions	139,717	-	(271,660)	-	301,774	-	-
Benefit payments	(511,806)	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)
Net change in total OPEB liability	488,237	334,578	(609,975)	474,079	(1,165,027)	589,020	632,224
Total OPEB liability - beginning	10,317,346	9,982,768	10,592,743	10,118,664	11,283,691	10,694,671	10,062,447
Total OPEB liability - ending (a)	<u>\$ 10,805,583</u>	<u>\$ 10,317,346</u>	<u>\$ 9,982,768</u>	<u>\$ 10,592,743</u>	<u>\$ 10,118,664</u>	<u>\$ 11,283,691</u>	<u>\$ 10,694,671</u>
Plan fiduciary net position							
Employer contributions	\$ -	\$ -	\$ -	\$ 69,289	\$ 138,578	\$ 222,531	\$ 445,063
Employer contributions - implicit subsidy	162,921	76,785	63,156	61,978	119,852	101,996	-
Net investment income (loss)	2,412,391	(2,194,687)	2,364,272	1,843,000	2,298,001	(526,210)	1,510,048
Benefit payments	(348,885)	(366,492)	(379,624)	(296,273)	(322,511)	(253,172)	(264,699)
Benefit payments - implicit subsidy	(162,921)	(76,785)	(63,156)	(61,978)	(119,852)	(101,996)	-
Auditing fees	(21,735)	(18,200)	(18,775)	(18,490)	(12,600)	(18,545)	(15,500)
Administrative fees	-	-	-	-	-	(382)	(517)
Legal fees	(2,300)	(2,332)	-	-	(1,750)	(5,250)	(19,268)
Retiree contributions in	139,380	128,878	110,022	111,103	93,673	117,015	93,172
Retiree contributions out	(139,380)	(128,878)	(110,022)	(111,103)	(93,673)	(117,015)	(93,172)
Net change in plan fiduciary net position	2,039,471	(2,581,711)	1,965,873	1,597,526	2,099,718	(581,028)	1,655,127
Plan fiduciary net position - beginning	13,425,771	16,007,482	14,041,609	12,444,083	10,344,365	10,925,393	9,270,266
Plan fiduciary net position - ending (b)	<u>\$ 15,465,242</u>	<u>\$ 13,425,771</u>	<u>\$ 16,007,482</u>	<u>\$ 14,041,609</u>	<u>\$ 12,444,083</u>	<u>\$ 10,344,365</u>	<u>\$ 10,925,393</u>
TMWA's net OPEB liability / (asset) - ending (a) - (b)	<u>\$ (4,659,659)</u>	<u>\$ (3,108,425)</u>	<u>\$ (6,024,714)</u>	<u>\$ (3,448,866)</u>	<u>\$ (2,325,419)</u>	<u>\$ 939,326</u>	<u>\$ (230,722)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	143.12%	130.13%	160.35%	132.56%	122.98%	91.68%	102.16%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TMWA's net OPEB (asset)/liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - OPEB plan is not based on a measure of pay and there are no active employees covered under the Plan.

*GASB Statement No. 74 requires ten years of information to be presented in this table. However, until ten years of data is available, the Plan will present information only for those years for which information is available.

Notes to Schedule:

Changes in benefits: Effective December 13, 2018, TMWA's Board of Directors adopted a resolution to close the Plan to any employees hired after December 13, 2018.

Changes of assumptions: In the 2019 actuarial valuation, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model. In the 2021 actuarial valuation, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. In the 2023 actuarial valuation, the healthcare cost trend rate was updated for projecting medical premiums and expected claims from Getzen Model 2022_b to Getzen Model 2023, as published by the Society of Actuaries. Dental premium rate increases were lowered from 4.0% per year to 3.5% per year and vision premium rate increases were lowered from 4.0% per year to 2.5% per year, following a review of rate changes over the past 6 years.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Schedule of Contributions
Last Ten Years*

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ -	\$ 31,839	\$ 60,100	\$ 53,218	\$ 174,095	\$ 291,480	\$ 364,973
Contributions in relation to the actuarially determined contribution	-	-	-	69,289	138,578	222,531	445,063
Contribution deficiency (excess)	\$ -	\$ 31,839	\$ 60,100	\$ (16,071)	\$ 35,517	\$ 68,949	\$ (80,090)
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - OPEB plan is not based on a measure of pay and there are no active employees covered under the Plan.

*GASB Statement No. 74 requires ten years of information to be presented in this table. However, until ten years of data is available, the Plan will present information only for those years for which information is available.

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, 2023.

Methods and assumptions used to determine contribution rates are as follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent of pay
Amortization period	22 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates*	6.50% in 2025 3.90% ultimated for 2075 and later years
Investment rate of return/ discount rate	6.00%
Retirement age	45-75
Mortality	Mortality rates were based on the MacLeod Watts Scale 2022, a custom table developed by the Plan's actuary

* Healthcare cost trend rate fluctuates each year until ultimate trend rate is reached.

Other information: In the 2019 actuarial valuation, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model. In the 2021 actuarial valuation, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. In the 2023 actuarial valuation, the healthcare cost trend rate was updated for projecting medical premiums and expected claims from Getzen Model 2022_b to Getzen Model 2023, as published by the Society of Actuaries. Dental premium rate increases were lowered from 4.0% per year to 3.5% per year and vision premium rate increases were lowered from 4.0% per year to 2.5% per year, following a review of rate changes over the past 6 years.

Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Schedule of Investment Returns
Last Ten Years*

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	18.21%	-13.80%	17.02%	1.29%	1.72%	-0.38%	15.53%

*GASB Statement No. 74 requires ten years of information to be presented in this table. However, until ten years of data is available, the Plan will present information only for those years for which information is available.



**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees
Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust
Reno, Nevada

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust (the “Plan”), a fiduciary component unit of Truckee Meadows Water Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements and have issued our report thereon dated June 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Reno, Nevada
June 13, 2024

Retirement Benefits Investment Fund

March 31, 2024

Performance Gross of Fees

Asset Class	Market Value	Target Allocation	Actual Allocation	FYTD Return	One Year	3 Years	5 Years	10 Years	Since Inception (2008)
U.S. Stocks- S&P 500 Index	\$ 377,161,491	42.5%	42.5%	19.4%	29.8%	11.5%	15.0%	12.9%	10.8%
Market Return				19.4%	29.9%	11.5%	15.1%	13.0%	10.8%
Int'l Stocks- MSCI World x US Index	\$ 156,270,929	17.5%	17.6%	11.8%	15.4%	5.1%	7.7%	5.1%	4.0%
Market Return				11.9%	15.3%	4.9%	7.5%	4.9%	3.8%
U.S. Bonds- U.S. Bond Index	\$ 248,684,102	28.0%	28.0%	1.5%	0.1%	-1.2%	1.9%	2.1%	2.8%
Market Return				1.5%	0.1%	-1.4%	1.7%	1.9%	2.6%
Cash	\$ 106,108,259	12.0%	12.0%						3.5%
Market Return									3.6%
Total RBIF Fund	\$ 888,224,781	100.0%	100.0%	12.5%	17.9%	6.8%	10.2%	8.5%	7.5%
Market Return				12.4%	17.7%	6.5%	9.9%	8.2%	7.4%