



**TRUCKEE MEADOWS WATER AUTHORITY  
AGENDA**

**Wednesday, January 21, 2026 at 10:00 a.m.**

**Sparks Council Chambers, 745 4<sup>th</sup> Street, Sparks, NV**  
**MEETING VIA TELECONFERENCE & IN-PERSON**

MEMBERS OF THE PUBLIC MAY ATTEND VIA THE WEB LINK, OR  
TELEPHONICALLY BY CALLING THE NUMBER, LISTED BELOW.

**(be sure to keep your phones or microphones on mute, and do not place the call on hold)**

Please click the link below to join the webinar:

<https://tmwa.zoom.us/j/85018011171?pwd=N3bVm9s3Xsgm3VxFC9RnHYcdmbv5T0.1>

Passcode: 889025

Or call:

Phone: (888) 788-0099

Webinar ID: 850 1801 1171

**Board Members**

Chair Clara Andriola – Washoe County  
Naomi Duerr – City of Reno  
Miguel Martinez – City of Reno  
Dian VanderWell – City of Sparks

Vice Chair Paul Anderson – City of Sparks  
Alexis Hill – Washoe County  
Kathleen Taylor – City of Reno

**CLOSED CAPTION & TRANSLATION:** Both Zoom & YouTube offer closed captioning and translation into your language by simply clicking on the “CC” icon at the bottom of the screen and selecting your preferred language.

**NOTES:**

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. TMWA meetings are streamed online at <https://www.youtube.com/@tmwaboardmeetings6598>.
3. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 834-8002 at least 24 hours before the meeting date.
4. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/>. Supporting material is made available to the general public in accordance with NRS 241.020(6).
5. 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.
6. Asterisks (\*) denote non-action items.
7. Public comment during the meeting is limited to three minutes and is allowed during the two public comment periods. In addition to the public comment periods, the Chair has the discretion to allow public comment on any individual agenda item, including any item on which action is to be taken. and each action item. 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.
8. Written public comment may be provided by submitting written comments online on TMWA’s Public Comment Form ([tmwa.com/PublicComment](http://tmwa.com/PublicComment)) or by email sent to [boardclerk@tmwa.com](mailto:boardclerk@tmwa.com) prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. the day before the scheduled meeting. Voicemail messages received will be noted during the meeting and summarized for entry into the record.
9. In the event the Chair and Vice-Chair are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chair or Vice-Chair are present (**Standing Item of Possible Action**).
10. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.
11. The Board may attend and participate in the meeting by means of remote technology system. Members of the public wishing to attend and/or participate by providing public comment may do so either in person at the physical location of the meeting listed above or virtually. To attend this meeting virtually, please log into the meeting using the link and/or phone number noted above. To request to speak, please use the “raise hand” feature or, if on the phone, press \*9 to “raise your hand” and \*6 to unmute/mute your microphone.

<sup>1</sup> The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

1. Roll call\*
2. Pledge of Allegiance\*
3. Public comment — limited to no more than three minutes per speaker\*
4. Possible Board comments or acknowledgements\*
5. Approval of the agenda (**For Possible Action**)
6. Approval of the minutes of the December 11, 2025 meeting of the TMWA Board of Directors (**For Possible Action**)
7. Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expired December 31, 2025, such appointments to be made for new terms from January 1, 2026 to December 31, 2027 from the following list in alphabetical order: Justin McDougal, BANN appointment primary— Sonia Folsom (**For Possible Action**) (5min)
8. Water Supply Update — Kara Steeland\* (5min)
9. Discussion and possible action on Resolution No. 340 designated by the short title “2026 Refunding Bond Resolution” authorizing the issuance by the Truckee Meadows Water Authority of its “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026,” in the maximum aggregate principal amount of \$74,500,000 for the purpose of defraying wholly or in part the cost of refunding certain outstanding obligations of the Authority; providing the form, terms and conditions of the bonds, and the security therefor; providing for the collection and disposition of revenues derived from the operation of the Authority’s water system; pledging such revenues to the payment of the bonds; and providing other covenants, agreements and details relating thereto — Matt Bowman (**For Possible Action**) (5min)
10. Discussion and possible action on Resolution No. 341 designated by the short title “Amendment to 2025 Water Bond Resolution” amending the 2025 Water Bond Resolution to provide for updated series designations in connection with the issuance by the Truckee Meadows Water Authority, Nevada of its Water Revenue Bond (American Flat APWF Project), Series 2026A in the maximum aggregate principal amount of \$57,850,000, Series 2026B in the maximum aggregate principal amount of \$150,000 and Series 2026C in the maximum aggregate principal amount of \$6,000,000; providing other matters relating thereto; and ratifying action previously taken relating thereto — Matt Bowman (**For Possible Action**) (5min)
11. PUBLIC HEARING ON RULE AMENDMENTS (15min)
  - A. Public comment — limited to no more than three minutes per speaker\*
  - B. Rule Amendment, First Reading, Public Hearing: Discussion and referral to a second reading structure changes to TMWA water rates reflecting the results of a Cost of Service study — Matt Bowman (**For Possible Action**)
  - C. Public comment — limited to no more than three minutes per speaker\*

CLOSE PUBLIC HEARING

12. Presentation of Truckee River Fund Activities for Calendar Year 2025 — Sonia Folsom and Kara Steeland\* (5min)

<sup>1.</sup> The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

13. General Manager's Report\* **(5min)**
14. Public comment — limited to no more than three minutes per speaker\*
15. Board comments and requests for future agenda items\*
16. Adjournment\*

\*Upon adjournment attorney-client conference (Board will receive information in closed session)  
— Justina Caviglia\* **(10min)**

<sup>1</sup>. The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

TRUCKEE MEADOWS WATER AUTHORITY  
**DRAFT** MINUTES OF THE DECEMBER 11, 2025  
MEETING OF THE BOARD OF DIRECTORS

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The Board of Directors met on Thursday, December 11, 2025 at Sparks City Council Chambers. Chair Andriola called the meeting to order at 10:14 a.m.

**1. ROLL CALL**

**Directors Present:** Paul Anderson, Clara Andriola, Miguel Martinez, Kathleen Taylor Dian VanderWell and \*Alternate Megan Ebert.

**Director Absent:** Naomi Duerr and Alexis Hill

A quorum was present.

*\*Member Ebert attended the meeting via Zoom*

**2. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Danny Rotter, Assistant General Manager.

Chair Andriola acknowledged John Zimmerman, General Manager, was attending the Board meeting via Zoom.

Mr. Zimmerman noted he is having Mr. Rotter fill in for him should circumstances arise in the future where he would not be able to attend and to ensure a smooth transition. He added that he would be online should anyone have any questions for him during the meeting.

**3. PUBLIC COMMENT**

Ken McNeil, TMWA customer, presented his concerns regarding the cost of service and rate design study, stating that the proposed changes are not equitable.

Sonia Folsom, Board Clerk, read into the record a public comment email received (attached).

**4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS**

There were no Board comments.

**5. APPROVAL OF THE AGENDA**

**Upon motion by Director VanderWell, second by Director Anderson, which motion duly carried by unanimous consent of the Directors present, the Board approved the agenda.**

6. APPROVAL OF THE MINUTES OF THE OCTOBER 15, 2025 MEETING OF THE TMWA BOARD OF DIRECTORS

**Upon motion by Director Anderson, second by Director Martinez, which motion duly carried by unanimous consent of the Directors present, the Board approved the October 15, 2025 minutes.**

7. REPORT REGARDING OMBUDSMAN ACTIVITIES FROM DECEMBER 2024 THROUGH NOVEMBER 2025 AND REQUEST FOR BOARD DIRECTION AND POSSIBLE AUTHORIZATION FOR THE GENERAL MANAGER TO PROCEED WITH KIM MAZERES AS OMBUDSMAN FOR CALENDAR YEAR 2026

Marci Westlake, Customer Service Manager, and Kim Mazeres, Ombudsman, presented the staff report. Chair Andriola thanked Ms. Mazeres for connecting her with a constituent and appreciated her hard work.

**Upon motion by Director Anderson, second by Director Martinez, which motion duly carried by unanimous consent of the Directors present, the Board approved the authorization for the General Manager to proceed with Kim Mazeres as Ombudsman for Calendar Year 2026.**

8. PUBLIC HEARING ON RULE AMENDMENTS

A. PUBLIC COMMENT — LIMITED TO NO MORE THAN THREE MINUTES PER SPEAKER

There was no public comment.

B. RULE AMENDMENT, SECOND HEARING, PUBLIC HEARING: DISCUSSION AND POSSIBLE ACTION ON RESOLUTION NO. 338: A RESOLUTION TO ADOPT AMENDMENTS TO RULE 7 WATER DEMAND ESTIMATE FOR NEW OR MODIFIED SERVICE APPLICATIONS

Eddy Quaglieri, Water Resources Manager, and Shawn Stoddard, Senior Resource Economist, presented the resolution.

Vice Chair Anderson inquired about the process to review Rule 7 going forward. Mr. Quaglieri replied staff reviews it every three-five years to ensure they are in line with the demand. Dr. Stoddard added that staff have been tracking the data since 2001 and have made adjustments approximately every five years but have noticed that the trend has stabilized in the last five years.

C. PUBLIC COMMENT — LIMITED TO NO MORE THAN THREE MINUTES PER SPEAKER

There was no public comment.

## CLOSE PUBLIC HEARING

**Upon motion by Director Anderson, second by Director Duerr, which motion duly carried by unanimous consent of the Directors present, the Board adopted Resolution No. 338: A resolution to adopt the redline version of the updated Rule 7 as presented and adopt the update Rule 7 contingent on receiving State Engineer's approval.**

## 9. WATER SUPPLY UPDATE

Kara Steeland, Senior Hydrologist and Watershed Coordinator, informed the Board that the snowpack in the Truckee Basin is well below the median, however with the above average precipitation experienced since October, soil moisture is well above average, which will improve spring runoff efficiency. Ms. Steeland added that Lake Tahoe is projected to remain about one foot below the natural rim through fall 2026 and river flows will be met throughout next year, overall reservoir storage is about 60% capacity and TMWA holds 37-38k acre-feet (AF) in drought reserves and currently is not in a drought as defined by the US Drought Monitor due to the soil moisture and rain.

Ms. Steeland also announced the Truckee River Operating Agreement (TROA) 10-year anniversary which was implemented in December 2015. Over the last 10 years, it has enabled TMWA to store robust drought reserves (60k AF from 2020-2022) which is essential for long-term water supply reliability for the Truckee Meadows and other TROA signatory parties.

## 10. DISCUSSION AND ACTION CONFIRMING APPOINTMENT OF BRYCE TWICHELL AS A TRUSTEE TO FILL THE REMAINING TERM OF STEVE ENOS TO THE §501-C-9 POST-RETIREMENT MEDICAL PLAN & TRUST ENDING ON DECEMBER 31, 2026

Jessica Atkinson, Human Resources Director, presented the staff report.

**Upon motion by Director Anderson, second by Director Martinez, which motion duly carried by unanimous consent of the Directors present, the Board confirmed the appointment of Bryce Twichell as a trustee to fill the remaining term of Steve Enos to the §501-c-9 Post-Retirement Medical Plan & Trust ending on December 31, 2026.**

## 11. DISCUSSION AND ACTION ON ADOPTION OF RESOLUTION NO. 339: A RESOLUTION TO APPROVE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR FISCAL YEAR ENDED JUNE 30, 2025

Sophie Cardinal, Financial Controller, presented the Annual Comprehensive Financial Report (ACFR) for fiscal year ended June 30, 2025. Ms. Cardinal informed the Board that Eide Bailly issued a clean opinion with no internal control deficiencies, and the single audit, delayed by federal timing and a government shutdown, is expected to confirm compliance, with one material weakness related to reporting a grant

expenditure in the wrong fiscal year; corrective measures are in place. TMWA retired two State Revolving Fund bonds, improving financial stability, with plans for further debt optimization. The Davis Fire in September 2024 damaged Old Washoe Well 4, resulting in an impairment loss, and restoration planning is underway. The organization adopted GASB 101, expanding compensated absences to include estimated sick time to be used during employment, creating a more conservative liability. Finally, the Popular Annual Financial Report (PAFR) summarizes these updates in an 18-page visual format to enhance transparency.

Chair Andriola commended staff on earning the Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2024 and inquired if they would receive it again for fiscal year 2025. Ms. Cardinal replied they apply for the award every year to the Government Finance Officers Association, who issues the award along with a similar award for the PAFR.

Member Ebert inquired about when the Single Audit report would be finished. Ms. Cardinal replied that it is expected to be issued tomorrow.

**Upon motion by Director Anderson, second by Director Martinez, which motion duly carried by unanimous consent of the Directors present, the Board adopt Resolution No. 339: A resolution to approve the Annual Comprehensive Financial Report (ACFR) for fiscal year ended June 30, 2025.**

## 12. PRESENTATION OF FINANCIAL PERFORMANCE FOR FIRST QUARTER FISCAL YEAR 2026

Matt Bowman, Chief Financial Officer, presented the staff report. Mr. Bowman noted a change in the presentation format, shifting from a traditional walkthrough to a more visual approach. The presentation mirrors the report while adding a few additional topics, with a primary focus on actual versus budget performance. Mr. Bowman stated that operating revenue was about 2% below budget, primarily due to lower water sales, while operating expenses were 7% under budget, driven by cost control efforts. Investment earnings exceeded expectations by \$200,000, and connection fees were initially 40% below budget but have since caught up in October and November, though a slowdown in new business is anticipated. Capital spending totaled \$14.5 million, and cash balances declined by \$4 million, which is typical at this time of year. Hydroelectric revenue outperformed budget by 25% due to favorable river conditions and strong plant performance. Salaries and benefits were higher year-over-year as expected from contractual and staffing changes, while services and supplies remained flat. Employee headcount is below budget and expected to remain so, reflecting adjustments made earlier in the year.

At this time the Board commended Mr. Bowman and staff on their hard work presenting them in a visual way to supplement the staff report and inquired about the drop in will-service commitments and if TMWA has the capacity to serve the population. Mr. Bowman replied that it is hard to predict the local economy and development since some developers come to TMWA with their own water rights, and TMWA just finalized the 2025-2045 Water Resource Plan and the 20-year projections, and beyond, show there is enough water to supply the region. Mr. Rotter added that there is a limit to the Truckee River as a resource which is why staff has identified alternative resources looking beyond 20-years.

13. DISCUSSION AND ACTION, AND POSSIBLE AUTHORIZATION FOR GENERAL MANAGER TO AMEND SUN VALLEY GENERAL IMPROVEMENT DISTRICT (SVGID) WHOLESALE AGREEMENT TO INCREASE TIER 1 USAGE

Mr. Bowman presented the fourth amendment to the wholesale agreement with SVGID to increase the Tier 1 usage from 38 million gallons to 42 million gallons effective January 1, 2026.

**Upon motion by Director Anderson, second by Director Martinez, which motion duly carried by unanimous consent of the Directors present, the Board approved authorization for General Manager to amend Sun Valley General Improvement District (SVGID) wholesale agreement to increase Tier 1 usage.**

14. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING APPOINTMENTS TO THE STANDING ADVISORY COMMITTEE TO FILL VACANCIES IN EXISTING POSITIONS WHOSE TERMS EXPIRE DECEMBER 31, 2025, SUCH APPOINTMENTS TO BE MADE FOR NEW TERMS FROM JANUARY 1, 2026 TO DECEMBER 31, 2027 FROM THE FOLLOWING LIST IN ALPHABETICAL ORDER: RYAN GREENHALGH, COMMERCIAL CUSTOMER ALTERNATE, JOHN KRMOTIC, COMMERCIAL CUSTOMER PRIMARY, CHRIS MELTON, WHOLESALE CUSTOMER PRIMARY, CONNOR NAISBITT, RENO-SPARKS CHAMBER APPOINTMENT PRIMARY, JONNIE PULLMAN, MULTI-FAMILY RESIDENTIAL CUSTOMER ALTERNATE, ANN SILVER, RENO-SPARKS CHAMBER APPOINTMENT ALTERNATE

Ms. Folsom presented the staff report.

**Upon motion by Director Hill, second by Director VanderWell, which motion duly carried by unanimous consent of the Directors present, the Board approved the appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2025, such appointments to be made for new terms from January 1, 2026 to December 31, 2027 from the following list in alphabetical order: Ryan Greenhalgh, commercial customer alternate, John Krmpotic, commercial customer primary, Chris Melton, wholesale customer primary, Connor Naisbitt, Reno-Sparks Chamber appointment primary, Jonnie Pullman, multi-family residential customer alternate, Ann Silver, Reno-Sparks Chamber appointment alternate.**

15. DISCUSSION AND ACTION ON APPOINTMENTS TO THE STANDING ADVISORY COMMITTEE (SAC) TO FILL THE SENIOR CITIZEN ALTERNATE, AT-LARGE ALTERNATE, RESIDENTIAL ALTERNATE, MULTI-FAMILY PRIMARY, AND OTHER POSSIBLE VACANCIES FOR TERMS BEGINNING JANUARY 1, 2026 TO DECEMBER 31, 2028 FROM THE FOLLOWING POOL OF CANDIDATES LISTED IN ALPHABETICAL ORDER: KEITH HAYES AND RAY TOWNE

Ms. Folsom presented the staff report.

**Upon motion by Director Anderson, second by Director Martinez, which motion duly carried by unanimous consent of the Directors present, the Board approved the appointment of Keith Hayes, at-large 2 alternate, and Ray Towne, senior citizen alternate, positions.**

16. DISCUSSION AND ACTION ON SCHEDULING REGULAR BOARD MEETING DATES AND TIMES FOR THE CALENDAR YEAR 2026

Ms. Folsom presented the proposed dates and times for Board meetings in 2026.

**Upon motion by Director Anderson, second by Director Martinez, which motion duly carried by unanimous consent of the Directors present, the Board approved the board meeting dates and times for the Calendar Year 2026**

17. GENERAL MANAGER'S REPORT

Mr. Rotter informed the Board that the Lady Bug project, aimed at reducing wildfire risk in the Middle Truckee River Watershed, has been completed. This pilot effort resulted in the creation of the Middle Truckee River Watershed Forest Partnership (MTRWFP) and a 10-year vegetation management plan. He expressed appreciation to Ms. Steeland and Stefanie Morris, Outside Counsel, for their leadership. Additionally, Fitch reaffirmed TMWA's AAA financial rating. The New Business department is working on enabling online payments, and during the meeting, Mr. Quaglieri received confirmation that the State Engineer approved changes to TMWA's Rule 7. Staff is also collaborating with National Association for Industrial and Office Parks (NAIOP) and Northern Nevada Public Health to improve the building permit process. Furthermore, TMWA is coordinating with Washoe County staff to address the River Oak Homeowners Association (HOA) issue and is organizing a meeting with the Public Utilities Commission, Nevada Department of Environmental Protection, and Verdi Meadows Utility Company. Mr. Rotter concluded by thanking staff for their dedication and teamwork.

Chair Andriola thanked staff for meeting with NAIOP and River Oaks HOA.

Vice Chair Anderson thanked Mr. Rotter and staff and inquired about how quickly the Ladybug project improvements can begin to be measured. Ms. Steeland replied that the project decreases the chances of a severe fire from occurring, so if a fire happens there will likely be less impacts.

**18. PUBLIC COMMENT**

There was no public comment.

**19. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS**

There were no Board comments.

**20. ADJOURNMENT**

With no further discussion, Chair Andriola adjourned the meeting at 11:29 a.m.

Approved by the TMWA Board of Directors in session on \_\_\_\_\_.

Sonia Folsom, Board Clerk.



## STAFF REPORT

**TO:** Board of Directors  
**FROM:** John R. Zimmerman, General Manager  
**FROM:** Sonia Folsom, Executive Assistant  
**DATE:** January 12, 2026  
**SUBJECT:** **Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expired December 31, 2025, such appointments to be made for new terms from January 1, 2026 to December 31, 2027 from the following list in alphabetical order: Justin McDougal, BANN appointment primary**

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### **Recommendation**

Staff recommends that current Standing Advisory Committee (SAC) members whose terms expired on December 31, 2025, one representative, be reappointed for an additional two-year term beginning January 1, 2026. ***(Please refer to the attached membership chart.)***

### **Background**

In August 2005, a Subcommittee of the TMWA Board appointed the original, eight SAC members along with six alternate members. Subsequently, additional members and alternates were appointed by the Builders Association of Northern Nevada and Reno-Sparks Chamber of Commerce. In September 2016, the TMWA Board decided to remove the two appointments made by the Northern Nevada Water Planning Commission and the Office of Consumer Advocate and replace those with two at-large positions.

### **Discussion**

The attached chart reflects the proposed SAC primary members continuing for another two-year term.

### **Recommended Motion**

Move to approve appointments to the Standing Advisory Committee as presented.

## TMWA Standing Advisory Committee

## Term Appointments

## 2026-2027 Membership List

Customer Class	Primary Representative	Member Since	Term Ends	Alternate Representative	Member Since	Term Ends
Wholesale (Sun Valley)	Chris Melton	2020	12/31/2027		<b>Vacant</b>	
Irrigation	Neil McGuire	2005	12/31/2026		<b>Vacant</b>	
Multi-family Residential		<b>Vacant</b>		Jonnie Pullman	2012	12/31/2027
Commercial	John Krmpotic	2020	12/31/2027	Ryan Greenhalgh	2024	12/31/2027
Senior Citizen	Alex Talmant	2021	12/31/2027	Ray Towne	2026	12/31/2028
At-Large 1	Ken McNeil	2013	12/31/2026		<b>Vacant</b>	
At-Large 2	Jordan Hastings	2017	12/31/2026	Keith Hayes	2026	12/31/2028
Residential:						
Representative 1	Dale Sanderson	2017	12/31/2026		<b>Vacant</b>	
Representative 2	Fred Arndt	2017	12/31/2026		<b>Vacant</b>	
Representative 3	Jerry Wager	2013	12/31/2026		<b>Vacant</b>	
Appointments:						
BANN	Justin McDougal	2024	12/31/2027		<b>Vacant</b>	
Reno-Sparks Chamber	Connor Naisbitt	2024	12/31/2027	Ann Silver	2026	12/31/2027

# WATER SUPPLY UPDATE

TMWA Board Meeting  
January 21, 2026

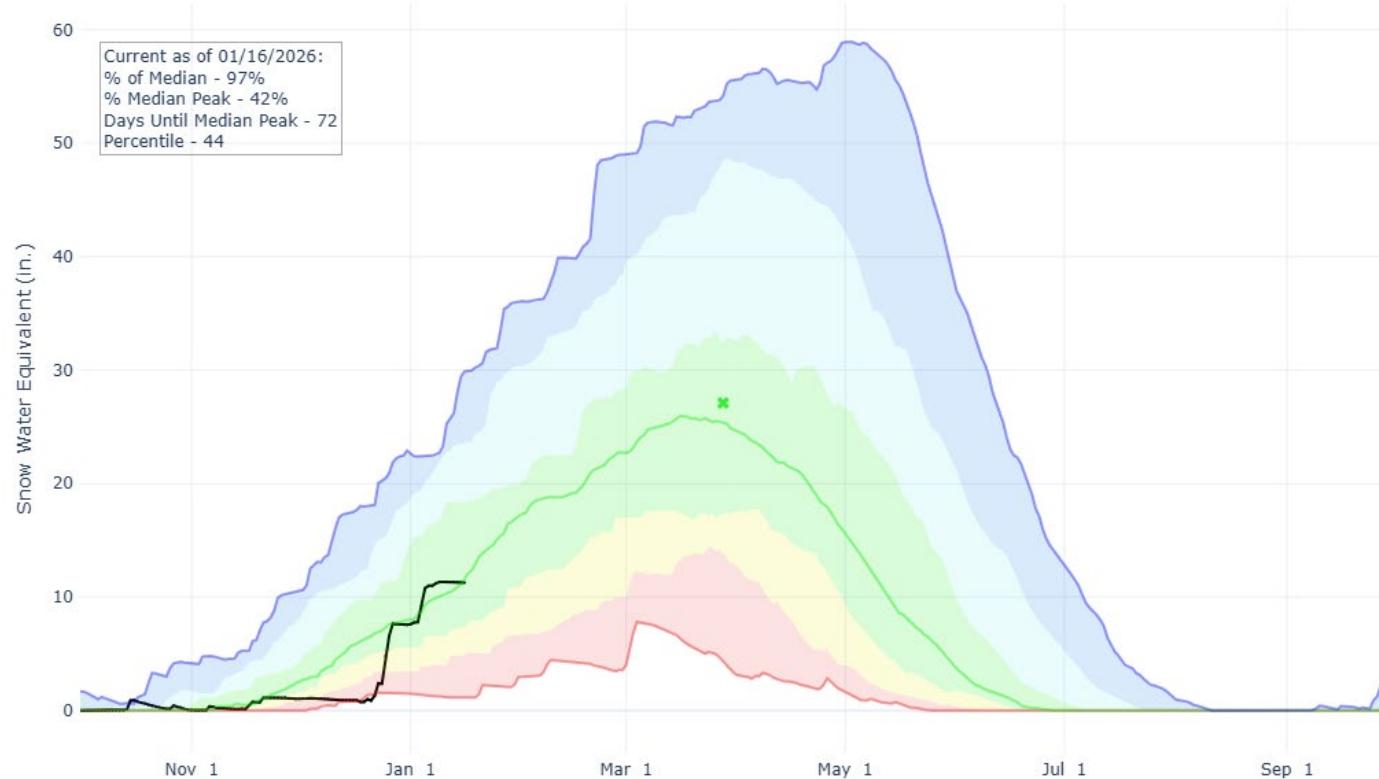


**Truckee Meadows  
Water Authority**

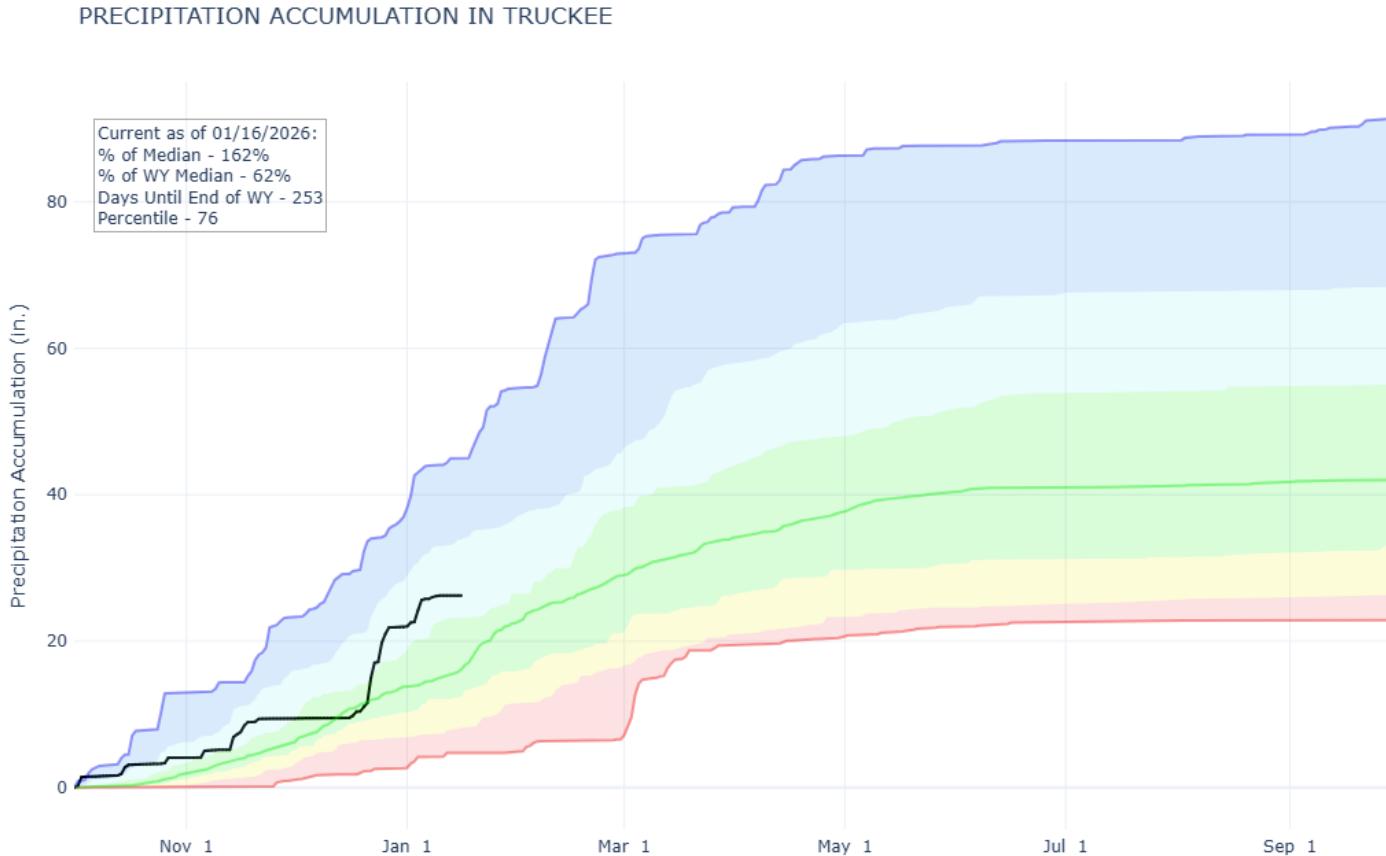
*Quality. Delivered.*

# TRUCKEE BASIN SWE

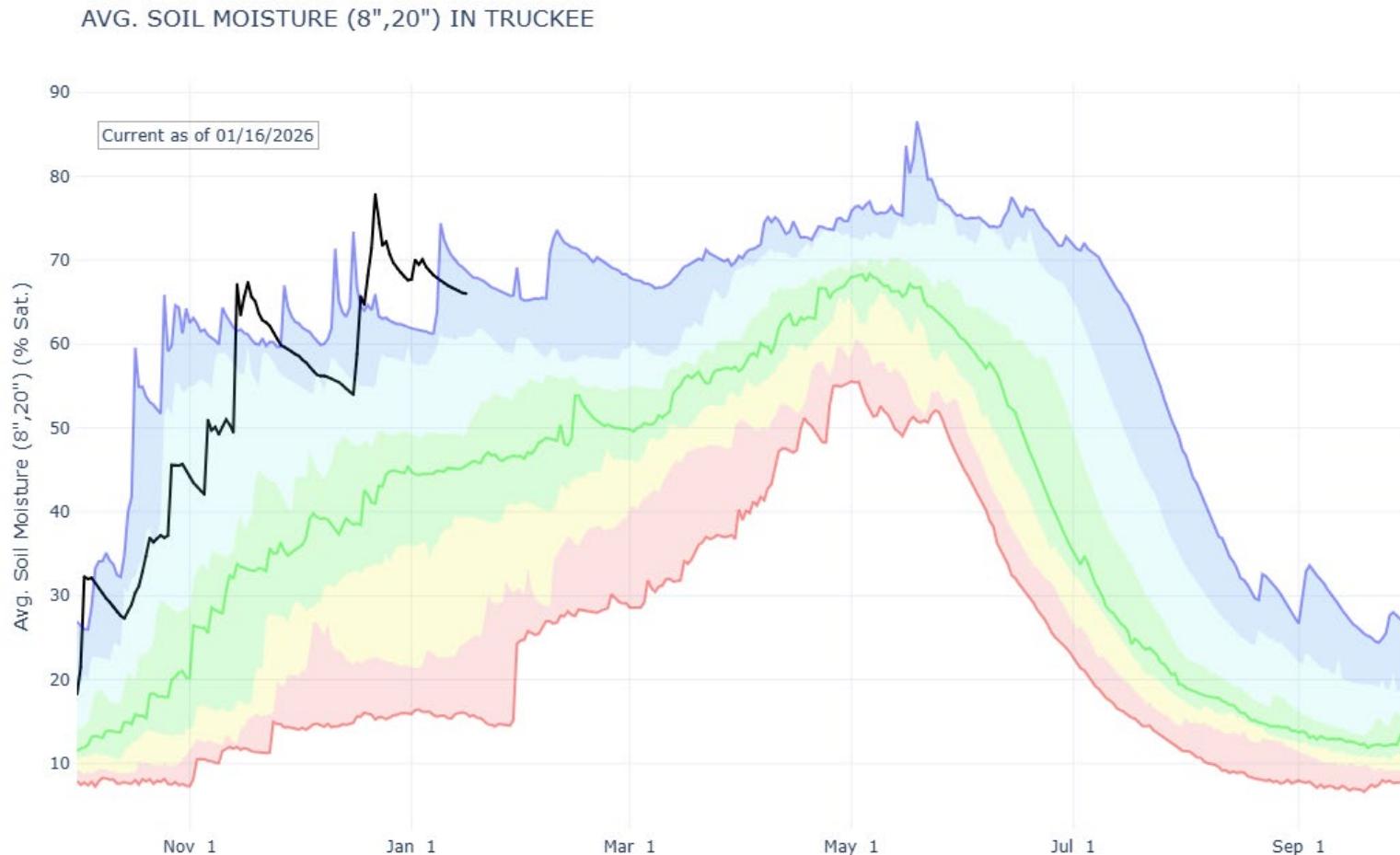
## SNOW WATER EQUIVALENT IN TRUCKEE



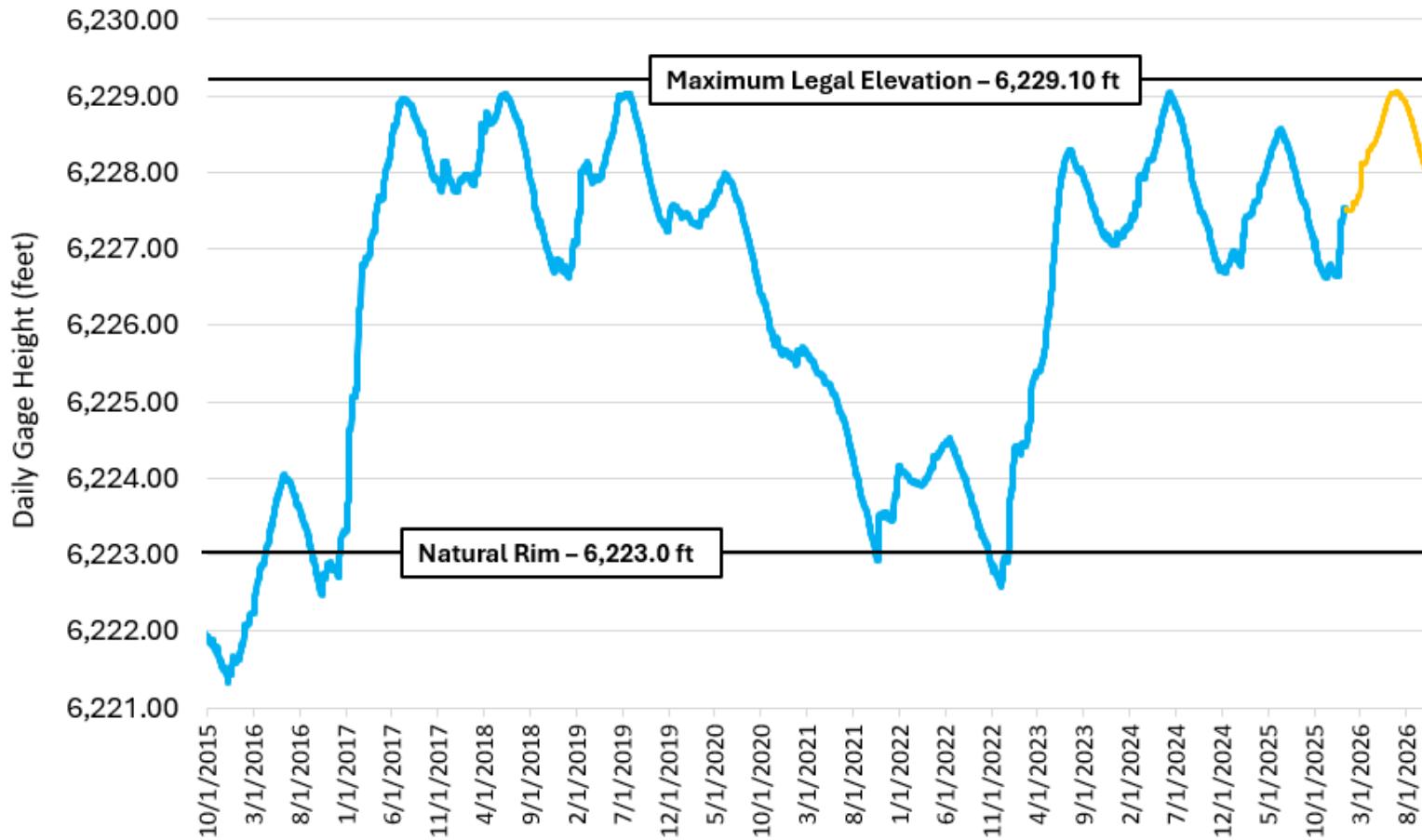
# TRUCKEE BASIN PRECIPITATION



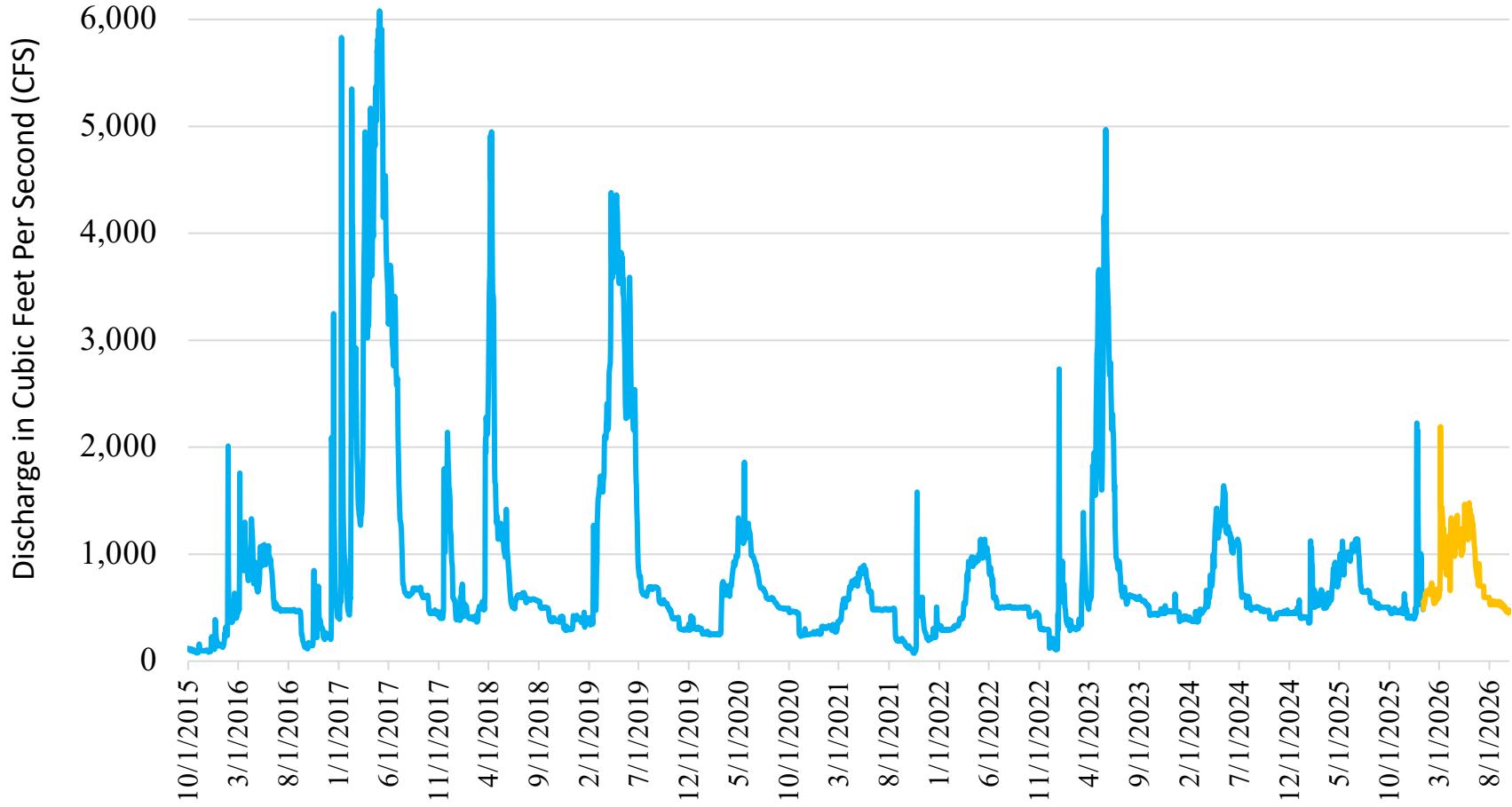
# TRUCKEE BASIN SOIL MOISTURE



# OBSERVED/PROJECTED LAKE TAHOE ELEVATION THROUGH WATER YEAR 2026

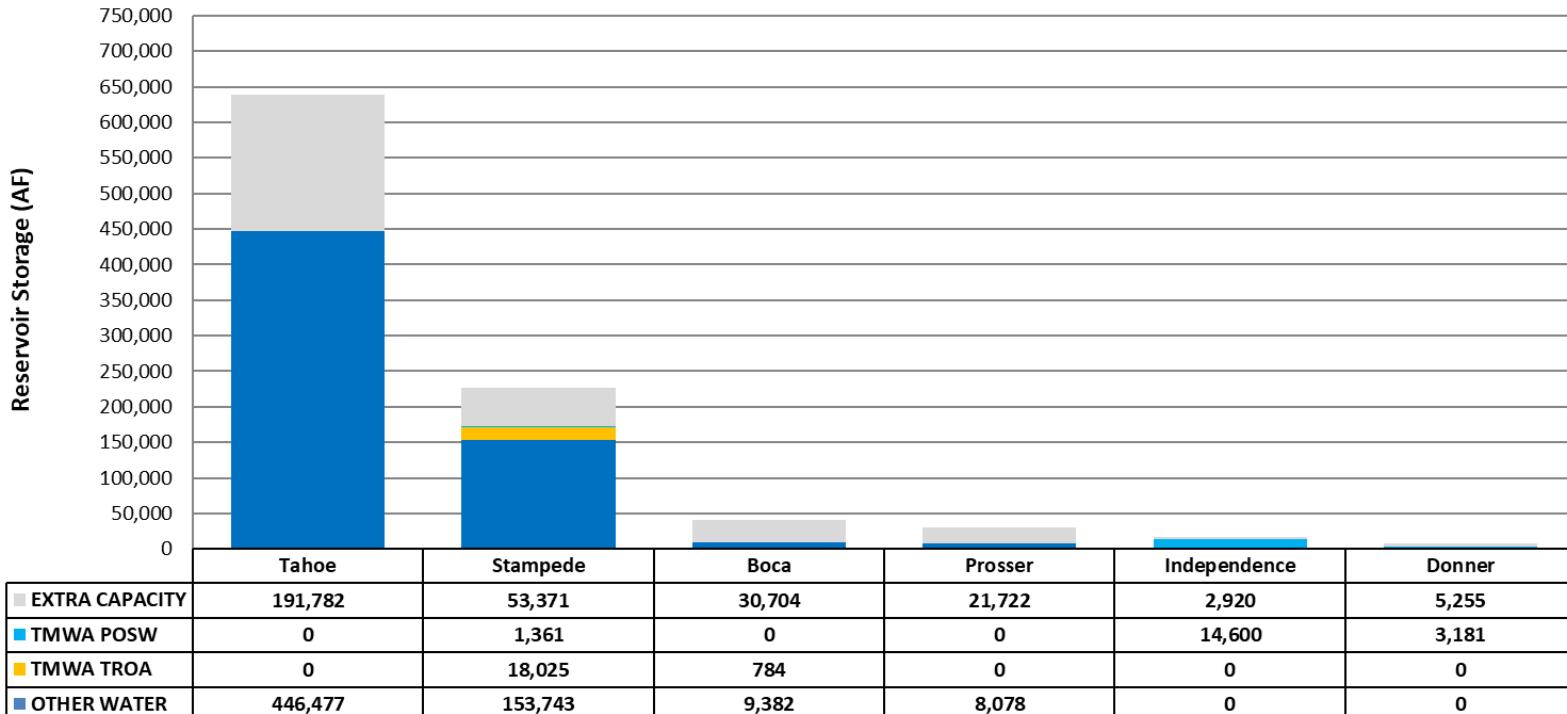


# OBSERVED/PROJECTED TRUCKEE RIVER FLOW THROUGH WATER YEAR 2026



# TRUCKEE RIVER SYSTEM STORAGE

January 15, 2026



CURRENT SYSTEM CAPACITY 736,016 AF (71% Capacity)

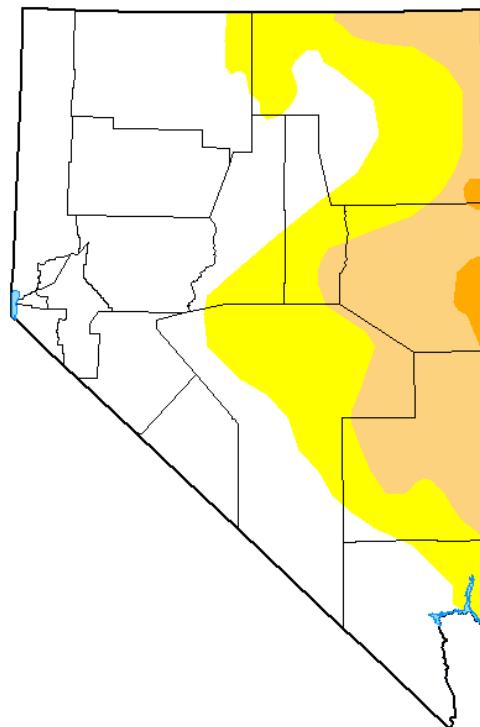
# DROUGHT MONITOR

*U.S. Drought Monitor*  
**Nevada**

**January 13, 2026**

*(Released Thursday, Jan. 15, 2026)*

Valid 7 a.m. EST



Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

*The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>*

Author:

Brian Fuchs  
National Drought Mitigation Center



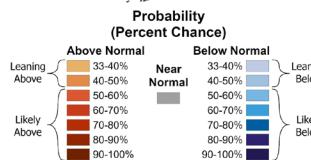
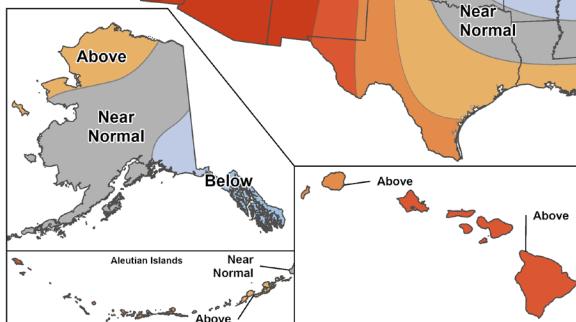
[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)

# UPCOMING FORECAST



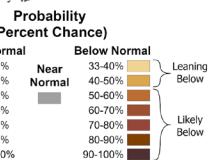
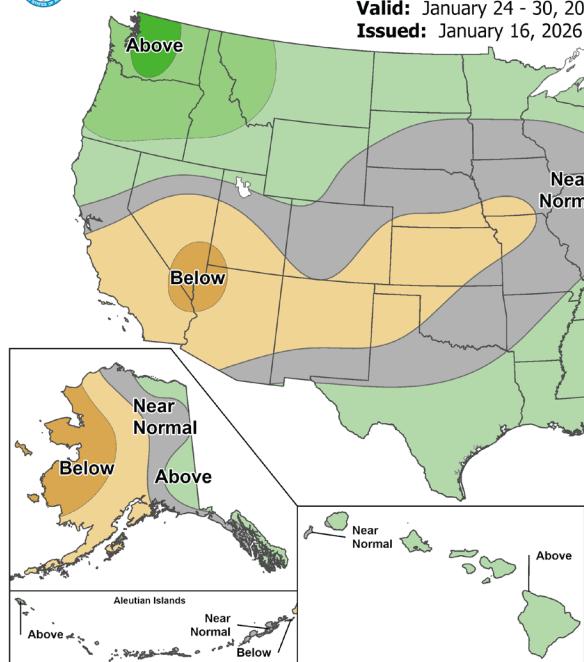
## 8-14 Day Temperature Outlook

Valid: January 24 - 30, 2026  
Issued: January 16, 2026



## 8-14 Day Precipitation Outlook

Valid: January 24 - 30, 2026  
Issued: January 16, 2026



**Thank you!**  
Questions?



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, Chief Financial Officer  
**DATE:** January 9, 2026  
**SUBJECT:** **Discussion and possible action on Resolution No. 340 designated by the short title “2026 Refunding Bond Resolution” authorizing the issuance by the Truckee Meadows Water Authority of its “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026,” in the maximum aggregate principal amount of \$74,500,000 for the purpose of defraying wholly or in part the cost of refunding certain outstanding obligations of the Authority; providing the form, terms and conditions of the bonds, and the security therefor; providing for the collection and disposition of revenues derived from the operation of the Authority’s water system; pledging such revenues to the payment of the bonds; and providing other covenants, agreements and details relating thereto.**

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### Summary

This item considers adoption of Resolution No. 340 authorizing the issuance of Truckee Meadows Water Authority Water Revenue Refunding Bonds, Series 2026, in a principal amount not to exceed \$74.5 million. The purpose of this authorization is to allow TMWA to refund selected maturities of its outstanding 2015A and 2016 Water Revenue Refunding Bonds if and when market conditions are favorable.

The proposed refunding is expected, based on current interest rate conditions and preliminary analysis, to generate approximately 12% or \$8.0 million in net present value (NPV) savings, for the benefit of the TMWA and its customers. TMWA’s debt policy requires a minimum of 3% savings and the transaction will not be executed if those savings are not achieved.

The Series 2026 Bonds would not finance any new capital projects. Proceeds would be used exclusively to refund existing bonds and to pay costs associated with the issuance. The transaction does not increase TMWA’s outstanding debt and does not extend the overall final maturity of the refunded obligations.

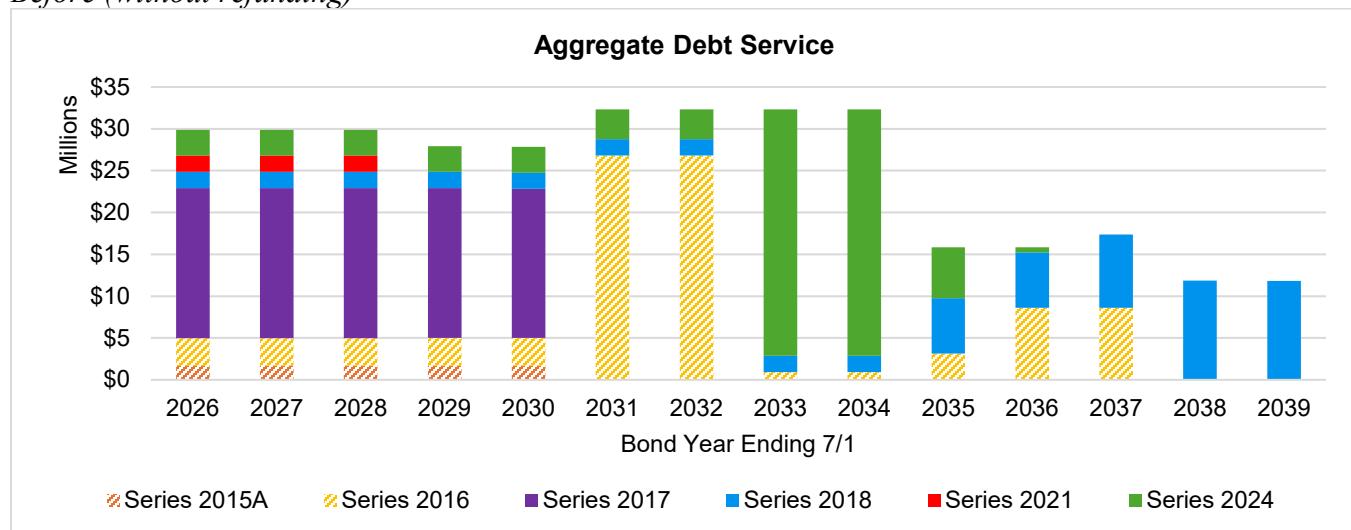
The bonds would be secured solely by Net Revenues, consistent with the TMWA’s long-standing revenue bond structure. They would share an equal, or parity, lien with the TMWA’s existing outstanding water revenue bonds. No taxes or general governmental funds would be pledged, and the bonds would not constitute a general obligation of TMWA or any of its member governments.

TMWA would continue to be subject to its existing financial and operational covenants, including the requirement to maintain water rates and charges at levels sufficient to cover annual operation and maintenance expenses and to provide at least 125% coverage of annual debt service on parity bonds. The transaction does not modify these covenants or introduce new financial requirements.

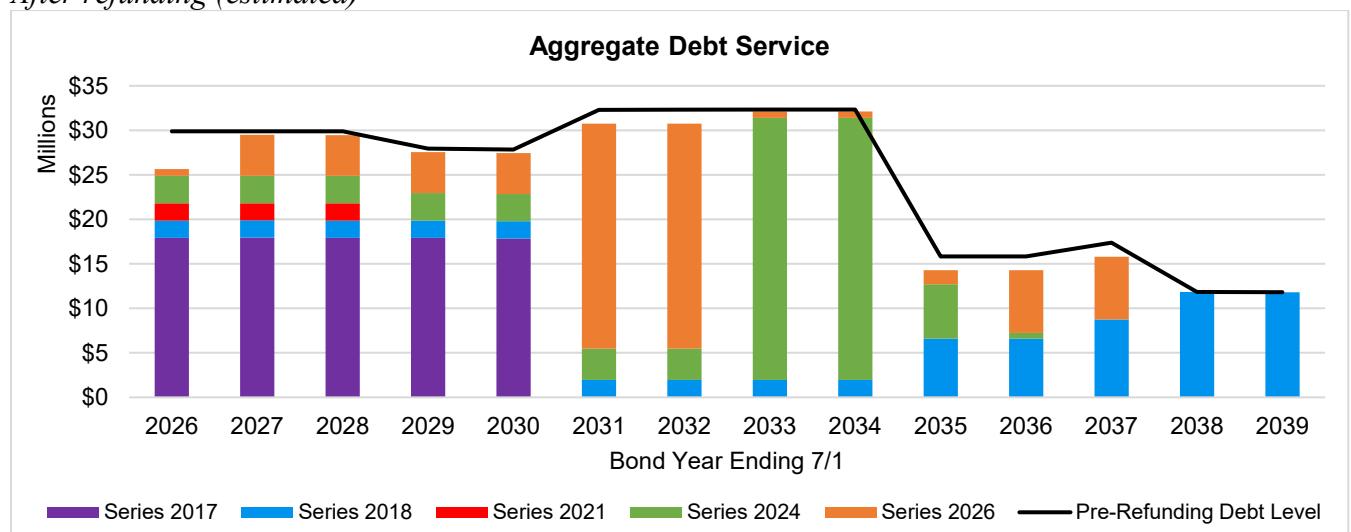
Adoption of the resolution authorizes TMWA's CFO or GM to proceed with the refunding only if present value savings of at least 3% can be achieved at the time of sale. If market conditions do not support this, the bonds will not be issued. This approach provides flexibility to take advantage of favorable market conditions while limiting financial risk to TMWA and its customers.

Below are the before and after schedules, showing TMWA's future debt service.

*Before (without refunding)*



*After refunding (estimated)*



**Recommended Motion**

Move to adopt Resolution No. 340.

**RESOLUTION NO. 340**

**A RESOLUTION DESIGNATED BY THE SHORT TITLE  
“2026 REFUNDING BOND RESOLUTION” AUTHORIZING  
THE ISSUANCE BY THE TRUCKEE MEADOWS WATER  
AUTHORITY OF ITS “TRUCKEE MEADOWS WATER  
AUTHORITY, WATER REVENUE REFUNDING BONDS,  
SERIES 2026,” IN THE MAXIMUM AGGREGATE  
PRINCIPAL AMOUNT OF \$74,500,000 FOR THE PURPOSE  
OF DEFRAYING WHOLLY OR IN PART THE COST OF  
REFUNDING CERTAIN OUTSTANDING OBLIGATIONS  
OF THE AUTHORITY; PROVIDING THE FORM, TERMS  
AND CONDITIONS OF THE BONDS, AND THE SECURITY  
THEREFOR; PROVIDING FOR THE COLLECTION AND  
DISPOSITION OF REVENUES DERIVED FROM THE  
OPERATION OF THE AUTHORITY’S WATER SYSTEM;  
PLEDGING SUCH REVENUES TO THE PAYMENT OF THE  
BONDS; AND PROVIDING OTHER COVENANTS,  
AGREEMENTS AND DETAILS RELATING THERETO.**

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

**WHEREAS**, the Authority and its Board of Directors (the “Board”) in Washoe County, Nevada (the “County” and the “State” respectively) are organized and operating under the TMWA Cooperative Agreement, the Authority Act and all laws supplemental thereto; and

**WHEREAS**, pursuant to the TMWA Cooperative Agreement and the Local Government Securities Law and all laws amendatory thereof (herein the “Bond Act”), cited as NRS 350.500 through 350.720, and all laws supplemental thereto, the Board has the authority to issue revenue bonds secured by revenues of the TMWA Water System (hereinafter defined) to defray, in whole or in part, the cost of refunding, paying and discharging certain of the outstanding Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2015A (the “2015 Bonds”) and/or Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2016 (the “2016 Bonds”) and paying costs of issuance in connection therewith (collectively, the “Refunding Project”); and

**WHEREAS**, pursuant to the TMWA Cooperative Agreement and the Bond Act, the Authority has the power to issue its “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026” (herein the “2026 Bonds” or the “Bonds”) for the Refunding

Project, which constitute special obligations of the Authority without the necessity of such revenue bonds being authorized at any election or of any other preliminaries being taken; and

**WHEREAS**, in accordance with NRS 350.175, the Board hereby ratifies and approves the notice of the request for proposals heretofore distributed by the Authority to prospective underwriters to provide underwriting services for the negotiated sale of the 2026 Bonds; and

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

**WHEREAS**, after negotiating the purchase of the 2026 Bonds, if it is determined by the chief administrative officer of the Authority (the “TMWA Manager”) or in his absence, the Chief Financial Officer of the Authority (the “Chief Financial Officer”), that the Authority will achieve present value savings or effect other economies, the TMWA Manager, or in his absence, the Chief Financial Officer, is hereby authorized to sell the Bonds to RBC Capital Markets, LLC (the “Underwriter”); to accept the bond purchase agreement for the Bonds submitted by the Underwriter (the “Bond Purchase Agreement”); and to specify in the Bond Purchase Agreement which maturities of the outstanding 2015 Bonds and/or 2016 Bonds, if any, shall be refunded with a portion of the proceeds of the 2026 Bonds (collectively, the “Refunded Bonds”); and

**WHEREAS**, the 2026 Bonds are to bear interest at the rates per annum provided in the Bond Purchase Agreement, which rates must not exceed by more than 3% the 25 Bond Revenue Index most recently published in The Bond Buyer before the Bond Purchase Agreement is accepted and are to be sold at a price equal to the principal amount thereof (not to exceed the maximum aggregate principal amount of \$74,500,000), plus a premium, or less a discount not exceeding 9% of the principal amount thereof, all as specified by the TMWA Manager, or in his absence, the Chief Financial Officer, in the Bond Purchase Agreement; and

**WHEREAS**, the Board has considered, found, and determined, and does hereby declare that this resolution pertains to the sale, issuance, and payment of the 2026 Bonds and such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of subsection 2 of NRS 350.579.

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

## ARTICLE I

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

Section 101. Short Title. This resolution shall be known as the, and may be cited by the short title, “2026 Refunding Bond Resolution” (herein the “Instrument” or the “Resolution”).

Section 102. Meanings and Construction.

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

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

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

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

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

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

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

(7) “Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the 2026 Bonds and any additional bonds or other additional securities payable from Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities or such other securities pertaining to the TMWA Water System as may be designated, as such principal, any such premiums, and such interest become due. “Bond

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(14) “combined maximum annual principal and interest requirements” means the maximum sum of the principal of and the interest (including any payments to be made (positive or negative) on any Qualified Swap as provided in the definition of “Bond Requirements”) on the 2026 Bonds and any other parity securities, falling due during any one succeeding Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any 2026 Bonds last become due and payable but not including any securities which are no longer Outstanding under the defeasance provisions of Section 1201 hereof. If any parity security bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those parity securities or a rate equal to the “25 Bond Revenue Index” as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed parity securities is accepted by the Authority or if such index is no longer published, such long-term bond securities index as the Authority reasonably selects.

Parity Credit Facility Loans shall be taken into account in such calculations as described under the definition of “Bond Requirements” above.

(15) “Comparable Bond Year” means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year. For example, for the Fiscal Year commencing on July 1, 2025, and ending on June 30, 2026, the Comparable Bond Year commences on July 2, 2025, and ends on July 1, 2026.

(16) “Cost of the Project” or “Cost of the Refunding Project,” or any phrase of similar import, means, in connection with the 2026 Bonds, all or any part designated by the Board of the cost of refunding the Refunded Bonds, which cost may include all or any part of the incidental costs pertaining to the Refunding Project.

(17) “Costs of Issuance Account” means the special account designated as the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026, Costs of Issuance Account” created herein.

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

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

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

(21) “Emergency Capital Amount” means the amount designated by the Professional Engineer as a continuing reserve (presently \$10,000,000) to be deposited, accumulated, reaccumulated, and maintained in the Renewal and Replacement Account in accordance with Section 513 hereof.

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

(23) “Escrow Account” means the special account designated as the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026 Escrow Account” created herein and held by the Escrow Bank.

(24) “Escrow Agreement” means the agreement between the Authority and the Escrow Bank regarding the redemption of the Refunded Bonds.

(25) “Escrow Bank” means The Bank of New York Mellon Trust Company, N.A. or any successor thereto.

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

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

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

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

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

(31) “Gross Revenues” means all income and revenues received or accrued under generally accepted accounting principles derived directly or indirectly by the Authority from the water and other goods and services provided by, or from the operation and use of and otherwise pertaining to, the TMWA Water System, including, without limitation, all rates, fees, and other charges for the use of the TMWA Water System, or for any service rendered by the Authority in the operation thereof, or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the TMWA Water System, or otherwise, and includes all revenues received by the Authority from the TMWA Water System, including, without limitation, all fees, rates, and other charges for the use of the TMWA Water

System, or for any service rendered by the Authority in the operation thereof, directly or indirectly, the availability of any such service or the sale or other disposal of any commodity derived therefrom, but excluding any moneys borrowed and used for the acquisition of capital improvements and any moneys received as grants, appropriations or gifts from the United States, the State or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the TMWA Water System, except to the extent any such moneys shall be received as payments for the use of the TMWA Water System, services rendered thereby, the availability of any such service or the disposal of any such commodities. "Gross Revenues" shall also include:

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

(ii) all amounts withdrawn from the Rate Stabilization Account and deposited in the Revenue Fund as described in Section 514 hereof.

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

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

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

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

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

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

(35) "Insurer" means the insurer of the payment of the Bond Requirements of the 2026 Bonds, if any, and its successors.

(36) "Instrument" means this resolution, cited in Section 101 hereof by the short title "2026 Refunding Bond Resolution"; and the term "instrument of the Authority,"

“instrument of the Board,” “amendatory instrument,” “supplemental instrument,” or any phrase of similar import, means any resolution adopted by the Board on behalf of the Authority.

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

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

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

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

(41) “Net Revenues” means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

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

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

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

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

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

(d) Any general taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the Authority, the TMWA Water System, revenues

therefrom, or the Authority's income from or operations of any properties under its control and pertaining to the TMWA Water System, or any privilege in connection with the TMWA Water System or its operation;

(e) The reasonable charges of the Trustee, Paying Agent, Registrar and any other depository bank pertaining to the 2026 Bonds and any other securities payable from Pledged Revenues or otherwise pertaining to the TMWA Water System;

(f) Contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, pertaining to the TMWA Water System or to the issuance of the 2026 Bonds or any other securities relating to the TMWA Water System, including, without limitation, the expenses and compensation of the Trustee, any receiver, or other fiduciary under the Bond Act;

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

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

(i) Any lawful refunds of any Pledged Revenues;

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Except any bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Sections 519 or 1201 hereof; and

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

(47) “parity bonds” or “parity securities” means bonds or securities pertaining to the TMWA Water System and secured by Pledged Revenues and with a lien on Pledged Revenues on a parity with the Outstanding 2026 Bonds.

(48) “Paying Agent” means The Bank of New York Mellon Trust Company, N.A., a “Banking Institution” and a “trust bank,” as herein defined, and designated by the Authority as the paying agent for the 2026 Bonds, which Banking Institution is also the “Registrar” hereunder and is an agent of the Authority for the payment of the Bond Requirements of the 2026 Bonds and for other administration of moneys pertaining to the Authority; and the term “Paying Agent” includes any successor Banking Institution as such a paying agent.

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

(50) “Pledged Revenues” means all or a portion of the Net Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification. With respect to the Bonds and any other outstanding parity bonds, Pledged Revenues means all of the Net Revenues.

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

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

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

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

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

(53) “Project” means the Refunding Project.

(54) “Qualified Swap” means, to the extent from time to time permitted by law, any financial arrangement entered into by the Authority with respect to the 2026 Bonds, parity securities or subordinate securities for the purpose of moderating interest rate fluctuations or any other purpose, (i) which is entered into with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which is any of the following, or any combination thereof, or any option with respect thereto: a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such 2026 Bonds, parity securities or subordinate securities, as the case may be, as may be designated or a notional principal amount relating to all or a portion of the principal amount of such 2026 Bonds, parity securities or subordinate securities, or such other exchange or rate protection transaction agreement; or other similar transaction (however designated); and (iii) which has been designated in writing to the Trustee by the Authority as a Qualified Swap with respect to such bonds.

(55) “Qualified Swap Provider” means, except as otherwise provided in Section 1135 hereof, a counterparty whose senior long term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated by whichever of Standard and Poor’s Ratings Services, Moody’s Investors

Service or Fitch Investors Services as then has a rating in effect for the bonds or all such agencies if all then have a rating in effect for the bonds, at the time the subject Qualified Swap is entered into of at least "A" in the case of Moody's, "A" in the case of Standard & Poor's, or "A" by Fitch Investors Services.

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

(57) "Rebate Account" means the "Truckee Meadows Water Authority, TMWA Water System Parity Revenue Securities Rebate Account" heretofore created and continued herein.

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

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

(60) "Refunding Project" means the refunding of the Refunded Bonds, if any, financed wholly or in part with a portion of the proceeds of the 2026 Bonds and paying costs of issuance in connection therewith.

(61) "Registrar" means The Bank of New York Mellon Trust Company, N.A., which Banking Institution is required to keep records for the registration, transfer, and exchange of the 2026 Bonds or any successor thereof.

(62) "Regular Record Date" means the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed by the Paying Agent for payment of defaulted interest).

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

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

(65) "Secretary" means the de jure or de facto secretary of the Board and the Authority and chosen as such officer by the Board, presently the TMWA Manager, and means

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

(66) “Special Record Date” means a special date fixed by the Paying Agent to determine the names and addresses of owners for the purpose of paying defaulted interest on any 2026 Bonds, as further provided in Section 302 hereof.

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

(68) “Subordinate bonds” or “subordinate securities” means bonds or securities pertaining to the TMWA Water System and secured by Pledged Revenues with a lien on Pledged Revenues subordinate and junior to the lien thereon of the Outstanding 2026 Bonds.

(69) “Superior bonds” or “superior securities” means bonds or securities pertaining to the TMWA Water System and secured by Pledged Revenues with a lien on Pledged Revenues superior to the lien thereon of the Outstanding 2026 Bonds.

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

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

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

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

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

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

(76) “2026 Bonds or Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026,” authorized to be issued by this Resolution.

(77) “2024 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Bonds, Series 2024,” authorized to be issued by 2024 Bond Resolution.

(78) “2018 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2018,” authorized to be issued by 2018 Bond Resolution.

(79) “2017 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2017,” authorized to be issued by the 2017 Bond Resolution.

(80) “2016 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2016,” authorized to be issued by the 2016 Bond Resolution.

(81) “2015 Bonds” means the “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2015A,” authorized to be issued by the 2015 Bond Resolution.

(82) “2024 Bond Resolution” means the resolution adopted by the Board, and authorizing the issuance of the “2024 Bonds,” as herein defined.

(83) “2018 Bond Resolution” means the resolution adopted by the Board, and authorizing the issuance of the “2018 Bonds,” as herein defined.

(84) “2017 Bond Resolution” means the resolution adopted by the Board, and authorizing the issuance of the “2017 Bonds,” as herein defined.

(85) “2016 Bond Resolution” means the resolution adopted by the Board, and authorizing the issuance of the “2016 Bonds,” as herein defined.

(86) “2015 Bond Resolution” means the resolution adopted by the Board, and authorizing the issuance of the “2015 Bonds,” as herein defined.

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

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

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

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

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

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

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

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

(5) Any 2026 Bonds held by the Authority shall not be deemed to be Outstanding for the purpose of redemption or Outstanding for the purpose of consents hereunder or for any other purpose provided herein.

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

Section 104. Parties Interested Herein. Except as herein otherwise expressly provided, nothing herein expressed or implied is intended or shall be construed to confer upon or

to give to any Person, other than the Authority, the Board, the Directors, the Paying Agent, the Trustee, the Insurer, if any, and the holders from time to time of the 2026 Bonds, including, without limitation, the Paying Agent in its capacity as a paying agent and as the Registrar, any right, remedy, or claim under or by reason hereof or any covenant, condition, or stipulation hereof. All the covenants, stipulations, promises, and agreements herein contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Board, the Directors, the Paying Agent, the Trustee, and any holder of any 2026 Bonds, except as herein otherwise provided.

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

A. Project. Toward the Project.

B. Bonds. Toward the sale and delivery of the Authority's 2026 Bonds for purposes of the Project.

C. Bond Purchase Agreement. Toward the completion and execution of the Bond Purchase Agreement by the officers designated therein, and

and otherwise towards any and all of the purposes and objectives of the Authority be, and the same hereby is, ratified, approved, and confirmed.

Section 106. Authorization of Official Statement. The TMWA Manager or, in his absence, the Chief Financial Officer is each authorized to proceed with the sale of the 2026 Bonds on the terms and conditions provided herein. Distribution and use of the preliminary official statement relating to the 2026 Bonds (the "Preliminary Official Statement") in substantially the form on file with the Secretary is hereby authorized, ratified and confirmed. The TMWA Manager, or in his absence, the Chief Financial Officer, is authorized to deem the Preliminary Official Statement to be a "final" official statement as of its date for the purposes of Rule 15c2-12 of the Securities and Exchange Commission, with such changes and additions as the TMWA Manager or the Chief Financial Officer determines necessary or appropriate. Distribution, use of, and the execution of the final official statement for the 2026 Bonds (the "Official Statement") in substantially the form of the Preliminary Official Statement, with such amendments, additions and deletions as are consistent with the facts and not inconsistent herewith, as may be approved by the TMWA Manager or, in his absence, the Chief Financial Officer by the execution of the Official Statement, and any supplements or amendments thereto, is hereby authorized.

Section 107. Instrument Irrepealable. In consideration of the purchase and acceptance of the 2026 Bonds by those who shall hold the same from time to time, after any of the 2026 Bonds are issued, this Instrument shall constitute an irrevocable contract between the Authority and the holder or holders of the 2026 Bonds; and this Instrument (subject to the provisions of Section 1201 and of Article XV hereof), if any 2026 Bonds are in fact issued, shall be and shall remain irrepealable until the 2026 Bonds, as to all Bond Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise expressly provided.

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

Section 109. Severability. If any section, subsection, paragraph, clause, or other provision of this Instrument shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or other provision shall not affect any of the remaining provisions of this Instrument.

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

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

## ARTICLE II

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

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

Section 202. Necessity of Project and Bonds. It is necessary and for the best interests of the Authority and the inhabitants thereof, that the Authority effect the Project and defray the cost thereof wholly or in part by issuing the 2026 Bonds therefor; and the Board hereby so determines and declares.

Section 203. Authorization of Project. The Board, on behalf of the Authority, does hereby determine, and, if determined by the TMWA Manager, or in his absence, the Chief Financial Officer, to be in the best interests of the Authority, to refund the Refunded Bonds with the proceeds of the 2026 Bonds; and the Project is hereby so authorized.

Section 204. Cost of the Project. The Cost of the Project is estimated not to exceed an amount received from the sale of the 2026 Bonds, excluding any such cost defrayed or to be defrayed by other than with the proceeds of the 2026 Bonds.

Section 205. Bonds Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection, and security of the holders of any and all of the Outstanding 2026 Bonds and any Outstanding parity securities payable from Pledged Revenues and heretofore or hereafter authorized, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any of the 2026 Bonds or other such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Instrument.

Section 206. Special Obligations. All of the 2026 Bonds, as to all Bond Requirements, shall be payable and collectible solely out of the Net Revenues pertaining to the TMWA Water System, which Net Revenues are so pledged; the holder or holders thereof may not look to any general or other fund for the payment of the Bond Requirements, except the herein-designated special funds pledged therefor; the 2026 Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the 2026 Bonds shall not be considered or held to be general obligations of the Authority but shall constitute its special obligations. The Authority has no taxing power and, therefore, does not pledge its full faith and credit for the payment of the 2026 Bonds.

Section 207. Character of Agreement. None of the covenants, agreements, representations, and warranties contained herein or in the 2026 Bonds issued hereunder, in the absence of any breach thereof, shall ever impose or shall be construed as imposing any liability, obligation, or charge against the Authority (except for the special funds pledged therefor) or its general credit, payable out of its general fund or out of any funds derived from taxation.

Section 208. No Pledge of Property. The payment of the 2026 Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the Authority, except the Net Revenues and any other moneys pledged for the payment of the 2026 Bonds. No property of the Authority, subject to such exception, shall be liable to be forfeited or taken in payment of the 2026 Bonds.

Section 209. No Recourse against Officers and Agents. Pursuant to NRS 350.606, no recourse shall be had for the payment of the Bond Requirements of the 2026 Bonds or for any claim based thereon, or otherwise, upon this Instrument authorizing their issuance or any other instrument pertaining thereto, against any individual member of the Board or the Authority, or any officer or other agent of the Authority, past, present, or future, either directly or indirectly through the Board of the Authority, or otherwise, whether by virtue of any constitution, statute, or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the 2026 Bonds and as a part of the consideration of their issuance specially waived and released.

Section 210. Limitations upon State. Pursuant to NRS 350.610, the faith of the State is hereby pledged that the Authority Act, the Bond Act, any law supplemental or otherwise pertaining thereto, and any other act concerning the 2026 Bonds or other securities, Pledged Revenues, or any combination of such securities and such revenues, shall be neither repealed nor amended nor otherwise directly or indirectly modified in such a manner as to impair adversely any Outstanding securities of the Authority until all such securities have been discharged in full or provision for their payment and redemption has been fully made.

Section 211. No Election or Other Preliminaries. The 2026 Bonds shall be issued without their being authorized at an election by any electors of the Authority or without any other preliminaries being taken other than as herein otherwise provided.

Section 212. Sale of Bonds. The TMWA Manager, or in his absence, the Chief Financial Officer, is authorized to proceed with the sale of the Bonds to the Underwriter on the terms and conditions provided herein, and to execute the Bond Purchase Agreement in substantially the form on file with the Secretary with such changes as are approved by the officer executing the Bond Purchase Agreement whose execution thereof shall be conclusive evidence of consent to any such changes; the 2026 Bonds are to bear interest at the rates per annum provided in the Bond Purchase Agreement, which rates must not exceed by more than 3% the 25 Bond Revenue Index most recently published in The Bond Buyer before the Bond Purchase Agreement is accepted and are to be sold at a price equal to the principal amount thereof (not to exceed the maximum aggregate principal amount of \$74,500,000), plus a premium, or less a discount not exceeding 9% of the principal amount thereof.

## ARTICLE III

### AUTHORIZATION, TERMS, EXECUTION AND FORM OF BONDS

Section 301. Authorization of Bonds. For the purpose of protecting the public health, conserving the property, and advancing the general welfare of the citizens of the Authority, the "Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026," in the aggregate principal amount set forth in the Bond Purchase Agreement, payable as to all Bond Requirements solely out of the Net Revenues, are hereby authorized to be issued, pursuant to the Authority Act and the Bond Act; the Authority pledges irrevocably, but not necessarily exclusively, the Net Revenues to the payment of the Bond Requirements of the 2026 Bonds; and the proceeds of the 2026 Bonds are to be used solely to defray wholly or in part the Cost of the Project, except as herein otherwise provided.

Section 302. 2026 Bond Details. The 2026 Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The 2026 Bonds shall be dated as of the date of delivery of the Bonds. Except as otherwise provided in Section 307 hereof, the Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. The 2026 Bonds shall bear interest calculated based on a 360-day year of twelve 30-day months, from their date until their respective maturity dates (or, if redeemed prior to maturity as provided below, their redemption dates) at the respective dates set forth in the Bond Purchase Agreement, payable semiannually on January 1 and July 1 of each year commencing on the first January 1 or July 1 which is at least 30 days after the date of delivery of the Bonds; provided that those 2026 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates shown in the Bond Purchase Agreement from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the 2026 Bond. The 2026 Bonds shall mature on July 1 in each of the designated amounts of principal and designated years and interest rates, as set forth in the Bond Purchase Agreement (not to exceed 12 years from the date of delivery of the Bonds).

The principal of and redemption premium, if any, on any 2026 Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the Paying Agent or such other office as designated by the Paying Agent. If any 2026 Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said 2026 Bond until the principal thereof is paid in full. Except as otherwise provided in Section 307 hereof, payment of interest on any 2026 Bond shall be made to the registered owner thereof by check or draft mailed by first class mail by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close of business on the Regular Record Date; but any such interest not so timely paid or duly provided for shall cease to be payable to the owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on the Special Record Date.

Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the 2026 Bonds not less than ten days prior thereto by first-class mail to each such owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2026 Bond by such alternative means as may be mutually agreed to between the owner of such 2026 Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

### Section 303. Prior Redemption and Partial Redemption

A. Optional Redemption. 2026 Bonds, or portions thereof (\$5,000 or any integral multiple), shall be subject to optional redemption prior to their respective maturities, at the option of the Authority, on and after the date set forth in the Bond Purchase Agreement, in whole or in part at any time from any maturities selected by the Authority and by lot within a maturity (giving proportionate weight to 2026 Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each 2026 Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium, if any, as set forth in the Bond Purchase Agreement.

B. Mandatory Sinking Fund Redemption. The 2026 Bonds maturing on July 1 of the years set forth in the Bond Purchase Agreement, if any (the "Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Bond Fund on or before July 1 of the years set forth in the Bond Purchase Agreement, a sum which, together with other moneys available in the Bond Fund, is sufficient to redeem the Term Bonds plus accrued interest to the redemption date, on July 1 of the years and in the principal amounts as set forth in the Bond Purchase Agreement.

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

At the option of the Authority to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the Authority or, (ii) specify a principal amount of Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund

redemption obligation. Each Term Bond or portions thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Authority on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Authority determines. In the event the Authority shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled or in the event the Bonds are registered in the name of Cede & Co. as provided in Section 307 of this Instrument, the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

C. Partial Redemption. In the case of 2026 Bonds in a denomination larger than \$5,000, a portion of such 2026 Bond (\$5,000 or any integral multiple thereof) may be redeemed, in which case the Registrar shall, except as otherwise provided in Section 307 hereof, without charge to the owner of such 2026 Bond, authenticate and issue a replacement 2026 Bond or 2026 Bonds for the unredeemed portion thereof. In the case of a partial redemption of 2026 Bonds of a single maturity pursuant to Subsection A of this Section, the Paying Agent shall select the 2026 Bonds to be redeemed by lot at such time as directed by the Authority (but at least 30 days prior to the redemption date), and if such selection is more than 60 days before a redemption date, except as otherwise provided in Section 307 hereof, shall direct the Registrar to appropriately identify the 2026 Bonds so called for redemption by stamping them at the time any 2026 Bond so selected for redemption is presented to the Registrar for stamping or for transfer or exchange, or by such other method of identification as deemed adequate by the Registrar, and any 2026 Bond or 2026 Bonds issued in exchange for, or to replace, any 2026 Bond or 2026 Bonds so called for prior redemption shall likewise be stamped or otherwise identified.

Section 304. Notice of Redemption. Unless waived by any registered owner of a 2026 Bond to be redeemed, notice of prior redemption shall be given electronically by the Registrar, as long as Cede & Co. is registered owner of the 2026 Bonds, and otherwise by first-class mail, at least 30 days but not more than 60 days prior to the Redemption Date to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access (“MSRB”), the Insurer, if any, and to the registered owner of any 2026 Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. Actual receipt of notice by the MSRB, the Insurer, if any, or any registered owner of 2026 Bonds shall not be a condition precedent to redemption of such 2026 Bonds. Failure to give such notice to the MSRB, the Insurer, if any, or the registered owner of any 2026 Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2026 Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose 2026 Bond is called for redemption or any other owner of any 2026 Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

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

- (1) the redemption date,

(2) the purchase prices,

(3) the identification by CUSIP number and maturity (and, in the case of partial redemption of a maturity, other appropriate identification) of the 2026 Bonds to be redeemed,

(4) that on the redemption date the redemption price will become due and payable upon each such 2026 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) the place where such 2026 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent or such other office as designated by the Paying Agent (accrued interest to the redemption date being payable by mail or as otherwise provided in this Instrument).

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

Each notice may further state that such redemption shall be conditional upon the Paying Agent receiving for deposit in the Bond Fund on or prior to the date fixed for redemption, monies authorized by the Authority to be deposited into the Bond Fund that are sufficient to pay the principal of and interest and prior redemption premium, if any, on the 2026 Bonds to be redeemed and that if such monies have not been so received, the notice shall be of no force and effect and the Authority shall not be required to redeem such 2026 Bonds. Unless waived by the Registrar, the Authority, not less than 60 days prior to the redemption date, shall advise the Registrar, in writing, of its election to conditionally redeem any 2026 Bonds as provided in this paragraph.

Official notice of redemption having been given as aforesaid, the 2026 Bonds or portions of 2026 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Authority shall not have deposited payment of the redemption price into the Bond Fund) such 2026 Bonds or portions of 2026 Bonds shall cease to bear interest. Upon surrender of such 2026 Bonds for redemption in accordance with said notice, such 2026 Bonds shall be paid by the Paying Agent at the redemption price, if the Authority has deposited with the Paying Agent an amount of money sufficient to pay the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon partial redemption of any 2026 Bond, the applicable amount being redeemed shall be reflected on the prepayment panel appended to the 2026 Bonds. All 2026 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Section 305. Negotiability. The 2026 Bonds shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

Section 306. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Sections 303 and 307 hereof:

A. Records for the registration and transfer of the 2026 Bonds shall be kept by the Registrar. Upon the surrender of any 2026 Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his or her attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new 2026 Bond or 2026 Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not previously assigned. 2026 Bonds may be exchanged at the Registrar for an equal aggregate principal amount of 2026 Bonds of the same maturity of other authorized denominations, as provided in Section 302 hereof. The Registrar shall authenticate and deliver a 2026 Bond or 2026 Bonds which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange or transfer of 2026 Bonds requested by the owner thereof, the Registrar may make a sufficient charge to the bondholder to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and may charge a sum sufficient to pay the cost of preparing and authenticating a new 2026 Bond. No such charge shall be levied in the case of an exchange resulting from an optional redemption of a 2026 Bond.

B. The Registrar shall not be required to transfer or exchange (i) any 2026 Bond, or portion thereof, subject to redemption during a period beginning at the opening of business fifteen (15) days before the date of mailing by the Registrar of a notice of prior redemption of 2026 Bonds and ending at the close of business on the date of such mailing; (ii) any 2026 Bond, or any portion thereof, subject to redemption after the mailing of such notice as herein provided; or (iii) any 2026 Bond, or portion thereof, during a period beginning fifteen (15) days before the maturity date of such 2026 Bond presented for transfer.

C. The person in whose name any 2026 Bond shall be registered, on the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 302 hereof with respect to interest payments); and payment of or on account of either principal or interest on any 2026 Bond shall be made only to or upon the written order of the owner thereof or his or her legal representative. All such payments shall be valid and effectual to discharge the liability upon such 2026 Bond to the extent of the sum or sums so paid.

D. If any 2026 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the Authority may reasonably require, and upon payment by the holder of all expenses in connection therewith, authenticate and deliver a replacement 2026 Bond or 2026 Bonds of a like aggregate principal amount and of the same maturity and interest rate, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated 2026 Bond shall have matured or shall have

been called for redemption, the Registrar may direct that such 2026 Bond be paid by the Paying Agent in lieu of replacement.

E. Whenever any 2026 Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such 2026 Bond shall be promptly canceled or destroyed by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation or proof of destruction shall be furnished by the Paying Agent or Registrar to the Board upon request.

Section 307. Custodial Deposit.

A. Notwithstanding the foregoing provisions of Sections 302 to 306 hereof, the 2026 Bonds shall initially be registered in the name of "Cede & Co." as nominee for The Depository Trust Company, the securities depository for the 2026 Bonds. The 2026 Bonds may not thereafter be transferred or exchanged except:

(1) to any successor of The Depository Trust Company or its nominee, which successor must be both a "clearing corporation" as defined in NRS 104.8102, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this Subsection A, or a determination by the Authority that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the Authority of another depository institution acceptable to the depository then holding the 2026 Bonds, which new depository institution must be both a "clearing corporation" as defined in NRS 104.8102 and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor or new depository;

(3) upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or clause (2) of this Subsection A, or a determination by the Authority that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the failure by the Authority, after reasonable investigation, to locate another qualified depository institution under clause (2) to carry out such depository functions; or

(4) upon the determination of the Authority to discontinue the book-entry system for the 2026 Bonds.

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of Subsection A hereof or designation of a new depository pursuant to clause (2) of Subsection A hereof, upon receipt of the outstanding 2026 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new 2026 Bond for each maturity then outstanding shall be issued to such successor or new depository, as

the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of Subsection A hereof and the failure after reasonable investigation to locate another qualified depository institution for the 2026 Bonds as provided in clause (3) of Subsection A hereof, or upon a determination pursuant to clause (4) of Subsection A hereof, and upon receipt of the outstanding 2026 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new 2026 Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 302 hereof, registered in the names of such persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new 2026 Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The Authority, the Registrar and the Paying Agent shall be entitled to treat the registered owner of any 2026 Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Authority, the Registrar and the Paying Agent shall have no responsibility for transmitting payments or notices to the beneficial owners of the 2026 Bonds held by The Depository Trust Company or any successor or new depository named pursuant to Subsection A hereof.

D. The Authority, the Registrar and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of Subsection A hereof in effectuating payment of the 2026 Bond Requirements of the 2026 Bonds by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.

E. Upon any partial redemption of any maturity of the Bonds, Cede & Co (or its successor) in its discretion may request the Authority to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment.

Section 308. Execution of Bonds. The 2026 Bonds shall be executed as follows:

A. Filings with Secretary of State. Pursuant to NRS 350.638 and to the act cited as the Uniform Facsimile Signatures of Public Officials Act, cited as chapter 351 of NRS, and prior to the execution of any 2026 Bonds by facsimile signature, the Chair, the Treasurer, and the Secretary shall each file with the Secretary of State of the State of Nevada such officer's manual signature certified by such officer under oath.

B. Manner of Execution. Pursuant to NRS 350.636, each Bond shall be signed and executed in the name and on behalf of the Authority with the manual or reproduced facsimile of the signature of the Chair, and shall be countersigned and executed with a manual or facsimile signature of the Treasurer; each Bond shall be authenticated with the manual or facsimile impression of the official seal of the Authority; and each Bond shall be signed, subscribed, executed, and attested by the manual or facsimile signature of the Secretary.

Section 309. Use of Predecessor's Signature. The 2026 Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the Authority, notwithstanding that before the delivery thereof and the payment thereof any or all of the individuals whose signatures appear thereon shall have ceased to fill their respective offices. At the time of the execution of the 2026 Bonds and of a signature certificate pertaining thereto the Chair, the Treasurer, and the Secretary, respectively, may adopt as and for his own signature the signature of his predecessor in office if such signature appears upon any of the 2026 Bonds pertaining thereto.

Section 310. Authentication of the Bonds. No 2026 Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By authenticating any of the 2026 Bonds initially delivered pursuant to this Instrument, the Registrar shall be deemed to have assented to all of the provisions of this Instrument.

Section 311. Incontestable Recital in Bonds. Pursuant to NRS 350.628, each 2026 Bond shall recite that it is issued pursuant to the Authority Act, the Supplemental Bond Act and to the Bond Act, which recital shall be conclusive evidence of the validity of the 2026 Bonds and the regularity of their issuance.

Section 312. State Tax Exemption. The 2026 Bonds and the income therefrom are exempt from all State, County, and municipal taxation, except for the tax on estates imposed pursuant to the provisions of chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to chapter 375B of NRS.

Section 313. Bond Execution. The Chair, the Treasurer, and the Secretary are hereby authorized and directed to prepare and to execute the 2026 Bonds as herein provided.

Section 314. Bond Delivery. After registration, execution and authentication, the TMWA Manager or the Chief Financial Officer shall cause the 2026 Bonds to be delivered to the Underwriter, upon payment being made therefor on the terms of the sale of the 2026 Bonds.

Section 315. Bond Form. Subject to the provisions of this Instrument, each 2026 Bond shall be, respectively, in substantially the following form, with such omissions, insertions, endorsements, and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Instrument, including, without limitation, if applicable, a statement of insurance to guarantee the payment of the principal of and the interest on each 2026 Bond of a designated portion or all of the issue by any insurer or insurers thereof, or be consistent with this Instrument and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

**TRUCKEE MEADOWS WATER AUTHORITY  
WATER REVENUE REFUNDING BOND  
SERIES 2026**

No. \_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated As of</u>	<u>CUSIP</u>
_____ % per annum	July 1, _____	_____, 2026	

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: DOLLARS

The Truckee Meadows Water Authority, in Washoe County, in the State of Nevada (the “Authority”, “County”, and the “State”, respectively) for value received, hereby acknowledges itself to be indebted and for value received promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay interest thereon on January 1 and July 1 of each year, commencing on \_\_\_\_\_ 1, 20\_\_\_\_, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided for or, if such payment date is not a business day, on or before the next succeeding business day. This bond shall bear interest from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of the initial delivery of the series of bonds of which this bond is one (the “Bond”). The principal of and redemption premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office or such other office of the Authority’s paying agent for the Bonds or any successor (the “Paying Agent”) as designated by the Paying Agent, presently The Bank of New York Mellon Trust Company, N.A., who is also now acting as the Authority’s Registrar for the Bonds (the “Registrar”). Interest on this Bond will be paid on each interest payment date (or, if such date is not a business day, on the next succeeding business day) by check or draft mailed, by first class mail, to the person in whose name this Bond or any predecessor bond is registered (the “registered owner”) in the registration records of the Authority maintained by the Registrar, at the address appearing thereon, as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the “Regular Record Date”). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the “Special Record Date”). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the Resolution of the Board of Directors

of the Authority (the “Board”) authorizing the issuance of the Bonds and designated in Section 101 thereof as the “2026 Refunding Bond Resolution” (the “Resolution”), duly adopted by the Board on January 21, 2026. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar. If this Bond is not paid upon presentation at its maturity, interest at the rate specified above shall continue to be borne hereby until the principal hereof is discharged as provided in the Resolution.

This Bond is one of a series of Bonds issued by the Authority upon its behalf and upon the credit thereof, for the purpose of defraying wholly or in part of the cost of refunding certain outstanding bonds of the Authority (the “Project”) under the authority of and in full compliance with the Constitution and laws of the State, and pursuant to the Resolution.

The Bonds are issued pursuant to Nevada Revised Statutes (“NRS”) 277.080 to 277.180, inclusive (the “Authority Act); pursuant to NRS 350.500 through 350.720, and all laws amendatory thereof designated in NRS 350.500 thereof as the Local Government Securities Law (the “Bond Act”); pursuant to NRS chapter 348 (the “Supplemental Bond Act”); and pursuant to NRS 350.628, Bond Act, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and the Bonds and the income therefrom are exempt from all State, County, and municipal taxation, except for the tax on estates imposed pursuant to chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to chapter 375B of NRS.

The Bonds, or portions thereof, are subject to redemption prior to their respective maturities, at the option of the Authority as provided in the Resolution.

[Certain of the Bonds are also subject to mandatory sinking fund redemption as provided in the Resolution and the Bond Purchase Agreement.]

Redemption shall be made upon not less than 30 days prior notice in the manner and upon the conditions provided in the Resolution. If this Bond is called for redemption and payment is duly provided for as specified in the Resolution, interest shall cease to accrue hereon from and after the date fixed for redemption.

The Bonds do not constitute a debt or an indebtedness of the Authority within the meaning of any constitutional or statutory provision or limitation, and shall not be considered or held to be general obligations of the Authority. The Authority has not pledged its full faith and credit for the payment of the Bonds. The Bonds are special obligations and are payable and collectible solely out of and are secured by an irrevocable pledge of the gross revenues (the “Gross Revenues”) derived from the operation and use of, and otherwise pertaining to, certain water facilities of the Authority (herein the “TMWA Water System”), after provision is made for the payment of all necessary and reasonable Operation and Maintenance Expenses of the TMWA Water System (the “Net Revenues”), which Net Revenues are so pledged, as more specifically provided in the Resolution; and the holder hereof may not look to any general or other fund for the payment of the principal of, interest on, and any prior redemption premiums due on this Bond (the “Bond Requirements”) of this obligation except the special funds pledged therefor.

Payment of the Bond Requirements due in connection with the Bonds shall be made solely from and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the Resolution two special and separate subaccounts identified as the "Truckee Meadows Water Authority, TMWA Water System Parity Revenues Securities, Interest Account" and the "Truckee Meadows Water Authority, TMWA Water System Parity Revenue Securities, Principal Account," which two subaccounts are within the "Truckee Meadows Water Authority, TMWA Water System Parity Revenue Securities, Bond Fund" (the "Bond Fund"), into which two subaccounts within the Bond Fund the Authority covenants to pay from the Net Revenues sums sufficient to pay when due the Bond Requirements of the Bonds and any additional parity securities heretofore or hereafter issued and payable from such Net Revenues.

The Bonds are equally and ratably secured by a lien on the Net Revenues, and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Revenues, on a parity with the lien thereon of the outstanding 2015 Bonds, 2016 Bonds, 2017 Bonds, 2018 Bonds, 2024 Bonds and any outstanding parity securities hereafter issued. Bonds and other securities, subject to expressed conditions, may be issued and made payable from the Net Revenues of the TMWA Water System having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the Bonds, in accordance with the provisions of the Resolution. No bonds or other securities, may be issued with a lien on the Net Revenues that is superior to the lien thereon of the Bonds.

Reference is made to the Resolution and to the Bond Act, for an additional description of the nature and extent of the security for the Bonds, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities, and obligations of the Authority, and other rights and remedies of the owners of the Bonds.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution may be amended or otherwise modified by action of the Authority taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of Net Revenues under the Resolution may be discharged at or prior to the respective maturities or prior redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

This Bond shall not be entitled to any benefit under the Resolution, or be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

\*The Bonds are issuable solely in fully registered form in denominations of \$5,000 each or (subject to certain conditions) any integral multiple thereof, and are exchangeable for fully registered Bonds of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations, and on payment of charges provided in the Resolution.\*

\*This Bond is fully transferable by the registered owner in person or by his or her duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, on payment of the charges and subject to the terms and conditions as set forth in the Resolution.\*

The Authority and the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest.

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

\*\*The Bonds shall not be transferable or exchangeable except as set forth in the Resolution.\*\*

\*\*Upon any partial prior redemption of the Bond, Cede & Co., in its discretion may request the Registrar to authenticate a new Bond or shall make an appropriate notation on this Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Paying Agent prior to prepayment.\*\*

\*\*Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.\*\*

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper officers of the Authority in the issuance of this bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and particularly under the terms and provisions of the Authority Act, the Bond Act, and all laws supplemental thereto, and with the Resolution; and that this Bond does not contravene any constitutional or statutory limitation.

No transfer of this Bond shall be valid unless made on the registration records maintained at the principal office of the Registrar by the registered owner or his or her attorney duly authorized in writing.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Resolution or other instrument pertaining thereto against any individual member of the Board, or any officer or other agent of the Authority, past, present, or future, either directly or indirectly through the Board or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

IN WITNESS WHEREOF, the Board of Directors of the Truckee Meadows Water Authority, in the County of Washoe and State of Nevada has caused this Bond to be executed in the name and on behalf of the Authority with the manual or facsimile signature of the Chair, to be attested, signed and executed with a manual or facsimile signature of the Authority Secretary, has caused a manual or facsimile impression of the seal of the Authority to be affixed hereon, and has caused this Bond to be countersigned with the manual or facsimile signature of the Authority Treasurer, all as of \_\_\_\_\_, 2026.

TRUCKEE MEADOWS WATER AUTHORITY

By: (Manual or Facsimile Signature)  
Chair

Countersigned:

(Manual or Facsimile Signature)  
Treasurer

(MANUAL OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)  
Secretary

\* Insert only if Bonds are delivered pursuant to Section 307(A)(3) or (4) of this Instrument.

\*\* Insert only if the Bonds are initially delivered to the Depository Trust Company pursuant to Section 307(A) of this Instrument.

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication for Bonds)

Date of authentication  
and registration \_\_\_\_\_

This is one of the Bonds described in the within-mentioned Resolution, and this Bond has been duly registered on the registration records kept by the undersigned as Registrar for such Bonds.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Registrar

By: \_\_\_\_\_ Manual Signature  
Authorized Officer

(End of Form of Registrar's Certificate of Authentication for Bonds)

(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by the Truckee Meadows Water Authority, in accordance with the terms of the Resolution authorizing the issuance of this Bond:

<u>Date of Prepayment</u>	<u>Principal Amount</u> <u>Prepaid</u>	<u>Signature of Authorized Representative of DTC</u>
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(End of Form of Prepayment Panel)

(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

Name of Transferee: \_\_\_\_\_

Address of Transferee: \_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax  
identification number of  
Transferee: \_\_\_\_\_

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED RESOLUTION.

(End of Form of Assignment for Bonds)

## ARTICLE IV

USE OF BOND PROCEEDS AND OTHER REVENUES

Section 401. Disposition of Bond Proceeds. The proceeds of the 2026 Bonds, upon the receipt thereof at any time, or from time to time, shall be applied in the following manner:

(1) Escrow Account. First, if the Bond Purchase Agreement provides that the Refunding Project is to be effected, 2026 Bond proceeds, together with any other available monies, in an amount sufficient to effect the Refunding Project shall at the discretion of the Authority be: (i) deposited in the Escrow Account, hereby created, to be held by the Escrow Bank, in an amount fully sufficient to establish an initial cash balance remaining uninvested and to buy the Federal Securities designated in the Escrow Agreement for credit to the Escrow Account, to be used solely for the purpose of paying the Bond Requirements of the Refunded Bonds described in the Escrow Agreement; and/or (ii) delivered directly to the paying agent for any of the Refunded Bonds in an amount fully sufficient to pay the Bond Requirements of such Refunded Bonds.

(2) Costs of Issuance Account. Second, an amount sufficient to pay the costs of issuing the Bonds shall be deposited into the Costs of Issuance Account, a special account to be held under the control of the Authority hereby created, and shall be applied to the costs of issuing the 2026 Bonds. After payment of the costs of issuance, if there is a balance remaining in the Costs of Issuance Account, the remaining balance shall be deposited into the Bond Fund.

Section 402. Underwriter Not Responsible. The validity of the 2026 Bonds shall neither be dependent upon nor be affected by the validity or regularity of any proceedings relating to the Project. The Underwriter of the 2026 Bonds, any associate thereof, and any subsequent holder of the 2026 Bonds shall in no manner be responsible for the application or disposal by the Authority or by any of the officers, agents, and employees of the Authority of the moneys derived from the sale of the 2026 Bonds or of any other moneys herein designated.

Section 403. Lien on Costs of Issuance Account. The proceeds of the 2026 Bonds credited to the Costs of Issuance Account pursuant to Section 401 hereof shall be subject to a lien and pledge for the 2026 Bonds until such proceeds are expended to defray Bond Requirements of the 2026 Bonds or the Cost of the Project.

Section 404. Prior Redemption of Refunded Bonds. If the Bond Purchase Agreement provides that the Refunding Project shall be effected, the Authority hereby elects to redeem the Refunded Bonds on the Redemption Date of the Refunded Bonds (the “Refunded Bonds Redemption Date”) at a price equal to the principal amount thereof, accrued interest to the Refunded Bonds Redemption Date and the premium, if any, designated in resolutions authorizing the Refunded Bonds. The Escrow Bank or Registrar for the Refunded Bonds shall cause the notices of defeasance and prior redemption of the Refunded Bonds to be effected in accordance with the terms of the Escrow Agreement, this Instrument and the resolutions authorizing the Refunded Bonds.

Section 405. Prevention of 2026 Bond Default. The Treasurer shall use any 2026 Bond Proceeds credited to the Costs of Issuance Account, without further order or warrant, to pay the Bond Requirements of the 2026 Bonds as the same become due whenever and to the extent monies in the Bond Fund or otherwise available therefor and insufficient for that purpose, unless the 2026 Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts existing and relating to the Project. The Treasurer shall notify the Chair and Secretary of any such use. Any monies so used shall be restored to the Costs of Issuance Account from the first Pledged Revenues thereafter received and not needed to meet the requirements provided in Sections 507 through 511 hereof.

Section 406. Maintenance of the Escrow Account. If the Bond Purchase Agreement provides that the Refunding Project shall be effected and the Escrow Account is established with the Escrow Bank:

A. The Escrow Account shall be maintained at the Escrow Bank by the Authority in an amount, at the time of those initial deposits therein and at all times subsequently, at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay the interest due in connection with the Refunded Bonds, both accrued and not accrued, as the same becomes due up to and including the redemption date for the Refunded Bonds; and to redeem on such date (as set forth in the Escrow Agreement), the Refunded Bonds then Outstanding, in accordance with the resolutions authorizing the Refunded Bonds.

B. Moneys shall be withdrawn by the Escrow Bank from the Escrow Account in sufficient amounts and at such times to permit the payment without default of interest due in connection with the Refunded Bonds, and in accordance with the provisions of the Escrow Agreement. Any moneys remaining in the Escrow Account after provision shall have been made for the redemption in full of the Refunded Bonds shall be applied to any lawful purpose of the Authority as the Board may hereafter determine.

C. If for any reason the amount in the Escrow Account shall at any time be insufficient for its purpose, the Authority shall forthwith from the first moneys available therefore deposit in such account such additional moneys as shall be necessary to permit the payment in full of the principal, interest, and any redemption premiums due in connection with the Refunded Bonds as herein provided.

## ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR PLEDGED REVENUES

Section 501. Pledge Securing Bonds. The Net Revenues and all moneys and securities paid or to be paid to or held or to be held in any account or subaccount under this article or under Section 401 hereof, except the Escrow Account, are hereby pledged to secure the payment of the Bond Requirements of the 2026 Bonds. This pledge shall be valid and binding from and after the date of the first delivery of any 2026 Bonds; and the moneys, as received by the Authority and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Authority, except for the 2015 Bonds, the 2016 Bonds, the 2017 Bonds, the 2018 Bonds, the 2024 Bonds and any Outstanding parity securities hereafter authorized, the lien of which on the Net Revenues is on a parity with the lien thereon of the 2026 Bonds; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 502. Establishment of Trustee Accounts and Subaccounts. The Authority hereby authorizes the following special and separate subaccounts within the Bond Fund, hereby continued, previously created and designated the “Truckee Meadows Water Authority, TMWA Water System Parity Revenue Securities, Bond Fund,”, which shall be held by the Trustee, within which are designated:

A. Interest Account. The “Truckee Meadows Water Authority, TMWA Water System Parity Revenue Securities, Interest Account” (herein the “Interest Account”); and

B. Principal Account. The “Truckee Meadows Water Authority, TMWA Water System Parity Revenue Securities, Principal Account” (herein the “Principal Account”).

Section 503. Continuation of Authority Accounts. The Authority hereby continues the previously established and authorized following special and separate accounts, which shall be under the control of the Authority and not be held by the Trustee (except in a capacity other than as Trustee, e.g., as custodian), and which are designated:

A. Revenue Fund. The “Truckee Meadows Water Authority, TMWA Water System Gross Revenues Fund.”

B. Rebate Account. The “Truckee Meadows Water Authority, TMWA Water System Parity Revenue Securities Rebate Account.”

C. Operation and Maintenance Account. The “Truckee Meadows Water Authority, TMWA Water System Operation and Maintenance Account.”

D. Operation and Maintenance Reserve Account. The “Truckee Meadows Water Authority, TMWA Water System Operation and Maintenance Reserve Account.”

E. Renewal and Replacement Account. The “Truckee Meadows Water Authority, TMWA Water System Renewal and Replacement Account.”

F. Rate Stabilization Account. The “Truckee Meadows Water Authority, TMWA Water System Rate Stabilization Account.”

G. General Purpose Account. The “Truckee Meadows Water Authority, TMWA Water System General Purpose Account.”

Section 504. Revenue Fund Deposits. So long as any of the 2026 Bonds shall be Outstanding, all Gross Revenues, upon their receipt from time to time by the Authority, shall be deposited at least weekly, as far as practicable, and shall be set aside and credited immediately to the Revenue Fund.

Section 505. Administration of Revenue Fund. So long as any of the 2026 Bonds hereby authorized shall be Outstanding, in each Fiscal Year the Revenue Fund shall continue to be administered, and the moneys on deposit therein shall continue to be applied in the order of priority, all as provided in Sections 506 through 515 hereof.

Section 506. Operation and Maintenance Expenses. First, as a first charge on the Revenue Fund, from time to time there shall be set aside in and credited to the Operation and Maintenance Account, moneys sufficient to pay Operation and Maintenance Expenses by the last day of the month that is at least one month before such expenses are to be paid, and thereupon they shall be promptly paid. Any surplus remaining at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be transferred for credit to the Revenue Fund and shall be used for the purposes thereof, as herein provided.

Section 507. Bond Fund Payments. Second, and subject to the aforesaid provisions, from any moneys remaining in the Revenue Fund, and concurrently with the transfers into the Interest Account and Principal Account required by the 2015 Bond Resolution for the 2015 Bonds, the 2016 Bond Resolution for the 2016 Bonds, the 2017 Bond Resolution for the 2017 Bonds, the 2018 Bond Resolution for the 2018 Bonds, the 2024 Bond Resolution for the 2024 Bonds and any parity securities hereafter issued, there shall be transferred to the Trustee and credited to the Bond Fund, the following:

A. Interest Payments. Monthly, into the Interest Account, within the Bond Fund, commencing on the first day of the month that is one full month after the delivery date of the Bonds, and on the first day of the month succeeding the delivery of any other parity securities hereafter issued and payable from the Bond Fund, an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor or from whatever source, to pay the next accruing installment of interest on the 2026 Bonds and any additional parity securities then Outstanding (including payments due on any Qualified Swap) and monthly thereafter, commencing on each interest payment date, the amount necessary to

accumulate the next accruing installment of interest on the 2026 Bonds and any additional parity securities then Outstanding (including payments due on any Qualified Swap) in equal monthly installments prior to the due date thereof, except to the extent any other moneys are available therefor on the due date of such installment.

B. Principal Payments. Monthly, into the Principal Account, within the Bond Fund, commencing on the first day of the month of the year immediately preceding the first principal payment date of the 2026 Bonds or any parity securities hereafter issued and payable from the Bond Fund (i.e., 12 months prior to the first date on which the principal of such bonds is due), an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal (including any mandatory sinking fund or prior redemption payments then due) of the 2026 Bonds and any additional parity securities then Outstanding, and monthly thereafter, commencing on each principal payment date, the amount necessary to accumulate the next maturing installment of principal (including any mandatory sinking fund or prior redemption payments then due) of the 2026 Bonds, and any such additional parity securities then Outstanding, in equal monthly installments prior to the due date thereof, except to the extent any other moneys are available therefor on the due date of such installment.

The moneys credited to the Interest Account and the Principal Account within the Bond Fund shall be used to pay the Bond Requirements of the 2026 Bonds, the 2024 Bonds, the 2018 Bonds, the 2017 Bonds, the 2016 Bonds, the 2015 Bonds and any additional parity securities hereafter issued as such Bond Requirements become due.

Section 508. Reserve Payments. Third, but subsequent to the payments into the Interest Account and the Principal Account within the Bond Fund, except as provided in Sections 510, 511 and 1135 hereof, from any moneys remaining in the Revenue Fund there shall be transferred to the Trustee and credited monthly to any reserve account established in connection with any parity securities, such amount as may be required by the resolution or other instrument authorizing such parity securities. No reserve account is being established in connection with the issuance of the 2026 Bonds.

Section 509. Rebate Account. Fourth, and subject to the provisions hereinabove in this article, but before the transfer of any Net Revenues to the payment of subordinate securities, such amounts as are required to be deposited in the Rebate Account to meet the Authority's obligations under the covenant contained in Section 1134 hereof, in accordance with Section 148(f) of the Tax Code with respect to the 2026 Bonds. Amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein by Section 1134 hereof and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose as provided herein.

Section 510. Termination of Deposits. No payment need be made into the Interest Account or the Principal Account, or all or any other combination thereof, within the Bond Fund, if the amount in the Bond Fund totals a sum at least equal to all Bond Requirements of the Outstanding 2026 Bonds and any Outstanding parity securities, to their respective maturities or to

any Redemption Date or Redemption Dates on which the Authority shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the 2026 Bonds and any parity securities (or any part thereof) then Outstanding and thereafter maturing, whichever date is the earlier, if any, and both accrued and not accrued, in which case moneys in those 3 subaccounts in an amount at least equal to such Bond Requirements, except for any interest or other gain to accrue from any investment of moneys in Federal securities or otherwise pursuant to Article VI hereof from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in those 3 subaccounts and any other moneys derived from the Pledged Revenues may be used in any lawful manner determined by the Board or the TMWA Manager, if the TMWA Manager certifies that the Rebate Account is sufficiently funded to meet the requirements of 148(f) of the Tax Code.

Section 511. Payment of Subordinate Securities. Fifth, and subject to the provisions hereinabove in this article, but subsequent to the payments required by Sections 507, 508 and 509 and subject to the provisions of Section 518 hereof, as provided in Article VII hereof any moneys remaining in the Revenue Fund may be used by the Authority for the payment of Bond Requirements of subordinate bonds or other subordinate securities payable from Pledged Revenues and hereafter authorized to be issued in accordance with Article VII and any other provisions herein supplemental thereto, including reasonable reserves for such securities and rebate requirements for such securities, as the same accrue; but the lien of such subordinate bonds or other subordinate securities on the Net Revenues and the pledge thereof for the payment of such securities shall be subordinate to the lien and pledge of the 2026 Bonds herein authorized, as herein provided. (Any other parity securities hereafter authorized to be issued shall be payable from the Bond Fund pursuant to Sections 507 through 510 hereof.)

Section 512. Operation and Maintenance Reserve Account. Sixth, and subject to the provisions hereinabove in this article, from any moneys remaining in the Revenue Fund there shall be credited to the Operation and Maintenance Reserve Account monthly, an amount sufficient to accumulate the Minimum Operation and Maintenance Reserve in 60 substantially equal monthly installments. For this purpose, in each Fiscal Year during such 60 month period the Authority will calculate the substantially equal monthly amount that would be sufficient to accumulate over the then remaining months in such 60 month period, an amount equal to the Minimum Operation and Maintenance Reserve. In any Fiscal Year, the amount of the Minimum Operation and Maintenance Reserve shall be determined based on that Fiscal Year's budget.

After the balance in the Operation and Maintenance Reserve Account initially has reached an amount equal to the Minimum Operation and Maintenance Reserve, if, at the beginning of any Fiscal Year, the amount accounted for in the Operation and Maintenance Reserve Account is less than the Minimum Operation and Maintenance Reserve for the Fiscal Year as stated in the budget therefor, there shall be credited, if necessary, to the Operation and Maintenance Reserve Account, in 12 substantially equal monthly installments commencing on the first day of the Fiscal Year, an amount at least equal to the remainder of the Minimum Operation and Maintenance Reserve for the Fiscal Year less the amount accounted for in that account at the beginning of the Fiscal Year. No payment need be made into the Operation and Maintenance Reserve Account so

long as the moneys therein shall then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account shall be accumulated or reaccumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the TMWA Water System's Operation and Maintenance Expenses resulting from the failure to deposit into the Operation and Maintenance Account pursuant to Section 506 hereof sufficient funds to pay such expenses as the same accrue and become due. If at any time the moneys credited to the Operation and Maintenance Account are not sufficient to pay Operation and Maintenance Expenses, the Authority acting by and through the TMWA Manager or the Chief Financial Officer may requisition the additional moneys needed therefor, and thereupon such money shall be withdrawn from the Operation and Maintenance Reserve Account and transferred to the Operation and Maintenance Account. Any moneys accounted for in the Operation and Maintenance Reserve Account and exceeding the Minimum Operation and Maintenance Reserve for the then current Fiscal Year may be transferred to and deposited in the Revenue Fund.

Section 513. Renewal and Replacement Account. Seventh, and subject to the provisions hereinabove in this article, from any moneys remaining in the Revenue Fund there shall be credited to the Renewal and Replacement Account monthly, the sum of \$166,000 per month, unless the amount of \$10,000,000.00 (the "Emergency Capital Amount") is on deposit therein. If the Professional Engineer determines that the aforesaid monthly payments and the Emergency Capital Amount are insufficient or excessive for the purposes for which the Renewal and Replacement Account is established, the monthly payments into that account shall be adjusted in the amount directed by the Professional Engineer until the aggregate amount so determined by the Professional Engineer is on deposit therein, but in no event at a rate less than \$33,333.00 per month or in an aggregate amount less than \$2,000,000.00 (except for any period during which the Emergency Capital Amount is being accumulated or reaccumulated). The Authority shall expend moneys in the Renewal and Replacement Account only to make up deficiencies in the Bond Fund and to pay the cost of, and to create a reserve for the payment of the cost of, emergency capital improvements, extraordinary maintenance, repairs, renewals, and replacements to the TMWA Water System as shall not be annually recurring in nature, as determined by the Professional Engineer, unless otherwise provided by the Board.

Section 514. Rate Stabilization Account. Eighth, and subject to the provisions hereinabove in this article, from any moneys remaining in the Revenue Fund there shall be withdrawn from the Revenue Fund, and credited monthly, to the Rate Stabilization Account, an amount sufficient to accumulate in 12 substantially equal monthly installments the Rate Stabilization Amount (which shall not be less than \$500,000) as is designated by the Authority for that Fiscal Year and pertaining to the TMWA Water System. No deposit need be made into the Rate Stabilization Account if the amount therein equal or exceeds the Rate Stabilization Amount for the Fiscal Year. Such amounts shall be used for expenditure from time to time for any lawful purpose or purposes of the Authority pertaining to the Authority's TMWA Water System, and any other water facilities of the Authority, and to be held as a reserve therefor. Expenditures from the Rate Stabilization Account shall be in accordance with an annual budget for the account established by the Authority. At the beginning of each Fiscal Year any moneys accounted for in the Rate Stabilization Account, whether or not encumbered to pay obligations accrued and to accrue under any existing contract made by the Authority prior to such Fiscal Year, shall remain in the Rate Stabilization Account for the purposes of the account designated above in this section,

until expended for any such purposes. Amounts in the Rate Stabilization Account at the beginning of a Fiscal Year (i.e., deposited therein during the prior Fiscal Year) which are deposited into the Revenue Fund in that Fiscal Year are Gross Revenues for the Fiscal Year in which they are deposited into the Revenue Fund.

Section 515. General Purpose Account. Ninth, and subject to the provisions hereinabove in this article, from any moneys remaining in the Revenue Fund, at least annually by the end of each Fiscal Year, there shall be set aside and credited to the General Purpose Account, on or before the last day of each Fiscal Year the remaining revenues in the Revenue Fund. Moneys accounted for in such account, as may be determined and directed from time to time by the TMWA Manager within budget limitations fixed by the Board, but subject to any limitations herein or in any other contract pertaining to such account, may be withdrawn in any priority for any one, all, or any other combination of the following, as the TMWA Manager may from time to time determine:

A. Capital Costs. To pay the costs of constructing or otherwise acquiring any betterments of, enlargement of, extensions of, or any other improvements to the TMWA Water System, or any part thereof, and any equipment therefor, authorized by law;

B. Major Maintenance Costs. To pay the costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any properties of the TMWA Water System of a type not recurring annually or at shorter intervals and not defrayed by the monies in the Extraordinary Maintenance Account or otherwise as Operation and Maintenance Expenses;

C. Lawful Refunds. To make any lawful refund of any Pledged Revenues due any Person;

D. Bond Requirements. To pay any bonds or other securities pertaining to the TMWA Water System and payable from the Net Revenues (regardless of whether such securities are secured by a lien thereon), including, without limitation, the 2026 Bonds, as to Bond Requirements and any other appurtenant charge, at the fixed maturity dates pertaining to such Bond Requirements, or any Redemption Date or Redemption Dates, or by purchase in the open market, or otherwise; and

E. Law Suits Obligations. To pay any obligations pertaining to the TMWA Water System and arising from a judgment against the Authority or any officer, employee, or other agent of the Authority acting within the scope of his official duties, rights, or privileges, or the scope of his employment, as the case may be, in any suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, or a settlement by the Authority of any claim to avoid or to settle such a suit, action, or special proceedings, except to the extent revenues are otherwise available to defray such an obligation, including, without limitation, insurance proceeds.

F. Lawful Purpose. For any other lawful purpose as the Authority may determine, provided that no such amount shall be used for a purpose that is not a capital or working capital expense of the Authority unless the balance in the General Purpose Account, after payment

of such non-capital or non-working capital expense, is at least equal to six months of Operation and Maintenance Expenses based on the then current budget of the Authority.

Section 516. Application of General Purpose Account. Moneys shall be withdrawn from the General Purpose Account for any one, all, or other combination of such purposes designated in Section 515 hereof pursuant to any such directive of the TMWA Manager upon approval by the Board, drawn by the TMWA Manager or the Chief Financial Officer, and countersigned by the Chair or the Treasurer, in the same manner that other claims against the Authority are presented and paid.

Section 517. Water Fund and Water Fund Accounts. There is hereby authorized to be created a separate fund designated as the "Truckee Meadows Water Authority, Water Fund" (herein the "Water Fund"), which fund consists of a self-balancing group of accounts, including, without limitation, the respective special and separate accounts and subaccounts herein designated, and constitutes an independent fiscal and accounting entity. Separate accounts and subaccounts (other than those herein designated) pertaining to the Water Fund may from time to time be created, terminated, and otherwise modified, but in no manner inconsistent with the provisions of this Instrument.

Section 518. Repayment of Interaccount Loans. If the Authority makes an interaccount loan and transfer to any account or subaccount within the Water Fund for the benefit of the TMWA Water System to the extent hereby permitted, the Authority's obligation to repay the loan and any interest accruing thereon to the account from which the loan is made may be deemed by the Authority to be outstanding revenue subordinate securities thereof payable from the Net Revenues as to the Bond Requirements of such obligation in accordance with Section 511 hereof at such time or times and in such amount or amounts as the Authority may determine in accordance with an annual budget for such account or subaccount or as may otherwise be provided for the payment of such securities in this Instrument or any other instrument of the Authority.

Section 519. Funds Held for Securities. The amounts held or applied for the payment of the Bond Requirements due on any date with respect to particular 2026 Bonds, any parity securities, including, without limitation, any subordinate securities and any securities payable from the General Purpose Account, pending such payment, shall be set aside and held in trust for the holders of the respective securities entitled thereto by any paying agent holding moneys for such payment; and for the purposes of this Instrument, such Bond Requirements, after the due date thereof, shall no longer be considered to be unpaid or Outstanding.

## ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The separate accounts and subaccounts designated in Articles IV and V hereof shall be administered as provided in this article (but not any account under Section 1201 hereof).

Section 602. Places and Times of Deposits. Each of the separate accounts and subaccounts hereinabove designated in Articles IV and V hereof shall be maintained as an account and kept separate from all other accounts solely for the purposes herein designated therefor, except as otherwise expressly stated herein. The moneys accounted for in such separate accounts and subaccounts shall be deposited in one bank account or more, except as herein otherwise provided. Nothing herein prevents the commingling of moneys accounted for in any two or more accounts or subaccounts, or both accounts and subaccounts, pertaining to the TMWA Water System, the Pledged Revenues, proceeds of securities, other moneys, or to the fund pertaining to the TMWA Water System and any other funds of the Authority (each of which funds consists of a self-balancing group of accounts and constitutes an independent fiscal and accounting entity) in any bank account or any investment in Federal Securities hereunder (but not any account under Section 1201 hereof). Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds, subject to the provisions of Section 1403 hereof, and shall be irrevocable and not withdrawable by anyone for any purpose other than the purpose or purposes designated therefor. Each periodic payment shall be credited to the proper account or subaccount not later than the date therefor herein designated, except that when any such date shall be a Saturday, Sunday, or a legal holiday, then such payment shall be made on or before the next preceding secular day. Notwithstanding any other provision herein to the contrary, collected moneys shall be deposited with the Paying Agent, and any other Banking Institution designated as a paying agent for any securities heretofore or hereafter authorized to be issued and payable from Pledged Revenues (or any combination thereof), at least by the day of each interest payment date or any other due date herein designated sufficient to pay the Bond Requirements then becoming due on the Outstanding 2026 Bonds and any other Outstanding securities pertaining to the TMWA Water System.

Section 603. Investment of Moneys. Any moneys in any account designated in Articles IV and V hereof (but not any account under Section 1201 hereof), and not needed for immediate use, may be invested or reinvested in any investments permitted under State law which are consistent with any guidelines for permitted investments required by the Insurer, if any, as a condition of insuring the Bonds, or are approved in writing by the Insurer (the "permitted securities") in accordance with written or verbal instructions, which are promptly followed in writing, of the TMWA Manager or the Chief Financial Officer, except as otherwise expressly stated herein. Such investments shall mature not later than the date or dates on which the TMWA Manager or the Chief Financial Officer estimates the proceeds thereof will be needed. Any securities that mature later than 5 years after the investment therein will be revalued to their market value at least semiannually. For the purposes of any such investment or reinvestment, securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In making each such investment or

reinvestment, the Trustee may rely upon such written or verbal instructions, which are promptly followed in writing, and shall be under no duty as to the propriety of the investment or reinvestment made in accordance with such instructions. The Trustee may sell or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 604. Permitted Investments. The TMWA Manager and the Chief Financial Officer shall have no obligation to cause the making of any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000.00 and at least \$5,000.00 therein will not be needed for a period of not less than 60 days. In such event, the TMWA Manager or Chief Financial Officer shall cause the investment or reinvestment in permitted securities to the extent practicable not less than substantially all the amount which will not be needed during such 60-day period, except for any moneys on deposit in an interest-bearing account of a Banking Institution, regardless of whether such moneys on deposit are evidenced by a certificate of deposit, or otherwise; but the TMWA Manager and the Chief Financial Officer are not required to invest, or so to invest in such a manner, any moneys accounted for hereunder if any such investment would contravene the provisions of the Tax Code or any other investment limitation imposed by law upon the Authority. The TMWA Manager or the Chief Financial Officer may cause the investment or reinvestment in any lawful manner any moneys on hand at any time even though he is not obligated to do so. The Authority acknowledges that regulations of the Comptroller of the Currency grant the Authority the right to receive brokerage confirmations of the investments or reinvestments as they occur. To the extent permitted by law, the Authority specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

Section 605. Accounting for Investments. The securities so purchased as an investment or reinvestment of moneys in any such account or subaccount, as the case may be, shall be deemed at all times to be a part of the account or subaccount and held in trust therefor. Except as herein otherwise provided, any interest accruing thereon and any other gain realized therefrom, as well as any interest and other gain from the deposit of moneys in a Banking Institution, shall be credited to the Revenue Fund as such gain is received; and any loss in any account or subaccount resulting from any such investments and reinvestment in securities and from any such deposits in any Banking Institution shall be charged or debited to the Revenue Fund (except as hereinafter provided); but, so long as the 2026 Bonds or any parity securities, or both, are Outstanding, and except for amounts representing rebatable arbitrage for the purpose of Section 148(f), I.R.C., no such gain shall be transferred to the Revenue Fund at any time:

Except as provided in Section 603, no loss or profit in any account or subaccount on any investments or reinvestments in securities or any certificates of deposit shall be deemed to take place as a result of fluctuations in the market quotations of the investments, reinvestments, or certificates prior to the sale or maturity thereof. In the computation of the amount in any account or subaccount for any purpose hereunder, except as herein otherwise expressly provided, securities and certificates of deposit shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation) and other bank deposits shall be valued at the

amounts deposited, exclusive of any accrued interest or any other gain to the Authority until such gain is realized. The expenses of purchase, safekeeping, sale, and all other expenses incident to any investment or reinvestment of moneys pursuant to this article shall be accounted for as Operation and Maintenance Expenses of the TMWA Water System and charged to the Operation and Maintenance Account as permitted by Section 506 hereof.

Section 606. Accelerated Payments. Nothing contained in Article V hereof prevents the accumulation in any account or subaccount herein designated of any monetary requirements at a faster rate than the rate or minimum rate, as the case may be, provided in Article V; but, no payment shall be so accelerated if such acceleration shall cause the Board to default in the payment of any obligation of the Authority pertaining to Pledged Revenues or the TMWA Water System. Nothing herein contained requires in connection with Pledged Revenues received in any Fiscal Year the accumulation in any account or subaccount for the payment in the Comparable Bond Year of Bond Requirements due in connection with any series of bonds or other securities payable from Pledged Revenues and herein or hereafter authorized, in excess of such Bond Requirements due in such Comparable Bond Year, and of any reserves required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided herein.

Section 607. Payment of Bond Requirements. The moneys credited to any account or subaccount designated in Article V hereof for the payment of the Bond Requirements due in connection with any issue of bonds or other securities payable from Pledged Revenues and herein, heretofore, or hereafter authorized shall be used without requisition, voucher, warrant, further order, or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements payable from such account or subaccount as such securities become due, upon the respective Redemption Dates, if any, on which the Authority is obligated to pay such securities, or upon the respective principal and interest fixed maturity dates of such securities, as provided therefor herein, or otherwise, except to the extent any other moneys are available therefor, including, without limitation, moneys accounted for in the Bond Fund.

Section 608. Payment of Redemption Premiums. Notwithstanding any other provision herein, this Instrument requires the accumulation in any account or subaccount designated in Article V hereof for the payment of any issue of bonds or other securities payable from Pledged Revenues of amounts sufficient to pay not only the principal thereof and interest thereon but also the prior redemption premiums due in connection therewith, as the same become due, whenever the Authority shall have exercised or shall have obligated itself to exercise a prior redemption option pertaining thereto or otherwise to call any security for prior redemption, except to the extent provision is otherwise made therefor, if any prior redemption premiums are due in connection therewith. In such event moneys shall be deposited in such account or subaccount when due for the payment of all such Bond Requirements without default as the same become due.

## ARTICLE VII

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien of the Bonds. The 2026 Bonds authorized herein, constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues on a parity with the liens of the, the 2015 Bonds, the 2016 Bonds, the 2017 Bonds, the 2018 Bonds, the 2024 Bonds and any parity securities hereafter issued.

Section 702. Equality of Bonds. The 2026 Bonds, the 2024 Bonds, the 2018 Bonds, the 2017 Bonds, the 2016 Bonds, the 2015 Bonds and any parity securities hereafter authorized to be issued and from time to time Outstanding are equally and ratably secured by a lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the bonds and any other such securities, it being the intention of the Board that there shall be no priority among the 2026 Bonds, the 2024 Bonds, the 2018 Bonds, the 2017 Bonds, the 2016 Bonds, the 2015 Bonds and any such parity securities regardless of the fact that they may be actually issued and delivered at different times.

Section 703. Issuance of Parity Securities. Nothing herein, subject to the limitations stated in Section 712 hereof, prevents the issuance by the Authority of additional bonds or other additional securities payable from Pledged Revenues and constituting a lien thereon on a parity with, but not prior or superior to, the lien thereon of the 2026 Bonds, or prevents the issuance of bonds or other securities refunding all or a part of the 2026 Bonds, except as provided in Sections 708 through 712 hereof; but before any additional parity bonds or other additional parity securities are authorized or actually issued:

A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional bonds or other securities as provided in Section 712 hereof, the Authority shall not be in default in making any payments for parity securities required by Article V hereof.

B. Earnings Tests. Either:

(1) Projected Earnings Test. The estimated Gross Revenues to be derived for each of the immediately succeeding five Fiscal Years after the estimated date of the completion of the project effected in whole or in part with the proceeds of the parity securities to be issued for each such Fiscal Year shall be at least in an amount equal to the sum of the following for each of such five Fiscal Years:

(a) An amount equal to the Operation and Maintenance Expenses of the TMWA Water System for such Fiscal Year, and

(b) An amount equal to the sum of 1.25 times the combined maximum annual principal and interest requirements for the Outstanding 2026 Bonds, any other Outstanding parity securities and the parity securities proposed to be issued; or

(2) Historical Earnings Test. The Net Revenues for (i) the immediately preceding Fiscal Year or (ii) any 12 consecutive months of the immediately preceding 18 months are equal to or greater than 1.25 times the combined maximum annual principal and interest requirements of the Outstanding 2026 Bonds and any other Outstanding parity securities and the parity securities proposed to be issued.

C. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement not only the principal of and interest on the securities but also the amount of any prior redemption premiums due on any Redemption Date as of which the Authority shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of securities for payment then) shall be reduced to the extent such Bond Requirements are scheduled to be paid each of the respective Bond Years with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

D. Treatment of Variable Interest Rate Securities. For the purposes of Subsection B of this section, if any parity security bears interest at a variable interest rate and is not covered by a Qualified Swap, the rate of interest used in the foregoing test shall be the lesser of the maximum permitted rate of interest on those parity securities or a rate equal to the “25 Bond Revenue Index” as most recently published in The Bond Buyer prior to the date a firm offer to purchase the then proposed parity securities is accepted by the Authority or if such index is no longer published such other similar long-term bond index as the Authority reasonably selects.

E. Swap Termination Payments. If payments due under a Qualified Swap Agreement on the termination thereof prior to the full term permitted under the Qualified Swap Agreement are to be made on a parity with the payments of the Bond Requirements of any 2026 Bonds, then the consent of the Insurer, if any, shall be obtained prior to the execution of such Qualified Swap Agreement.

F. Adjustment of Revenues. In any computation of such earnings test as to whether or not additional parity securities may be issued as provided in Section 703 B(1) or (2), the amount of Gross Revenues or Net Revenues shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Independent Accountant, Professional Engineer or Chief Financial Officer making the computations, which loss or gain results from any change in any schedule of rates, fees and charges or any annexations or extensions to the TMWA Water System which took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such parity securities, based on the number of ratepayers during such next preceding Fiscal Year as if such modified schedule of rates, fees and charges and number of ratepayers shall have been effect during the entire next preceding Fiscal Year, if the change shall have been made by the Authority before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

Section 704. Certification of Revenues. A written certification or written opinion by the Chief Financial Officer, a Professional Engineer or an Independent Accountant that such annual revenues are sufficient to pay the amounts provided in Section 703 B(2) hereof, when

adjusted thereby as hereinabove provided in Section 703 D, E or F or a written certification or written opinion by the Chief Financial Officer, a Professional Engineer or an Independent Accountant that such annual revenues are sufficient to pay the amounts provided in Section 703 B(1) hereof, based upon estimates of the Chief Financial Officer, a Professional Engineer or an Independent Account as provided in Section 703 B(1) hereof shall be conclusively presumed to be accurate in determining the right of the Authority to authorize, issue, sell, and deliver additional bonds on a parity with the 2026 Bonds.

Section 705. Subordinate Securities Permitted. Nothing herein, subject to the limitations otherwise stated in this article and Section 1207, prevents the Authority from issuing subordinate securities.

Section 706. Superior Securities Prohibited. Nothing herein permits the Authority to issue superior securities.

Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than funding or refunding securities) payable from Pledged Revenues shall be used only to pay the cost of a project, including, without limitation, incidental expenses, for the betterment, enlargement, extension, other improvement, and equipment of the TMWA Water System, or any combination thereof.

Section 708. Issuance of Refunding Securities. At any time after the 2026 Bonds, or any part thereof, are issued and remain Outstanding, if the Board shall find it desirable to refund any Outstanding bonds or other Outstanding securities payable from and constituting a lien upon Pledged Revenues, such bonds or other securities, or any part thereof, may be refunded only if the bonds or other securities at the time or times of their required surrender for their payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the Authority's option upon proper call, unless the holder or holders of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of any refunding securities on Pledged Revenues is changed (except as provided in Sections 706 and 709 through 712 hereof).

Section 709. Partial Refundings. The parity refunding securities so issued shall enjoy complete equality of lien with the portion of any parity securities of the same issue which is not refunded; and the holder or holders of such parity refunding securities shall have the same rights and privileges enjoyed by the holder or holders of the unrefunded parity securities of the same issue partially refunded by the parity refunding securities.

Section 710. Limitations Upon Refundings. Any bonds or other refunding securities payable from Pledged Revenues shall be issued with such details as the Board may by instrument provide, subject to the provisions of Section 712 hereof, and subject to the inclusion of any such rights and privileges designated in Section 709 hereof, but without any impairment of any contractual obligation imposed upon the Authority by any proceedings authorizing the issuance of any one or more issues, including, without limitation, the 2026 Bonds.

Section 711. Protection of Securities Not Refunded. If only a part of the Outstanding bonds and other Outstanding securities of any issue or issues payable from Pledged Revenues is refunded, then such securities may not be refunded without the consent of the holder or holders of the unrefunded portion of such securities:

A. Requirements Not Increased. Unless the bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date or last Redemption Date, if any, whichever time is earlier, if any, of such unrefunded securities, and unless the lien of the refunding securities on Pledged Revenues is not raised to a higher priority than the lien thereon of the bonds or other securities thereby refunded; or

B. Subordinate Lien. Unless the lien on any Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

C. Default and Earnings Test. Unless the refunding securities are issued in compliance with Section 703 hereof and Section 704 hereof, but excluding from any computation thereunder the bonds to be refunded and redeemed.

Section 712. Supplemental Instrument. Additional bonds or other additional securities payable from Pledged Revenues shall be issued only after authorization thereof by a supplemental instrument of the Board stating the purpose or purposes of the issuance of such additional securities, directing the application of the proceeds thereof to such purpose or purposes, directing the execution and authentication thereof, and fixing and determining the date, principal amount, maturity or maturities, designation, and numbers thereof, the maximum rate or the rate or rates of interest to be borne thereby, any prior redemption privileges of the Authority with respect thereto, and other provisions thereof. Upon such authorization such additional bonds or other additional securities may at one time or from time to time be executed by and on behalf of the Authority and authenticated and delivered by the Authority or upon its order. All additional securities shall bear such date, shall bear such numbers and series designation, letters, or symbols prefixed to their numbers distinguishing them from each other security, shall be payable at such place or places, may be subject to redemption prior to maturity on such terms and conditions, and shall bear interest at such rate or at such different or varying rates per annum, as may be fixed by instrument or other document of the Board.

## ARTICLE VIII

BUDGETARY PROCEDURES

Section 801. Procedures Applicable. For the purposes of this Instrument the budgetary procedures of the Authority shall be substantially as provided in this article. The Board and the officials of the Authority shall annually and at such other times, if any, as may be provided by law prepare and adopt a budget pertaining to the TMWA Water System pursuant to the Budget Act, all laws supplemental thereto, and the provisions hereof.

Section 802. Budget Estimates. The TMWA Manager or Chief Financial Officer shall annually submit for each Budget Year to the Board in accordance with the budget calendar estimates of Gross Revenues and expenditure requirements for the TMWA Water System for such Budget Year, i.e., the next ensuing Fiscal Year, including, without limitation, as a part of such expenditure requirements the Operation and Maintenance Expenses for the Budget Year and the Bond Requirements for the Comparable Bond Year (but none other). The estimates of expenditures in connection with the operation of the TMWA Water System shall be classified so as to set forth the data by accounts, including those designated in Article V hereof, character, and object of expenditures, work programs, and other details requested by the Board. The estimates of the Gross Revenues shall be classified as to accounts and sources of income in such detail as requested by the Board. Such estimates, in addition, shall be so prepared as to permit an analysis of the Gross Revenues of the TMWA Water System and of the Operation and Maintenance Expenses of the TMWA Water System under the definitions set forth in Section 102 hereof.

Section 803. Amount of Net Revenues. The amount of the remainder of Net Revenues for each Fiscal Year shall at least equal the sum required for the Fiscal Year by the rate maintenance covenant in Section 1001 hereof and all other provisions herein supplemental thereto.

Section 804. Content and Submission of Budget. The TMWA Manager shall include such estimates in his proposed budget annually submitted to the Board. The annual budget as adopted by the Board shall show the amounts apportioned for the Operation and Maintenance Expenses of the TMWA Water System and shall be in such detail as to permit the analysis above contemplated.

Section 805. Limitation Upon Expenditures. The total expenditures for operating and maintaining the TMWA Water System in any Fiscal Year (other than expenses for the purchase of commodities for resale) shall not exceed the total expenditures so set forth in the budget except upon the approval of a majority of the members of the Board as expressed by vote of the Board.

ARTICLE IX

RESERVED

Section 901. Reserved.

## ARTICLE X

RATES, FEES AND OTHER CHARGES

Section 1001. Rate Maintenance Covenant. The Authority shall adopt, from time to time revise, and continue in effect, a schedule of rates, fees, and other charges for water and other goods and services provided by, and for the use of, the TMWA Water System as may be necessary or proper in order that the amount of the Gross Revenues in each Fiscal Year, shall at least equal the sum of:

A. The amount of Gross Revenues required to pay Operation and Maintenance Expenses for such Fiscal Year; plus

B. The greater of:

(i) 1.25 times the Bond Requirements for the Comparable Bond Year of the Outstanding 2026 Bonds and all other Outstanding parity securities; or

(ii) All other amounts payable from the Gross Revenues and pertaining to the TMWA Water System, including, without limitation, debt service on any parity or subordinate securities, Operation and Maintenance reserves, capital reserves, any necessary capital expenditures not otherwise provided for, and prior deficiencies pertaining to any account relating to Gross Revenues.

The foregoing rate maintenance covenant is subject to compliance by the Authority with any legislation of the United States, the State, or other governmental body, or any regulation or other action taken by the Federal Government, any State agency, or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation, or action limits or otherwise inhibits the amounts of any rates, fees, and other charges due to the Authority for the use of or otherwise pertaining to any and all services rendered by or at the TMWA Water System, including, without limitation, increases in the amounts of such rates, fees, or other charges (or any combination thereof).

Section 1002. Increasing Revenues. From time to time, and as often as it shall appear necessary, and whenever the audit report made pursuant to Article XI hereof states that the Gross Revenues were not sufficient to comply with the rate maintenance covenant stated in Section 1001 hereof (adjusted as provided therein), the Authority, upon recommendation of the TMWA Manager or Chief Financial Officer, shall revise the schedule of rates, fees, and other charges for the use of the TMWA Water System as may be necessary to produce Gross Revenues as aforesaid.

Section 1003. Collection of Charges. The Authority shall cause all rates, fees, and other charges pertaining to the TMWA Water System to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including, without limitation, the imposition of penalties for any defaults, to the end that the Gross Revenues of the TMWA Water System shall be adequate to meet the requirements of

this Instrument and any other instruments supplemental thereto. The rates, fees, and other charges due shall be collected in any lawful manner.

## ARTICLE XI

MISCELLANEOUS PROTECTIVE COVENANTS

Section 1101. General. The Authority hereby particularly covenants and agrees with the holders of the 2026 Bonds and makes provisions which shall be a part of its contract with such holders to the effect and with the purpose set forth in the following provisions and sections of this article.

Section 1102. Performance of Duties. The Authority, acting by and through the TMWA Manager, the Board, or otherwise, shall faithfully and punctually perform or cause to be performed all duties with respect to Pledged Revenues, the TMWA Water System required by the Constitution and laws of the State and the various resolutions and other instruments of the Authority, including, without limitation, the proper segregation of the proceeds of the 2026 Bonds, the 2024 Bonds, the 2018 Bonds, the 2017 Bonds, the 2016 Bonds, the 2015 Bonds and any securities hereafter authorized and pertaining to the TMWA Water System and Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 1103. Contractual Obligations. The Authority shall perform all contractual obligations undertaken by it under leases or other agreements with the Federal Government, under and any other agreements with all other Persons relating to the 2026 Bonds and any other TMWA Water System securities, Pledged Revenues, the Project, or the TMWA Water System, or any combination thereof.

Section 1104. Further Assurances. At any and all times the Authority, acting by and through the Board except when otherwise required by law, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver, and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, and confirming all and singular the rights, the Gross Revenues, and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Instrument and any instrument supplemental thereto, and to comply with the Authority Act and the Bond Act. The Authority, acting by and through the TMWA Manager, the Board, or otherwise, shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge of the Gross Revenues and other moneys and accounts pledged hereunder and all the rights of every holder of any bonds or other securities payable from Pledged Revenues against all claims and demands of all Persons whomsoever.

Section 1105. Conditions Precedent. Upon the date of issuance of any 2026 Bonds, all conditions, acts, and things required by the Constitution or statutes of the United States, the Constitution or statutes of the State, including, without limitation, the Authority Act and the Bond Act, or this Instrument to exist, to have happened, and to have been performed precedent to or in the issuance of the bonds shall exist, have happened, and have been performed; and the bonds, together with all other obligations of the Authority, shall not contravene any debt or other

limitation prescribed by the Constitution or statutes of the United States, or the Constitution or statutes of the State.

Section 1106. Rules, Regulations, and Other Details. The Authority, acting by and through the TMWA Manager, the Board, or otherwise, shall establish and enforce reasonable rules and regulations governing the operation, care, repair, maintenance, management, control, occupancy, use, and services of the TMWA Water System. The Authority shall observe and perform all of the terms and conditions contained in this Instrument and shall comply with all valid acts, rules, regulations, orders, and directives of any legislative, executive, administrative, or judicial body applicable to the TMWA Water System or the Authority.

Section 1107. Competent Personnel and Operation. The Authority shall at all times endeavor to employ in connection with the operation of the TMWA Water System in executive and managerial capacities only individuals competent therefor by reason of training and experience. The Authority shall administer the TMWA Water System in accordance with sound business principles. All salaries, fees, wages, and other compensation paid by the Authority in connection with the maintenance, repair, and operation of the TMWA Water System shall be reasonable, proper, and not excessive.

Section 1108. Maintenance of TMWA Water System. The Authority shall, insofar as it may legally do so, without any violation of other provisions of this Instrument, maintain, preserve, keep, and operate the TMWA Water System or cause the TMWA Water System to be maintained, preserved, kept, and operated in good repair, working order, and condition.

Section 1109. Operation of TMWA Water System. The Authority shall at all times operate the TMWA Water System properly and in a sound and economical manner and shall maintain, preserve, and keep the TMWA Water System properly, or cause the same, by lease or otherwise, so to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order, and condition. The Authority also shall from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals so that at all times the operation of the TMWA Water System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating water facilities of like size and character.

Section 1110. Competing Water Facilities. The Authority shall not construct other facilities or structures to be operated by the Authority separate from the TMWA Water System and competing with the TMWA Water System for revenues otherwise available for the payment of the 2026 Bonds or any other securities payable from Pledged Revenues.

Section 1111. Corporate Existence. The Authority shall maintain its corporate identity and existence so long as any of the 2026 Bonds and any other securities payable from Pledged Revenues remain Outstanding, unless another body corporate and politic by operation of law succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the Authority and is obligated by law to operate and maintain the TMWA Water System and to fix and collect Pledged Revenues as herein provided without adversely and materially affecting at any

time the privileges and rights of any holder of any Outstanding bond or any such other Outstanding security.

Section 1112. Disposal of TMWA Water System Prohibited. Except for the use of the TMWA Water System or services pertaining thereto in the normal course of business, neither all nor a substantial part of the TMWA Water System shall be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of, until all the 2026 Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the bonds have been otherwise redeemed, including, without limitation, the termination of the pledge as herein authorized; and the Authority shall not dispose of its title to the TMWA Water System or to any useful part thereof, including, without limitation, any property necessary to the operation and use of the TMWA Water System and the lands comprising the site of the TMWA Water System (other than the execution of leases, licenses, easements, or other agreements in connection with the operation of the TMWA Water System by the Authority), except for any pledges of and liens on revenues derived from the operation and use of the TMWA Water System, or any part thereof, for the payment of any other revenue bonds or other securities pertaining to the TMWA Water System as permitted herein, and except as otherwise provided herein.

Section 1113. Revenues and Agreements. The Authority shall not create or permit to be created any charge or lien on the Gross Revenues, except as herein permitted. Nothing herein contained prevents the Authority from executing leases, licenses, easements, or other agreements for any part of the TMWA Water System with the Federal Government or any other Persons, if such instrument shall not substantially diminish the Net Revenues otherwise available for the payment of the Outstanding 2026 Bonds and any other Outstanding bonds or other Outstanding securities payable from Pledged Revenues. TMWA shall not enter into any agreement that limits its ability to increase rates and charges for water and other goods and services provided by, and for the use of the TMWA Water System as may be necessary to comply with Section 1001 hereof. No more than 10 percent of the Gross Revenues, excluding revenues derived from the sale of electric power, may be subject to a contract that fixes the amount paid to the Authority for goods or services or otherwise for a term greater than three years.

Section 1114. Disposal of Unnecessary Property. The Authority may sell, exchange, lease, or otherwise dispose of at any time and from time to time any property constituting a part of the TMWA Water System and not useful in the construction, reconstruction, or operation thereof, or which shall cease to be necessary for the efficient operation of the TMWA Water System, or which shall have been replaced by other property of at least equal value, except to the extent the Authority is prevented from so doing by any contractual limitation pertaining thereto. The TMWA Manager shall certify that such property is not useful, has ceased to be necessary for the efficient operation of the TMWA Water Systems, or has been replaced by other property of at least equal value prior to disposal of such property. The net proceeds of the sale of any TMWA Water System property shall be used for the purpose of replacing properties at the TMWA Water System, real, personal, mixed, or otherwise, or shall be paid into the General Purpose Account for the purposes thereof.

Section 1115. Loss from Condemnation. If any part of the TMWA Water System shall be taken by the exercise of a power of eminent domain, the amount of any award received by

the Authority as a result of such taking shall be paid into the General Purpose Account for the purposes of reconstructing the TMWA Water System and, to the extent not needed for reconstruction, to the Revenue Fund, as the Board may determine.

Section 1116. Payment of Governmental Charges and Liens. The Authority shall pay or cause to be paid all taxes, assessments, and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the TMWA Water System, or upon any part thereof, or upon any portion of the Gross Revenues, or revenues otherwise pertaining to the TMWA Water System, when the same shall become due. The Authority shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the TMWA Water System, or any part thereof, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The Authority shall not create or suffer to be created any lien or charge upon the TMWA Water System, or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Instrument for the payment of the Bond Requirements of the 2026 Bonds and any Outstanding parity securities or subordinate securities, and except as herein otherwise permitted. The Authority shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law become a lien upon the TMWA Water System, any part thereof, the Gross Revenues, or any other revenues pertaining to the TMWA Water System. Nothing herein contained requires the Authority to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge, or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith.

Section 1117. Protection of Security. The Authority, the officers, agents, and employees of the Authority and the Board shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the 2026 Bonds and any other securities payable from Pledged Revenues according to the terms of such securities. The Authority shall maintain, preserve, and renew all the rights, powers, privileges, and franchises now owned or hereafter acquired with respect to the TMWA Water System. No contract shall be entered into and no other action shall be taken by which the rights of any holder of any bond or other security payable from Pledged Revenues might be prejudicially and materially impaired or diminished.

Section 1118. Prompt Payment of Securities. The Authority shall promptly pay the Bond Requirements of every bond and every other security payable from Pledged Revenues at a place, on the dates, and in the manner specified in the bond or other security according to their true intent and meaning and as provided in any instrument pertaining thereto, including without limitation, this Instrument.

Section 1119. Use of Gross Revenues. None of the Gross Revenues shall be used for any purpose other than as provided herein. The Authority shall apply the Net Revenues to the payment of the bonds, any other securities payable from Pledged Revenues, and the interest thereon (but not necessarily exclusively thereto), and the Authority is not obligated to make such payments from any other source or moneys, but it is not prohibited from making such payments from any moneys which may be lawfully used for that purpose.

Section 1120. Use of Bond Fund. The Bond Fund shall be used solely and only and the moneys credited to such account are hereby pledged for the purpose of paying the Bond Requirements of the 2026 Bonds and any parity securities heretofore or hereafter authorized and then Outstanding, except for those moneys in the Interest Account, the Principal Account, and the Bond Reserve Account within the Bond Fund as are in excess of such Bond Requirements, both accrued and not accrued, to their respective maturities or any Redemption Date or Redemption Dates, whichever due date is earlier, if any (subject to the provisions of Sections 509, 510, 606, and 1201 hereof).

Section 1121. Additional Securities. The Authority shall not hereafter issue any bonds or other securities payable from Pledged Revenues and having a lien on Pledged Revenues on a parity with the lien thereon of the 2026 Bonds so long as any 2026 Bonds are Outstanding, unless such additional securities (other than securities issued pursuant to Sections 708 through 712 hereof and refunding securities on a parity with the 2026 Bonds) with a lien on Pledged Revenues on a parity with the 2026 Bonds are issued in such manner as provided in Sections 703, 704, 707, and 712 hereof. Any other securities hereafter authorized to be issued and secured by Pledged Revenues shall not hereafter be issued, unless such additional securities are also issued in conformance with the provisions of Articles V and VII hereof.

Section 1122. Other Liens. Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the TMWA Water System, or any part thereof, or on or against the Gross Revenues derived or to be derived, on a parity with or superior to the lien of the 2026 Bonds, the 2024 Bonds, the 2018 Bonds, the 2017 Bonds, the 2016 Bonds and the 2015 Bonds. The Authority shall not issue any bonds, other than the 2026 Bonds, the 2024 Bonds, the 2018 Bonds, the 2017 Bonds, the 2016 Bonds and the 2015 Bonds, or any other additional securities secured by a pledge of or lien on the Gross Revenues, or both such a pledge and such a lien (including, without limitation, amounts which the Authority may thereafter be entitled to withdraw from the Revenue Fund and transfer to the Operation and Maintenance Account for the payment of Operation and Maintenance Expenses) and shall neither create nor cause to be created any lien or charge on the Gross Revenues or on any amount held by the Trustee or the Authority under this Instrument, except as provided in Articles V and VII hereof; but neither this Section nor any other provision of this Instrument shall prevent the Authority from issuing additional bonds or other additional securities for the purposes of the Authority secured by a pledge of and lien on Pledged Revenues subordinate to the lien of the 2026 Bonds, the 2024 Bonds, the 2018 Bonds, the 2017 Bonds, 2016 Bonds or 2015 Bonds, or to be derived on and after such date as the pledge of and lien on the Pledged Revenues provided in this Instrument are discharged and satisfied as provided in Section 1201 hereof, or otherwise.

Section 1123. Revenues Claims. The Authority shall defend against every suit, action, or proceeding at any time brought against any holder of any bonds or other securities payable from Pledged Revenues upon any claim arising out of the receipt, application, or disbursement of any of the Gross Revenues, or involving such holder's rights under this Instrument or other proceedings pertaining to the issuance of such securities; the Authority shall also indemnify and save harmless any such holders against any and all liability, claim, or assertion by any Person whomsoever, arising out of such receipt, application, or disbursement; but such holder

at his election may appear in and defend any such suit, action, or proceedings; and notwithstanding any contrary provision hereof, this covenant shall continue and remain in full force and effect, even though all indebtedness, liabilities, obligations, and other sums secured hereby may have been fully paid and satisfied, and the obligations under this Instrument may have been released and the lien hereof discharged.

Section 1124. Accumulation of Interest Claims. In order to prevent any accumulation of claims for interest after maturity, the Authority shall not directly or indirectly extend or assent to the extension of the time for the payment of any claim for interest on any of the 2026 Bonds or any other securities payable from Pledged Revenues; and the Authority shall not directly or indirectly be a party to or approve any arrangements for any such extension or for the purpose of keeping alive any of such claims for interest. If the time for the payment of such installment of interest shall be extended in contravention of the foregoing provisions, such installment or installments of interest after such extension or arrangement shall not be entitled in case of default hereunder to the benefit or security of this Instrument, except upon the prior payment in full of the principal of all 2026 Bonds and any such other securities then Outstanding and of all matured interest on all such securities the payment of which has not been extended.

Section 1125. Records and Accounts. So long as any of the 2026 Bonds and any other securities payable from Pledged Revenues remain outstanding, proper records and accounts shall be kept by the Authority, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the TMWA Water System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues. Such records shall include (but not necessarily be limited to) monthly records, all in reasonable detail as may be determined by the TMWA Manager or her delegate and in accordance with standard accounting practices, showing:

A. Receipts. The Gross Revenues and other moneys received and pertaining to the TMWA Water System;

B. Purposes and Accounts. The respective purposes for which such moneys were paid and the respective accounts in which such moneys were accounted; and

C. Complete Accounting. Complete and correct entries of all transactions relating to the receipt, disbursement, allocation, and application of all moneys.

All requisitions, requests, certificates, opinions, and other documents received by any Person on behalf of the Authority in connection with the TMWA Water System under the provisions of this Instrument shall be retained in the Authority's official records in accordance with State law.

Section 1126. Rights Concerning Records. The Trustee shall have the right at all reasonable times to inspect all financial statements, other records, accounts, and data relating thereto, concerning the TMWA Water System, or the Gross Revenues, or any other moneys pertaining to the TMWA Water System, or any combination thereof, and to make copies of such financial statements, other records, accounts, and data.

Section 1127. Audits Required. The Authority shall cause an audit to be made for each Fiscal Year within 180 days following the close of the Fiscal Year of such records, accounts, and subaccounts by an Independent Accountant, and shall order an audit report showing the receipts and disbursements for each account and subaccount pertaining to the TMWA Water System, including, without limitation, the Gross Revenues.

Section 1128. Accounting Principles. Records and accounts, and audits thereof, with respect to the TMWA Water System and the Gross Revenues, shall be currently kept and made, as nearly as practicable, in accordance with generally accepted accounting principles, methods and terminology followed and construed for water systems comparable to the TMWA Water System, except as may be otherwise provided herein or required by applicable law or regulation or by contractual obligation existing on the effective date of this Instrument.

Section 1129. Insurance and Reconstruction. The Authority, shall at all times maintain fire and extended coverage insurance, workmen's compensation insurance, public liability insurance, and all such other insurance as is customarily maintained with respect to facilities of like character against loss of or damage to the TMWA Water System, against loss of Pledged Revenues and against public and other liability to the extent reasonably necessary to protect the interests of the Authority and of each owner of a Bond or any other security payable from the Pledged Revenues, except as herein otherwise provided. The amounts of such insurance coverage shall be approved by the Authority's risk manager or the risk managers of the Members. If at any time the Authority is unable to obtain insurance to the extent provided herein, the Authority shall maintain such insurance to the extent it is reasonably obtainable. If such insurance is not reasonably obtainable, the Authority shall self-insure to the extent it is financially able to do so. If any useful part of the TMWA Water System shall be damaged or destroyed, the Authority shall, as expeditiously as possible, commence and diligently prosecute the repair or replacement of the damaged or destroyed property so as to restore the same to use. The proceeds of any such property insurance relating to the TMWA Water System shall be payable to the Authority and applied as provided in Section 1130 below. The Authority may insure all or a portion of the above risks through a program of self-insurance, providing that the level of self-insurance reserves and the funding thereof are approved by an independent expert in self-insurance.

Section 1130. Use of Insurance Proceeds. Immediately after any loss or damage to the TMWA Water System which is covered by insurance, the Authority shall cause plans and specifications for repairing, reconstruction, or otherwise replacing the damaged or destroyed property to be prepared and an estimate of the cost thereof, and to file copies of such plans and specifications and of such estimate with the TMWA Manager. The proceeds of all insurance referred to in Section 1129 hereof shall be available for and to the extent necessary be applied to the repair, reconstruction, and other replacement of the damaged or destroyed property. If such proceeds are more than sufficient for such purpose, the balance remaining shall be paid into the General Purpose Account designated in Section 516 hereof.

If such proceeds shall be insufficient to repair, reconstruct, or otherwise replace the damaged or destroyed property pertaining to the TMWA Water System, the deficiency may be supplied by the TMWA Manager from moneys in the Renewal and Replacement Account, the General Purpose Account, or any other accounts or subaccounts legally available for such

purposes. If the cost of repairing, reconstruction, or otherwise replacing the damaged or destroyed property as estimated by the TMWA Manager shall not exceed the proceeds of insurance and other moneys legally available for such purpose, the Authority shall forthwith commence and diligently prosecute the repair, reconstruction, or other replacement of the damaged or destroyed property. The cost of maintaining such insurance for the TMWA Water System shall be deemed a part of the Operation and Maintenance Expenses of the TMWA Water System.

Section 1131. Transfer to General Purpose Account. The proceeds of any insurance designated in Sections 1129 and 1130 hereof and not applied within 18 months after receipt by the Authority to the repairing, reconstructing, or otherwise replacing of the damaged or destroyed property, unless the Authority is prevented from so doing because of conditions beyond its control, shall be transferred to the General Purpose Account.

Section 1132. Maintenance of Policies. All such insurance policies designated in Sections 1129 hereof shall be filed with the TMWA Manager and shall be subject to the inspection at all reasonable times of any holder of any Outstanding bond or any other Outstanding security payable from Pledged Revenues or any authorized representative of any such holder.

Section 1133. Completion of Project. The Authority, with the proceeds derived from the sale of the 2026 Bonds and any other available moneys, shall proceed to cause the Project to be completed without delay to the best of the Authority's ability and with due diligence, as herein provided.

Section 1134. Federal Tax Covenant. The Authority covenants for the benefit of the registered owners of the 2026 Bonds that it will not take any action or omit to take any action with respect to the 2026 Bonds, the proceeds thereof, any other funds of the Authority or any facilities refinanced with the proceeds of the 2026 Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2026 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2026 Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met. The Authority makes no covenant with respect to taxation of interest on the 2026 Bonds as a result of the inclusion of that interest in the "adjusted financial statement income" of "applicable corporations" (as defined in Sections 56A and 59(k), respectively, of the Tax Code).

Section 1135. Additional Covenants. While the 2026 Bonds are Outstanding, the Authority agrees to the following:

A. At least 15 days in advance of entering into a Qualified Swap, the Authority will give written notice to Standard and Poor's Ratings Group, Moody's Investors Service, and/or Fitch whichever then has a rating in effect for the bonds, of such Qualified Swap and provide those rating agencies the proposed documentation evidencing such Qualified Swap.

B. If a termination payment under a Qualified Swap is unconditionally due and payable in accordance with the terms of the Qualified Swap, and the Authority determines that payment of such termination payment on its due date would be unduly burdensome, the Authority will use its best efforts to issue bonds or other obligations and use the proceeds thereof for the purpose of paying such termination payment.

C. Any Qualified Swap entered into by the Authority will contain a provision requiring the Qualified Swap Provider to (i) maintain at least an "A" rating from Standard and Poor's Corporation on its senior long-term debt obligations, or on the senior long-term debt obligations of the financial institution that guarantees the Authority's obligations under the Qualified Swap, or (ii) to collateralize its obligations under the Qualified Swap in a manner reasonably acceptable to Standard and Poor's Corporation.

Section 1136. Continuing Disclosure Undertaking. The Authority covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the applicable provisions of the final Continuing Disclosure Certificate substantially in the form now on file with the Secretary, to be executed by the TMWA Manager or the Chief Financial Officer and delivered in connection with the delivery of the Bonds; provided, however, any failure to comply with such Continuing Disclosure Certificate shall not be deemed to be an Event of Default hereunder and remedies for any failure to comply shall be limited exclusively to the remedies set forth in such Continuing Disclosure Certificate.

Section 1137. No Purveyor Members. As provided in Section 6.13(e) of the TMWA Asset Purchase Agreement, the Authority shall not permit any of its Members to engage in the retail delivery of potable water within its respective jurisdiction and within the retail service area of the Authority.

## ARTICLE XII

MISCELLANEOUS

Section 1201. Defeasance. Except as otherwise set forth herein, when all Bond Requirements of any 2026 Bond or any other security of any other issue payable from Pledged Revenues have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged as to that Bond or security and it shall no longer be deemed to be Outstanding within the meaning of this Instrument. There shall be deemed to be such due payment if the Authority has placed in escrow or in trust with a trust bank exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond or security, as such requirements become due to the fixed maturity date of the Bond or security or to any Redemption Date or Redemption Dates as of which the Authority shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond or security thereafter maturing for payment then. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Authority and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. If at any time the Authority has so placed in escrow or trust an amount so sufficient to pay designated Bond Requirements of securities constituting less than all of the Bond Requirements of the securities becoming due on and before their respective due dates, be they the fixed maturity dates of the securities or any such Redemption Date pertaining to the securities, such designated Bond Requirements shall be deemed paid and discharged under this Instrument. For the purposes of this Section, "Federal Securities" shall not include any Federal Securities which are callable by any party other than the owner thereof; and if any defeasance escrow investments involve a contract for supplying Federal Securities for the escrow after the date of creation of the escrow, the consent of the Insurer, if any, must be obtained. The Authority shall provide the Trustee with either (i) a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the defeased 2026 Bonds in full or (ii) an opinion of bond counsel to the effect that such 2026 Bonds are no longer Outstanding under this Instrument, that the defeasance was in accordance with the requirements of this Instrument and will not adversely affect the tax exempt status of such 2026 Bonds.

Section 1202. Delegated Powers. The Chair, Secretary, Treasurer, TMWA Manager, Chief Financial Officer and other officers of the Authority be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Instrument, including, without limitation:

A. Printing Bonds. The printing of the 2026 Bonds, including, without limitation, the printing on each 2026 Bond of any applicable statement of insurance guaranteeing the payment of the principal of and the interest on the insured 2026 Bonds by the insurer or insurers thereof;

B. Final Certificates. The execution of such certificates electronically or otherwise as may be reasonably required by the Underwriter, relating, among other matters, to:

- (1) The signing of the 2026 Bonds,
- (2) The tenure and identity of the officials of the Board and the Authority,
- (3) The exemption of interest on the 2026 Bonds from Federal income taxation,
- (4) The delivery of the 2026 Bonds and the receipt of the purchase price,
- (5) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof, and
- (6) The execution of any agreement related to the Paying Agent and Registrar not inconsistent with this Instrument;

C. Bond Insurance. The completion and execution electronically or otherwise of any necessary agreement or certificate related to any insurance policy with respect to the 2026 Bonds not inconsistent with this Instrument.

D. Continuing Disclosure Certificate. The completion and execution electronically or otherwise of the Continuing Disclosure Certificate concerning the 2026 Bonds;

E. Escrow Agreement. The completion and execution electronically or otherwise of the Escrow Agreement by the TMWA Manager, or in his absence, the Chief Financial Officer, in substantially the form of the Escrow Agreement which is on file with the Authority;

F. Official Statement. The preparation and distribution of an official statement for use for prospective buyers of the 2026 Bonds, including, without limitation, such use by the Underwriter and their associates, if any; and

G. Bond Sale. The sale and issuance of the 2026 Bonds in accordance with the provisions of this Instrument, including but not limited to the completion and execution of the Bond Purchase Agreement.

Section 1203. Statute of Limitations. No action or suit based upon any Bond or other obligation of the Authority shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the Authority and the holder of any Bond or the obligee regarding any such obligation shall be conclusively presumed to have been repudiated on the fixed maturity date or other due date thereof unless the Bond is presented for payment or demand for payment of any such obligation is otherwise made before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any account reserved, pledged, or otherwise held for the payment of any such obligation, action or suit

for the collection of which has been barred, shall revert to the Revenue Fund, unless the Board shall otherwise provide by instrument of the Authority. Nothing herein prevents the payment of any such obligation after any action or suit for its collection has been barred if the Board deems it in the best interests of the public so to do and orders such payment to be made.

Section 1204. Impairment of Prior Contracts. Nothing herein impairs the Authority's obligation of contracts with any Person in connection with the Authority, including, without limitation:

- A. Pledged Revenues. Pledged Revenues,
- B. Outstanding Securities. Any Outstanding securities payable from Pledged Revenues,
- C. TMWA Water System. The TMWA Water System,
- D. Project. The Project,
- E. Prior Contracts. Any existing viable contracts pertaining to the TMWA Water System between the Authority and other Persons, or
- F. Combination. Any combination thereof.

If any provision herein is inconsistent with any provision in any existing contract pertaining to the Authority so as to affect prejudicially and materially the rights and privileges thereunder, so long as such contract shall remain viable and in effect such provision therein shall control such inconsistent provision herein and the latter provision shall be subject and subordinate to such provision in such existing contract.

Section 1205. Governmental Powers. The enforceability of the Authority's obligations and creditors' remedies is:

- A. Equity Principles. Subject to general principles of equity to the extent relevant to the Authority (regardless of whether such enforceability is considered in a proceeding in equity or at law),
- B. Limitations Fixed by Law. Subject to the limitations upon enforceability fixed by bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights and privileges,
- C. State and U.S. Powers. Otherwise subject to the reasonable exercise in the future by the State and its governmental bodies of the police powers and the powers of eminent domain, taxation, and licensing inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the Constitution of the United States,

D. Limitations Upon Suits. Subject to the limitations stated in the 11th Amendment, Constitution of the United States, upon suits against states in Federal courts, and

E. Sovereign Immunity. Subject to the possible passage hereafter of a State statute reestablishing the doctrine of sovereign immunity (heretofore waived by the State subject to certain exceptions and conditions) of the State and any political subdivision of the State from liability and suits thereagainst in the absence of the State's consent thereto.

Nothing herein prohibits or limits the exercise by the Federal Government, the State, or any other governmental entity of their respective sovereign powers. Generally, the State can neither contract away such sovereign powers nor limit or inhibit by contract the proper exercise of such powers, and this Instrument does not purport to do so.

Section 1206. Additional Securities. The Authority reserves the privileges of issuing at a later time or from time to time any securities now or hereafter authorized by law (not herein designated for issuance), as moneys, if any, are needed for the project or projects for which such securities are authorized respectively to be issued.

Section 1207. No Acceleration. Nothing in this Instrument or any other instrument of the Authority or any law of the State shall permit the acceleration of the time or times for the payment of the 2026 Bonds, as to all Bond Requirements prior to their respective maturities or other due dates as provided herein, even if the Authority defaults in the payment of any such Bond Requirements hereunder, and shall not permit such an acceleration of the time for the payment of any subordinate securities without the consent of the Insurer. The Authority may enter into Qualified Swaps which provide for a payment due on termination of the Qualified Swap, whether by reason of a default by the Authority or otherwise, without obtaining the consent of the Insurer so long as the termination payment does not have a lien on the Net Revenues that is on a parity with or superior to the lien thereon of the 2026 Bonds.

Section 1208. Subrogation of Bondholder's Rights. If the principal, or the Redemption Price, if applicable, and interest due on the 2026 Bonds shall be paid by the Insurer, if any, the assignment and pledge of Pledged Revenues, and all covenants, agreements, other obligations, liabilities, and duties of the Authority or the Trustee, or both of them, as the case may be, to the holders of the 2026 Bonds shall continue to exist; and the Insurer shall be subrogated to the rights and privileges of such holders of the bonds so paid by the Insurer, if any.

Section 1209. The Insurer Treated as Holder. So long as it has not defaulted on its insurance policy with respect to the 2026 Bonds, the Insurer, if any, shall be deemed to be the holder of the 2026 Bonds as provided below:

A. Consent to Amendments. At any time the consent of a holder of 2026 Bond is required for adoption of an amendatory or supplemental instrument, the Insurer must consent in writing to the adoption of the instrument, which consent must be obtained in lieu of the consents required to be obtained from the holders of the 2026 Bonds. Copies of any amendments consented to by the Insurer must be sent by first class mail, postage prepaid, to Standard & Poor's Ratings Group.

B. Other Purposes. Following an Event of Default for all other purposes (except payment of the principal of and interest on the 2026 Bonds unless the Insurer is entitled to such payment by virtue of its ownership of a 2026 Bond or subrogation), until after the curing of all defaults which may theretofore have occurred, the Insurer shall be treated as the holder of all of the 2026 Bonds.

C. Notices. A copy of any notices required to be sent pursuant to the provisions of this Instrument must be sent to the Insurer at such address as is provided in writing for such purpose by the Insurer.

## ARTICLE XIII

PRIVILEGES, RIGHTS AND REMEDIES

Section 1301. Bondholder's Remedies. Each holder of any 2026 Bond and the Trustee, acting for each such holder, shall be entitled to all of the privileges, rights, and remedies provided herein, in the Authority Act, in the Bond Act, and as otherwise provided or permitted at law or in equity or by other statutes, except as provided in Sections 206 through 210 hereof, but subject to the provisions herein concerning Pledged Revenues and the proceeds of the 2026 Bonds.

Section 1302. Right To Enforce Payment. Nothing in this article affects or impairs the right of any holder of any 2026 Bond to enforce the payment of the Bond Requirements of his bond or the obligation of the Authority to pay the Bond Requirements of each 2026 Bond to the holder thereof at the time and the place expressed in the 2026 Bond.

Section 1303. Events of Default. Except as otherwise provided herein, each of the following events is hereby declared an "event of default:"

A. Nonpayment of Principal and Premium. Payment of the principal of any of the 2026 Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest is not made when the same becomes due and payable;

C. Incapable To Perform. The Authority for any reason is rendered incapable of fulfilling its obligations hereunder;

D. Nonperformance of Duties. The Authority fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to Pledged Revenues, to the TMWA Water System, or to all or any other combination thereof, or otherwise, including, without limitation this Instrument, and such failure continues for 60 days after receipt of notice directly from the holders of a majority in principal amount of the 2026 Bonds and parity securities then Outstanding or receipt of such notice from such holders is delivered by the Trustee;

E. Failure to Reconstruct. The Authority discontinues or unreasonably delays or fails to carry out with reasonable dispatch the repair, reconstruction, or other replacement of any material part of the TMWA Water System which is destroyed or damaged and is not promptly replaced (whether such failure to replace the same is due to impracticability of such replacement, is due to a lack of moneys therefor, or for any other reason);

F. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the Authority appointing a receiver or receivers for the TMWA Water System or for any Pledged Revenues and any other moneys

subject to the lien to secure the payment of the 2026 Bonds, or both such TMWA Water System and such moneys, or an order or decree having been entered without the consent or acquiescence of the Authority is not vacated or discharged or stayed on appeal within 60 days after entry; and

G. Default of Any Provision. Except as otherwise provided herein, the Authority makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements, and other provisions contained in the 2026 Bonds or in this Instrument on its part to be performed, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the Authority directly by the holders of a majority in principal amount of the 2026 Bonds and any parity securities then Outstanding or such notice from such holders is received by the Trustee and delivered to the Authority by the Trustee. If the Authority defaults in performance of the Rate Maintenance Covenant pursuant to Section 1001 hereof, and: (1) the Authority has consulted an Professional Engineer with regard to the steps it should take to increase Net Revenues; (2) the rates and charges collected by the Authority equal or are greater than 100 percent of combined maximum principal and interest requirements; and (3) the Authority is following those recommendations of the Professional Engineer, it does not constitute an event of default as long as such default does not continue for a period of not more than three years.

Section 1304. Remedies for Defaults. Upon the happening of an event of default as provided in subsections A or B of Section 1303 with respect to any 2026 Bond which is insured by the Insurer, the Trustee shall instruct the Paying Agent to proceed as provided in the payment procedures provided by the Insurer. Upon the happening and continuance of any of the events of default, as provided in Section 1303 hereof, then and in every case the holder or holders of not less than a majority in principal amount of the 2026 Bonds and any parity securities then Outstanding or the Trustee therefor may proceed against the Authority and its agents, officers, and employees to protect and to enforce the rights of any holder of 2026 Bonds under this Instrument by mandamus or by other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or by an award of execution of any power herein granted for the enforcement of any proper, legal, or equitable remedy as such holder or holders may deem most effectual to protect and to enforce the rights aforesaid, or thereto enjoin any act or thing which may be unlawful or in violation of any right of any holder of any 2026 Bond, or to require the Authority to act as if it were the trustee an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had, and maintained for the equal benefit of all holders of the 2026 Bonds and any parity securities then Outstanding.

Section 1305. Vesting in Trustee Powers of Statutory Trustee. The holders of the 2026 Bonds shall be entitled to the benefits and be subject to the provisions of NRS 350.660, 350.664, and 350.666 (except as hereinafter provided with respect to the method of the appointment of a trustee), and the trustee referred to therein (being the Trustee appointed and confirmed herein) shall have the powers provided by such sections of the Bond Act; the provisions of such sections of the Bond Act (except as to such method of appointment) shall be fully applicable to all Outstanding 2026 Bonds; the right or privilege of such holders to appoint such trustee in the manner provided in such sections is hereby abrogated; all of the rights, powers, and duties of such trustee shall be and hereby are vested in the Trustee without further act on the part

of the holders of the 2026 Bonds; and the Authority shall not interpose, as a defense to any proceedings under such sections of the Bond Act, failure of holders of 2026 Bonds to appoint a trustee in the manner provided in such sections of the Bond Act.

Section 1306. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such holders hereunder, the consent to any such appointment being hereby expressly granted by the Authority, may enter and take possession of the TMWA Water System, subject to the rights and privileges of any lessee or other user under any lease or other contract, may operate and maintain the same, may prescribe rates, fees, and other charges, and may collect, receive, and apply all Gross Revenues and any other revenues pertaining to the TMWA Water System arising after the appointment of such receiver in the same manner as the Authority itself might do.

Section 1307. Rights and Privileges Cumulative. The failure of any holder of any Outstanding 2026 Bond to proceed in any manner herein provided shall not relieve the Authority, its Board, or any of the Authority's officers, agents, or employees of any liability for failure to perform or carry out any duty, obligation, or other commitment. Each right or privilege of any such holder (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege thereof.

Section 1308. Duties upon Defaults. Upon the happening of any of the events of default as provided in Section 1303 hereof, the Authority, in addition, shall do and perform all proper acts on behalf of and for the holders of the 2026 Bonds, and any parity securities payable from Pledged Revenues to protect and to preserve the security created for the payment of the securities and to insure the payment of the Bond Requirements of the securities promptly as the same become due. During any period of default, so long as any of the securities, as to any Bond Requirements, are Outstanding, all Net Revenues shall be paid into the Bond Fund, and, to the extent such revenues, if any, exceed the Bond Requirements of the Outstanding securities payable from such account, both accrued and to accrue to their respective fixed maturity dates or to any Redemption Date or Redemption Dates pertaining thereto, whichever is earlier, if any, into any like account or like accounts for any Outstanding subordinate securities. If the Authority fails or refuses to proceed as in this Section provided, the holder or holders of not less than a majority in principal amount of the bonds and any parity securities then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the holders of the securities as hereinabove provided; and to that end any such holders of Outstanding securities shall be subrogated to all rights of the Authority under any agreement, lease, or other contract involving Pledged Revenues, or the TMWA Water System entered into prior to the effective date of this Instrument or thereafter while any such securities are Outstanding.

Section 1309. Duties in Bankruptcy Proceedings. If any lessee or other user of the TMWA Water System proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under law providing for corporate reorganization, it shall be the duty of the Authority and its appropriate officers are hereby authorized and directed to take all necessary steps for the benefit of the holders of the 2026 Bonds and any parity securities in such proceedings, including, without limitation, the filing of any claims for unpaid rates, fees,

other charges, and other payments due to the Authority or otherwise arising from the breach of any of the covenants, terms, or conditions of the lease or any other contract pertaining to the TMWA Water System, unless the TMWA Manager or his delegate determines that the costs of such action are likely to exceed the amounts thereby recovered from such obligor.

**Section 1310. Prejudicial Action Unnecessary.** Nothing in this article requires the Authority to proceed as provided therein if the TMWA Manager or his delegate determines in good faith and without any gross abuse of his discretion that if the Authority so proceeds it is more likely than not to incur a net loss rather than a gain or such action is otherwise likely to affect materially and prejudicially the holders of the Outstanding 2026 Bonds and any Outstanding parity securities.

**ARTICLE XIV**

**CONCERNING THE TRUSTEE**

Section 1401. Appointment of Trustee. The Bank of New York Mellon Trust Company, N.A. is hereby appointed and confirmed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Instrument by executing the certificate of authentication endorsed upon the 2026 Bonds; and the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the 2026 Bonds so authenticated, but also with respect to all the 2026 Bonds thereafter to be issued hereunder.

Section 1402. Property Held in Trust. All moneys and securities held by the Trustee at any time pursuant to the terms of this Instrument shall be and hereby are assigned, transferred, and set over unto such Trustee in trust for the purposes and under the terms and conditions on this Instrument.

Section 1403. Deposit and Security of Funds. Subject to the provisions of Sections 602 and 603 hereof, all moneys (not including securities) held by the Trustee may, subject to the provisions of this Section, be deposited by the Trustee in demand or time deposit in its banking department, the banking department of any of the Trustee's affiliates, or with such other Banking Institutions as may be designated by the Authority. No such moneys shall be deposited with any Banking Institution, other than the Trustee or an affiliate of the Trustee, in an amount exceeding 50% of the amount which an officer of such bank shall certify to the Trustee and to the Authority as the combined capital and surplus of such bank. No such moneys shall be deposited or remain on deposit with any Banking Institution, including the Trustee and its affiliates, in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency:

A. Pledge of Collateral Security. Unless such bank shall have lodged with the corporate trust department of the Trustee or, with the written approval of the Trustee and of the Authority, pledged to some other Banking Institution for the benefit of the Authority and every holder of any 2026 Bond issued hereunder, as collateral security for the moneys deposited, Federal Securities or such securities as are provided by law for securing a deposit in a Banking Institution in the State of cities and towns in the State, having a market value (exclusive of accrued interest) at least equal to 110% of the amount of such moneys; or

B. Surety Bond. Unless, in lieu of such collateral security as to all or any part of such moneys, there shall have been lodged with the corporate trust department of the Trustee for the benefit of the Authority and every holder of any 2026 Bond issued hereunder, and remain in full force and effect as security for such moneys or part thereof, the indemnifying bond or bonds of a surety company or companies qualified as surety for deposits of funds of the United States and qualified to transact business in the state in which such Banking Institution is located in a sum at least equal to the amount of such moneys or part thereof.

The Trustee shall allow and credit interest on any such moneys held by it at such rate as it customarily allows upon similar funds of similar size and under similar conditions or as

required by law. Interest or any other gain in respect of moneys or on securities in any account shall be credited in accordance with the provisions of Article VI hereof.

Section 1404. Basic Duties of Trustee. The Trustee undertakes, prior to default, and after the curing of all defaults which may have occurred, to perform such duties and only such duties as are specifically set forth in this Instrument and, in case of an event of default (which has not been cured) to exercise such of the rights and powers vested in it by this Instrument and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs, except as herein otherwise expressly provided. The Trustee, upon receipt of evidence furnished to it by or on behalf of the Authority pursuant to any provision of this Instrument shall examine the same to determine whether or not such evidence conforms to the requirements of this Instrument.

Section 1405. Trustee's Conduct. Except as herein otherwise expressly provided, no provision of this Instrument relieves the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

A. Absence of Implied Duties. Prior to default hereunder and after the curing of all defaults which may have occurred, the Trustee shall not be liable except for the performance of such duties as are specifically set out in this Instrument, and no implied covenants or obligations shall be read into this Instrument against the Trustee, but the duties and obligations of the Trustee, prior to default and after curing of all defaults which may have occurred, shall be determined solely by the express provisions of this Instrument;

B. Reliance Upon Instruments. Prior to default hereunder and after the curing of all defaults which may have occurred, and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, opinions, or other instruments conforming to the requirements of this Instrument;

C. No Liability for Mere Error of Judgment. The Trustee shall not be personally liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proven that the Trustee was negligent in ascertaining the pertinent facts or in the performance of an expressed duty;

D. Action Directed by Bondholders. The Trustee shall not be personally liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the 2026 Bonds and parity securities then Outstanding relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Instrument;

E. Incurrence of Personal Liabilities. The Trustee shall not be required to advance or expend or use its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if the repayment

of such funds or liability is not assured to it by the security afforded it by the terms of this Instrument or by other security or indemnity reasonably satisfactory to the Trustee;

F. Limited Liability Concerning Bonds. The Trustee shall not be under any responsibility or duty with respect to the disposition by the Authority of the 2026 Bonds or the application by the Authority of the proceeds thereof or of any moneys paid to the Authority under any of the provisions hereof, except to the extent that such proceeds are paid to the Trustee in its capacity as Trustee or Paying Agent. The Trustee shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds; and

G. Cost of Execution or Enforcement of Trusts. The Trustee, in the case of any default hereunder, shall not be under any obligation to take any action toward the execution or enforcement of the trusts created by this Instrument, which, in the opinion of the Trustee, will likely involve it in expense or liability, unless one or more of the holders of 2026 Bonds shall, as often as required by the Trustee, furnish to the Trustee security and indemnity satisfactory to the Trustee against such expense or liability.

H. No Liability for Continued Tax-Exempt Status of 2026 Bonds. Under no circumstances does the Trustee assume any responsibility or liability for the issuance of the 2026 Bonds as obligations the interest on which is excludable from gross income for purposes of Federal income taxation or for the maintenance of such tax-exempt status subsequent to the date of issuance of the 2026 Bonds.

Section 1406. Recitals of Fact and Representations. The recitals of fact contained herein and in the bonds (other than the Trustee's certificate of authentication) shall be taken as the statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity of this Instrument or of the 2026 Bonds issued thereunder.

Section 1407. Entry upon TMWA Water System. The Trustee shall not be personally liable in case of entry by it upon the TMWA Water System for debts contracted or liability or damages incurred in the management or operation of the properties comprising the TMWA Water System.

Section 1408. Further Permitted Reliance. To the extent permitted by Sections 1404 and 1405:

A. Reliance upon Documents. The Trustee may rely and shall be protected in acting upon any resolution, certificate, opinion, notice, request, consent, order, appraisal, report, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

B. Reliance upon Counsel. The Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any

action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel; and

C. Reliance upon Assistants. Whenever this Instrument provides for certain action to be taken or a certain document shall be executed and forwarded to the Trustee or otherwise by a designated official and such action is taken or such document is executed and so forwarded by the assistant to such official or by an acting official so designated, the Trustee may conclusively assume that the designated official is unable to act in such capacity at such time and the assistant or acting official is then authorized to take such action or to execute and so forward such document, as the case may be; and the Trustee may rely upon such action or document.

D. Actions by Agents. The Trustee may act through agents or attorneys, and shall not be responsible for the misconduct or negligence of agents or attorneys appointed with due care.

Section 1409. Other Immunities. The Trustee shall not be under any responsibility for the approval of any expert for any of the purposes expressed in this Instrument, but nothing in this Section contained shall relieve the Trustee of its obligation to exercise reasonable care with respect to the approval of independent experts who may furnish opinions or certificates to the Trustee pursuant to any provision of this Instrument. Any instrument of the Board shall be evidenced to the Trustee by a copy thereof certified by the Secretary of the Authority to have been duly adopted, and the Trustee may accept such copy as conclusive evidence of the adoption of such instrument. Nothing contained in this Section modifies the obligation of the Trustee to exercise after default the rights and powers vested in it by this Instrument with the degree of care and skill specified in Section 1404. No surety bond or other security shall be required of the Trustee unless ordered by a court having jurisdiction and for cause shown.

Section 1410. Permitted Transactions with Authority. The Trustee, the affiliates of the Trustee, any paying agent, and any other Banking Institution to which this Instrument pertains may buy, hold, sell or deal in, or be a pledgee of the bonds and any other securities of the Authority and may engage or be interested in any financial or other transaction with the Authority, all as freely as if they were not Trustee, paying agent, or such other bank hereunder.

Section 1411. Commingling of Moneys. Except as herein otherwise provided, all moneys received by the Trustee, whether as Trustee or otherwise, until used or applied as herein provided, shall be held in trust for the purposes for which they were paid, but need not be segregated from other moneys except to the extent required by law, unless herein otherwise expressly provided.

Section 1412. Compensation of Trustee. The Authority covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust; and the Authority will pay to the Trustee from time to time its expenses and disbursements (including, without limitation, reasonable compensation and the expenses, charges, counsel fees,

and other disbursements of its counsel, officers, employees, other agents, and of all other Persons not regularly in the Trustee's employ). The Authority also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending against any claim of liability in the premises. The obligations of the Authority to the Trustee under this Section shall constitute additional obligations secured by the lien of this Instrument, and shall be defrayed as Operation and Maintenance Expenses.

Section 1413. Preference in Event of Defaults. In order to further assure the Trustee that it will be compensated, reimbursed, and indemnified, all parties to this Instrument agree, and hereafter each holder of any bond and any other security hereafter authorized and payable from Pledged Revenues by his acceptance thereof shall be deemed to have agreed that in the event of the occurrence of any one or more of the events of default mentioned in Section 1303 hereof, the Trustee may file from time to time in any proceeding or proceedings one or more claims, supplemental claims, and amended claims as a creditor for its reasonable compensation for all services rendered by it (including services rendered during the course of any such proceeding or proceedings) and for reimbursement as Operation and Maintenance Expenses for all advances, expenses, and disbursements (including the reasonable compensation and the expenses and disbursements of its counsel and of all other Persons not regularly in its employ) made or incurred by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties herein of the Trustee, and for any and all amounts to which the Trustee is entitled as indemnity; and the Trustee and its counsel and agents may file in any such proceeding or proceedings applications or petitions for compensation for such services rendered, for reimbursement for such advances, expenses, and disbursements, and for such indemnity, as such Operation and Maintenance Expenses.

Section 1414. Adjustment and Allowance of Claims. The claim or claims of the Trustee filed in any such proceeding or proceedings shall be reduced by the amount of compensation for services, reimbursement for advances, expenses, and disbursements, and indemnity paid to it following final allowance to it and to its counsel and agents by the court in any such proceedings as an expense of administration or in connection with a plan of reorganization or readjustment. To the extent that compensation, reimbursement, and indemnity are denied to the Trustee or to its counsel or its other agents because of not being rendered or incurred in connection with the administration of an estate in a proceeding or in connection with a plan of reorganization or readjustment approved as required by law, because such services were not rendered in the interests of and with benefit to the estate of the Authority as a whole but in the interest of and with benefit to the holders of the 2026 Bonds and any other securities hereafter authorized and payable from Pledged Revenues in the execution of the trusts hereby created or in the exercise and performance of any of the powers and duties hereunder of the Trustee, or because of any other reason, the court may, to the extent permitted by law, allow such claim, as supplemented and amended, in any such proceeding or proceedings and for the purposes of any plan of reorganization or readjustment of the Authority's obligations, may classify the Trustee as a creditor of a class having priority for the payment of the Operation and Maintenance Expenses, and precedence over the class in which the holders of the 2026 Bonds and any such securities are placed. The amount of the claim or claims of the Trustee for services rendered and for advances,

expenses, and disbursements, including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ which are not allowed and paid in any such proceeding, but for which the Trustee is entitled to the allowance of a claim as herein provided may be fixed by the court or judge in any such proceeding or proceedings to the extent that such court or judge has or exercises jurisdiction over the amount of any such claim or claims.

Section 1415. Certificates of Officers and Experts. Whenever in the administration of the trusts of this Instrument, prior to a default hereunder, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), subject to the provisions of Sections 1404 and 1405, may be deemed to be *prima facie* proved and established by a certificate signed by an Authority officer, or may be deemed to be conclusively proved and established by a certificate signed by the Chair or Vice Chair and Secretary or Treasurer of the Board and delivered to the Trustee, and any such certificate so conclusively proved shall be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Instrument upon the faith thereof. Likewise, all appraiser's certificates, engineer's certificates, independent appraiser's certificates, independent engineer's certificates, officers' certificates, and other certificates or instruments herein provided to be given to the Trustee, shall be full warrant and protection to the Trustee, subject to the provisions of Sections 1404 and 1405 hereof, for any action or non-action taken or suffered by it under the provisions of this Instrument upon the faith thereof. Whenever it is provided in this Instrument that the Trustee shall take any action upon the happening of a specified event or upon the fulfillment of any condition or upon the request of the Authority or of any holder of any 2026 Bond, the Trustee shall have full power to give any and all notices and to do any and all acts and things incident to such action.

Section 1416. Resignation of Trustee. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than 60 days written notice to the Authority. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or holders of 2026 Bonds as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 1417. Removal of Trustee. The Trustee, or any successor thereof, may be removed at any time by the Authority, as designated by the TMWA Manager or the Chief Financial Officer, as long as the Authority is not in default pursuant to the terms of this Instrument or any other instrument authorizing the issuance of parity securities, and at any time by the holders of a majority in principal amount of the 2026 Bonds and any other bonds payable from Pledged Revenues then Outstanding, which payment is secured by a lien on such revenues, excluding any such bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of bonds or by their attorneys-in-fact duly authorized and delivered to the Authority. Copies of each such instrument shall be delivered by the Authority to the Trustee and to any successor thereof.

**Section 1418. Successor Trustee.** In case the Trustee, or any successor thereof, shall resign or shall be removed or shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator thereof or of its property shall be appointed, or if any public officer shall take charge or control thereof or of its property or affairs, a successor may be appointed by the Authority, as designated by the TMWA Manager or the Chief Financial Officer, or in the case of removal of the Trustee by the holders, a successor may be appointed by the holders of a majority in principal amount of the then Outstanding 2026 Bonds and any other parity bonds payable from Pledged Revenues, which payment is secured by a lien on such revenues, excluding any such bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such holders of such parity bonds or by their attorneys-in-fact duly authorized and delivered to the Authority. Pending such appointment by holders of such bonds, the Authority shall forthwith appoint a successor to act until such appointment is made by the holders of such bonds. Copies of each such instrument and of any instrument of the Authority providing for any such appointment shall be delivered by the Authority to the successor and to the predecessor Trustee. If no appointment of a successor shall be made within 30 days after the Trustee has been removed or resigned or after the occurrence of any other event requiring or authorizing such appointment, any holder of such parity bonds or the trustee of such bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court thereupon after such notice, if any, as the court may deem proper and may prescribe, may appoint such successor. Any successor appointed under the provisions of this Section shall be a trust bank and willing and able to accept the appointment on reasonable and customary terms and authorized by law to perform all the duties required by this Instrument.

**Section 1419. Transfer of Rights and Property.** Any successor appointed under the provisions of Section 1418 of this Instrument shall execute, acknowledge, and deliver to its predecessor and also to the Authority an instrument accepting such appointment; and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties, and obligations of its predecessor hereunder, with like effect as if originally appointed herein as Trustee; but the Trustee then ceasing to act shall, nevertheless, on request by the Authority or by such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title, and interest of such Trustee in and to any property held by it hereunder and shall pay over, assign, and deliver to such successor any money or other property subject to the trusts and conditions herein set forth. If any deed, conveyance, or instrument in writing from the Authority is required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing shall on request and so far as may be authorized by law be executed, acknowledged, and delivered to the Authority by the Trustee originally appointed herein.

**Section 1420. Merger or Consolidation.** Any company in which the Trustee may be merged or with which it may consolidate or any company resulting from any merger or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, if such company is a trust bank qualified to

be a successor to the Trustee under the provisions of Section 1418 hereof, shall be the successor to the Trustee without any further act, deed, or conveyance.

Section 1421. Electronic Instructions. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Instrument and delivered using Electronic Means (“Electronic Means” means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority, shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority, whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. If the Trustee elects not to act upon such Instructions, the Trustee shall notify the Authority. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 1422. Force Majeure. The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other like occurrences beyond the control of the Trustee; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

## ARTICLE XV

AMENDMENT OF INSTRUMENT

Section 1501. Privilege of Amendments. This Instrument may be amended as provided in Section 1510 hereof without the need of obtaining consent of any of the holders of the 2026 Bonds. The “Regular Record Date” as defined in Section 302 hereof may be changed by the Authority without the need of obtaining consent of any holders of the 2026 Bonds if the Authority receives the consent of the securities depository then holding the 2026 Bonds pursuant to Section 302 hereof, if any, and if the Authority gives to the registered owner of each 2026 Bond a notice of change in the Regular Record Date, if a securities depository is the registered owner of the 2026 Bonds, by registered or certified mail, and otherwise, by first class mail, not less than six months before the first interest payment date to which the changed Regular Record Date will be applicable. In addition, except for supplemental instruments adopted pursuant to Section 712 hereof which do not expressly or impliedly amend or otherwise modify this Instrument, and except as provided in Section 1502 hereof, this Instrument may be amended or supplemented by instruments adopted by the Board in accordance with the laws of the State, without receipt by the Authority of any additional consideration, but, subject to the provisions of Section 1209 hereof, with the written consent of the Insurer of the Bonds, if any, or the holders of 66% in aggregate principal amount of the 2026 Bonds and parity securities Outstanding at the time of the adoption of such amendatory or supplemental instrument, excluding, pursuant to paragraph (5), Section 102(B) hereof, any 2026 Bonds which may then be held or owned for the account of the Authority, but including such refunding securities as may be issued for the purpose of refunding any of the 2026 Bonds if such refunding securities are not owned by the Authority.

Section 1502. Limitations upon Amendments. Notwithstanding the provisions of Section 1209(A) of this Instrument, no such instrument shall permit without the consent of the Insurer, if any, and the beneficial owners of the 2026 Bonds affected thereby:

- A. Changing Payment. A change in the maturity or in the terms of redemption of the principal of any Outstanding 2026 Bond or any installment of interest thereon; or
- B. Reducing Return. A reduction in the principal amount of any 2026 Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or
- C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or the pledge created by this Instrument; or
- D. Modifying Limitations upon Modifications. A reduction of the principal amount or percentages or otherwise affecting the description of 2026 Bonds or the consent of the holders of which is required for any such amendment or other modifications; or
- E. Priorities Between Bonds. The establishment of priorities as between 2026 Bonds issued and Outstanding under the provisions of this Instrument; or

F. Partial Modification. Materially and prejudicially modifying or otherwise materially and prejudicially affecting the rights or privileges of the holders of less than all of the 2026 Bonds then Outstanding.

Section 1503. Notice of Amendment. Whenever the Board proposes to amend or modify this Instrument under the provisions of this article, it shall cause notice of the proposed amendment to be mailed within 30 days to the Trustee and the Insurer of the Bonds, if any, or each holder of the Outstanding 2026 Bonds and any parity securities. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the Secretary for public inspection.

Section 1504. Time for Amendment. Whenever at any time within one year from the date of the mailing of such notice, there shall be filed in the office of the Secretary an instrument or instruments executed by the insurer of the Bonds, if any, or the holders of at least 66% in the aggregate principal amount of the 2026 Bonds and any parity securities then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in such notice shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Board may adopt such amendatory instrument and such instrument shall become effective.

Section 1505. Binding Consent to Amendment. If the insurer of the Bonds, if any, or the holders of at least 66% in the aggregate principal amount of the 2026 Bonds and parity securities then Outstanding, at the time of the adoption of such amendatory instrument, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no insurer of the Bonds or holder of any bond whether or not such holder shall have consented to or shall have revoked any consent as in this article provided, shall have any right or interest to object to the adoption of such amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Authority from taking any action pursuant to the provisions thereof.

Section 1506. Time Consent Binding. Any consent given by the holder of a 2026 Bond and any parity securities pursuant to the provisions of this article shall be irrevocable for a period of 6 months from the date of the mailing of the notice above provided for in Section 1503 and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time after 6 months from the date of such mailing of such notice, by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Secretary, but such revocation shall not be effective if the holders of 66% in aggregate principal amount of the bonds Outstanding as in this article provided, prior to the attempted revocation, consented to and approved the amendatory instrument referred to in such revocation.

Section 1507. Unanimous Consent. Notwithstanding anything in the foregoing provisions of this article, the terms and the provisions of this Instrument or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the Authority and of the holders of the 2026 Bonds may be amended or otherwise modified in any respect upon the adoption by the Authority and upon the filing with the Secretary of an instrument to that effect and

with the consent of the holders of all the then Outstanding 2026 Bonds, such consent to be given as provided in Section 1204 hereof; and no notice to holders of 2026 Bonds shall be required as provided in Section 1503 hereof, and the time of consent shall not be limited except as may be provided in such consent.

Section 1508. Exclusion of Authority's Bonds. At the time of any consent or of other action taken under this article, the Authority shall furnish to the Secretary a certificate of the Treasurer, upon which the Authority may rely, describing all bonds to be excluded, for the purpose of consent or of other action or of any calculation of Outstanding bonds provided for in this article, and the Authority shall not be entitled with respect to such bonds to give any consent or to take any other action provided for in this article, pursuant to paragraph (5) of Section 102(B) hereof.

Section 1509. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this article provided may bear a notation by endorsement or otherwise in form approved by the Board as to such action; and if such Bonds so authenticated and delivered shall bear such notation, then upon demand of the holder of any Bond Outstanding at such effective date and upon presentation of his Bond for the purpose at the principal office of the Secretary, suitable notation shall be made on such Bond by the Secretary as to any such action. If the Board so determines, new Bonds so modified as in the opinion of the Board to conform to such action shall be prepared, authenticated, and delivered; and upon demand of the holder of any Bond then Outstanding, exchanged without cost to such holder for Bonds then Outstanding upon surrender of such Bonds.

Section 1510. Amendments Not Requiring Consent. The Authority, acting by and through the Board, and the Trustee, notwithstanding the provisions of other sections of this article, and without the consent of or notice to the insurer of the Bonds, if any, or any holder of any 2026 Bond, shall consent to any amendment, change, or modification of this Instrument as required:

- A. Bond Resolution. By the provisions of this Instrument,
- B. Curing Defects. For the purpose of curing any ambiguity or formal defect or omission herein,
- C. Additional Securities. In connection with the issuance and delivery of additional bonds or other securities payable from the Net Revenues, or
- D. Other Change. In connection with any other change herein which, in the judgment of the Trustee and in the opinion of bond counsel to the Authority, is not to the prejudice of the Trustee, the Insurer of the Bonds, if any, or the holders of the 2026 Bonds or any parity securities then Outstanding.

**PASSED, APPROVED AND ADOPTED BY AT LEAST A TWO-THIRDS  
MAJORITY OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS  
WATER AUTHORITY ON THIS JANUARY 21, 2026.**

By: \_\_\_\_\_  
Chair

(SEAL)

Attest:

\_\_\_\_\_  
Secretary

<b>STATE OF NEVADA</b>	)
	) ss.
<b>COUNTY OF WASHOE</b>	)
	)
<b>TRUCKEE MEADOWS</b>	)
<b>WATER AUTHORITY</b>	)

I am the duly chosen, qualified, and acting Secretary of the Truckee Meadows Water Authority and of its Board of Directors (herein the "Authority" and the "Board," respectively), the Authority being situate in the County of Washoe and State of Nevada, do hereby certify:

1. The foregoing pages together with the Exhibits appended thereto constitute a true, correct, complete, and compared copy of the "2026 Refunding Bond Resolution," introduced, passed, and adopted at a meeting of the Board held on January 21, 2026.

2. The original of the 2026 Refunding Bond Resolution has been approved and authenticated by the signatures of the Chair of the Board and myself as Secretary, and sealed with the seal of the Authority, and has been recorded in the minute book of the Board kept for that purpose in the Authority's office, which record has been duly signed by such officers and properly sealed.

3. At least two-thirds of the Directors voted on the passage of such instrument as follows:

Those Voting Aye:

Paul Anderson  
Clara Andriola  
Naomi Duerr  
Alexis Hill  
Miguel Martinez  
Kathleen Taylor  
Dian VanderWell

Those Voting Nay:

\_\_\_\_\_

Those Abstaining:

\_\_\_\_\_

Those Absent:

\_\_\_\_\_

4. All members of the Board were given due and proper notice of the meeting.

5. Public notice of the meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice so given of the meeting of the Board is attached hereto as Exhibit A.

6. At least 3 working days before such meeting, such notice given to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

**IN WITNESS WHEREOF**, I have hereunto set my hand and seal of the Truckee Meadows Water Authority, on this January 21, 2026.

(SEAL)

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Secretary

**EXHIBIT A**

**(Attach Copy of Notice of Meeting)**



**TRUCKEE MEADOWS WATER AUTHORITY  
AGENDA**

**Wednesday, January 21, 2026 at 10:00 a.m.**

**Sparks Council Chambers, 745 4<sup>th</sup> Street, Sparks, NV**  
**MEETING VIA TELECONFERENCE & IN-PERSON**

MEMBERS OF THE PUBLIC MAY ATTEND VIA THE WEB LINK, OR  
TELEPHONICALLY BY CALLING THE NUMBER, LISTED BELOW.

**(be sure to keep your phones or microphones on mute, and do not place the call on hold)**

Please click the link below to join the webinar:

<https://tmwa.zoom.us/j/85018011171?pwd=N3bVm9s3Xsgm3VxFC9RnHYcdmbv5T0.1>

Passcode: 889025

Or call:

Phone: (888) 788-0099

Webinar ID: 850 1801 1171

**Board Members**

Chair Clara Andriola – Washoe County  
Naomi Duerr – City of Reno  
Miguel Martinez – City of Reno  
Dian VanderWell – City of Sparks

Vice Chair Paul Anderson – City of Sparks  
Alexis Hill – Washoe County  
Kathleen Taylor – City of Reno

**CLOSED CAPTION & TRANSLATION:** Both Zoom & YouTube offer closed captioning and translation into your language by simply clicking on the “CC” icon at the bottom of the screen and selecting your preferred language.

**NOTES:**

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. TMWA meetings are streamed online at <https://www.youtube.com/@tmwaboardmeetings6598>.
3. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 834-8002 at least 24 hours before the meeting date.
4. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/>. Supporting material is made available to the general public in accordance with NRS 241.020(6).
5. 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.
6. Asterisks (\*) denote non-action items.
7. Public comment during the meeting is limited to three minutes and is allowed during the two public comment periods. In addition to the public comment periods, the Chair has the discretion to allow public comment on any individual agenda item, including any item on which action is to be taken. and each action item. 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.
8. Written public comment may be provided by submitting written comments online on TMWA’s Public Comment Form ([tmwa.com/PublicComment](http://tmwa.com/PublicComment)) or by email sent to [boardclerk@tmwa.com](mailto:boardclerk@tmwa.com) prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. the day before the scheduled meeting. Voicemail messages received will be noted during the meeting and summarized for entry into the record.
9. In the event the Chair and Vice-Chair are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chair or Vice-Chair are present (**Standing Item of Possible Action**).
10. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.
11. The Board may attend and participate in the meeting by means of remote technology system. Members of the public wishing to attend and/or participate by providing public comment may do so either in person at the physical location of the meeting listed above or virtually. To attend this meeting virtually, please log into the meeting using the link and/or phone number noted above. To request to speak, please use the “raise hand” feature or, if on the phone, press \*9 to “raise your hand” and \*6 to unmute/mute your microphone.

<sup>1</sup> The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

1. Roll call\*
2. Pledge of Allegiance\*
3. Public comment — limited to no more than three minutes per speaker\*
4. Possible Board comments or acknowledgements\*
5. Approval of the agenda (**For Possible Action**)
6. Approval of the minutes of the December 11, 2025 meeting of the TMWA Board of Directors (**For Possible Action**)
7. Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expired December 31, 2025, such appointments to be made for new terms from January 1, 2026 to December 31, 2027 from the following list in alphabetical order: Justin McDougal, BANN appointment primary— Sonia Folsom (**For Possible Action**) (5min)
8. Water Supply Update — Kara Steeland\* (5min)
9. Discussion and possible action on Resolution No. 340 designated by the short title “2026 Refunding Bond Resolution” authorizing the issuance by the Truckee Meadows Water Authority of its “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026,” in the maximum aggregate principal amount of \$74,500,000 for the purpose of defraying wholly or in part the cost of refunding certain outstanding obligations of the Authority; providing the form, terms and conditions of the bonds, and the security therefor; providing for the collection and disposition of revenues derived from the operation of the Authority’s water system; pledging such revenues to the payment of the bonds; and providing other covenants, agreements and details relating thereto — Matt Bowman (**For Possible Action**) (5min)
10. Discussion and possible action on Resolution No. 341 designated by the short title “Amendment to 2025 Water Bond Resolution” amending the 2025 Water Bond Resolution to provide for updated series designations in connection with the issuance by the Truckee Meadows Water Authority, Nevada of its Water Revenue Bond (American Flat APWF Project), Series 2026A in the maximum aggregate principal amount of \$57,850,000, Series 2026B in the maximum aggregate principal amount of \$150,000 and Series 2026C in the maximum aggregate principal amount of \$6,000,000; providing other matters relating thereto; and ratifying action previously taken relating thereto — Matt Bowman (**For Possible Action**) (5min)
11. PUBLIC HEARING ON RULE AMENDMENTS (15min)
  - A. Public comment — limited to no more than three minutes per speaker\*
  - B. Rule Amendment, First Reading, Public Hearing: Discussion and referral to a second reading structure changes to TMWA water rates reflecting the results of a Cost of Service study — Matt Bowman (**For Possible Action**)
  - C. Public comment — limited to no more than three minutes per speaker\*

CLOSE PUBLIC HEARING

12. Presentation of Truckee River Fund Activities for Calendar Year 2025 — Sonia Folsom and Kara Steeland\* (5min)

<sup>1.</sup> The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

13. General Manager's Report\* **(5min)**
14. Public comment — limited to no more than three minutes per speaker\*
15. Board comments and requests for future agenda items\*
16. Adjournment\*

\*Upon adjournment attorney-client conference (Board will receive information in closed session)  
— Justina Caviglia\* **(10min)**

<sup>1</sup>. The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, Chief Financial Officer  
**DATE:** January 13, 2026  
**SUBJECT:** **Discussion and possible action on Resolution No. 341 designated by the short title “Amendment to 2025 Water Bond Resolution” amending the 2025 Water Bond Resolution to provide for updated series designations in connection with the issuance by the Truckee Meadows Water Authority, Nevada of its Water Revenue Bond (American Flat APWF Project), Series 2026A in the maximum aggregate principal amount of \$57,850,000, Series 2026B in the maximum aggregate principal amount of \$150,000 and Series 2026C in the maximum aggregate principal amount of \$6,000,000; providing other matters relating thereto; and ratifying action previously taken relating thereto.**

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### **Summary**

This item considers adoption of Resolution No. 341 authorizing an amendment to the previous resolution adopted by the Board in May 2025 related to the issuance of SRF fund for American Flat APWF Project. Since the closing of loans will occur in 2026, this amendment simply changes the names of the issuances from 2025 to 2026.

### **Recommended Motion**

Move to adopt Resolution No. 341.

**RESOLUTION NO. 341**

**A RESOLUTION DESIGNATED BY THE SHORT TITLE  
“AMENDMENT TO 2025 WATER BOND RESOLUTION”  
AMENDING THE 2025 WATER BOND RESOLUTION TO  
PROVIDE FOR UPDATED SERIES DESIGNATIONS IN  
CONNECTION WITH THE ISSUANCE BY THE TRUCKEE  
MEADOWS WATER AUTHORITY, NEVADA OF ITS  
WATER REVENUE BOND (AMERICAN FLAT APWF  
PROJECT), SERIES 2026A IN THE MAXIMUM  
AGGREGATE PRINCIPAL AMOUNT OF \$57,850,000,  
SERIES 2026B IN THE MAXIMUM AGGREGATE  
PRINCIPAL AMOUNT OF \$150,000 AND SERIES 2026C IN  
THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF  
\$6,000,000; PROVIDING OTHER MATTERS RELATING  
THERETO; AND RATIFYING ACTION PREVIOUSLY  
TAKEN RELATING THERETO.**

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

**WHEREAS**, on May 22, 2025, the Board of Directors (the “Board”) of the Authority adopted and approved a resolution designated by the short title “2025 Water Bond Resolution,” which authorized the sale and issuance of the Authority’s “Truckee Meadows Water Authority, Nevada, Water Revenue Bond (American Flat APWF Project), Series 2025A,” in the maximum principal amount of \$57,850,000 (the “2025A Bond”), the “Truckee Meadows Water Authority, Nevada, Water Revenue Bond (American Flat APWF Project), Series 2025B,” in the maximum principal amount of \$150,000 (the “2025B Bond”) and the “Truckee Meadows Water Authority, Nevada, Water Revenue Bond (American Flat APWF Project), Series 2025C,” in the maximum principal amount of \$6,000,000 (the “2025C Bond” and together with the 2025A Bond and the 2025B Bond, the “Bonds”) to the State for a price equal to the principal amounts of the Bonds as set forth in the respective Loan Contracts (as defined in the 2025 Water Bond Resolution) and otherwise upon the terms provided in the 2025 Water Bond Resolution; and

**WHEREAS**, the Bonds have not been sold or delivered to the State; and

**WHEREAS**, the Authority anticipates issuing the Bonds in calendar year 2026, and therefore, desires to amend the 2025 Water Bond Resolution to provide for updated series designations within the name of each series of the Bonds (i.e., each name will contain 2026 rather than 2025); and

**WHEREAS**, the Board has determined and does hereby declare that each of the limitations and other conditions to the issuance of the Bonds in NRS Chapter 350, including the Local Government Securities Law, being NRS 350.500 through 350.720, and all laws amendatory thereof (the “Bond Act”) and in any other relevant act of the State or the Federal government has been met; and pursuant to NRS 350.708, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion.

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

Section        **Short Title**. This Resolution shall be known and may be cited as the “Amendment to 2025 Water Bond Resolution.”

Section        **Ratification**. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Authority, the officers of the Authority, and otherwise by the Authority directed toward the sale and delivery of the Bonds, be, and the same hereby is, ratified, approved and confirmed, including, without limitation, the adoption of the 2025 Water Bond Resolution.

Section        **Amendment to Defined Terms**. For purposes of the 2025 Water Bond Resolution, the following defined terms set forth within the 2025 Water Bond Resolution are hereby amended and restated to read as follows :

“2025A Bond” shall mean the “Truckee Meadows Water Authority, Water Revenue Bond (American Flat APWF Project), Series 2026A” authorized to be issued as a single bond in the maximum principal amount of \$57,850,000 pursuant to the 2025 Water Bond Resolution.

“2025B Bond” shall mean the “Truckee Meadows Water Authority, Water Revenue Bond (American Flat APWF Project), Series 2026B” authorized to be issued as a single bond in the maximum principal amount of \$150,000 pursuant to the 2025 Water Bond Resolution.

“2025C Bond” shall mean the “Truckee Meadows Water Authority, Water Revenue Bond (American Flat APWF Project), Series 2026C” authorized to be issued as a single bond in the maximum principal amount of \$6,000,000 pursuant to the 2025 Water Bond Resolution.

For the avoidance of doubt, all references in the 2025 Water Bond Resolution to “Series 2025A” shall be replaced with references to “Series 2026A,” all references therein to “Series 2025B” shall be replaced with references to “Series 2026B” and all references therein to “Series 2025C” shall be replaced with references to “Series 2026C.”

Section        **Consent**. In accordance with Section 50 of the 2025 Water Bond Resolution, the Authority has received written consent as to this “Amendment to the 2025 Water Bond Resolution” from the State Treasurer’s office.

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

Section        **Severability**. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section        **Effective Date**. This Resolution shall be in effect from and after its adoption.

**PASSED, APPROVED AND ADOPTED BY AT LEAST A TWO-THIRDS  
MAJORITY OF THE BOARD OF DIRECTORS OF THE TRUCKEE MEADOWS  
WATER AUTHORITY ON THIS JANUARY 21, 2026.**

By: \_\_\_\_\_  
Chair

(SEAL)

Attest:

\_\_\_\_\_  
Secretary

<b>STATE OF NEVADA</b>	)
	) ss.
<b>COUNTY OF WASHOE</b>	)
	)
<b>TRUCKEE MEADOWS</b>	)
<b>WATER AUTHORITY</b>	)

I am the duly chosen, qualified, and acting Secretary of the Truckee Meadows Water Authority and of its Board of Directors (herein the "Authority" and the "Board," respectively), the Authority being situate in the County of Washoe and State of Nevada, do hereby certify:

1. The foregoing pages together with the Exhibits appended thereto constitute a true, correct, complete, and compared copy of the "Amendment to 2025 Water Bond Resolution," introduced, passed, and adopted at a meeting of the Board held on January 21, 2026.

2. The original of the Amendment to 2025 Water Bond Resolution has been approved and authenticated by the signatures of the Chair of the Board and myself as Secretary, and sealed with the seal of the Authority, and has been recorded in the minute book of the Board kept for that purpose in the Authority's office, which record has been duly signed by such officers and properly sealed.

3. At least two-thirds of the Directors voted on the passage of such instrument as follows:

Those Voting Aye:

Paul Anderson  
Clara Andriola  
Naomi Duerr  
Alexis Hill  
Miguel Martinez  
Kathleen Taylor  
Dian VanderWell

Those Voting Nay:

\_\_\_\_\_

Those Abstaining:

\_\_\_\_\_

Those Absent:

\_\_\_\_\_

4. All members of the Board were given due and proper notice of the meeting.

5. Public notice of the meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice so given of the meeting of the Board is attached hereto as Exhibit A.

6. At least 3 working days before such meeting, such notice given to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

**IN WITNESS WHEREOF**, I have hereunto set my hand and seal of the Truckee Meadows Water Authority, on this January 21, 2026.

(SEAL)

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Secretary

**EXHIBIT A**

**(Attach Copy of Notice of Meeting)**

EXHIBIT A

(Attach Copy of Notice of Meeting)



**TRUCKEE MEADOWS WATER AUTHORITY  
AGENDA**

**Wednesday, January 21, 2026 at 10:00 a.m.**

**Sparks Council Chambers, 745 4<sup>th</sup> Street, Sparks, NV**  
**MEETING VIA TELECONFERENCE & IN-PERSON**

MEMBERS OF THE PUBLIC MAY ATTEND VIA THE WEB LINK, OR  
TELEPHONICALLY BY CALLING THE NUMBER, LISTED BELOW.

**(be sure to keep your phones or microphones on mute, and do not place the call on hold)**

Please click the link below to join the webinar:

<https://tmwa.zoom.us/j/85018011171?pwd=N3bVm9s3Xsgm3VxFC9RnHYcdmbv5T0.1>

Passcode: 889025

Or call:

Phone: (888) 788-0099

Webinar ID: 850 1801 1171

**Board Members**

Chair Clara Andriola – Washoe County  
Naomi Duerr – City of Reno  
Miguel Martinez – City of Reno  
Dian VanderWell – City of Sparks

Vice Chair Paul Anderson – City of Sparks  
Alexis Hill – Washoe County  
Kathleen Taylor – City of Reno

**CLOSED CAPTION & TRANSLATION:** Both Zoom & YouTube offer closed captioning and translation into your language by simply clicking on the “CC” icon at the bottom of the screen and selecting your preferred language.

**NOTES:**

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. TMWA meetings are streamed online at <https://www.youtube.com/@tmwaboardmeetings6598>.
3. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 834-8002 at least 24 hours before the meeting date.
4. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/>. Supporting material is made available to the general public in accordance with NRS 241.020(6).
5. 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.
6. Asterisks (\*) denote non-action items.
7. Public comment during the meeting is limited to three minutes and is allowed during the two public comment periods. In addition to the public comment periods, the Chair has the discretion to allow public comment on any individual agenda item, including any item on which action is to be taken. and each action item. 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.
8. Written public comment may be provided by submitting written comments online on TMWA’s Public Comment Form ([tmwa.com/PublicComment](http://tmwa.com/PublicComment)) or by email sent to [boardclerk@tmwa.com](mailto:boardclerk@tmwa.com) prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. the day before the scheduled meeting. Voicemail messages received will be noted during the meeting and summarized for entry into the record.
9. In the event the Chair and Vice-Chair are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chair or Vice-Chair are present (**Standing Item of Possible Action**).
10. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.
11. The Board may attend and participate in the meeting by means of remote technology system. Members of the public wishing to attend and/or participate by providing public comment may do so either in person at the physical location of the meeting listed above or virtually. To attend this meeting virtually, please log into the meeting using the link and/or phone number noted above. To request to speak, please use the “raise hand” feature or, if on the phone, press \*9 to “raise your hand” and \*6 to unmute/mute your microphone.

<sup>1</sup> The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

1. Roll call\*
2. Pledge of Allegiance\*
3. Public comment — limited to no more than three minutes per speaker\*
4. Possible Board comments or acknowledgements\*
5. Approval of the agenda (**For Possible Action**)
6. Approval of the minutes of the December 11, 2025 meeting of the TMWA Board of Directors (**For Possible Action**)
7. Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expired December 31, 2025, such appointments to be made for new terms from January 1, 2026 to December 31, 2027 from the following list in alphabetical order: Justin McDougal, BANN appointment primary— Sonia Folsom (**For Possible Action**) (5min)
8. Water Supply Update — Kara Steeland\* (5min)
9. Discussion and possible action on Resolution No. 340 designated by the short title “2026 Refunding Bond Resolution” authorizing the issuance by the Truckee Meadows Water Authority of its “Truckee Meadows Water Authority, Water Revenue Refunding Bonds, Series 2026,” in the maximum aggregate principal amount of \$74,500,000 for the purpose of defraying wholly or in part the cost of refunding certain outstanding obligations of the Authority; providing the form, terms and conditions of the bonds, and the security therefor; providing for the collection and disposition of revenues derived from the operation of the Authority’s water system; pledging such revenues to the payment of the bonds; and providing other covenants, agreements and details relating thereto — Matt Bowman (**For Possible Action**) (5min)
10. Discussion and possible action on Resolution No. 341 designated by the short title “Amendment to 2025 Water Bond Resolution” amending the 2025 Water Bond Resolution to provide for updated series designations in connection with the issuance by the Truckee Meadows Water Authority, Nevada of its Water Revenue Bond (American Flat APWF Project), Series 2026A in the maximum aggregate principal amount of \$57,850,000, Series 2026B in the maximum aggregate principal amount of \$150,000 and Series 2026C in the maximum aggregate principal amount of \$6,000,000; providing other matters relating thereto; and ratifying action previously taken relating thereto — Matt Bowman (**For Possible Action**) (5min)
11. PUBLIC HEARING ON RULE AMENDMENTS (15min)
  - A. Public comment — limited to no more than three minutes per speaker\*
  - B. Rule Amendment, First Reading, Public Hearing: Discussion and referral to a second reading structure changes to TMWA water rates reflecting the results of a Cost of Service study — Matt Bowman (**For Possible Action**)
  - C. Public comment — limited to no more than three minutes per speaker\*

CLOSE PUBLIC HEARING

12. Presentation of Truckee River Fund Activities for Calendar Year 2025 — Sonia Folsom and Kara Steeland\* (5min)

<sup>1.</sup> The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

13. General Manager's Report\* **(5min)**
14. Public comment — limited to no more than three minutes per speaker\*
15. Board comments and requests for future agenda items\*
16. Adjournment\*

\*Upon adjournment attorney-client conference (Board will receive information in closed session)  
— Justina Caviglia\* **(10min)**

<sup>1</sup>. The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, Chief Financial Officer, and  
           Shawn Stoddard, Senior Resource Economist  
**DATE:** January 9, 2026  
**SUBJECT:** **Rule Amendment, First Reading, Public Hearing: Discussion and referral to a second reading structure changes to TMWA water rates reflecting the results of a Cost of Service study**

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### Recommendation

Staff recommends the Board refer to a second reading structure changes to TMWA's water rates reflecting the results of a Cost of Service (COS) study completed in 2025. The purpose of the changes is to redistribute the collection of water sales revenue in accordance with the cost to provide water service to each of TMWA's customer groups consistent with methodology set forth by the American Water Works Association (AWWA). The second reading of this proposal is tentatively scheduled for the Board's February 18, 2026 meeting with the changes to be effective the first billing cycle in May 2026.

### Summary

At the Board's September 17, 2025 meeting, Staff presented the results of the Cost of Service study along with the recommended rate structure changes. The Board tentative approved the results of the study and directed staff to move forward with additional public outreach. Below is a summary of the public outreach.

### Public Outreach

- **August Standing Advisory Committee Meeting** – COS Adjustment Presentation by TMWA CFO Matt Bowman
- **September Board of Directors Meeting** - COS Adjustment Presentation by TMWA CFO Matt Bowman
- **Bill Insert** – November 2025: 67,072 recipients.
- **Lead Story on TMWA.COM** (Nov 2 – Dec 29, 2025):
  - Visitors: 94,000
  - Clickthrough: 44
- **Email Newsletter** – November 2025: 142,440 recipients. 52% open rate (73,766).

- **Public Zoom Meeting #1:** Thursday, December 4, 2025
  - Attendees: 12
- **Public Zoom Meeting #2:** Tuesday, December 9, 2025
  - Attendees: 7
- **Public Comment**
  - On TMWA.COM: 4
  - At TMWA Board of Directors Meeting, 12-11-25

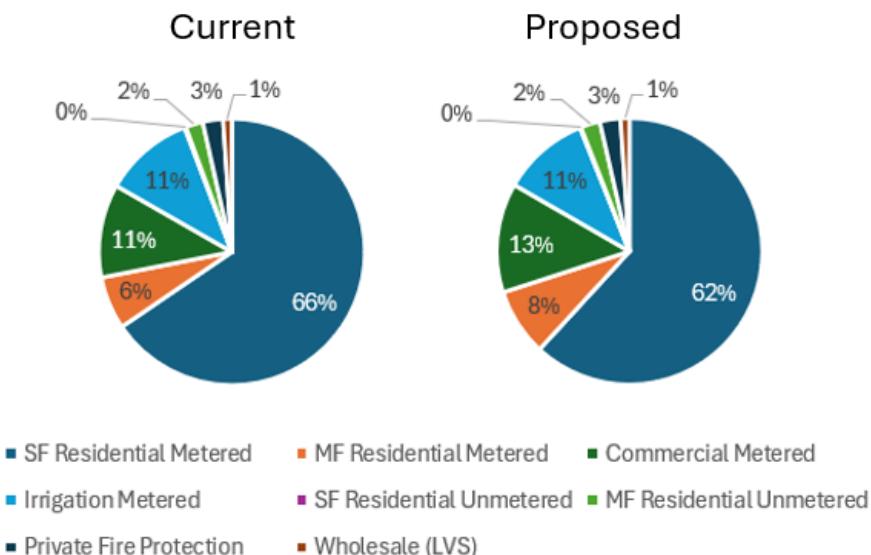
TMWA has received several questions from customers about the rate changes resulting from the COS study. These questions and responses are summarized in **Attachment A**.

It is important to note that TMWA's rates will also be impacted by the planned 3.5% rate increase also effective in May 2026. This rate increase was initially approved by the Board in February 2024 and affirmed by the Board in October 2025 and is required to sustain overall financial viability and meet key financial objectives. To clearly demonstrate the effect of the COS changes and the 3.5% rate increase, see **Attachment B**.

### **Background**

TMWA has conducted its first COS study since the 2015 consolidation with Washoe County's water system to ensure equitable, transparent, and defensible rate structures. The study, guided by AWWA best practices, identifies the cost of serving each customer class, prevents cross-subsidization, and supports financial sustainability through full-cost recovery. Importantly, the COS study does not change total revenue but reallocates it among customer groups based on actual usage and demand characteristics. Below are two pie charts showing the current allocations between customer groups and the proposed allocations.

### **Allocation of Revenue Collected**



Another key objective was integrating former Washoe County rate schedules into TMWA's consolidated structure. STMGID customers remain on their current rates unless the residence is sold or until 2035, per the contracts governing TMWA's consolidation of that GID's water system.

The COS study included allocating costs into fixed and variable components, resulting in recommended changes: increasing fixed charges from 33% to about 43% of total revenue and reducing variable charges from 67% to 57%. This adjustment reflects the cost of maintaining system readiness and capacity and aligning with industry standards. Customer classes were analyzed for meter size, usage patterns, and peaking factors, resulting in updated allocations for single-family, multi-family, commercial, irrigation, and wholesale customers.

To implement these findings, rate design changes are proposed. All customer groups will see revised service charges based on meter capacity, with larger meters paying proportionally more to reflect system capacity requirements. Single-family and multi-family customers will experience reduced commodity charges for lower tiers and increased charges for higher tiers, while commercial customers will move to a uniform rate structure. Irrigation customers will retain seasonal pricing but with adjusted rates. These changes aim to simplify rate structures, increase the accuracy of aligning the cost of service with revenue, and ensure more predictable revenue streams. For more background information refer to the September 2025 board packet included at the link below.

[TMWA Board of Directors Meeting-Wed, Sept 17, 2025 - Truckee Meadows Water Authority](#)

### **Recommended Motion**

Move to refer the proposed rate design changes as required from TMWA's Cost of Service study to a second reading on February 18, 2026.

**Customer Question 1:**

*Isn't the COS nothing more than a rate increase? If fixed rates are increased bases upon meter size how does that equate to 'slightly reduced per-gallon water charges? Please define slightly. Could it mean insignificantly*

**TMWA Response to Customer:**

*Hi Gordon,*

*Thanks for the question about our cost of service study. Below is a more detailed table which shows the current rates (left) and proposed rates (right). You'll notice there are two different rates, the Customer Charge and the Commodity Charge. The Customer Charge (also referred to as 'meter' charge) is based on the fixed cost to deliver water, or capacity of the system. The Commodity Charge (also referred to as 'use' charge) is the per gallon charge. The proposed new rates include lower Commodity Charges for Tiers 1 and 2, which is why this change could result in lower charges. What I'm seeing is that for at least 85% of customers in our residential rate class, they will see a **decrease** in total monthly charges. We cannot say everyone will see a decrease, because it can depend on the usage, but for most, it will be a decrease.*

*Hopefully this helps, but let me know if you have any more questions.*

Current	Customer Charge per meter			Commodity Charge			New	Customer Charge per meter			Commodity Charge		
	RMWS	per month	use block per unit	per 1,000 gallons	SF METERED	per month	use block per unit	per 1,000 gallons					
3/4"		\$23.02		gallons	3/4"	\$21.13							
1"		\$25.32			1"	\$33.21							
1.5"	\$28.81	Tier 1	6,000	\$2.14	1.5"	\$33.21	Tier 1	6,000	\$2.12				
2"	\$33.39	Tier 2	6,001-25,000	\$3.45	2"	\$33.21	Tier 2	6,001-25,000	\$3.18				
3"	\$37.98	Tier 3	>25,000	\$4.05	3"	\$33.21	Tier 3	>25,000	\$4.25				
4"	\$43.70				4"	\$33.21							
6"	\$50.66				6"	\$33.21							

*Thanks,*

*Matt*

**Customer Question 2:**

- *How does the simplified structure ensure multiplex and commercial customers pay their fair share of the cost of water?*
- *How does this new simplified Structure of a single rate differentiate between heavy water users industries and low water industries?*
- *How does this simplified structure encourage water conservation in the Great Basin high desert in commercial multiplex and in industrial use?*
- *When will the board be making their decision? And approximately when will these changes be seen on the monthly bills?*

**TMWA Response to Customer:**

*Hi Valerie,*

*Thanks for your questions on the Cost of Service rate changes. I went through each of them below and provided answers. Let me know if you have any other questions.*

*How does the simplified structure ensure multiplex and commercial customers pay their fair share of the cost of water?*

- *The cost of service study showed that TMWA needs to collect a larger portion of revenue through meter charges to ensure all customer groups pay their fair share. This includes multiplex (multi-family residential) and commercial customers. By aligning charges more closely with meter size, the new structure ensures that costs are distributed fairly based on the level of service required.*

*How does this new simplified Structure of a single rate differentiate between heavy water users industries and low water industries?*

- *The difference comes from meter size. Large water users require bigger meters to meet their demand, which means they will pay higher monthly customer charges. Smaller water users have smaller meters and will pay much lower customer charges. This approach keeps the structure simple while still reflecting the scale of water use.*

*How does this simplified structure encourage water conservation in the Great Basin high desert in commercial multiplex and in industrial use?*

- *Conservation remains a key part of the rate structure. It starts when service is established—customers pay for water rights and infrastructure based on the amount of water they plan to use. Then, monthly usage charges continue to encourage conservation: the more water used, the higher the bill. This ensures that both customer groups have a financial incentive to use water efficiently.*

When will the board be making their decision? And approximately when will these changes be seen on the monthly bills?

- The TMWA Board will review and vote on these changes at two separate meetings, scheduled for January and February. If approved, the new rates will take effect in May 2026 and will appear on customer bills starting in June 2026.

Thanks,

Matt

**Follow up from customer:**

Hi Matt,

Thanks so much for the reply. I greatly appreciate it.

Would you be able to share the proposed residential meter rate adjusted for COS?

**TMWA Response:**

Hi Valerie,

Yes, absolutely. Below is a screen shot of the old rate structure (left) and the proposed new structure (right). You'll notice the proposed structure includes the same meter rates for 1" and larger. We have very few 1.5" and larger meters so we grouped all of those into the 1" price category.

If you have any other questions please let me know.

Current	Customer Charge		Commodity Charge			New	Customer Charge		Commodity Charge		
	per meter	per month	use block per unit	per 1,000 gallons	per month		use block per unit	per 1,000 gallons	use block per unit	per 1,000 gallons	
RMWS	per month	per unit	gallons	SF METERED	per month	use block per unit	per 1,000 gallons	use block per unit	per 1,000 gallons	use block per unit	per 1,000 gallons
3/4"	\$23.02				3/4"	\$21.13					
1"	\$25.32				1"	\$33.21					
1.5"	\$28.81	Tier 1	6,000	\$2.14	1.5"	\$33.21	Tier 1	6,000	\$2.12		
2"	\$33.39	Tier 2	6,001-25,000	\$3.45	2"	\$33.21	Tier 2	6,001-25,000	\$3.18		
3"	\$37.98	Tier 3	>25,000	\$4.05	3"	\$33.21	Tier 3	>25,000	\$4.25		
4"	\$43.70				4"	\$33.21					
6"	\$50.66				6"	\$33.21					

-Matt

**Customer Question 3:**

*Hello, We are on an acre in old Virginia Foothills with livestock. Our water company STMGID, was swallowed up by TMWA. Is there a rate available to us that reflects the rural nature of our usage?*

**TMWA Response:**

*Hi Barbara,*

*Thanks for your question about the former STMGID rates. As part of the agreement with the STMGID customers when TMWA acquired that system is that your rates will remain in effect until 2035. So, this cost-of-service study does NOT affect your rates.*

*Let me know if you have any other questions.*

*Thanks,*

*Matt*

**Customer Question 4:**

*How will the proposed changes impact flat-rate single-family residential customers? You focused on metered examples—what about us on flat rate?*

**TMWA Response:**

- *Impact on flat-rate SFR customers will be very minimal, with a slight increase (their allocation changes from 2% to 3% of the “pie”).*
- *For an exact bill impact, Matt asked the customer to email [COS@tmwa.com](mailto:COS@tmwa.com) with their service address so staff can calculate it.*

**Follow-up from customer:**

*How do we know our meter size?*

**TMWA Response:**

- *You can look at the physical meter, but it's not currently shown on the bill (they're working to add it).*
- *Best path now: call customer service or email and TMWA will provide the meter size.*

***Customer Questions 5-12 refer to the Board Packet from the September 17, 2025 Board Meeting*****Customer Question 5:**

*The staff report on page 4 of 7 states the Single family residential customer charges by meter size should be capped at the 1 inch meter size. The report states this is because “these larger meter sizes do not correlate with safe operating capacity or lot size; the meter size was determined when installed because of engineering/water delivery challenges that only larger meter size could resolve.” There is no detail offered in the report that I can find to justify these conclusions. What are the engineering/water delivery challenges, and what are the issues with operating capacity or lot size?*

**TMWA Response:**

Stated another way, the meter size that was installed at these locations was chosen to accommodate hydraulic limitations of the meter size that would be sufficient to satisfy the property owner's domestic water needs. There may be a handful of properties for which a larger meter size was installed because of the lot size (perhaps potential for a granny flat or cottage unit on the property at a later date); these are exceptions and so few that it is not administratively efficient to spend the resources required to identify every customer parcel where this may be the case.

Additionally, the meter size is requested by the developer to meet engineering needs of the lot. There are three 4" meters, one 3" meter, 551 2" meters, and 326 1.5" meters. The 3 and 4 inch meter were installed prior to TMWA. Since 2008, there has only been about 60 1.5 and 2 inch RMWS meters installed by TMWA.

The indoor water use pattern for the larger residential meters is similar to a smaller meter. The summer time use is also similar to other residential service. The larger meters do have a small number of meters with larger water use and this tends to skew the average use upwards, but for most, the use is similar to other single family homes.

**Customer Question 6:**

*Does TMWA conclude that all Single family residential meters larger than 1 inch are affected by engineering/water delivery challenges, or just some of the Single family residential water meters larger than 1 inch?*

**TMWA Response:**

Not all, see previous response, but for the vast majority this is the case. The meter size is requested by the developer to meet the needs of the lot. The water resources are allocated by lot size.

**Customer Question 7:**

*According to the report, there are 18,011 connections with 1 inch Single family residential meters. I would think some of the folks with 1 inch meters could argue that they could be adequately served using a 3/4 inch meter. Is this a possibility?*

**TMWA Response:**

It is unlikely because 1-inch meters are almost always required for fire sprinklers, not for potable water demands at the customer's property. The meter size was requested by the developer to meet the needs of the lot. If the developer requested a 1 inch meter, then it is unlikely that a 3/4 would provide adequate.

**Customer Question 8:**

*If there are water flow issues with over 800-plus larger Single family residential meters over 1 inch, why are there not also Irrigation, Multi-family residential, and Commercial services which have the same issues? The Irrigation, Multi-family, and Commercial customers are served by the same water system infrastructure, and there is no mention in the study that any of these meters have similar issues. Why would not similar issues regarding meter charges be a concern for Multi-family, Commercial, and Irrigation connections?*

**TMWA Response:**

There might be a handful of irrigation, multi-family, and commercial customers with similar issues; however, the difference is that water usage demonstrates a strong correlation between meter size for these customer groups whereas the meter size does not have a strong correlation with water use for single family residential customers.

The meter size is requested by the civil engineer for the developer. For multi-family, commercial, and irrigation the meters are selected and sized for the application.

**Customer Question 9:**

*There is no information contained in the study which details the shift of \$797,996 in revenue from fixed income to Use Charges as identified in table COS-11. Is there any detail which identifies how this \$797,996 is going to be collected from other Single family residential customers?*

**TMWA Response:**

Table R-4 in the study shows the single family meter charges shifted from meters larger than 1" to the single family use rates.

**Customer Question 10:**

*How much is it going to cost other Single family residential customers on an individual basis to fund the \$797,996 shortfall identified in table COS-11?*

**TMWA Response:**

Without the shift, the use rates per thousand gallons would be \$2.09 for Tier 1, \$3.13 for Tier 2, and \$4.17 for Tier 3. When compared to the rates calculated in Table R-4, this means that a home using 5,000 gallons has a 'shifted cost' equal to \$0.19. For a home using 15,000 gallons the 'shifted cost' equates to \$0.75.

**Customer Question 11:**

*If I understand the rate study correctly, the meter charge for any TMWA customer is for fixed costs, and the water rate is to collect funds for variable costs. It appears the proposed reduction in Single family residential meter fees is a reduction in funds for fixed costs, but the report indicates the funds would be shifted to Use Charges which I assume is an increase in the amount of funds collected from variable water rates. It does not seem appropriate to be shifting fixed income funds to variable rate income funds which could substantially change from year to year.*

**TMWA Response:**

The effect of the shift is to collect 42.3% of revenues from single family accounts rather than 43.3% which is the cost of service analysis determination. This is an extremely small revenue shift that is inconsequential in the rate model.

**Customer Question 12:**

*There has to be some reason why there are so many Single family residential meters which are much larger than what is needed by the vast majority of Single family residential customers. Having a 3 inch or 4 inch meter for a Single family residential connection is definitely not the norm for a Single family residential customer. Perhaps the customers with the largest meters should not be classified as Single family residential water customers. I would like to know why anyone would need a 2, 3, or 4 inch meter for Single family residential water service.*

**TMWA Response:**

Less than 1% of TMWA's single family residential customers have water meters that are larger than 1" meters. This methodology of capping the single family residential base charge at the 1" meter size is used by other water agencies, notably the City of North Las Vegas in Nevada.

Additionally, since 2008 there have only been about 60 new 1.5 and 2 inch single family meters. TMWA has not installed any new 3" or 4" residential meters.

Table A Proposed Rate Change - Single Family Residential													
<Presented at the September 17, 2025 Board of Directors Meeting>													
Current Rate Schedule							New Rate Schedule - COS				COS + 3.5% Rate Increase		
Customer Charge							Customer Charge				Customer Charge		
per meter							per meter				per meter		
RMWS		per month		use block		per 1,000 gallons		RMWS		per month		use block	
RMWS		per month		per unit		RMWS		per month		per unit		per unit	
3/4"		\$23.02		gallons			3/4"	\$21.13		gallons		3/4"	\$21.87
1"		\$25.32					1"	\$33.21				1"	\$34.37
1.5"	\$28.81	Tier 1	6,000		\$2.14	1.5"	\$33.21	Tier 1	6,000	\$2.12	1.5"	\$34.37	Tier 1
2"	\$33.39	Tier 2	6,001-25,000		\$3.45	2"	\$33.21	Tier 2	6,001-25,000	\$3.18	2"	\$34.37	Tier 2
3"	\$37.98	Tier 3	>25,000		\$4.05	3"	\$33.21	Tier 3	>25,000	\$4.25	3"	\$34.37	Tier 3
4"	\$43.70					4"	\$33.21				4"	\$34.37	
6"	\$50.66					6"	\$33.21				6"	\$34.37	
FRMWC		<1.5"		1.5" and +									
3/4"	\$21.64	Tier 1	7,000	29,000	\$3.24								
1"	\$27.83	Tier 2	21,000	151,000	\$4.07								
1.5"	\$39.81	Tier 3	41,000	601,000	\$4.88								
2"	\$53.08	Tier 4	>41,000	>61,000	\$6.52								
3"	\$85.49												
4"	\$125.20												
6"	\$228.28												

Table B Proposed Rate Change - Multi-Family Residential													
<Presented at the September 17, 2025 Board of Directors Meeting>													
Current Rate Schedule				New Rate Schedule - COS					COS + 3.5% Rate Increase				
	Customer Charge per meter	Commodity Charge			Customer Charge	Commodity Charge			Customer Charge	Commodity Charge			
		use block	per 1,000 gallons		use block	per 1,000 gallons			use block	per 1,000 gallons			
<b>MMWS</b>	<b>per month</b>		<b>per unit</b>	<b>MMWS</b>		<b>per unit</b>		<b>MMWS</b>		<b>per unit</b>			
3/4"	\$23.02		gallons			per month				per month			
1"	\$25.32					\$6.83				\$7.07			
1.5"	\$28.81	Tier 1	4,000	\$2.14			Tier 1	4,000	\$1.94		Tier 1	4,000	\$2.01
2"	\$33.39	Tier 2	>4,000	\$3.45			Tier 2	>4,000	\$2.92		Tier 2	>4,000	\$3.02
3"	\$37.98												
4"	\$43.70												
6"	\$50.66												
8"	\$58.73												
10"	\$69.04												
<b>MMWD</b>													
3/4"	\$21.64	Tier 1	29,000	\$3.24									
1"	\$27.83	Tier 2	151,000	\$4.07									
1.5"	\$39.81	Tier 3	601,000	\$4.88									
2"	\$53.08	Tier 4	>601,000	\$6.52									
3"	\$85.49												
4"	\$125.20												
6"	\$228.28												

Table C Proposed Rate Change - Irrigation									
<Presented at the September 17, 2025 Board of Directors Meeting>									
Current Rate Schedule				New Rate Schedule - COS				COS + 3.5% Rate Increase	
	Customer Charge per meter	Commodity Charge		Customer Charge per meter	Commodity Charge			Customer Charge per meter	Commodity Charge
MIS	per month			MIS	per month		per 1,000 gallons	MIS	per month
3/4"	\$23.02			3/4"	\$21.13			3/4"	\$21.87
1"	\$25.32	Off-Peak	\$3.45	1"	\$33.21	Off-Peak	\$2.52	1"	\$34.37
1.5"	\$28.81	On-Peak	\$4.18	1.5"	\$120.75	On-Peak	\$3.02	1.5"	\$124.98
2"	\$33.39			2"	\$150.94			2"	\$156.23
3"	\$37.98			3"	\$262.64			3"	\$271.83
4"	\$43.70			4"	\$452.83			4"	\$468.68
6"	\$50.66			6"	\$966.04			6"	\$999.85
8"	\$58.73								
10"	\$69.04								
<b>MISD</b>									
3/4"	\$21.64	All Use	\$5.40						
1"	\$27.83								
1.5"	\$39.81								
2"	\$53.08								
3"	\$85.49								
4"	\$125.20								

Table D Proposed Rate Change - Commercial															
<Presented at the September 17, 2025 Board of Directors Meeting>															
Current Rate Schedule								New Rate Schedule - COS				COS + 3.5% Rate Increase			
Customer Charge per meter		Commodity Charge				Customer Charge per meter		Commodity Charge		Customer Charge per meter		Commodity Charge			
		per 1,000 gallons				use block by meter size				per 1,000 gallons		per 1,000 gallons			
GMWS	per month	Tier 1	differs	\$2.14	7,000	30,000	>30,000	GMWS	per month	GMWS	per month	GMWS	per month		
3/4"	\$23.02	Tier 1	differs	\$2.14	7,000	30,000	>30,000	3/4"	\$21.13	All Use	\$2.37	3/4"	\$21.87	All Use	\$2.45
1"	\$25.32	Tier 2	by meter	\$3.45	14,000	65,000	>65,000	1"	\$33.21			1"	\$34.37		
1.5"	\$28.81	Tier 3	size	\$4.05	28,000	120,000	>120,000	1.5"	\$90.57			1.5"	\$93.74		
2"	\$33.39				50,000	210,000	>210,000	2"	\$120.75			2"	\$124.98		
3"	\$37.98				165,000	640,000	>640,000	3"	\$211.32			3"	\$218.72		
4"	\$43.70				300,000	1,300,000	>1,300,000	4"	\$362.26			4"	\$374.94		
6"	\$50.66				1,000,000	2,600,000	>2,600,000	6"	\$815.09			6"	\$843.62		
8"	\$58.73				1,475,000	6,000,000	>6,000,000	8" and larger	\$966.04			8" and larger	\$999.85		
10"	\$69.04				9,500,000	15,000,000	>15,000,000								
GMWD															
3/4"	\$21.64	Off-Peak	\$3.13												
1"	\$27.83	On-Peak	\$3.65												
1.5"	\$39.81														
2"	\$53.08														
3"	\$85.49														
4"	\$125.20														
6"	\$228.28														
8"	\$343.20														

Table E Proposed Rate Change - LVS									
<Presented at the September 17, 2025 Board of Directors Meeting>									
Current Rate Schedule				New Rate Schedule - COS			COS + 3.5% Rate Increase		
Customer Charge		Commodity Charge		Customer Charge	Commodity Charge		Customer Charge	Commodity Charge	
LVS(SVGID)	per service point per month	delivery per month	per 1,000 gallons	per service point per month	delivery per month	per 1,000 gallons	per service point per month	delivery per month	per 1,000 gallons
	\$157.07	First 42M galls	\$1.84	\$0.00	First 42M galls	\$1.88	\$0.00	First 42M galls	\$1.94
		>42M galls	\$3.06		>42M galls	\$3.10		>42M galls	\$3.21

Table F Proposed Rate Change - Flat Rate Residential					
<Presented at the September 17, 2025 Board of Directors Meeting>					
Current Rate Schedule		New Rate Schedule - COS		COS + 3.5% Rate Increase	
Customer Charge per month		Customer Charge per month		Customer Charge per month	
per service		per unit		per unit	
<b>SUFR</b>		\$48.57	\$38.32	\$39.66	
<b>MRFS</b>					
3/4"		\$21.10			
1"		\$23.22			
1.5"		\$26.46			
2"		\$30.67			
3"		\$34.88			
4"		\$40.11			
6"		\$46.44			
<b>plus</b>	<b>per unit</b>		<b>per unit</b>		<b>per unit</b>
		\$13.53	\$21.34	\$22.09	
<b>MRIS</b>	<b>per service</b>				
3/4"		\$42.46			
1"		\$62.45			
1.5"		\$98.59			
2"		\$155.57			
3"		\$261.12			
4"		\$533.03			
6"		\$860.57			
8"		\$1,099.34			
10"		\$1,564.96			
<b>plus</b>	<b>per unit</b>		<b>per unit</b>		<b>per unit</b>
		\$14.28	\$24.29	\$25.14	

Table G Proposed Rate Change - Private Fire Protection							
<Presented at the September 17, 2025 Board of Directors Meeting>							
Current Rate Schedule		New Rate Schedule - COS		COS + 3.5% Rate Increase			
		Customer Charge		Customer Charge		Customer Charge	
		per month		per month		per month	
		per month per service size		per month per service size		per month per service size	
FPS		FPS		FPS		FPS	
3/4"		\$4.72					
1"		\$6.29					
1.5"		\$9.44					
2"		\$12.58		2" and smaller		\$2.16	
3"		\$18.87		3"		\$6.27	
4"		\$25.16		4"		\$13.37	
6"		\$37.74		6"		\$38.84	
8"		\$50.32		8"		\$82.77	
10"		\$62.90		10"		\$148.85	
12"		\$75.48		12"		\$240.43	
FRDWR							
3"		\$31.22					
4"		\$49.05					
6"		\$90.55					
8"		\$147.77					
10"		\$217.32					
12"		\$314.32					

Table H							
Proposed Rate Change - Other TMWA Fee Schedules (not DIS or ILVNPS)							
		<Presented at the September 17, 2025 Board of Directors Meeting>					
Current Rate Schedule		New Rate Schedule per COS		Cost of Service Study plus 3.5% Rate Increase			
		Customer Charge per month	Commodity + Demand Charges	Customer Charge per month	Commodity + Demand Charges	Customer Charge per month	Commodity + Demand Charges
<b>Non-Potable (NPS)</b>		per delivery point	per 1,000 gallons	per delivery point	per 1,000 gallons	per delivery point	per 1,000 gallons
		\$41.09		\$120.75		\$124.98	
treated water			\$4.18		\$4.62		\$4.78
untreated water			\$1.23		\$1.28		\$1.33
<b>Interruptible (IWS)</b>	per meter		per 1,000 gallons	per meter	per 1,000 gallons	per meter	per 1,000 gallons
	\$41.09			\$120.75		\$124.98	
treated, interruptible			\$1.23		\$1.28		\$1.33
<b>Wholesale Standby (FSPR)</b>	per meter		per 1,000 gallons		per 1,000 gallons		per 1,000 gallons
	\$157.07						
All water - treated, standby or partial supply			\$1.23		\$1.28		\$1.33
<b>Contract Demand</b>		<b>of contract demand</b>		<b>of contract demand</b>		<b>of contract demand</b>	
Off-Peak All Water & On-Peak Contract Demand		\$17.57		\$18.49		\$19.13	
<b>On-Peak</b>							
Actual Demand > Contract Demand up to Variable Allowance		\$105.42		\$110.93		\$114.81	
> Variable Allowance		\$210.83		\$221.84		\$229.61	

# TMWA

## Cost of Service and Rate Design

### First Reading

*January 21, 2026*



**Truckee Meadows  
Water Authority**

*Quality. Delivered.*

# Recommendation and Background

## Staff Recommendation

- Refer to a second reading – structure changes to TMWA's water rates based on results of a Cost of Service (COS) study.

## Summary

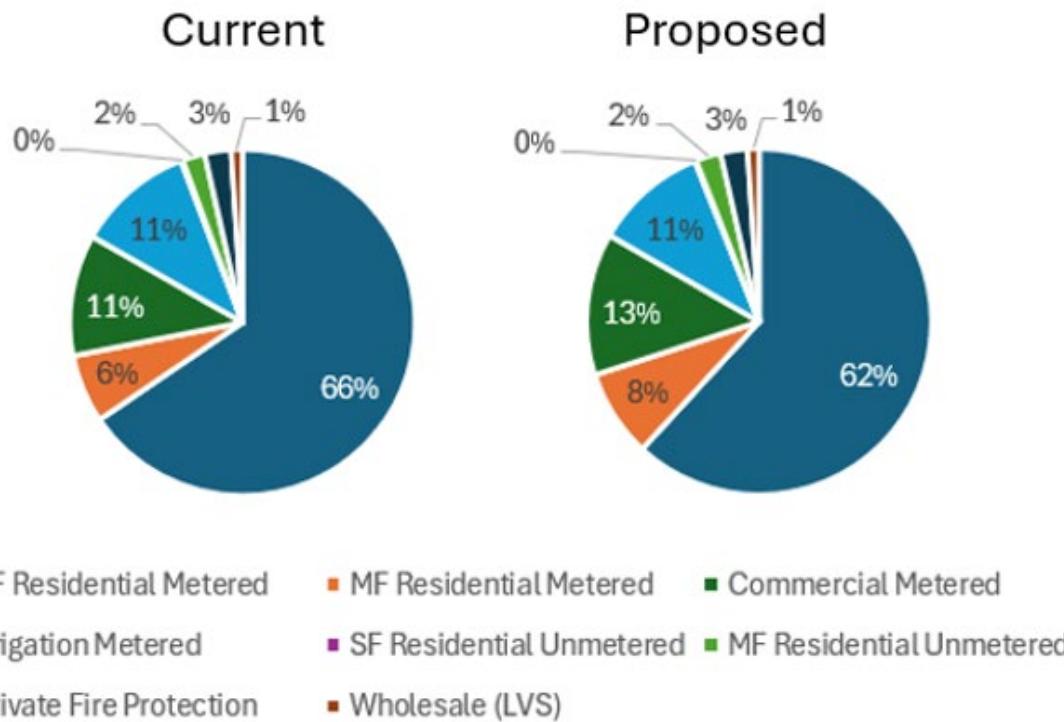
- COS Study conducted based on standards from the American Water Works Association (AWWA).
  - Seeks to distribute collection of water sales revenue in accordance with the cost to provide water service to each of TMWA's customer groups.
- COS Study and rate design changes presented in detail
  - Standing Advisory Committee (SAC) – August 2025
  - TMWA Board meeting – September 2025
- Public outreach conducted in November and December 2025.

# Public Outreach

- **August Standing Advisory Committee Meeting**
- **September Board of Directors Meeting**
- **Bill Insert** – November 2025: 67,072 recipients.
- **Lead Story on TMWA.COM** (Nov 2 – Dec 29, 2025):  
Visitors: 94,000; Clickthrough: 44
- **Email Newsletter** – November 2025: 142,440 recipients. 52% open rate (73,766).
- **Public Zoom Meetings** – Attendees: 19
- **Public Comment**  
On TMWA.COM: 4  
At TMWA Board of Directors Meeting, 12-11-25
- **Q&A with customers (attached to staff report)**

# COS and Rate Design

- Allocation of revenue collected



- Integrating former Washoe County rate schedules into TMWA's structure
- Increasing the level of fixed revenue from 33% to 43%.
- Proposed implementation in May 2026.

# COS and Rate Design

- Tables included in staff report

Table A Proposed Rate Change - Single Family Residential											
<Presented at the September 17, 2025 Board of Directors Meeting>											
Current Rate Schedule						New Rate Schedule - COS				COS + 3.5% Rate Increase	
Customer Charge per meter	Commodity Charge			Customer Charge per meter	Commodity Charge			Customer Charge per meter	Commodity Charge		
RMWS	per month	use block per unit	per 1,000 gallons	RMWS	per month	use block per unit	per 1,000 gallons	RMWS	per month	use block per unit	per 1,000 gallons
3/4"	\$23.02	gallons		3/4"	\$21.13	gallons		3/4"	\$21.87	gallons	
1"	\$25.32			1"	\$33.21			1"	\$34.37		
1.5"	\$28.81	Tier 1	6,000	1.5"	\$33.21	Tier 1	6,000	1.5"	\$34.37	Tier 1	6,000
2"	\$33.39	Tier 2	6,001-25,000	2"	\$33.21	Tier 2	6,001-25,000	2"	\$34.37	Tier 2	6,001-25,000
3"	\$37.98	Tier 3	>25,000	3"	\$33.21	Tier 3	>25,000	3"	\$34.37	Tier 3	>25,000
4"	\$43.70			4"	\$33.21			4"	\$34.37		
6"	\$50.66			6"	\$33.21			6"	\$34.37		
<b>FRMWC</b>											
		<1.5"	1.5" and +								
3/4"	\$21.64	Tier 1	7,000	29,000	\$3.24						
1"	\$27.83	Tier 2	21,000	151,000	\$4.07						
1.5"	\$39.81	Tier 3	41,000	601,000	\$4.88						
2"	\$53.08	Tier 4	>41,000	>61,000	\$6.52						
3"	\$85.49										
4"	\$125.20										
6"	\$228.28										

**Thank you!**  
Questions?

Matt Bowman, CFO



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Sonia Folsom, Executive Assistant  
                  Kara Steeland, Senior Hydrologist & Watershed Coordinator  
**DATE:** January 12, 2026  
**SUBJECT:** **Presentation of Truckee River Fund Activities for Calendar Year 2025**

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### Summary

- Since the inception of the Truckee River Fund in 2004, 239 Projects Approved by TMWA Board for Funding (By Resolution) – Total Resolution Amount to Date: \$17.6 million
- Total Match from Grantees: \$31.3 million
- 2025 fund expenses (\$541,144.49), administration fees (\$19,630.72) – Total expenses \$560,775.21.
- Funding available for the Spring 2026 request for proposals is approximately \$269,960.55.
- List of projects can be found on the Truckee River Fund website: <https://truckeeriverfund.org/status/approved/>

### Purpose

This report provides the TMWA Board of Directors with a summary of Truckee River Fund program (the Fund) activities since its 2004 inception, including a detailed summary of 2025 activities. This report will also be helpful to new Board members in gaining familiarity about the purpose and workings of the Fund.

TMWA and the Board should be proud of the outstanding contributions the Fund has made to the community, region, and the Truckee River watershed. Over the years, the Truckee River Fund Advisory Committee has developed a prudent and rigorous approach to the evaluation of proposals, to ensure that those recommended for approval by the TMWA Board have tangible and measurable outcomes and meet the objectives of the Fund.

Through the assistance of the Community Foundation of Northern Nevada (CFNN), which manages the program on behalf of TMWA for a nominal fee, all project proponents are required to account for funds dispersed and to provide reports on project status, success metrics and

completion. For CFNN fee information, please see the attached memo and fee schedule & fund policy (**Attachments 1 and 2**).

The Fund Advisory Board Committee represents the Cities of Reno and Sparks and Washoe County, where each entity appoints three representatives. The current members are:

Entity	Member	Appointed
City of Reno	Bill Bradley	2005
	Peter Gower	2023
	Neoma Jardon	2023
City of Sparks	David Stanley	2022
	Mike Brisbin	2006
	Jim Smitherman (Chair)	2021
Washoe County	Brian Bonnenfant	2017
	Don Mahin	2016
	Terri Svetich (Vice Chair)	2020

### Program Background

The Fund was conceived and established in 2004 with the intent of supporting water quality and watershed protection projects that TMWA could not pursue on its own. Since inception, the Fund has evolved into an important component of TMWA's overall source water protection program, funding projects which have directly and indirectly improved water quality within the Truckee River watershed.

Financially, the Fund provides significant financial leverage for watershed and source water protection projects and supports important water quality and watershed improvement projects in the following areas:

- I. **Aquatic Invasive Species (AIS):** Projects/Programs that support the prevention or control of aquatic invasive species in the mainstem Truckee River, Lake Tahoe, other tributaries and water bodies in the Truckee River system.
- II. **Watershed Improvements:** Projects that reduce erosion or sediment, suspended solids, or total dissolve solids (TDS) discharges, nutrients, industrial contaminants, or bacterial pollutants to the River. Projects or programs that are located within 303d (impaired waters) and total maximum daily load (TMDL) sections of the River should be considered, both in California and Nevada. Innovative techniques should be encouraged. The following link identifies impaired sections of the river and its tributaries: <https://mywaterway.epa.gov/>.
- III. **Local Stormwater Improvements:** Projects that demonstrably mitigate storm water run-off due to urbanization of the local watershed. Priority should be given to those improvement projects in close proximity to TMWA's water supply intakes and canals and which will improve the reliability and protect the quality of the community's municipal water supply.

- IV. **Re-Forestation and Re-Vegetation Projects:** Projects to restore forest and upland areas damaged by fire and historical logging operations, and to improve watershed resiliency in drought situations. Projects/programs in this category should be given a high priority due to urbanization of the watershed and increased susceptibility of the urban and suburban watershed to wildfire.
- V. **Support to Rehabilitation of Local Tributary Creeks and Drainage Courses:** Projects to support water quality improvement in creeks and tributaries to the Truckee River.
- VI. **Stewardship and Environmental Awareness:** Support to clean-up programs and the development and implementation of educational programs relative to water, water quality and watershed protection that do not fall clearly into the one of the above-mentioned categories.

## 2025 Grants

In 2025 the Fund, with Board approval, provided grants to 16 projects or programs:

<b>Project</b>	<b>Grantee</b>	<b>Applicants Description</b>	<b>Grant Amount</b>	<b>Monetary Match</b>	<b>In-Kind Match</b>
<b>299</b>	Sierra Nevada Journeys	<b>Watershed Education Initiative</b>	\$20,000.00	\$10,567.00	\$-
<b>300</b>	The Reno Initiative for Shelter & Equality (RISE)	<b>River Stewards</b>	\$85,000.00	\$—	\$47,840.00
<b>301</b>	Great Basin Outdoor School	<b>Youth Watershed Education and Protection Projects on the Truckee River</b>	\$7,500.00	\$9,450.54	\$669.80
<b>302</b>	Indigenous Peoples Council on Biocolonialism	<b>Restoring Truckee River's Ecological Health through Solid Waste Removal and Cottonwood Recruitment</b>	\$40,000.00	\$—	\$29,000.00
<b>303</b>	Friends of Nevada Wilderness	<b>Mount Rose Noxious Weed Monitoring, Treatment, and Re-seeding 2025</b>	\$24,700.00	\$3,000.00	\$6,720.00
<b>304</b>	City of Reno	<b>Invasive Weed Control and Vegetation Management in a Truckee Meadows Urban Tributary</b>	\$13,000.00	\$3,200.00	\$18,120.00
<b>305</b>	City of Reno	<b>Strengthening Stewardship for the Truckee River</b>	\$50,000.00	\$3,609,925.00	\$—
<b>306</b>	Truckee River Watershed Council	<b>Independence Watershed Aquatic Organism Passage Project</b>	\$55,000.00	\$198,035.00	\$60,000.00
<b>307</b>	Truckee Meadows Parks Foundation	<b>Rosewood Nature Study Area: Unique and Interactive Interpretive Signage Fabrication</b>	\$12,500.00	\$8,400.00	\$—
<b>308</b>	Sierra Nevada Journeys	<b>Watershed Education Initiative</b>	\$31,543.13	\$10,514.38	\$0.00
<b>310</b>	Truckee River Watershed Council	<b>Independence Watershed Aquatic Organism Passage Project</b>	\$75,000.00	\$250,250.00	\$60,000.00
<b>311</b>	Keep Truckee Meadows Beautiful	<b>Keeping Truckee Meadows Beautiful</b>	\$74,635.32	\$32,000.00	\$122,000.00
<b>313</b>	Reno Food Systems	<b>Cultivating Watershed Resilience at the Urban-Agricultural Interface</b>	\$46,000.00	\$—	\$16,745.00
<b>314</b>	Friends of Nevada Wilderness	<b>Mount Rose Re-Seeding 2025</b>	\$5,000.00	\$300.00	\$960.00
<b>315</b>	One Truckee River	<b>Watershed Protection Benefit Project</b>	\$75,861.00	\$60,000.00	\$10,800.00
<b>316</b>	Washoe County-Regional Parks & Open Space	<b>Mayberry Park Watershed Protection and Public Restroom Project</b>	\$250,000.00	\$—	\$62,500.00



COMMUNITY  
FOUNDATION  
*of Northern Nevada*

MEMORANDUM

To: Sonia Folsom, Truckee Meadows Water Authority

From: Lauren Renda, Philanthropic Advisor, CFNN

Subject: Administrative Fees for Truckee River Fund

Date: January 30, 2024

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This is to confirm that per CFNN's Fee Schedule and Fund Policy, the Truckee River Fund is charged an annual 1.5% Administrative Fee, which is assessed quarterly and is shown on each quarterly fund statement. Below is the language in the signed fund agreement for the Truckee River Fund.

D. Administrative Fees. The Fund is to pay quarterly administrative fees to the Community Foundation for the administration, distribution, and investment management of the Fund. The quarterly administrative fee for the Fund is to be established by the Foundation with the consent of the TMWA Board. The administrative fee for each calendar quarter is to be paid in the first month of the next calendar quarter by automatic deduction from the assets of the Fund. The Foundation Board may in its discretion periodically review and revise the amount of administrative fees to be charged to the Fund to ensure that the administrative fees are at all times reasonable and proper. However, the administrative fees charged to the Fund must not be greater than the amount of fees charged to other component funds of the Community Foundation that are of comparable size. The Community Foundation must notify TMWA and the Advisory Committee of any changes to the administrative fees that are approved by the Foundation Board.

A copy of CFNN's Fee Schedule and Fund Policy is enclosed.

Kindly,

A handwritten signature in blue ink that appears to read "Lauren Renda".

Lauren M. Renda, CAP®

Philanthropic Advisor



**COMMUNITY  
FOUNDATION**  
*of Northern Nevada*

## **COMMUNITY FOUNDATION OF NORTHERN NEVADA FEE SCHEDULE AND FUND POLICY**

### **I. Purpose**

The purpose of this Fee Schedule and Fund Policy Statement is to establish a schedule of fees for donor-advised funds, endowment funds, one-time gifts of real and personal property, and other services of the Community Foundation of Northern Nevada ("Community Foundation"). The policy also establishes minimum gift amounts and the criteria for each type of fund.

This policy statement shall be supplementary to any other specific agreements or policies which may be negotiated with donors in respect to particular gifts and programs.

Administrative fees help support the work of the Foundation. Fees shall be charged for all funds and services. The Board of Trustees and President shall have the authority to waive or modify fees. Fees shall vary based upon the services performed and the specific fund structure. A higher fee would normally be negotiated for gifts requiring increased administrative time, out of the ordinary costs and/or unusual grant requests.

For the purpose of internal documents and the Fund Accounting System, all Fund Names shall be limited to a maximum of 46 characters, including spaces. Fund Names in marketing pieces may be longer, but statements, etc., shall reflect the limited shorter fund name restriction.

### **II. Donor-advised Funds**

a. The minimum gift to establish a donor-advised fund is \$25,000. Funds are charged a fee based upon the following table, with a minimum of a \$400 annual fee:

Note: This is a bracketed fee schedule:

For the first \$1 million	1.5%
\$1.0 million to \$2.5 million	1.0%
\$2.5 million and over	0.75%

*For example, for a fund of \$5.0 million, the fee would be 1.5% of the first million (\$15,000), plus 1% of the next \$1.5 million (\$15,000), plus .75% of the additional \$2.5 million (\$18,750) for a total annual fee of \$48,750.*

b. Donor-Advised Funds are required to maintain a minimum balance sufficient to cover administrative fees. The minimum balance shall be 3% of the balance of the fund or \$800, whichever is more.

This minimum balance will cover two years of administrative costs and reduce the future possibility of asking donors to make additional gifts to their funds to cover administrative fees should the investment of the monies fail to yield sufficient returns. Additionally, in the case of funds where multiple advisors are authorized to grant a predetermined portion of the fund balance, maintaining this minimum balance will ensure that each advisor has the opportunity to grant the full predetermined amount. Should donor advisors wish to terminate their fund the minimum balance may be granted as well, less fees earned at the time of termination.

### III. Field of Interest & Designated Funds

Field of Interest Funds are restricted funds that are designated to benefit a specific sector of need and/or a specific organization. Due to these designations, they are not considered Donor-Advised Funds. Field of Interest Funds that are established to benefit a specific charitable organization are required to make all grant distributions as payable to that organization. The minimum gift to establish a Field of Interest fund is \$25,000. Funds are charged a fee based upon the following table, with a minimum of a \$400 annual fee:

For the first \$1 million	1.5%
\$1.0 million to \$2.5 million	1.0%
\$2.5 million and over	0.75%

### IV. Donor-Advised Endowed Funds

The minimum gift to establish an endowed fund is \$50,000; however, a donor may have a period of time, not to exceed five years, to reach this amount. During the time the fund balance is less than \$50,000, no grant making will be made from the fund. Funds are charged a fee based upon the following table.

For the first \$1 million	1.5%
\$1.0 million to \$2.5 million	1.0%
\$2.5 million and over	0.75%

### V. Designated Endowed Funds

Designated Funds are restricted funds that are designated to benefit specific organizations. Due to these designations, they are not considered Donor-Advised Funds. Designated Funds that are established to benefit a specific charitable organization are required to make all grant distributions as payable to that organization. The minimum gift to establish a Designated Endowed fund is \$50,000.

For the first \$2.5 million	1.0%
\$2.5 million and over	0.75%

### VI. Endowed Scholarship Funds

The minimum gift to establish an endowed scholarship fund is \$50,000; however a donor may have a period of time, not to exceed five years, to reach this amount. During the time the fund balance is less than \$50,000, no grant making will be made from the fund. Funds are charged an administrative fee based upon the following schedule, with a minimum fee of \$400 annually. In addition, the fund may reimburse the Foundation for administrative and out-of-pocket expenses associated with the specific fund.

For the first \$1 million	1.5%
\$1.0 million to \$2.5 million	1.0%
\$2.5 million and over	0.75%

## VII. Pass-through Grants

### Scholarships

Scholarship funds require significant staff time by Donor Relations, Marketing & Communications, and Accounting staff. Because of the work involved in administering a scholarship fund, the Community Foundation has adopted a fee schedule that considers this time commitment.

For funds established with a minimum gift of \$25,000, a fee of 5% of the gift amount shall be taken upon the deposit of any gift made to the fund.

Minimum scholarship award amount of \$1,000

For funds established with a minimum gift of \$100,000, a fee of 2.5% of the gift amount shall be taken upon the deposit of the of any gift made to the fund.

Minimum scholarship award amount of \$5,000

### Designated Gifts

Designated gifts may come to the Community Foundation for a variety of reasons that may include: a donor wishing to use the Community Foundation for due diligence or to remain anonymous; gifts are given for a single agency or organization and/or for a specific purpose; gifts are given with the intention of being distributed within the year the gift was given; gifts are given without association to a specific fund already held at the Foundation.

For such designated gifts, a fee of 2% or \$400, whichever is more, will be deducted from the first gift and 2% from any gifts thereafter.

## VIII. Supporting Organization

The minimum gift to establish a supporting organization is \$1 million. The fee for each supporting organization shall be determined by the Board of Trustees of the Community Foundation in negotiations with the donor, but shall be set between 50 basis points and 1.5%, depending on the administrative services and management services the Board anticipates will be provided by the Community Foundation to the supporting organization.

## IX. Gifts of Real and Personal Property

The Community Foundation shall charge a one-time fee for the receipt of certain gifts of real property and personal property. The fee shall be determined by the Board of Trustees, in negotiations with the donor but shall not exceed the fee calculated under the following schedule:

Real Estate – 1% of the sale price of the first \$500,000, plus 0.5% of any sale price exceeding \$500,000. In addition, all transactional costs reimbursement for transactional work and expenses shall be paid from the proceeds of the sale, and shall be charged in addition to the administrative fee.

Personal Property – A minimum fee of \$500 shall apply as an administrative fee, with a maximum of \$5,000, depending on the complexity of the disposition of the gift. All transactional costs shall be paid from the proceeds of the sale, and shall be charged in addition to the administrative fee.

## **X. Charitable Remainder (Uni- or Annuity) Trust, and Charitable Lead Trust**

The minimum gift to establish a charitable trust is \$100,000. No set-up fee shall be charged, and the Board of Trustees in negotiations with the donor shall determine the administrative fee to be paid annually to the Community Foundation, with such fee depending on the designation of charitable beneficiary, trustee, investment manager, and other considerations. The management fee shall range from a minimum of zero to a maximum of 1.5%

## **XI. Gift Annuity**

The minimum gift to establish an annuity is \$25,000 and the maximum is \$100,000, although the Board of Trustees may provide for exceptions. Gift annuities must be designated by the donor so the residuum will become part of a permanent endowment at the Community Foundation. The administrative fee shall not exceed a maximum of 1.5%, with a \$250 annual minimum.

## **XII. Donor-Advised Funds (Endowed and Non-Endowed) and Field of Interest Funds that Establish New Investment Relationships**

The Community Foundation may establish a new investment relationship with a new fund established with a gift of \$500,000 or more. When such a fund is established, the investment management fees charged by the investment manager shall be in addition to the administrative fees charged by the Foundation. The following fee schedule will apply for Community Foundation administrative fees, with a minimum of \$400 annually:

For the first \$1 million	1.0%
\$1.0 million to \$2.5 million	0.8%
\$2.5 million and over	0.6%

## **XIII. Giving Circle Funds**

The administrative fee for such funds shall be \$400 or 1.5% annually, whichever is more. The \$400 annual minimum fee is charged at the time the fund is established and annually thereafter if the fund is ongoing. The minimum individual contribution is \$500, and minimum fund size is \$25,000. At the discretion of the President, the Community Foundation may provide facilitation or meeting hosting services at additional cost.

## **XIV. Insurance Policies**

The fee shall be waived for a gift of life insurance to the Community Foundation, or if the Community Foundation buys a life insurance policy, whereby the donor advises the foundation that the policy and any benefit of the policy is to be held by the Community Foundation in an endowed fund. The fee for a policy whereby the donor advises the foundation that any of the benefit of the policy shall be distributed to a qualified charitable organization other than the foundation, shall be 2% of the cash value at the time the policy is established, and 2% of any future gifts received to help maintain the policy.

## XV. Small balance Fund closure and write-off Policy

A Small Balance Fund is a fund with a balance of \$1,000.00 or less remaining after the fund holder has been allowed an opportunity to review at least one preceding quarter's fund statement.

- a. **PURPOSE:** To ensure that the cost of resources in both time and money do not exceed the beneficial value of the amount that would have been realized had the account been distributed in full, the Community Foundation of Northern Nevada shall write off fund accounts balances of \$1,000.00 or less. Such funds shall then be deemed closed. The written off fund balance and any accrued earnings shall be credited to administrative fee income in the operating fund.
- b. **PROCEDURE:** Account balances of \$1,000.00 or less will be identified at the end of each quarter. Fund advisors to the identified fund shall be notified and given the opportunity to 1) recommend distribution to a charity or transfer to another fund, or 2) make an additional gift to the fund to bring the fund back up to the required minimum per the Fee and Fund Policy. If the Community Foundation does not receive a recommendation on a transfer of the fund assets or an additional gift to the fund, the write off of the balance will take place during the subsequent quarter.



## STAFF REPORT

**TO:** Board of Directors  
**FROM:** John R. Zimmerman, General Manager  
**DATE:** January 12, 2026  
**SUBJECT:** **General Manager's Report**

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

Also, we received a compliment from a customer regarding how staff did an excellent job and how understandable and transparent the financial reports (Annual Comprehensive Financial Report and Popular Annual Financial Report) were relayed to TMWA customers.

Finally, listed below are news reports from December 2, 2025 through January 12, 2026:

- 12/02/25 KRNV [\\$50M project to reduce Truckee River flood risk advances to final design phase](#)
- 12/04/25 The Guardian [The AI boom is heralding a new gold rush in the American west | Artificial intelligence \(AI\)](#)
- 12/04/25 RGJ/USA Today [Are PFAS forever chemicals in your water? See the latest data.](#)
- 12/06/12 RGJ [Reno Redevelopment Agency Approved TIF for 200 Units Housing Project](#)
- 12/08/25 E&E News [States Push to End Secrecy Over Water Use in Data Centers](#)
- 12/10/25 Nevada Current [Opinion: Dirty Data Centers Will Drive Up Our Utility Bills](#)
- 12/11/15 Central Fla. Public Media [Recycled water: can people accept the idea of drinking it?](#)
- 12/13/25 Nevada Independent [Nevada's Top Water Regulator No Longer Serving in Role](#)
- 12/15/25 Downtown Makeover [Downtown workforce housing project seeks TIF support for Lake Street redevelopment](#)
- 12/15/25 NNBW [In-river work on Arlington bridges complete](#)
- 12/16/25 KRNV [American Flat Wastewater Treatment Facility Nearing Completion – Officials Explain Cost Increases](#)
- 12/17/25 Active NorCal [After a Slow Start, Sierra Forecast Finally Shows Signs of a Snowy Turnaround](#)
- 12/19/25 Nevada Independent [Nevada Water Regulator Speaks on Why He Was Fired](#)
- 12/29/25 [The WaterSpot Issue 2 2025](#)
- 01/6/26 Tahoe Daily Tribune [Water Masters' documentary highlights local water issues](#)
- 01/10/26 KRVN [Washoe County Commission to Discuss Water, Housing, and Jobs](#)
- 01/12/26 Nevada Current [Data Center, Greenlink and Your Electricity Bill](#)



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Kara Steeland, Sr. Hydrologist & Watershed Coordinator  
**DATE:** January 14, 2026  
**SUBJECT:** **January 2026 Water Operations Report**

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### Summary

- In the Truckee River Basin, precipitation is above average for the water year (169% of median) and snow water equivalent is currently above median (104% of median).
- Truckee River reservoir storage is at 71% of maximum capacity system wide.
- Normal Truckee River flows are projected through 2025 and into 2026.
- Hydroelectric generation for the month of December was \$364,949 (4,709 MWh).

### Water Supply

**River Flows** – Truckee River discharge at the California-Nevada state line averaged 663 cubic feet per second during the first few weeks of January.

**Reservoir Storage** - Overall, Truckee River reservoir storage is 71% of capacity. The elevation of Lake Tahoe is currently 6,227.54 feet which is 1.56 feet below the maximum legal elevation of 6,229.1 feet. Storage values for each reservoir as of January 14, 2026 are as follows:

Reservoir	Current Storage (Acre-Feet)	% Capacity
Tahoe	552,818	74%
Stampede	173,129	76%
Boca	10,166	25%
Prosser	8,078	27%
Independence	14,580	83%
Donner	4,245	45%

In addition to the 17,781 acre-feet of storage between Donner and Independence Reservoirs, TMWA also has 20,170 acre-feet of water stored in Stampede and Boca Reservoirs under the terms of TROA. TMWA's total combined upstream reservoir storage as of January 14, 2026 is approximately 37,951 acre-feet.

**Outlook** – The snow water equivalent (SWE) for the Truckee River Basin is currently at 106% of median, and there are several snowpack building months ahead. Due to above average precipitation and solid upstream storage, normal Truckee River flows are projected for the remainder of 2025 and into 2026.

### Water Production

**Demand** - Customer demand averaged about 37 MGD at the beginning of January. Surface water made up about 47% of overall supply and groundwater pumping the other 53%.

### Hydroelectric Production

**Generation** - The median Truckee River flow at Farad (CA/NV state line) for December was 705 cubic feet per second. All three of TMWA's hydropower plants were online during the month.

Plant	Generation		Generation (Megawatt Hours)	Revenue (Dollars)	Revenue (Dollars/Day)
	Days	% Availability			
Fleish	31	100%	1,817	\$141,191	\$4,554
Verdi	31	100%	1,589	\$122,384	\$3,947
Washoe	31	100%	1,302	\$101,373	\$3,270
<b>Totals</b>	<b>-</b>	<b>-</b>	<b>4,709</b>	<b>\$364,949</b>	<b>\$11,771</b>



## STAFF REPORT

**TO:** Chairman and Board Members  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Eddy Quagliari, Natural Resources Manager  
**DATE:** January 5, 2026  
**SUBJECT:** Water Resources and Annexation Activity Report

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### RULE 7

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

Beginning Balance	2,930.59 AF
Purchases of water rights	121.48 AF
Refunds	0.00 AF
Sales	-78.24 AF
Adjustments	0.00 AF
Ending Balance	2,973.83 AF

Price per acre foot at report date: \$8,400 per AF. The chart on page 2 shows the amount of will serves issued per month, throughout the last two years for trending purposes.

### FISH SPRINGS RANCH, LLC GROUNDWATER RESOURCES

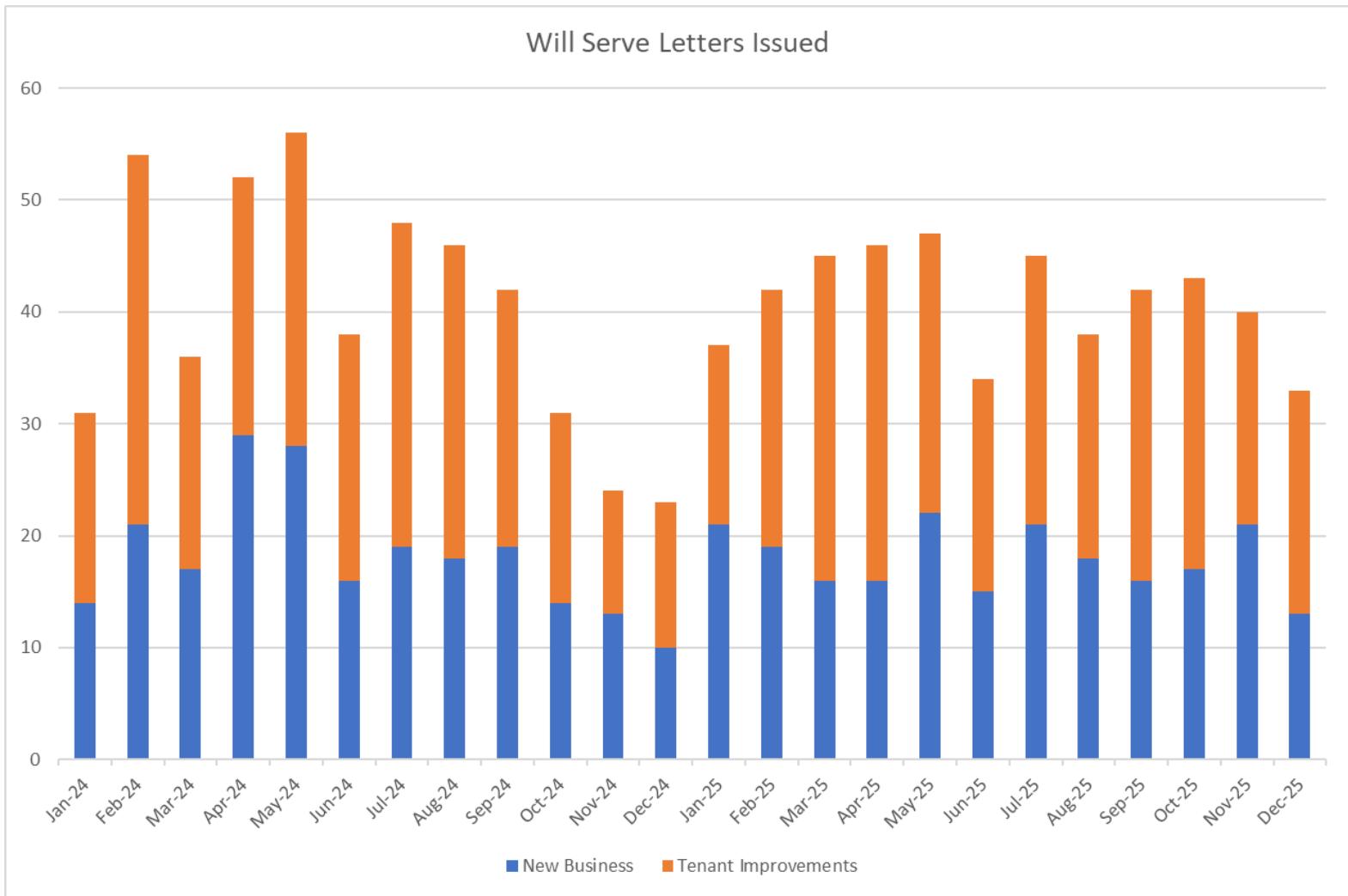
Through the merger of Washoe County's water utility, TMWA assumed a Water Banking and Trust Agreement with Fish Springs Ranch, LLC, a subsidiary of Vidler. Under the Agreement, TMWA holds record title to the groundwater rights for the benefit of Fish Springs. Fish Springs may sell and assign its interest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

Beginning Balance	7,305.41 AF
Committed water rights	2.72 AF
Ending Balance	7,302.69 AF

Price per acre foot at report date: \$47,218 (SFR and MFR); \$40,960 (for all other services)<sup>1</sup>

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

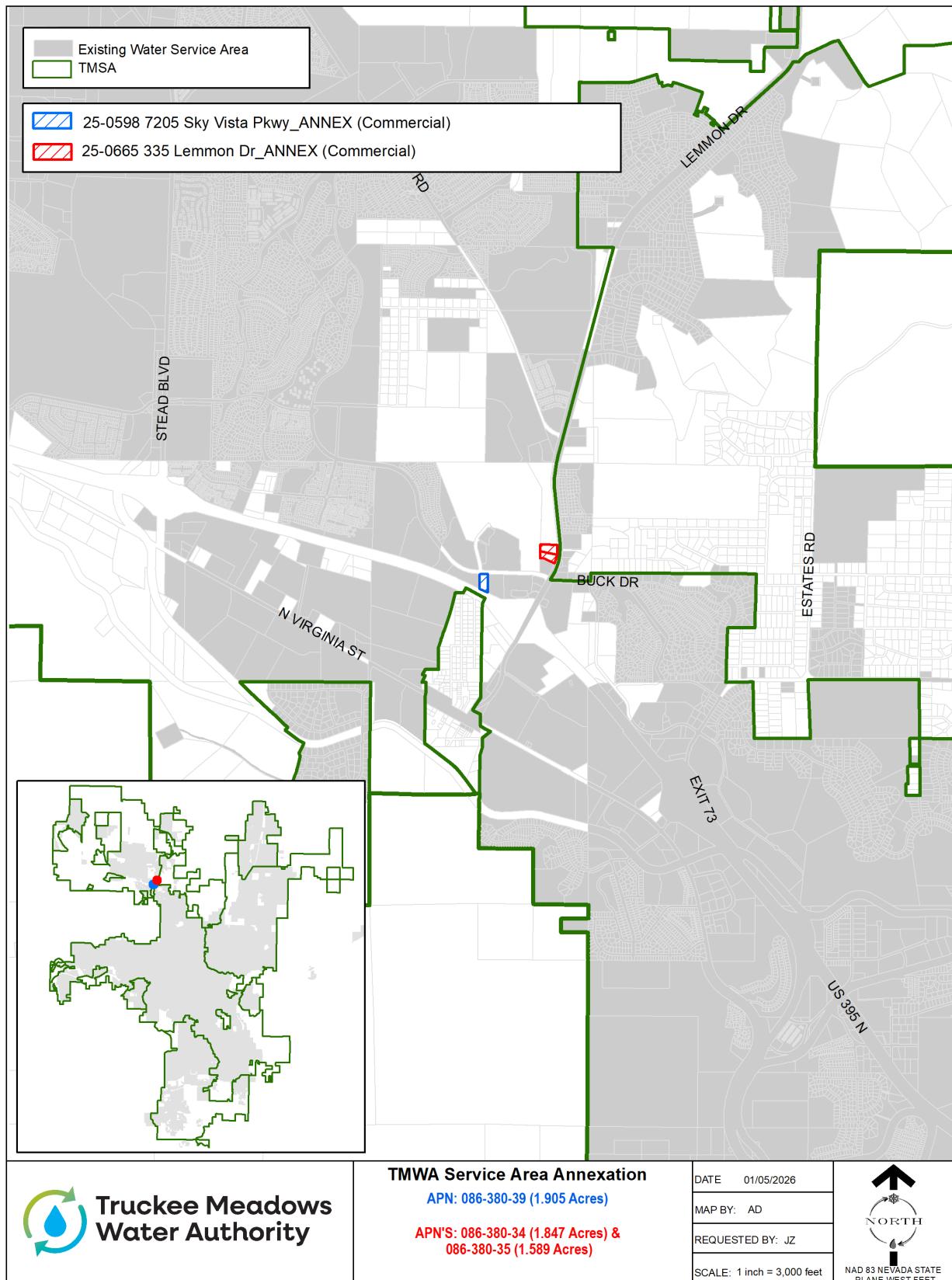


### **WATER SERVICE AREA ANNEXATIONS**

Since the date of the last report, there have been 5.341 acres annexed into TMWA's service area.

### **INTERRUPTIBLE LARGE VOLUME NON-POTABLE SERVICE**

No new ILVNPS customers have been added during this reporting period.





## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Marci Westlake, Manager Customer Service  
**DATE:** January 21, 2026  
**SUBJECT:** November-December Customer Service Report

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The following is a summary of Customer Service activity for November/December 2025

### Ombudsman Report – Kim Mazeres

- Water shut off without warning. Wants to know why. When I called the customer back, he stated the PUCN told him to call me. His water was on by the time I called him back. I told him it was likely an error. Spoke to his roommate, Rebecca Rawlins, who was concerned that they were going to meter the unit because the management company overwaters the outside. Told them I would get some answers and call them back. Per Customer Service Manager, it was turned off in error due to one service feeding multiple units in this complex. They will not be metered, due to plumbing constraints. Called customer back, explained & apologized. They were appreciative of all information provided. Also gave them the number for conservation, so if the property management company overwaters next summer, they can report it.
- Bill is \$84.64. Last payment of \$24.52. Why is bill \$85? E-mailed Lead Customer Service Representative. Customer was looking at an old bill -- which consisted of two months of bills, plus a NSF charge. NSF charge had already been waived, and current bill was about \$25. CSR will call customer and explain.
- A#139743300. Fee that shocked her - \$2.97 late charge. 43 years at this residence. Writes check for bill. Doesn't want to pay credit card fees. 83 years old and couldn't navigate the phone tree to get to the Call Center. Lead CSR waived late charge. Received check on 10/30, posted 10/31. It was due on 10/24. 3-day grace period. Customer very appreciative of the call back, wanted to talk and appreciated waiver of fee.
- Handicapped senior citizen with two dogs and five housemates. TMWA did get full outstanding bill, according to them, by credit card -- sent photo of proof of payment last week. Water was still turned off (sounds like multiple times). Customer called back an hour after the first call. Was told water might not be on until tomorrow. Per senior CSR, \$587 has not been received. Payment was not made through TMWA's website. CSR called back a few minutes later and indicated a \$700 payment had just been made by

credit card thru TMWA's website. Director over Customer Service will call customer to advise given the recent payment that water will be back on today. Checked with CSR and advised customer water will be back on today -- likely by mid-afternoon. Tech also advised the customer he has a leak when he turned the water back on.

- Customer called Ombudsman several months ago, and Customer Service Manager made an arrangement for the customer to pay the current bill in installments over the next three months. Customer said she paid \$60 last week, and still owed \$45. Water was shut off today. She said next bill was not due until 12/10. Wants to know why the water is off and to have off-and-on charges waived. When customer called on 9/9, Customer Service Manager set up a 3-installment payment of \$35.33 a month to be paid with the October, November and December bills. Customer did not pay the installment in either October or November, so service was disconnected for non-payment. Asked TMWA to turn customer back on even though she still had \$56.07 in past due charges. Explained to customer why she was disconnected, and she admitted she had completely forgot about the installment payments. Advised customer to pay remaining balance due by 12/10, or she would be in the disconnect cycle again.
- Customer lives at Sierra Loma Condos. He has a water leak in front of his building, and his bill has been steadily increasing. He has told the Association, but it has not been fixed. Customer Service Manager will send out Conservation to do a water audit on Monday to help determine the cause of the high bill, as well as work with the association, as needed. Conservation confirmed a service line leak, and informed both the company who did the previous repair and the HOA of the need to get it fixed.

#### **Communications – Public Outreach – November-December**

- Matt Bowman and Robert Charpentier held a public zoom meeting for the Cost-of-Service Adjustment Presentation on 12/4/2025 and 12 people attended.
- Matt Bowman and Robert Charpentier held a public zoom meeting for the Cost-of-Service Adjustment Presentation on 12/9/2025 and 7 people attended.

#### **Conservation (2025 Calendar year)**

- 2,339 Water Usage Reviews
- 4,322 Water Watcher Contacts

#### **Customer Calls – November-December**

- 11,947 phone calls handled.
- The average handling time is 5 minutes 14 seconds per call.
- Average speed of answer :18 seconds per call.

**Billing – November-December**

- 280,004 bills issued.
- 73,542 customers (52%) have signed up for paperless billing to date, which equates to an annual savings of \$573,627.60.

**Remittance – November-December**

- 22,993 Mailed-in payments.
- 41,514 Electronic payments.
- 119,553 Payments via AutoPay (EFT)
- 40,933 One-time bank account payments.
- 1,582 Pay by Text
- 8,698 IVR Payments.
- 1,457 Reno office Payments.
- 130 Kiosk Payments.

**Collections – November-December**

- 26,551 accounts received a late charge.
- 7,245 Mailed delinquent notices, 0.03% of accounts.
- 1,274 accounts eligible for disconnect.
- 1,035 accounts were disconnected. (Including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- 0.20 % write-off to revenue.

**Meter Statistics – Fiscal Year to Date**

- 1,312 Meter exchanges completed.
- 654 New business meter sets completed.

**Service Line Warranties of America Statistics**

- 14,011 Policies
- 10,312 Customers
- 739 Jobs Completed
- \$1,118,160 Customer Savings