

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

ARTICLE 1. INTRODUCTION

1.1 Purpose of Plan.

The Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust was originally established effective January 1, 2006. The Plan ~~is being~~was subsequently amended and restated in its entirety- in accordance with the resolution of the TMWA Board of Trustees (Resolution No. 141) adopted on January 21, 2009, to incorporate the provisions of NRS 287.017, added to the Nevada Revised Statutes in 2007. The Plan is now being amended and restated to incorporate the payment of group life insurance premiums as a benefit offered under the Plan and to make such other changes to the Plan which are deemed necessary by the Trustees. The purpose of this Plan is to provide Participants a benefit to assist with the payment of premiums for post-retirement medical ~~benefits, coverage and group life insurance coverage.~~ The Plan, as amended and restated, hereafter reads as follows.

1.2 Plan Status.

The benefits offered under this Plan are intended to qualify as ~~payments under an(i)~~ accident and health plan benefits under section 105 and 106 of the Code and the corresponding Treasury regulations, and (ii) as group term life insurance benefits under section ~~40579~~ of the Code- and the corresponding Treasury regulations. The benefits provided under this Plan shall be funded ~~by~~through a voluntary employees' beneficiary association under Code section 501(c)(9). Pursuant to a determination letter from the Internal Revenue Service dated May 25, 2007, the Plan is exempt from Federal income tax under Code section 501(c)(9). The Plan may be amended or terminated as provided in Article 9.1. Capitalized terms are defined in Article 2.

ARTICLE 2. DEFINITIONS

2.1 Code.

"Code" means the Internal Revenue Code of 1986, as amended. Reference to any

section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation that amends, supplements or replaces such section or subsection.

2.2 Dependent.

"Dependent" ~~includes all of~~ shall have the following:

~~(a) — spouse of the opposite sex of the Participant. Such spouse must meet all requirements of a valid marriage contract same meaning as set forth in the state of residence but will not include a common law spouse;~~

Formatted: Not Expanded by / Condensed by

~~(b) — any unmarried child of the Participant under the age of 19 who is legally dependent upon the Participant for support. For purposes of the Group Health Plan, a "child" will include: (i) a Participant's natural child; (ii) a Participant's stepchild; (iii) a child who is adopted by the Participant or placed with him or her for adoption prior to the age of 18; and (iv) a child for whom the Participant or covered Dependent spouse is required to provide coverage due to a Qualified Medical Child Support Order (QMCSO).~~

~~(c) — any unmarried child of the Participant who is a student aged 19 or over but less than age 23, if such child meets the requirements of the preceding paragraph, except age, is primarily supported by the Participant or the Participant's spouse (as defined in paragraph (a) above) and is in full time school attendance at an accredited institution of learning. Cessation of full time school attendance will terminate Dependent status with respect to the student EXCEPT that, if cessation is due to school vacation, Dependent status will terminate on the date the school reconvenes if attendance does not resume.~~

~~(d) — Notwithstanding the above, Dependent does not include: (i) a spouse described in paragraph (a) above following legal separation or a final decree of dissolution or divorce; (ii) any person who is on active duty in a military service; or (iii) any person who is eligible as a Participant under the or the Group Life Insurance Plan, as the case may be.~~

Formatted: Indent: First line: 0.5", Right: 0"

2.3 Eligible EmployeeRetiree.

"Eligible EmployeeRetiree" means any MPAT Employee or IBEW 1245 Employee who ~~is at least~~ has separated from service after attaining age 55 and has ~~earned~~ completed at

least ten (10) Years of Service as defined in Section 2.~~45~~18.

2.4 Employer.

"Employer" means ~~the~~ Truckee Meadows Water Authority.

2.52.5 Group Health Plan and Group life Insurance Plan.

"Group Health Plan" means the current group policies or plans maintained by TMWA from time to time that provide group health coverage to the Participants and Dependents, and "Group Life Insurance Plan" means the current group policies or plans maintained by TMWA from time to time that provide group life insurance coverage to the Participants and Dependents.

2.6 Highly Compensated Employee.

"Highly Compensated Employee" means, for purposes of determining discrimination, a Participant who is described in section 414(q) of the Code and the Treasury regulations under section 414(q) of the Code.

Formatted: Right: -0.01"

2.67 IBEW.

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

2.78 IBEW 1245 Employees.

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

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

Formatted: Right: -0.01"

(b) "IBEW Transfer Employees Receiving Sierra Plan Benefits" means former employees of Sierra who transferred to TMWA from Sierra on June 11, 2001, who are

covered by the "Agreement Concerning Compliance with Letter of Understanding" between TMWA and Local Union 1245 of the International Brotherhood of Electrical Workers^{1,2,3}, who elected to retire under the Sierra Plan, ~~and who are listed on Appendix B hereto;~~

(c) "Other IBEW Employees" means employees hired by TMWA who are covered by the Agreement between Truckee Meadows Water Authority and Local Union 1245 of the International Brotherhood of Electrical Workers including certain Letters of Agreement and Letters of Understanding, and/or are covered under a collective bargaining agreement between TMWA and IBEW that ~~provide~~provides for post-retirement health care and/or group life insurance benefits under this Plan, ~~and who are not listed on Appendices A or B hereto.~~

2.89 MPAT Employees.

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

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

(b) "MPAT Transfer Employees Receiving Sierra Plan Benefits" means former management, professional, administrative and technical employees of Sierra who were hired by the Employer pursuant to the Purchase Agreement, transferred to TMWA from Sierra on June 11, 2001, and who elected to retire under the Sierra Plan, ~~and who are listed on Appendix D;~~

(c) "Other MPAT Employees" means full-time management, professional, administrative and technical employees hired by TMWA who are not listed ~~on Appendices C or D~~ in clauses (a) or (b) above of this Section 2.9.

2.910 Nevada PERS.

"Nevada PERS" means the Nevada Public Employees Retirement System.

2.4011 NRS and NAC.

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

2.412 Participant.

"Participant" means an Eligible ~~Employee~~Retiree who is eligible to and has elected to participate in the Plan pursuant to section 3.1.

2.4213 Permanent Waiver.

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

2.14 Plan.

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

Formatted: Right: -0.01"

2.4315 Plan Year.

"Plan Year" means the calendar year.

2.4416 Purchase Agreement.

"Purchase Agreement" means the "Asset Purchase Agreement between Sierra Pacific Power Company, as Seller, and Truckee Meadows Water Authority, as Purchaser."

Formatted: Right: -0.01", Tab stops: 6.3", Left

2.4517 Retirement Date.

"Retirement Date" means the date elected by ~~the Eligible Employee for~~ an employee.

Formatted: Right: -0.01"

who is eligible to participate in this Plan, as his or her retirement date from TMWA in accordance with the procedures established by the Trustees from time to time.

2.4618 Service or Years of Service.

"Service" or "Years of Service" means:

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

"Service" or "Years of Service" includes all years of service earned and accumulated ~~under Nevada PERS~~ as an employee of TMWA ~~in accordance with the terms of Nevada PERS~~ and all years of service earned and accumulated under the Sierra Plan in accordance with the terms of the Sierra Plan.

Formatted: Not Expanded by / Condensed by

(b) "For IBEW Transfer Employees Receiving Sierra Plan Benefits-," "Other IBEW Employees-," "MPAT Transfer Employees Receiving Sierra Plan Benefits" and "Other MPAT Employees-" "Service" or "Years of Service" includes all years of service ~~earned and accumulated under Nevada PERS~~ as an employee of TMWA ~~in accordance with~~.

For purposes of clauses (a) and (b) above, the ~~terms of Nevada PERS~~ determination of the Years of Service earned and accumulated by an employee eligible to participate in this Plan shall be based upon the definition of "years of service" set forth in the collective bargaining agreement between TMWA and IBEW, as amended from time to time.

2.4719 Sierra.

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

2.4820 Sierra Plan.

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

2.4921 Trust.

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

2.20—22 Trustees and Trustee.

~~"Trustee~~Trustees" means the trustees appointed pursuant to Article 8 whose duties

include ~~the~~ administration of the Plan, and "Trustee" means any one (1) of the Trustees.

~~2.2023~~ TMWA.

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

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.1 Eligibility and Commencement of Coverage.

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

3.2 Termination of Participation.

A Participant shall cease to be covered under this Plan on the earliest of the following

dates: (i) the Participant's death; (ii) the date the Participant's post-retirement health coverage ~~chosen pursuant to this Plan and life insurance coverage~~ is cancelled due to the ~~Participant's election or execution of a Permanent Waiver by the Participant;~~ (iii) due to the Participant's non-payment of premiums or costs; or (iiiv) the date this Plan is terminated. ~~After~~If a Participant's participation in the Plan is terminated ~~by reason of failing to pay premiums,~~ the Participant may reenroll in the Plan during any ~~subsequent open enrollment period, but only if the Participant has remitted to the Plan all delinquent premiums prior to the first day of the~~ subsequent open enrollment period.

ARTICLE 4. BENEFITS

4.1 ~~General~~Health Benefits ~~In General.~~

A Participant shall be eligible to participate in ~~certain the~~ health coverage options ~~specified in the Plan or offered by the Trustees. ATMWA, and a~~ Participant may enroll his or her Dependents in the health coverage ~~option~~options offered by TMWA, if permitted by the applicable ~~plan.~~Group Health Plan. Monetary benefits earned under this Plan shall be used to either reimburse or pay directly all or a portion of the premiums or costs assessed for health coverage for the Participant and his or her Dependents, as specified by the terms of this Plan. Portions of health coverage premiums or costs that are not paid by this Plan shall be paid by the Participant. A Participant who does not pay his or her portion of the premiums or costs for health coverage in the time and manner specified by the Trustees shall forfeit all rights ~~to benefits~~his or her coverage under ~~this~~the Group Health Plan. The Trustees shall from time to time adopt policies pertaining to the timing and the manner in which Participants and Dependents of Participants are to pay their share of the health coverage premiums and costs. ~~Until such time as~~In accordance with the current policy of the Trustees ~~adopt a different policy,~~ the entire health care premiums and costs attributable to ~~at~~the health care ~~benefit coverage~~ chosen by the Participant will be paid by the Plan, and the Participant is ~~to be~~ required to reimburse the Plan for his or her share of the premiums and costs attributable to the health care ~~benefit~~coverage chosen by the Participant. To the extent that the Trustees require the Participants and Dependents to pay their share of the health ~~coverage~~care ~~premiums~~ and costs directly to the Plan, rather than to the ~~health care provider~~Group Health

Formatted: Right: -0.01", Tab stops: 6.3", Left

Plan, then such policies and procedures shall specify the due dates in which the Participant and/or Dependents are required to remit their share of such health ~~coverage~~care premiums and costs to the Plan. Copies of the policies and procedures adopted by the Trustees from time to time are to be provided to each Participant and each Dependent of a Participant. -

-

4.21.1 Transfer of Employees between IBEW and MPAT.

Formatted: Indent: First line: 0.5"

If an ~~Eligible Employee~~employee transfers from employment as an IBEW 1245 Employee to employment as an MPAT Employee (or vice versa), the ~~Eligible Employee's~~employee's health care benefits at retirement under this Plan shall be calculated as if the ~~Eligible Employee~~employee was employed in his or her most recent employment classification for his or her entire period of service with TMWA and/or Sierra. Notwithstanding the above, if the ~~Eligible Employee~~employee was an IBEW Transferred Employee or an MPAT Transferred Employee ~~and listed on either Appendix A or Appendix C~~, such ~~Eligible Employee~~employee shall continue to be treated as either an IBEW Transfer Employee or an MPAT Transferred Employee at his or her retirement for ~~purposed~~purposes of calculating Years of Service (as defined in Section 2.4618 herein) under this Plan.

4.31.2 Specific Health Benefits for MPAT Employees

Formatted: Indent: First line: 1"

~~A Participant~~An Employee who was an MPAT Employee and ~~at least age 55 on his or her birthday during the relevant Plan Year~~ is an Eligible Retiree may participate in the health coverage options made available to active Employees of the Employer or any ~~private~~other health insurance plan ~~or health maintenance organization allowed by the NRS.~~ A Participant shall receive an annual credit toward the annual premium charged for his or her chosen health coverage option based upon the Participant's Years of Service as described below. The annual credit shall be calculated as follows:

Formatted: Line spacing: 1.5 lines

Participant's Age ~~on~~ Annual
(Each Month) on
Birthday during the Credit
Relevant Plan Year
for the Applicable Annual

Formatted: No underline

<u>Monthly Request for Coverage</u>	<u>Credit Calculation</u>
Age 55 through 64	\$235 x Years of Service (up to 30 years)
Age 65 and above	\$105 x Years of Service (up to 35 years)

Formatted: Indent: Left: 1", First line: 0"

The total annual credit shall be reduced by 5% for each full year or partial year (with proration for fractional months) that the individual Eligible Retiree is under age 62 as of his or her or their Retirement Date (the "Penalized Benefit"). If an Eligible Retiree participates in the Plan and receives a Penalized Benefit at the time of his or her initial participation in the Plan, then such Penalized Benefit is to continue in effect permanently, regardless of whether coverage is continuous. The annual credit shall be provided in the time and manner specified by the Trustees. In order to be eligible for the above health benefits, Participants who are age 65 or older during the relevant Plan Year must enroll in and pay the cost of Medicare Part "B" or Medicare Part "C" coverage. Unless the Plan pays directly, the Participant shall pay for the health insurance coverage and be reimbursed by the Plan to the maximum amount specified above. See Section 4.71.6 for reimbursement procedures.

Example of Calculation of Annual Credit:

Assume a MPAT Employee retires at age 55 with 15 years of service. ~~Her~~ His or her annual credit towards his or her health insurance coverage would be:

Before Age 65:

Step 1: Calculate maximum annual benefit. $\$235 \times 15 \text{ years of service} = \3525 .

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

Step 3: Calculate the reduction amount. $\$3525 \times 35\% = \1233.75

Formatted: Right: -0.01"

Step 4: Reduce the maximum benefit by the reduction amount to obtain the annual credit. \$3525. (step 1) - \$1233.75 (step 3) = \$2291.25 annual credit

Formatted: Right: -0.01"

After age 65, repeat the steps above by substituting \$105 for \$235 in ~~AT~~Step 1. Result = \$1575 (step 1) - \$551.25 (step 3) = \$1023.75 annual credit

4.41.3 Specific Health Benefits for all IBEW 1245 Employees Hired on or after January 1, 1998 and for “IBEW Transfer Employees Receiving Sierra Plan Benefits” hired before January 1, 1998.

Formatted: Indent: First line: 1"

All IBEW 1245 Employees hired on or after January 1, 1998, and “IBEW Transfer Employees Receiving Sierra Plan Benefits” hired before January 1, 1998, may participate in the health coverage options made available to active Employees of the Employer or any private health insurance plan as allowed by the NRS. In addition, such Participant will receive the following lifetime lump-sum credit toward the annual premium charged for his or her chosen health coverage option: \$1,250 for each Year of Service. The Participant shall be entitled to the entire premium cost of health coverage for the Participant and his or her Dependents until the lifetime lump-sum credit is exhausted. At that point, the Participant may elect to continue health coverage through the Plan: provided, however, that the Participant is to be responsible for such premiums at the rate and terms established for COBRA coverage for the applicable and eligible duration under the Group Health Plan in which the Participant has elected health coverage ~~option as provided in Section 5.10.~~ Unless otherwise specified by the Trustees, the Plan shall pay the entire premium or costs charged for a Participant’s chosen health coverage option, provided that the Participant reimburses the Plan for the Participant’s share of such premiums and costs until such time that the lifetime lump sum credit is exhausted in accordance with the policies and procedures adopted from time to time by the Trustees.

~~-a Participant’s chosen health coverage option, provided that the Participant reimburses the Plan for the Participant’s share of such premiums and costs in accordance with the policies and procedures adopted from time to time by the Trustees.-~~

4.51.4 Specific Benefits for IBEW Transfer Employees Hired by Sierra before January 1, 1998.

Formatted: Indent: First line: 1"

(a) At Least Age 55 and Under Age 65 on Retirement Date.

~~Except as modified by (c) below, a~~ Participant who was an IBEW Transfer Employee, was hired by Sierra before January 1, 1998 and is at least age 55 and under age 65 on ~~his or her Retirement Date~~ the date that he or she requests coverage under this Plan, is eligible to participate in the same health coverage plans as active employees of the Employer until the Plan Year in which the Participant attains age 65. During the Plan Year in which the Participant attains age 65 and later Plan Years, the Participant is eligible to participate in the ~~same health maintenance organization as~~ plans offered by the Employer to active employees of the Employer, a Medicare Supplement Plan or a Medicare Risk Contract. However, during the Plan Year in which the Participant attains age 65 and later Plan Years, the Participant must enroll in and pay the cost of Medicare Part "B" or Medicare Part "C" coverage, in accordance with Medicare enrollment criteria, in order to be eligible for the benefits under this paragraph. In addition, such Participant will receive an annual credit toward the annual premium or costs charged for his or her chosen health coverage option (including the coverage cost for his or her Dependents), determined as follows:

Formatted: Condensed by 0.1 pt

Formatted: Condensed by 0.1 pt

- (1) 80% of the total annual premium or coverage costs, less
- (2) 4% of the total annual premium or coverage costs, multiplied by:
 - (A) 20, minus
 - (B) the number of Years of Service (not to exceed 20).

Unless otherwise specified by the Trustees, the Plan shall pay the entire premium or costs charged for a Participant's chosen health coverage option, provided that the Participant reimburses the Plan for the Participant's share of such premiums and costs in accordance with the policies and procedures adopted from time to time by the Trustees. Each Participant shall be responsible for reimbursing the Plan for the difference between the amount determined under (1) and (2) above and 100% of the total premium or coverage costs attributable to the health coverage option chosen by the Participant.

(b) Age 65 and over on Retirement Date.

~~— Except as modified by (c) below, a~~ A Participant who was an IBEW Transfer Employee, was hired by Sierra before January 1, 1998 and is age 65 or over on ~~his~~ the date that he or her Retirement Date, she requests coverage under this Plan. is eligible to participate in the ~~same health maintenance organization as plans offered by the Employer to~~ active employees of the Employer, a Medicare Supplement Plan or a Medicare Risk Contract. In addition, such Participant will receive an annual credit toward the annual premium or costs charged for his or her chosen health coverage option (including the coverage cost for his or her Dependents), determined as follows:

- (1) 85% of the total annual premium or coverage costs, less
- (2) 4% of the total annual premium or coverage costs, multiplied by:
 - (A) 20, minus
 - (B) the number of Years of Service (not to exceed 20).

The 85% in clause (1) above shall be 100% for a Participant who elects to participate in the Medicare Risk Contract. In order to be eligible for the benefits under this paragraph, the Participant must enroll in and pay the cost of Medicare Part "B" or Medicare Part "C" coverage. Unless otherwise specified by the Trustees, the Plan shall pay the entire premium or costs charged for a Participant's chosen health coverage option provided that the Participant reimburses the Plan for the Participant's share of such premiums and costs in accordance with the policies and procedures adopted from time to time by the Trustees. Each Participant shall be responsible for reimbursing the Plan for the difference between the amount determined above and 100% of the total premium or coverage costs.

~~(c) — Age 60 and over with 10 years of Service as of July 1, 1998.~~

~~— The provisions of Section (a) or (b) above (as applicable) shall apply to individuals who were IBEW Transfer Employees, were hired before January 1, 1998, and were at least age 60 with at least 10 Years of Service as of July 1, 1998, modified as provided in this Section 4.4(c). Participants covered by this Section will receive an annual credit toward the annual premium or costs charged for his or her chosen health coverage option (including~~

~~the cost for his or her Dependents), determined as follows:~~

~~(1) 100% of the total annual premium or coverage costs, less~~

~~(2) 4% of the total annual premium or coverage costs, multiplied by:~~

~~(A) 20, minus~~

~~(B) the number of Years of Service (not to exceed 20).~~

~~4.6~~ 4.1.5 Surviving Spouse Death Benefits.

Formatted: Indent: First line: 0.45"

The surviving spouse of any Participant, either individually or together with the Participant's other Dependents who were covered by the Plan ~~prior to~~ on the Participant's date of death, may continue receiving health coverage for three years after the death of the Participant, beginning on the first day of the month following the month of the Participant's death. The Employer will pay a portion of the premiums or costs for the health coverage plan for the first year after the Participant's death by computing benefits under this Plan as if the surviving spouse was the Participant. All terms applicable to the Participant in the year of his or her death shall apply to the surviving spouse ~~in~~ during the first year after following the Participant's death. For the final two years of the three year period following the death of a Participant, the surviving spouse shall be eligible for coverage under ~~COBRA in accordance with Article 5 of the health care option that covered the deceased Participant. If the surviving spouse elects to continue to receive health coverage under a Group Health Plan. The term "24 month(s)" shall be substituted for during the term "18 month(s)" in sections 5.4 (final two years of the three year period following the death of a) and 5.10. The Participant, then the~~ surviving spouse will be obligated to pay for the premiums or costs of such coverage and eligible duration at the rate established for COBRA coverage ~~for the applicable health coverage option in section 5.10 for the final two years after the Participant's death if the surviving spouse elects to continue to receive health coverage through the~~ under the Group Health Plan: providing coverage to the surviving spouse and eligible Dependents.

Formatted: Font: Not Italic

Formatted: Font: Not Italic

Formatted: Font: Italic, Expanded by 0.2 pt

Formatted: Font: Not Italic

~~4.7~~ ~~Reimbursement~~ 1.6 Procedures for Payment of Benefits.

Formatted: Indent: First line: 0.5"

In the event that a Participant and/or his or her ~~Dependants~~ Dependents is entitled to receive ~~reimbursements~~ benefits under the terms of the Plan for health care coverage, in order

to receive such ~~reimbursements~~benefits from the Plan,– the Participant and/or his or her Dependents must submit proof of health insurance coverage and proof of the amount of premiums ~~paid~~ in the time and manner specified by the Trustees. Participants who are age 65 or older during the relevant Plan Year must also submit proof of enrollment in and proof of payment of premiums for Medicare Part "B" or Medicare Part "C" coverage. ~~Reimbursements~~Benefits shall be made ~~monthly~~in a time and manner specified by the Trustees upon receipt of proof of coverage and payment of premiums. ~~Proof of coverage and payment of premiums must be submitted on or before March 31 of the calendar year following the Plan Year for which reimbursement is sought or the Participant and/or his or her Dependents shall forfeit the right to receive any remaining unpaid benefits under the Plan for such Plan Year.~~

4.2 Life Insurance Benefits.

~~A Participant, who is covered under a Collective Bargaining Agreement with TMWA (the "CBA"), shall be eligible to participate in the group life insurance options required to be offered to such Participant under the CBA, as amended from time to time. A Participant, who is not covered by a CBA, shall be eligible to participate in the group life insurance options offered by TMWA to the Participant as set forth in the policies and resolutions adopted by TMWA from time to time. A Participant may elect group life insurance coverage for his or her Dependents under the Group Life Insurance Plans offered by TMWA if such coverage is permitted by the applicable plan. If a Participant elects group life insurance coverage, then this Plan shall pay for all or a portion of the premiums for such coverage in accordance with the terms and conditions of the CBA (for Participants covered by the CBA) or TMWA's policies and resolutions (for Participants not covered by a CBA). Portions of life insurance coverage premiums or costs that are not paid by this Plan shall be paid by the Participant. A Participant who does not pay his or her share of the premiums or costs for life insurance coverage in the time and manner specified by the Trustees shall forfeit all rights to the life insurance coverage elected by the Participant. The Trustees shall from time to time adopt policies pertaining to the timing and the manner in which Participants and Dependents of Participants are to pay their share of the life insurance~~

premiums and costs. Until such time as the Trustees adopt a different policy, the entire life insurance premiums and costs attributable to the life insurance coverage chosen by the Participant will be paid by the Plan, and the Participant will be required to reimburse the Plan for his or her share of the premiums and costs attributable to the life insurance coverage chosen by the Participant. To the extent that the Trustees require the Participants and Dependents to pay their share of the life insurance coverage and costs directly to the Plan, rather than to the insurance carrier providing such coverage, then such policies and procedures shall specify the due dates in which the Participant and/or Dependents are required to remit their share of such life insurance premiums and costs to the Plan. Copies of the policies and procedures adopted by the Trustees from time to time are to be provided to each Participant and each Dependent of a Participant.

ARTICLE 5. COBRA CONTINUATION OF COVERAGE

~~5.1 Generally.~~

~~The Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") requires that certain Participants ("Qualified Beneficiaries") be given the opportunity to elect continuation of this Plan's coverage when a "Qualifying Event" occurs. If a Participant's or Qualified Beneficiary's health benefit coverage terminates, this Article 5 shall apply.~~

~~5.2 Definition of Qualified Beneficiary.~~

~~(a) A Qualified Beneficiary is any individual who was covered under the Plan on the day before a Qualifying Event either as an Eligible Employee or the Dependent of an Eligible Employee.~~

~~(b) A Qualified Beneficiary includes a child born to, or placed for adoption or foster care with, a Qualified Beneficiary who is a Participant. Such Child becomes a Qualified Beneficiary as of the date of birth or placement for adoption or foster care.~~

~~(c) A Qualified Beneficiary includes any eligible dependent who was enrolled in the Plan under the provisions of an Employer sponsored continuation program other than COBRA after the date of an initial Qualifying Event and who would lose coverage as a result of a second Qualifying Event.~~

~~5.3 Definition of Qualifying Event.~~

~~Qualifying Events, which would cause such health benefit coverage to otherwise end or would cause the Qualified Beneficiary to cease to be covered for health benefits under the same terms and conditions that were in effect immediately prior to the qualifying event, provide a Qualified Beneficiary the right to continue health benefit coverage under the Plan. Each of the following constitute a Qualifying Event:~~

~~(a) Loss of health benefit coverage under the Plan;~~

~~(b) Death of a Participant;~~

~~(c) Divorce or legal separation of a Participant;~~

~~(d) Cessation of a child's status as a Dependent;~~

~~(e) A Qualified Beneficiary becoming entitled to Medicare and becoming enrolled in Medicare while covered by COBRA continuation coverage, before the expiration of the period of COBRA coverage.~~

~~(f) The commencement of a federal bankruptcy proceeding under Title 11, United States Code, on or after July 1, 1986, with respect to the Employer, and as a result of such bankruptcy, loss or substantial elimination of coverage of a Qualified Beneficiary within one year before or after the date of commencement of the proceeding.~~

~~5.4 Termination of COBRA Continuation Coverage.~~

~~Once elected, COBRA continuation coverage will continue until the earliest of the following dates:~~

~~(a) The date 18 months after the regular coverage would otherwise end, for the events described in Section 5.3(a) above; however, if the Participant is entitled to Medicare on the date coverage would otherwise end, then the date for Qualified Beneficiaries, other than the Participant, shall be the later of (i) 18 months after the regular coverage would otherwise end, or (ii) 36 months from the date the Participant became entitled to Medicare.~~

~~(b) The date 29 months after the regular coverage would otherwise end,~~

~~for the events described in Section 5.3(a) above if the conditions of Section 5.6 below apply:~~

~~(c) — The date 36 months after the regular coverage would otherwise end, for the events described in Section 5.3(b), (c), or (d) above.~~

~~(d) — The date all Employer sponsored group medical plans are terminated.~~

~~(e) — The date the Employer or its COBRA Administrator does not receive timely payment of any amount required for COBRA continuation coverage.~~

~~(f) — The date a Qualified Beneficiary on continuation coverage becomes covered under any other group health plan which does not contain any exclusion or limitation with respect to any pre-existing condition of such Qualified Beneficiary. (This date may vary for different members of the same family.)~~

~~(g) — The date a Qualified Beneficiary on continuation coverage becomes entitled to Medicare and enrolls in Medicare Part A or B. (Medicare enrollment terminates coverage only for the individual enrolled in Medicare.)~~

~~(h) — If the Qualifying Event is the commencement of a federal bankruptcy proceeding as described in Section 5.3(f) above, continuation coverage shall terminate on:~~

~~(1) — For the Participant, the date of death of the Participant; or~~

~~(2) — For the Dependent, the date 36 months after the death of the Participant.~~

~~(i) — The first day of the month that begins more than 30 days after the date the Qualified Beneficiary on continuation coverage (pursuant to the disability extension provision described in Section 5.6 below) is determined to be no longer disabled under Title II or Title XVI of the Social Security Act (ceasing to be disabled terminates coverage for all family members on continuation coverage pursuant to a disability extension).~~

~~5.5 — Second Qualifying Event.~~

~~If one of the events described in Section 5.3(b), (c), (d), or (e) above occurs while a Qualified Beneficiary is on COBRA continuation coverage due to the event described in Section 5.3(a) above, such Qualified Beneficiary enrolled under the Plan shall have the right to extend his or her COBRA continuation period for up to 36 months from the date of the original Qualifying Event if regular coverage would have otherwise ended due to the event described in Section 5.3(a) above.~~

~~5.6 — Disability Extension.~~

~~If a Qualified Beneficiary is determined under Title II or Title XVI of the Social Security Act to have been disabled during the first 60 days following the date of the Qualifying Event described in Section 5.3(a) above, such Qualified Beneficiary and/or all other family members who are eligible because of such Qualifying Event and who have elected COBRA continuation coverage shall have the right to extend the COBRA coverage period for up to 29 months from the date regular coverage would have otherwise ended due to the event described in Section 5.3(a) above.~~

~~— 5.7 — Plan Changes.~~

~~If during the period of any COBRA continuation coverage, as set forth above, the Plan health benefit coverage is changed for Participants and Dependents who remain covered under the Plan, the same changes will be applied to persons participating in this COBRA continuation coverage program.~~

~~5.8 — Notice Requirements.~~

~~To elect COBRA continuation coverage:~~

~~(a) — the Qualified Beneficiary must notify the Employer within 60 days of the later of (i) the Qualifying Event or (ii) the date that the Qualified Beneficiary would lose coverage on account of the Qualifying Event, if one of the events described in Section 5.3(e) or 5.3(d) above occurs;~~

~~(b) — the Employer shall notify the affected parties of their right to elect COBRA continuation coverage. Specific notice and administrative procedures shall be adopted~~

by the Employer and shall be consistent with applicable federal law and regulations;

~~(c) — a Qualified Beneficiary, in order to qualify or have his or her family qualify for the extension of coverage for Qualified Beneficiaries described in Section 5.6 above, must notify the Employer within 60 days of the date on which Social Security makes a determination of disability but before the end of the initial 18 month COBRA coverage period; and~~

~~———— (d) — a Qualified Beneficiary must notify the Employer within 30 days of the date on which Social Security makes a final determination that the Qualified Beneficiary is no longer disabled.~~

~~5.9 — Election of Continuation Coverage.~~

~~A Qualified Beneficiary has a minimum of 60 days to elect the COBRA continuation coverage. Such election period will begin no later than the date of a Qualifying Event and ends 60 days after the later of (1) the date that coverage under this Plan would otherwise end because of the Qualifying Event, or (2) the date the Qualified Beneficiary is sent notice of his right to elect COBRA continuation coverage. Coverage will terminate after the Qualifying Event and then will be reinstated retroactively if the Qualified Beneficiary elects COBRA coverage.~~

~~5.10 — Cost of COBRA Continuation Coverage.~~

~~The cost of COBRA continuation coverage shall be paid by the Qualified Beneficiary who elects such coverage. Any continuation coverage provided under any special severance plan shall count toward the Qualified Beneficiary's applicable period of COBRA continuation coverage, although the cost of such other coverage may be less than the cost of COBRA continuation coverage. The cost of such other coverage is specified in any severance plan offered by the Employer. The cost of COBRA continuation coverage, other than coverage provided under Section 5.6, is 102% of the total cost of providing identical coverage to a Participant and any Dependents. The required cost of COBRA coverage for disabled Qualified Beneficiaries as described in Section 5.6 above and their family members who are~~

~~also Qualified Beneficiaries will not exceed 150% of the cost of providing identical coverage to Participants for any month after the initial 18 month period of COBRA coverage. If a disabled Qualified Beneficiary's family members, who are also Qualified Beneficiaries, elect to extend COBRA coverage as described in Section 5.6, but the disabled Qualified Beneficiary declines to extend coverage, the required cost of COBRA coverage for the non-disabled Qualified Beneficiaries will not exceed 102% of the cost of providing identical coverage to Participants for any month after the initial 18 month period of COBRA coverage.~~

~~5.11 — Changes in Applicable Law.~~

~~If applicable law subsequently requires that continuation coverage be extended, financed, or offered in a more generous manner than as specified in this Plan, the Plan shall be deemed amended to comply with the minimum requirements of applicable law and shall be administered in accordance thereof. This provision is not intended to implement changes in applicable law any earlier than the latest date required by such law.~~

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

ARTICLE 6. HIPAA COMPLIANCE

6.1 General.

Members of the Employer's workforce or the ~~Trustee~~Trustees may, from time to time, have access to protected health information ("PHI") of Plan Participants for administrative functions of the Plan. The Health Insurance Portability and Accountability Act of 1996, ("HIPAA"), and the regulations issued thereunder at 45 C.F.R. Parts 160 and 164 (the "HIPAA regulations"), as amended from time to time, impose privacy obligations on the Plan and restrict the disclosure of PHI. The Employer and the ~~Trustee~~Trustees shall have access to PHI from the Plan only as permitted under this ~~Section~~Article 6 or as otherwise required or permitted by HIPAA or other applicable law. HIPAA and the corresponding regulations were modified by the Health Information Technology for Economic and Clinical Health Act ("HITECH Act"), the statutory provisions of which are incorporated herein by reference. All capitalized terms within this ~~Section~~Article 6 not otherwise defined in the Plan shall have the meaning provided under HIPAA.

6.2 Definition of PHI.

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

6.3 Uses and Disclosures of PHI.

The Plan may disclose a Plan Participant's PHI to the Employer or the ~~Trustee~~Trustees (or to the Employer or the ~~Trustee's~~Trustees' agent) to the fullest extent permitted by the HIPAA regulations (but not in a manner inconsistent with 45 C.F.R. § 164.404(f)), including but not limited to:

Formatted: Font: Times New Roman

Formatted: CM37, Justified, None, Indent: First line: 0.5", Space Before: 0 pt, After: 14 pt, Tab stops: Not at 0.5" + 1" + 2.56"

Formatted: Font: Times New Roman

Formatted: Tab stops: 0.5", Decimal aligned + Not at 0.69"

Formatted: Indent: Left: 0.5", First line: 0"

Formatted: Right: 0.05", Tab stops: 6.25", Left

(a) Enrollment-Disenrollment Information.

The Plan may disclose to the Employer or the ~~TrusteeTrustees~~ information on whether the individual is participating in the Plan, or is enrolled in or has disenrolled in the Plan.

Formatted: Right: 0.05"

(b) Summary Health Information.

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

Formatted: Right: 0.05"

(c) Plan Administrative Purpose

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

6.4 Restriction on Plan Disclosure to the Employer.

Neither the Plan nor any of its business associates will disclose PHI to the Employer or

Formatted: Right: -0.01"

the ~~Trustee~~Trustees except upon the Plan's receipt of the Employer's certification that the Plan has been amended to incorporate the provisions under Section 6.5, except as otherwise permitted or required by law. Execution of the Plan document by the Employer will serve as the required certification.

6.5 Privacy Agreements of the Employer/~~Trustee~~Trustees.

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

(a) Not use or further disclose such PHI other than as permitted by this Section 6.5, as permitted by 45 C.F.R. § 164.508, 45 C.F.R. § 164.512, and other sections of the HIPAA regulations, or as required by law;

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

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

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

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

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

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

Formatted: Indent: First line: 0.95", Right: -0.01", Tab stops: 6.3", Left

Formatted: Indent: Left: 0", Right: -0.01"

Formatted: Indent: Left: 0", Right: 0.05"

Formatted: Indent: Left: 0", Right: 0.05", Tab stops: 6.25", Left

(h) If feasible, return or destroy all PHI received from the Plan that the Employer or the ~~Trustee~~Trustees still ~~maintains~~maintain in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, the Employer or the ~~Trustee~~Trustees ~~agrees~~agree to limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

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

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

6.6 Separation between Plan and the Employer or the ~~Trustee~~Trustees.

(a) Employees With Access to PHI.

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

(b) Use Limited to Plan Administration.

The access to and use of PHI by the individuals described in Section 6.6(a), above, is limited to Plan Administration functions as defined in HIPAA regulation 45 C.F.R. § 164.504(a) that are performed by the Employer or the ~~Trustee~~Trustees for the Plan.

(c) Mechanism for Resolving Noncompliance

If the Employer or the ~~Trustee~~Trustees, or person(s) responsible for monitoring compliance, determines that any person described in Section 6.6(a), above, has violated any of the restrictions of this Section 6.6, then such individual shall be disciplined in accordance with the policies of the Employer or the ~~Trustee~~Trustees established for purposes of privacy compliance, up to and including permanent dismissal from ~~employment~~the Board of Trustees. The Employer or the ~~Trustee~~Trustees shall arrange to maintain records of such violations along with the persons involved, as well as disciplinary and corrective measures taken with respect to each incident.

ARTICLE 7. ADMINISTRATION OF PLAN

7.1 Administration.

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

- (a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan in good faith with such interpretation to be final and conclusive on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To appoint such attorneys, actuaries, accountants, consultants and other persons as may be required to assist in administering the Plan;
- (e) To allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan; and
- (f) To hold meetings in compliance with chapter 241 of NRS.

7.2 Indemnification.

Formatted: Right: -0.01"

Formatted: Right: -0.01"

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

ARTICLE 8. TRUST PROVISIONS

8.1 Appointment, Qualification and Terms of Trustees.

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

8.2 Meetings of the Trustees.

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

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

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

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

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

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

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

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

8.3 Assets Held by Trustees; Contributions.

(a) Receipt of Contributions.

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

(b) Initial Funding.

A cash contribution shall be made to the Trust in an amount determined by the Employer. Additionally, Sierra (now known as NV Energy) shall cause, and the Trust shall accept, a transfer of funds from a voluntary employee benefit association sponsored by Sierra that represents funds accumulated to pay post-retirement medical benefits for the IBEW 1245 Employees during their employment with Sierra.

(c) Plan Contributions.

Subject to Section 8.6 (a) below, the Employer shall annually contribute to the Trust an amount which the Employer determines is necessary to fund the benefits due under this Plan pursuant to a qualified actuarial analysis performed ~~annually~~ in accordance with NRS sections 287.015 and 287.017- and generally accepted accounting principles. All contributions made to the Trust Fund are to be irrevocable.

(d) Source of Funds.

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

8.4 Payment from Trust Fund.

The Trustees shall make payments from the Trust Fund as provided under the terms of the Plan.

8.5 Exclusive Benefit of Participants.

The Trustees shall hold, invest, reinvest, manage and administer the Trust Fund solely in the interest of Eligible ~~Employees~~Retirees, Participants and covered Dependents and for the exclusive purpose of providing post-retirement benefits to Participants and covered Dependents in accordance with the Plan and defraying the reasonable expenses of administering the Plan and Trust ~~as provided in section 8.10.~~ At no time shall any part of the Trust Fund revert to or be recoverable by the Employer, nor be used for or diverted to purposes other than the exclusive purpose of providing post-retirement benefits to Participants and Dependents and defraying the reasonable expenses of administering the Plan and Trust ~~as provided in section 8.9,~~ and neither the Trust Fund nor the earning thereon shall inure to or for the benefit of any member of the Board of Trustees, except that a member of the Board of

Formatted: Right: -0.01"

Trustees may be a beneficiary of the Trust Fund through participation in the Plan. The Trust Fund shall not be subject to the claims of any creditors of the Employer, the administrator of any benefits offered under this plan, or the Participants and covered ~~Dependants~~Dependents.

8.6 Investments.

(a) Funding Policy.

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

(b) Investment by the Trustees.

The Trustees' discretion in investing and reinvesting the principal and income of the Trust Fund shall be subject to the funding and investment policy adopted by the Trustees in writing. The Trustees shall have the duty to act strictly in accordance with such funding and investment policy as amended. The Trustees may invest all or any portion of the Trust Fund in those investments authorized under NRS 287.017, including without limitation, the Retirement Benefits Investment Fund established pursuant to NRS 355.220. ~~That portion of the Trust Fund not invested in investments authorized under NRS 287.010 may be invested by the Trustees, without distinction between principal and income, in such securities or in such property, real or personal, tangible or intangible, as the Trustees shall deem advisable in accordance with the funding and investment policy, including, but not limited to; securities issued by the United States Government, state and local governments; common or preferred stock; securities listed on any exchange or traded in any over the counter market,~~

~~including shares of mutual investment companies; pooled investments portfolios; improved real estate; notes; short term investments mutual funds or similar investment vehicles; guaranteed investment contracts; mortgages; certificates of deposit of any bank; commercial paper; insurance policies; trust and participation certificates; investment companies; leaseholds; fee titles; bonds and other evidence of indebtedness or ownership in which this Trust may lawfully invest; provided, however, that investments shall be so diversified as to minimize the risk of losses. If the Trust invests in any assets that are not permitted and any investment authorized under NRS 287.017(g)(2) or NRS 287.017(g)(3). If the Trust invests in any assets that are not permitted under applicable law, the assets shall be disposed of as promptly as is prudent under the circumstances.~~

8.7 Trustees' Responsibilities.

The responsibilities of the Trustees shall be:

(a) To hold, invest and reinvest the assets in the Trust Fund, subject to the terms and conditions of the Plan and the funding policy;

Formatted: Right: -0.01"

(b) To revalue the assets held in the Trust Fund at fair market value annually and more often as necessary,

(c) To report the value of the Trust Fund as of each Plan Year to the Employer; and

Formatted: Right: -0.01", Tab stops: 6.3", Left

(d) To pay monies from the Trust Fund in accordance with the provisions in this Plan and at the discretion of the Trustees.

8.8 Administration of the Trust Fund.

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

8.9 Power of the Trustees.

~~The~~Unless applicable law provides otherwise, the Trustees are expressly authorized, in

carrying out its duties under this Plan, to:

(a) Purchase, or subscribe for, any securities or other property and to retain the same in the Trust;

Formatted: Right: -0.01", Tab stops: 6.3", Left

(b) Sell, alter, improve, lease or otherwise dispose of any asset of the Trust Fund;

(c) Vote upon any stocks, bonds, or other securities; give general or special proxies or powers of attorney with or without power of substitution; exercise any conversion privileges, subscription rights, or other options, and to make any payments incidental thereto; oppose, consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, delegate discretionary powers, pay any assessments or charges in connections therewith, and generally exercise any of the powers of an owner with respect to stock, bonds, securities or other property held as part of the Trust Fund;

(d) Cause any securities or other property held as part of the Trust Fund to be registered in the Trustees' own name or in the name of one or more of the Trustees' nominees, and to hold any investments in bearer form, but the books and records of the Trustees shall at all times show that all such investments are part of the Trust Fund;

(e) {Intentionally Omitted}

(f) Accept and retain for such time as the Trustees may deem advisable any securities or other property received or acquired by them as Trustees hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(g) Make, execute, acknowledge and deliver documents of transfer and conveyance and other instruments that may be necessary or appropriate to carry out the powers granted in this section;

Formatted: Right: -0.01"

(h) Invest funds of the Trust Fund in overnight deposits or savings accounts bearing a reasonable rate of interest in a bank selected by the Trustees;

Formatted: Right: -0.01", Tab stops: 6.25", Left

(i) Invest in Treasury Bills and other forms of United States government obligations;

Formatted: Right: -0.01"

(j) Except as expressly authorized herein, the Trustees are prohibited from selling or purchasing stock options. The Trustees are expressly authorized to write and sell call options under which the holder of the option has the right to purchase shares of stock held by the Trustees as part of the assets of this Trust, if such options are traded on and sold through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, which exchange has been authorized to provide a market for option contracts pursuant to rules promulgated under such Act so long as the Trustees hold sufficient stock in the assets of this Trust to meet the obligations under such option if exercised. In addition, the Trustees are expressly authorized to purchase and acquire call options for the purchase of shares of stock covered by such options if the options are traded on and purchased through a national securities exchange as described in the immediately preceding sentence, and so long as any such option is purchased solely in a closing purchase transaction, meaning the purchase of an exchange traded call option the effect of which is to reduce or eliminate the obligations of the Trustees with respect to a stock option contract or contracts which it has previously written and sold in a transaction authorized under the immediately preceding sentence;

(k) Deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;

Formatted: Right: -0.01"

(l) Deposit stocks or other securities held in the Trust Fund in any voting trust, with any protective or like committee, or with a trustee or depositories designated by any protective or like committee;

Formatted: Right: 0.05", Tab stops: 6.31", Left

(m) Retain part interests in real property or in mortgages on real property, wherever situated, with the right to transfer title in their name as Trustee or in the name of a nominee, either alone or jointly with the holder or holders of other part interests in the property or their nominees;

(n) Delegate the management and operation of any part interest in any real property or mortgage to a manager or the holders) of a majority interest in such real property or mortgage on such real property;

(o) Sell real property or sell any mortgages on real property that it may retain in the Trust Fund;

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

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

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

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

(t) Establish custodial arrangements as deemed necessary;

(u) Delegate all or some of these powers to an Investment Manager if (i) the Investment Manager is qualified as an investment manager under applicable law, and (ii) the Investment Manager acknowledges in writing that it is acting as a fiduciary with respect to the Plan and Trust, or to the Retirement Benefits Investment Fund of the Public Employees' Retirement System of Nevada by contract with the Retirement Benefits Investment Board.

(v) Employ suitable agents and counsel;

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

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

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

~~8.10 Indemnification of the Trustees.~~

~~To the extent permitted by applicable law, the Employer shall indemnify the Trustee against any and all claims, losses, damages and expenses, including legal fees and amounts paid in settlement with the Employer's approval, resulting from any action or failure to act in~~

Formatted: Right: -0.01"

Formatted: Right: -0.01"

Formatted: Right: -0.01", Tab stops: 6.3", Left

~~connection with the administration of the Trust if such action or inaction is not covered by the statutory immunity given to public employees under Nevada Revised Statutes section 41, except when the same is determined to be attributable to the gross negligence or willful misconduct of such person.~~

~~8.11~~8.10 Administrative Expenses.

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

Formatted: Right: -0.01"

~~8.12~~8.11 Trustee Compensation.

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

Formatted: Right: -0.01", Tab stops: 6.3", Left

~~8.13~~8.12 Records and Reports.

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

Retirement Benefits Investment Fund of the Public Employees' Retirement System of Nevada, investment reporting requirements shall coincide with the reporting periods of the Public Employees' Retirement System of Nevada.

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

8.4413 Removal and Resignation of ~~TrusteeTrustees~~.

Any or both of the two Trustees representing TMWA management may be removed by written notice from the Employer, except that the Chief Financial Officer must remain as ~~Trustee as long as the Trust assets are being invested by the Retirement Benefits Investment Fund of the Public Employees' Retirement System of Nevada: a Trustee~~. Removal shall be effective 60 days after the individual Trustee receives such notice or certified copies of the resolutions, as appropriate. The Trustee may resign upon 60 days written notice to the Employer. Upon the removal or resignation of a Trustee, the Employer shall appoint a successor trustee or trustees. Each successor trustee shall agree in writing to be bound by this Trust Agreement as amended.

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

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

~~8.45~~14 Actions by the Employer.

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

~~8.46~~15 Acceptance by ~~Trustee~~ Trustees.

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

~~8.47~~16 Source of Funds.

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

Formatted: Right: -0.01"

~~8.48~~17 Trust Exemption.

The ~~Employer Trust~~ has ~~submitted an application on behalf of~~ been issued a determination letter by the Trust for tax Internal Revenue Service, effective May 25, 2007, treating it as exempt status from federal income taxes under section 501(c)(9) of the Code, ~~which status was approved effective May 25, 2007.~~

Formatted: Right: -0.01"

Formatted: Condensed by 0.1 pt

~~8.49~~18 Standards of Interpretation.

This Plan and Trust are designed and intended to comply with applicable law. The Trustees are vested with the power to interpret the Plan and Trust, and their interpretation, if

not in conflict with plain meaning of the Plan and Trust or any applicable law or government regulation, shall be final and conclusive. The Trustees, and any entity or person approved by the Trustees, shall have the full discretionary authority to determine eligibility for benefits and to construe the terms of the Plan and Trust.

8.2019 Certain Prohibitions pertaining to the Trust.

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

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

ARTICLE 9. AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment and Termination.

The Employer reserves the right to amend or terminate the Plan and associated Trust, as to any group of Eligible ~~Employees~~Retirees, at any time, by a duly adopted resolution by the Employer. Upon termination of the Plan, the ~~Trustee~~Trustees shall apply all the assets remaining in the Trust in a uniform and non-discriminatory manner toward the provision of benefits for Participants. Notwithstanding anything contained in the Plan to the contrary, the Employer is precluded from amending the Plan in any manner that would allow the assets of the Plan to inure or revert to the Employer.

Formatted: Right: -0.01"

ARTICLE 10. MISCELLANEOUS PROVISIONS

10.1 Non-Discrimination.

The Employer intends that this Plan will not discriminate in favor of Highly Compensated Employees, as required by section 505(b) of the Code, in both coverage and benefits provided.

10.2 Right to Payment.

The benefits paid to Participants and Dependents under Article 4 shall be paid out of

the Trust pursuant to this Plan. Except with respect to the right to receive post-retirement medical benefits and life insurance benefits under this Plan, no employee or any other person shall have any right, title or interest in or to the assets of the Trust, or in or to any Employer contributions made to the Trust, such contributions being made to and held in the Trust for the exclusive purpose of providing post-retirement medical and life insurance benefits under the Plan and defraying administrative expenses under the Plan.

10.3 Information To Be Furnished.

Participants and Dependents shall provide the Trustees with information and evidence and shall sign documents as may reasonably be requested for the purpose of administration of the Plan.

10.4 Limitation of Rights.

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

10.5 Prohibition of Discrimination.

Any discretionary acts to be taken under the terms and provisions of this Plan by the Trustees shall be uniform in their nature and in their application to all those similarly situated, and no discretionary acts shall be taken that would be discriminatory under the provisions of the Code relating to accident and health plans- and/or group life insurance plans.

10.6 No Contract of Employment.

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

10.7 Incapacity.

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

Formatted: Right: -0.01"

10.8 Governing Law.

This Plan shall be construed, administered and enforced according to the laws of Nevada and ~~the Code~~ all applicable federal laws. If any provision of the Plan is inconsistent with the provisions of applicable federal, state or local law, then the provisions of federal, state or local law (as applicable) will prevail.

10.9 ~~Health~~ Coverage Options

The terms of the health and life insurance coverage option(s) chosen by the Participant shall govern the Participant's coverage and receipt of benefits under the health and life insurance coverage option(s). Should any term of this Plan conflict with any term of the Participant's chosen health or life insurance coverage option(s), the term of the health and life insurance coverage ~~options~~ option(s) shall prevail except that such terms shall not apply to expand the amount of any benefit provided under this Plan.

10.10 Costs

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

Formatted: Right: -0.01"

~~(Signature Page to Follow)~~

Dated this _____ day of _____, ~~2009~~ 2011.

Board of Trustees

Accepted and Approved By:
Truckee Meadows Water Authority

By: _____

Its: _____

Post-Retirement Medical Plan Rev 4-27-11

Formatted: Font: 9 pt

PROPOSED CHANGES TO PLAN REGARDING YEARS OF SERVICE AND PERCENTAGE OF ANNUAL CREDIT FOR RETIREES WHO ARE NOT CONTINUOUS "FULL TIME" EMPLOYEES.

Section 2.18 The last paragraph of Section 2.18 would be deleted and the following would be inserted in its place:

"For purposes of clauses (a) and (b) above, a Year of Service will be earned and accumulated by an employee eligible to participate in the this Plan, if during the fiscal year beginning on July 1 of a calendar year and ending on June 30 of the following calendar year (the "Fiscal Year"), the employee is classified by TMWA as a regular (non-temporary and non-provisional) full or part-time employee. A regular (non-temporary and non-provisional) part-time employee is one who regularly works 20 or more hours, but less than 31 hours, per week during the Fiscal Year, and a regular (non-temporary and non-provisional) full-time employee is one who regularly works 31 or more hours per week.

Section 4.1.7 A new Section 4.1.7 would be added to the Plan which would read as follows:

"Notwithstanding anything contained in this Plan to the contrary, the annual credit that each Participant is entitled to receive for the payment of premiums for health care coverage offered under this Plan is to equal (i) the maximum annual credit that the Participant would otherwise be entitled to receive under this Plan, but for the application of this Section 4.1.7, multiplied by (ii) the Participant's "Average Percentage Benefit." For purposes of this Section 4.1.7, a Participant's "Average Percentage Benefit" is to be equal to the mean average of a Participant's "Percentage Benefit" for (i) each Fiscal Year in which the Participant accumulated or earned a Year of Service while an employee of TMWA, and (ii) each Fiscal Year in which a Participant accumulated or earned a Year of Service under the Sierra Plan (but only for those Participants who are entitled to accumulate Years of Service under the Sierra Plan). A Participant's "Percentage Benefit" for each Fiscal Year in which he or she accumulated or earned a Year of Service is to be determined by a fraction, (i) the numerator of which is to be equal to the total number of hours worked during the fiscal year in which he or she accumulated a Year of Service (i.e., the year beginning on July 1 of a calendar year and ending on June 30 of the following calendar year), and (ii) the denominator of which is to equal 1,612 hours. In the event that a Participant's hours worked during a year in which he or she accumulated a Year of Service equals or exceeds 1,612 hours, then the Participant's Percentage Benefit for that particular year is to be equal to 100%. The manner in which a Participant's Average Percentage Benefit is calculated is illustrated by the following examples:

Example # 1. Assume that at the time an employee separates from service from TMWA the employee has accumulated 10 years of service with TMWA, meets all other requirements to participate in this Plan, and elects to participate in the Plan. Assume further, that during the initial five fiscal years in which the Participant earned Years of Service, the Participant worked 1,040 hours per year, and during the last five fiscal years in which the Participant earned Years of Service, the Participant worked 2,080 hours per year. Finally, assume that the maximum annual credit that the Participant would otherwise be entitled to receive under this Plan is equal to \$1,250.00 per year. In this example #1, the Participant's Average Percentage Benefit is computed as follows:

(a) Fiscal Year in which a Year of Service is earned	(b) Hours worked during the Fiscal Year	(c) Number of Hours Worked to receive Maximum Annual Credit	(d) Percentage Benefit (rounded to nearest one hundredth)
Year 1	1,040	1,612	64.52%
Year 2	1,040	1,612	64.52%
Year 3	1,040	1,612	64.52%
Year 4	1,040	1,612	64.52%
Year 5	1,040	1,612	64.52%
Year 6	2,080	1,612	100.00%
Year 7	2,080	1,612	100.00%
Year 8	2,080	1,612	100.00%
Year 9	2,080	1,612	100.00%
Year 10	2,080	1,612	100.00%

In Example #1 above, the Participant's Average Percentage Benefit is equal to 82.26% (i.e., the mean average of the Percentage Benefits for years 1 through 10). Thus, the annual credit that the Participant would be entitled to receive under this Plan is equal to \$1,028.25 [82.26% (the Average Percentage Benefit) x \$1,250.00 (the maximum annual credit)].

Example # 2. Assume the same facts as are set forth in Example #1 above, except that (i) the Participant has accumulated 20 years of service with TMWA, (ii) during the initial 10 fiscal years in which the Participant earned Years of Service, the Participant worked 1,209 hours per year, and during the last 10 fiscal years in which the Participant earned Years of Service, the Participant worked 2,080 hours per year, and (iii) the maximum annual credit that the Participant would otherwise be entitled to receive under this Plan is equal to \$2,000.00 per year. In this example #2, the Participant's Average Percentage Benefit is computed as follows:

(a) Fiscal Year in which a Year of Service is earned	(b) Annual Hours worked during the Fiscal Year	(c) Number of Annual Hours Worked to receive Maximum Annual Credit	(d) Percentage Benefit (rounded to nearest one hundredth)
Year 1	1,209	1,612	75.00%
Year 2	1,209	1,612	75.00%
Year 3	1,209	1,612	75.00%
Year 4	1,209	1,612	75.00%
Year 5	1,209	1,612	75.00%
Year 6	1,209	1,612	75.00%
Year 7	1,209	1,612	75.00%
Year 8	1,209	1,612	75.00%
Year 9	1,209	1,612	75.00%

Year 10	1,209	1,612	75.00%
Year 11	2,080	1,612	100.00%
Year 12	2,080	1,612	100.00%
Year 13	2,080	1,612	100.00%
Year 14	2,080	1,612	100.00%
Year 15	2,080	1,612	100.00%
Year 16	2,080	1,612	100.00%
Year 17	2,080	1,612	100.00%
Year 18	2,080	1,612	100.00%
Year 19	2,080	1,612	100.00%
Year 20	2,080	1,612	100.00%

In Example #2 above, the Participant's Average Percentage Benefit is equal to 87.50% (i.e., the mean average of the Percentage Benefits for years 1 through 20). Thus, the annual credit that the Participant would be entitled to receive under this Plan is equal to \$1,750.00 [87.50% (the Average Percentage Benefit) x \$2,000.00 (the maximum annual credit)].