

A RESOLUTION APPROVING AND ADOPTING AN INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER SERVICE BY AND AMONG DOUGLAS COUNTY, CARSON CITY, THE INDIAN HILLS GENERAL IMPROVEMENT DISTRICT, AND THE TOWN OF MINDEN RELATING TO THE TRANSFER OF WATER RIGHTS AND THE DELIVERY OF WATER.

WHEREAS, any two or more political subdivisions of the State of Nevada may enter into cooperative agreements for the performance of any governmental function, including the exchange of property and facilities and the payment of money, pursuant to NRS 277.045; and

WHEREAS, Douglas County, Carson City, the Indian Hills General Improvement District, and the Town of Minden are all political subdivisions of the State of Nevada; and

WHEREAS, Douglas County, Carson City, the Indian Hills General Improvement District, and the Town of Minden (collectively, the "Parties") are parties to the Interlocal Agreement to Provide Wholesale Water Service ("Interlocal Agreement") relating to the transfer of water rights and the delivery of water;

WHEREAS, NRS 277.045 provides that every such agreement must be by formal resolution or ordinance of the governing body of each political subdivision included and must be spread at large upon the minutes, or attached in full thereto as an exhibit, of each governing body; and

WHEREAS, the Parties to the Interlocal Agreement desire to adopt and approve the Interlocal Agreement as required by NRS 277.045; and

WHEREAS, a copy of the Interlocal Agreement is attached to this Resolution as *Exhibit A*;

NOW, THEREFORE, BE IT RESOLVED that the terms and conditions of the Interlocal Agreement are hereby approved and adopted; and

BE IT FURTHER RESOLVED that the Carson City Board of Supervisors finds that approval and adoption of the Interlocal Agreement is in the best interests of Carson City; and

BE IT FURTHER RESOLVED that the Carson City Board of Supervisors finds that the Interlocal Agreement relating to the transfer of water rights and the delivery of water shall be spread at large upon the minutes or attached in full thereto as an exhibit,

and that a copy of this Resolution shall be sent to Douglas County, the Indian Hills General Improvement District, and the Town of Minden.

Upon motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted this _____ day of _____, 2017 by the following vote:

AYES: _____

NAYS: _____

ABSENT: _____

ABSTAIN: _____

Robert L. Crowell, Mayor
Carson City, Nevada

ATTEST:

Susan Merriwether, Clerk
Carson City, Nevada

EXHIBIT A

EXHIBIT A

INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER SERVICE

This Agreement (“Agreement”) is made by and among Douglas County (“the County”), a political subdivision of the State of Nevada; Carson City, a consolidated municipality and political subdivision of the State of Nevada (“Carson City”); Indian Hills General Improvement District, a political subdivision of the State of Nevada (“IHGID”); and the Town of Minden (“the Town”), an unincorporated town and a political subdivision of the State of Nevada. In this Agreement, the County, Carson City, and IHGID are sometimes referred to collectively as “Wholesale Customers” and individually as a “Wholesale Customer,” and the Wholesale Customers and the Town are sometimes collectively referred to as the “Parties” and individually referred to as a “Party.”

RECITALS

WHEREAS the Wholesale Customers and the Town are public agencies under NRS 277.100; and

WHEREAS NRS 277.180(1) provides that any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity, or undertaking which any of the contracting agencies is authorized by law to perform; and

WHEREAS the Wholesale Customers and the Town each own and administer water rights and are authorized by the laws of Nevada to construct, improve, maintain, operate, and provide capital improvements and related services for water supply and distribution systems capable of supplying public drinking water to federal and state standards; and

WHEREAS the Wholesale Customers and the Town are authorized by the laws of Nevada to purchase water from, and deliver water to, each other; and

WHEREAS the Town’s water rights are free of any lien or encumbrance; and

WHEREAS the Wholesale Customers want to secure a dependable supply of groundwater in both quantities and quality from the Town that meets or exceeds all current and future applicable federal and state standards for public drinking water supplies; and

WHEREAS the Town has defined the area of beneficial use of its water rights as the area of Nevada commonly known as Carson Valley and Carson City, and the Nevada State Engineer has authorized the Town to purvey water within the entire Carson Valley and Carson City; and

WHEREAS the Parties want to utilize their water rights and establish a stable wholesale water rate structure that secures a consistent, reliable revenue stream providing appropriate funding to the Town for the operation and maintenance of a water distribution system sufficient to deliver water to the Wholesale Customers; and

WHEREAS this Agreement supports the Parties' efforts to meet the health, comfort, safety, life, welfare, and property needs of their residents and guests by promoting the effective, efficient, and beneficial use of an essential natural resource and maintaining interconnectivity among regional water systems; and

WHEREAS the Town and the Wholesale Customers have previously entered into certain agreements relating to wholesale water service and providing for the interconnection of the Parties' water systems ("Prior Agreements") and further entered into certain amendments to those Prior Agreements ("Amendments"); and

WHEREAS the Prior Agreements consist of the following: (1) "INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER SERVICE" dated January 21, 2010, by and between the County and the Town, recorded as Document No. 0757841 with the Douglas County Recorder on January 28, 2010; (2) "INTERLOCAL AGREEMENT RELATING TO WATER SERVICE" dated January 21, 2010, by and between the County and Carson City, recorded as Document No. 0757630 with the Douglas County Recorder on January 25, 2010; (3) "INTERLOCAL AGREEMENT BY AND BETWEEN CARSON CITY AND THE TOWN OF MINDEN FOR THE SALE AND TRANSFER OF WATER RIGHTS AND THE DELIVERY OF WATER" dated February 5, 2010, recorded as Document No. 759004 with the Douglas County Recorder on February 19, 2010 and Document No. 399055 with the Carson City Recorder on March 23, 2010; (4) "INTERLOCAL AGREEMENT RELATING TO WATER SERVICE" dated January 21, 2010, by and between the County and IHGID, recorded as Document No. 0757629 with the Douglas County Recorder on January 25, 2010; and (5) "INTERLOCAL AGREEMENT RELATING TO WATER RIGHTS AND WATER DELIVERY" dated January 20, 2010, by and between the Town and IHGID, recorded as Document No. 0759005 with the Douglas County Recorder on February 19, 2010; and

WHEREAS the Amendments consist of the following: (1) "FIRST AMENDMENT TO INTERLOCAL AGREEMENT TO PROVIDE WHOLESALE WATER SERVICE (North Douglas County and Carson City Water Line Intertie Project)" dated July 31, 2013, by and between the County and the Town, recorded as Document No. 0828879 with the Douglas County Recorder on August 14, 2013; (2) "FIRST AMENDMENT TO INTERLOCAL AGREEMENT RELATING TO WATER SERVICE (North Douglas County and Carson City Water Line Intertie Project) BETWEEN DOUGLAS COUNTY AND CARSON CITY", recorded as Document No. 0827992 with the Douglas County Recorder on July 30, 2013; (3) "FIRST AMENDMENT TO INTERLOCAL AGREEMENT FOR THE SALE AND TRANSFER OF WATER RIGHTS AND THE DELIVERY OF WATER BY AND BETWEEN CARSON CITY AND THE TOWN OF MINDEN", an unrecorded document, approved June 26, 2013 by the Minden Town Board and July 3, 2013 by the Carson City Board of Supervisors; (4) "FIRST AMENDMENT TO INTERLOCAL AGREEMENT RELATING TO WATER SERVICE (North

Douglas County and Carson City Water Line Intertie Project) BETWEEN DOUGLAS COUNTY AND INDIAN HILLS GENERAL IMPROVEMENT DISTRICT, recorded as Document No. 0828270 with the Douglas County Recorder on August 2, 2013; (5) “FIRST AMENDMENT TO INTERLOCAL AGREEMENT RELATING TO WATER SERVICE (North Douglas County and Carson City Water Line Intertie Project)” dated August 6, 2013, by and between the Town and IHGID, recorded as Document No. 0828880 with the Douglas County Recorder on August 14, 2013; and

WHEREAS the transaction accomplished by this Agreement is referred to as the North Douglas County and Carson City Water Line Intertie Project (“Project”); and

WHEREAS the terms of this Agreement supersede and fully restate all Prior Agreements and Amendments; and

WHEREAS each of the Recitals set forth above are material provisions of this Agreement, and are incorporated herein specifically as such.

NOW, THEREFORE, the Wholesale Customers and Town, in consideration of the promises and provisions contained in this Agreement, and other good and valuable consideration, promise and agree as follows:

1. **Term of Agreement.** This Agreement is to provide a means of delivering and sharing water resources among the Parties. The nature of this Agreement requires that the Parties use their best efforts to keep the Agreement in place so long as customers of each Party are dependent on the interconnection of the Parties’ water systems. Unless this Agreement is terminated as provided herein, it will run perpetually from its effective date.
2. **The Town’s Responsibilities.**
 - a. **Delivery of Water.** Upon demand, and provided that the Town has the reasonable ability, the Town shall deliver water to the Wholesale Users, or to any of them, to the Point of Delivery, as set forth in Appendix “A.” In doing so, the Town shall reasonably strive to deliver such water at the following minimum peak flow rates, subject to the Parties’ mutual obligation to develop operational guidelines to address issues of notification, operating parameters, and efficiency:
 - i. Douglas County:
 1. East Valley: 1,600 gallons per minute (GPM);
 2. North County: 500 GPM;

3. West Valley: 500 GPM;
- ii. IHGID: 1,400 GPM; and
- iii. Carson City: 3,500 GPM.

The Wholesale Customers may assign their right to receive a minimum water supply, in GPM, at their discretion if adequate water rights are held pursuant to Appendix “A,” to any other Wholesale Customer.

- b. Water System Maintenance.** The Town agrees to maintain its water supply wells, storage tanks, distribution lines, and all appurtenant facilities, including, without limitation, pumping and telemetry controls (collectively referred to as “the Town’s Wholesale Infrastructure”), to deliver water to the Wholesale Customers as required by this Agreement.
- c. Town Ownership of Town’s Wholesale Infrastructure.** The Town owns the Town’s Wholesale Infrastructure.
- d. Point of Delivery.**
 - i. As used in this Agreement, “Point of Delivery” means a meter on the discharge side of the facility known as the Heybourne Booster Station. The Heybourne Booster Station is identified on the map which is attached hereto, marked as Appendix “B” and expressly incorporated into this Agreement.
 - ii. Nothing in this Agreement is intended to prevent the annexation of additional geographic areas to the Wholesale Customers in accordance with applicable law.
- e. Water Rights.**
 - i. The Wholesale Customers reserve the right to assign and collect rates, fees or charges for any of their respective water rights conveyed to the Town for future development within the County or Carson City.
 - ii. In the future, if any Wholesale Customer wishes to purchase additional water rights from the Town, the Parties shall meet and negotiate in good faith for the purchase of additional water rights and the delivery thereof,

subject to reasonable availability of the same and reasonable ability to deliver the same.

- iii.** If any Wholesale Customer uses more water from the Town during the prior year than the water rights held by the Town for delivery to that Wholesale Customer, that Wholesale Customer specifically agrees to lease such additional water for that period for a rate equal to 0.25% of the price of a water right then in effect as set by the Town for each excess acre-foot, or portion thereof, utilized by the Wholesale User. Water leased in accordance with this paragraph may not be used for future development or growth. Any such lease that continues for more than two consecutive years must be approved by the Minden Town Board. Upon request, each Wholesale Customer will share any measurements of the water used by that public agency with the Town to facilitate the Town's billing process in accordance therewith.

- iv.** Each Wholesale Customer has previously purchased or acquired a beneficial interest in certain water rights held by the Town. Additionally, in conjunction with this Agreement, Carson City and the County have each agreed to purchase and secure additional beneficial interests in additional Town water rights, as shown and documented in Appendix "A." Appendix "A" details the total beneficial interest in the Town's water rights of each respective Wholesale Customer and further defines the terms upon which the Town shall sell additional beneficial interests in its water rights to Carson City and Douglas County. Appendix "A" is attached hereto and incorporated as if set forth fully herein as a material portion of this Agreement. The Town holds all water rights referenced herein in trust for the sole benefit of the Wholesale Customer to which the respective beneficial interest has been assigned, as set forth in Appendix "A."

- v.** The Town promises and agrees to prepare and file any and all documents required by the State of Nevada Division of Water Resources, State Engineer's Office, or Department of Conservation and Natural Resources (hereinafter collectively referred to as "State Engineer") for the ongoing protection and security of the beneficial interest of any Wholesale Customer in any water rights to which this Agreement applies. Without limitation of the foregoing, the Town shall submit proof of beneficial use of any water rights to which this Agreement applies whenever required by

the State Engineer. A Wholesale Customer shall pay any fees incident to the expense of protecting and securing the beneficial interest of that Wholesale Customer's water rights in accordance with this provision.

3. Wholesale Customers' Responsibilities.

- a. Ownership and Maintenance of Water System Infrastructure.** Each Wholesale Customer owns and will maintain its respective water system and all appurtenant infrastructure, facilities, assets, and improvements, including pumping and telemetry controls for the water system ("Water System").
- b. Development and Construction of Water System Improvements.** If a Wholesale Customer intends to develop or construct an improvement to its Water System, and the improvement concerns the interests, obligations, rights, status, or legal relations of any other Party to this Agreement, the Wholesale Customer shall afford any other affected Party the opportunity to review and provide input as to the proposed development or construction in advance of the expenditure of funds toward the development or construction. Without limitation, a Wholesale Customer is required to comply with the foregoing whenever any other Wholesale Customer is or will be required to fund, in whole or in part, the development or construction of the improvement. Without limiting the foregoing, a Party's input on a Wholesale Customer's intention to develop or construct an improvement to its Water System may address the feasibility or necessity of the proposed improvement. Except as required herein, a Wholesale Customer is not required to notify or accept input from any other Party of its intention to develop or construct any improvement to its Water System.

 - i. Water Purchase and Delivery from the Town to the County.** The County agrees to pay for the delivery of water from the Town based upon the wholesale rate structure reflected in the attached Appendix "C" (the "Wholesale Water Rate"). As set forth in Appendix "C," the Wholesale Water Rate for the County for Fiscal Year 2017-18 and an estimate for Fiscal Year 2018-19 through Fiscal Year 2021-22 is set forth in Appendix "C."
- c. Water Purchase and Delivery from the County to Carson City.** Carson City agrees to pay for the delivery of water from the County based upon the wholesale rate structure reflected in the attached Appendix "D" (the "Carson City Water Rate"). As set forth in Appendix "D," the Carson City Water Rate for Fiscal Year

2017-18, and an estimate for Fiscal Year 2018-19 through Fiscal Year 2021-22, is set forth in Appendix “D.”

- d. **Water Purchase and Delivery from the County to IHGID.** IHGID agrees to pay for the delivery of water from the County based upon the wholesale rate structure reflected in the attached Appendix “E” (the “IHGID Water Rate”). As set forth in Appendix “E,” the IHGID Water Rate for Fiscal Year 2017-18, and an estimate for Fiscal Year 2018-19 through Fiscal Year 2021-22, is set forth in Appendix “E.”

4. **Mutual Responsibilities.**

- a. **Water Quality.** The quality of water delivered under this Agreement must meet or exceed all current and future applicable federal and state standards for public drinking water supplies.
- b. **Methodology for Calculating Water Rates.** The water rates are based on the objective of reimbursing the Town for all necessary expenses actually incurred and reasonably anticipated in delivering water to the County (the Wholesale Water Rate) and to reimburse the County for all necessary expenses actually incurred and reasonably anticipated in delivering water to Carson City and IHGID (the Carson City Water Rate and IHGID Water Rate) as required by this Agreement. The Wholesale Water Rates shall be based on the rates, charges or fees, as set forth in Appendix “C” attached hereto and by this reference incorporated herein. That methodology for calculating the Wholesale Water Rates, which is a material component in the calculation of the Carson City Water Rate and IHGID Water Rate, is based on the following:
 - i. **Operations and Maintenance.** The Wholesale Water Rate must include a component identified as “Operation and Maintenance.” The “Operation and Maintenance” component is reflected in column (A) “O&M” in Appendix “C” and is intended to reimburse necessary expenses incurred for salaries, benefits, services, and supplies actually incurred in delivering water to the Wholesale Customers as required by this Agreement. Any power and chlorination costs associated with the Heybourne Booster Station will be excluded for the purpose of calculating the “Operation and Maintenance” component of the Wholesale Water Rate. For Fiscal Year 2017-18, beginning July 1, 2017 and ending June 30, 2018, the Operation and Maintenance component of the Wholesale Water Rate will be divided by the total estimated annual water usage by the Wholesale Customers to develop a rate to be charged per 1000 gallons. Estimated costs and usage

for fiscal years following Fiscal Year 2017-18 will be based on actual costs and delivery quantities from the immediately preceding fiscal year and each Wholesale Customer's projections for immediate fiscal year. Appendix "C" reflects the Parties' mutually estimated costs, as of the effective date of this Agreement, for each fiscal year through Fiscal Year 2021-22.

- ii. Pass-through Heybourne Operations.** The Wholesale Water Rate must include a component identified as "Pass-through Heybourne Operations." The "Pass-through Heybourne Operations" component is reflected in column (B) in Appendix "C" and is intended to reimburse necessary expenses incurred for chlorination and to provide power for the operation of the Heybourne Booster Station. For Fiscal Year 2017-18, beginning July 1, 2017 and ending June 30, 2018, the "Pass-through Heybourne Operations" component of the Wholesale Water Rate will be divided by the total estimated annual water usage by the Wholesale Customers to develop a rate to be charged per 1000 gallons. Estimated costs and usage for fiscal years following Fiscal Year 2017-18 will be based on actual costs and delivery quantities from the immediately preceding fiscal year and each Wholesale Customer's projections for the following year. Appendix "C" reflects the estimated costs as of the effective date of this Agreement for fiscal years through Fiscal Year 2021-22.
- iii. Repair and Replacement.** The Wholesale Water Rate must include a component identified as "Repair and Replacement." The "Repair and Replacement" component is reflected in column (D) in Appendix "C" and is intended to supply a reserve from which to reimburse the Town for expenditures reasonably required to repair or replace elements of the Town's Wholesale Infrastructure. Collected revenue that is attributable to the "Repair and Replacement" component of the Wholesale Water Rate must be deposited in an account designated as the "Minden Wholesale Water Repair and Replacement Reserve." Expenditures from the Minden Wholesale Water Repair and Replacement Reserve must be restricted to those necessary for the reasonable and standard repair, replacement and maintenance of elements of the Town's Wholesale Infrastructure. For Fiscal Year 2017-18, beginning July 1, 2017 and ending June 30, 2018, the "Repair and Replacement" component of the Wholesale Water Rate will be divided by the total estimated annual water usage by the Wholesale Customers to develop a rate to be charged per 1000 gallons. Appendix "C" reflects the estimated costs for the Town to provide water as of the

effective date of this Agreement for Fiscal Year 2017-18 through Fiscal Year 2021-22.

1. Not later than thirty (30) days after the execution of this Agreement by each Wholesale Customer, the Town shall deposit at least Seven Hundred Thousand and 00/100ths Dollars (\$700,000.00) into the Wholesale Water Repair and Replacement Reserve.

iv. Future Treatment. The Wholesale Water Rate must include a component identified as “Future Treatment.” The “Future Treatment” component is reflected in column (E) in Appendix “C” and is intended to supply a reserve from which to reimburse the Town for expenditures reasonably required to repair, replace, improve, or construct infrastructure required by any state or federal law or regulation to meet the water quality standards required by this Agreement. Collected revenue that is attributable to the “Future Treatment” component of the Wholesale Water Rate must be deposited in an account designated as the “Minden Wholesale Water Treatment Reserve Account.” Expenditures from the Minden Wholesale Water Treatment Reserve Account must be restricted to those necessary to repair, replace, improve, or construct infrastructure to meet the water quality standards required by this Agreement. For Fiscal Year 2017-18, beginning July 1, 2017 and ending June 30, 2018, the “Future Treatment” component of the Wholesale Water Rate will be divided by the total estimated annual water usage by the Wholesale Customers to develop a rate to be charged per 1000 gallons. If additional water treatment becomes necessary, the Parties agree to work together to mutually develop a consensus decision for the best water treatment solution. Once the appropriate treatment solution is identified by the Parties, the cost thereof will be taken first from the monies held in the Minden Wholesale Water Treatment Reserve Account. If the Minden Wholesale Water Treatment Reserve Account does not contain sufficient funds to fully cover the consensus water treatment solution, the Parties agree to work together to develop a consensus regarding how to pay for the consensus water treatment solution or, alternatively, to negotiate the termination of this Agreement.

Rate Stabilization. The Wholesale Water Rate must include a component identified as “Rate Stabilization.” The “Rate Stabilization” component is reflected in column (C) in Appendix “C” and is intended to supply a

reserve from which to reimburse the Town for expenditures necessitated by unforeseen and unbudgeted fluctuations in the costs required to deliver water as required by this Agreement. These unforeseen fluctuations may include, without limitation, extraordinary expenses caused by: temporary spikes in power or chemical costs; infrastructure damage resulting from natural disasters, act of God, criminal act or other cause beyond the control of the Parties; premature and catastrophic equipment failure; or labor strikes. Collected revenue that is attributable to the “Rate Stabilization” component of the Wholesale Water Rate must be deposited in an account designated as the “Minden Wholesale Water Rate Stabilization Account.” Except as otherwise provided in this Agreement, expenditures from the Minden Wholesale Water Rate Stabilization Account must be restricted to those necessary to reimburse the Town for expenditures necessitated by unforeseen and unbudgeted fluctuations in the costs required to deliver water as required by this Agreement. Any funds within the Minden Wholesale Water Rate Stabilization Account exceeding twenty-five percent (25%) of the Town’s annual expenses incurred, or reasonably expected to be incurred, in the performance of this Agreement must be withdrawn promptly from the Minden Wholesale Water Rate Stabilization Account and deposited into the Minden Wholesale Water Treatment Reserve Account.

- c. **Annual Reconciliation.** At least annually, the Parties shall reconcile the payments of the Wholesale Customers with the actual expenses of the Town incurred in delivering water to the County, and through the County to the Wholesale Customers as required by this Agreement.
 - i. **Payments Exceeding Actual Expenses.** If the payments of the Wholesale Customers exceed the actual expenses of the Town for the immediately preceding fiscal year, the excess shall be deposited in the Minden Wholesale Water Treatment Reserve Account.
 - ii. **Actual Expenses Exceeding Payments.** If the actual expenses of the Town exceed the payments of the Wholesale Customers for the immediately preceding fiscal year, the Town may draw funds from the Minden Wholesale Water Rate Stabilization Account in the amount of the deficiency. If the Wholesale Water Rate Stabilization Account does not contain sufficient funds to fully cover the excess of expenses over payments, the Wholesale Parties shall be responsible for contributing a pro

rata share of any such deficiency, payable in a mutually acceptable manner and time frame.

- d. Annual Review.** At least annually, staff for the Parties shall meet to review the Wholesale Water Rate, the Carson City Water Rate, and the IHGID Water Rate, the status of all accounts, the condition and capacity of the Town's Wholesale Infrastructure, and any other subjects relating to this Agreement. If staff for the Parties determine an adjustment to the Wholesale Water Rate, the Carson City Water Rate, or the IHGID Water Rate is required, that adjustment may be presented to an appropriate official or governing body of a Party for approval. Further, at least annually, staff for the Parties shall review the proposed capital improvement projects reasonably necessary to repair, replace, maintain, or improve the Town's Wholesale Infrastructure. In no event shall any Party be obligated by this Agreement to pay for new infrastructure that is not either expressly identified in this Agreement, or added to the Town's Capital Improvement Plan following all Wholesale Customers' reasonable opportunity to review and provide input thereon, including specifically, without limitation, the feasibility and/or necessity of any such additional infrastructure.
- e. Billing.** The Town shall bill for payments due in accordance with this Agreement on a monthly basis. Payments are due within thirty (30) days of the date of billing.
- f.** Each Party agrees their respective staffs will mutually develop operational guidelines to implement this Agreement and will address issues such as notification, operating parameters, efficiency, and other necessary matters as mutually determined by the Parties' staffs.
- g.** To promote the efficient use of water resources which are the subject of this Agreement, the Parties agree to adopt and enforce conservation programs consistent with their respective master plans.
- h. Plans.** Any Party has the right to inspect any engineering or construction plan relating to any obligation contemplated by this Agreement. Each Party shall provide the others with complete information about the infrastructure of their respective water systems. Furthermore, each Party shall share with the others its water testing results to ensure water provided hereunder meets Federal, State and local requirements. Such documentation is restricted and must be treated in

accordance with NRS 239C.090 and NRS 239C.220, as those provisions may be amended, or their successor provisions.

5. **Limited Liability; Indemnification.** Each Party shall indemnify and hold harmless the other Party, to the extent provided by law, including, without limitation, NRS chapter 41, from and against any liability arising out of the performance of this Agreement proximately caused by any act or omission of its officers, agents, and employees. The Parties do not waive and intend to assert any and all available NRS chapter 41 liability limitations in all cases. Contract liability of the Parties does not include punitive damages and the Parties expressly promise and agree to not seek an award of punitive or exemplary damages against any Party to this Agreement.
6. **Reasonable Care.** Each Party shall exercise reasonable care in the performance of its obligations under this Agreement to ensure that the other Party's facilities and operations are not impaired or damaged.
7. **Protection of a Party's Separate Facilities.** If any occurrence or condition during the operation or maintenance of the interconnection of the Parties' water systems threatens the physical integrity or operational capability of a Party's separate water facilities, upon notification to the other Party, the affected Party may stop the operation or maintenance of the interconnection and take any other action that the affected Party determines to be necessary to protect its own separate facilities. Any Party may remove a part of the interconnection if required for the emergency repair of its separate facilities provided, however, that such affected interconnection facilities are restored as soon as possible by the removing Party.
8. **Severability.** If any provision contained in this Agreement is held to be unenforceable by a court of law or equity, this Agreement will be construed as if the provision did not exist and the non-enforceability of that provision will not be held to render any other provision or provisions of this Agreement unenforceable.
9. **Termination.** This Agreement concerns water resources and the provision of utility service by retail community water utility systems. As such, the public interest is not served by the termination of this Agreement by only one Party absent an opportunity to resolve any alleged breach of this Agreement or to participate in a hearing before a qualified mediator in accordance with paragraph 14 below.

This Agreement may be terminated only by the mutual consent and agreement of the Parties or by order of a court of competent jurisdiction. If a Party is alleged to be in breach of any provision of this Agreement, then the Party alleging the breach must provide written notice to the other Party specifying the nature of the violation and

allowing not less than thirty (30) days for the Party allegedly in breach to correct the violation. If the breach is not corrected within this period, then the matter must be submitted to dispute resolution in the manner set forth in paragraph 14.

If this Agreement is terminated or the delivery of the water contemplated by this Agreement becomes impractical or impossible, the Town shall prepare and file any documents with the State Engineer required to transfer or assign to each respective Wholesale Customer the water rights held by the Town in which each Wholesale Customer holds a beneficial interest, as defined in Appendix "A" attached hereto. Each Wholesale Customer agrees to cooperate and assist in the preparation and filing of the necessary documents to the extent reasonably required by the Town. Each Wholesale Customer agrees to pay its respective portion of any fees incident to effectuating the transfer of such water rights. Each Wholesale Customer shall prepare and file an application and any supporting map that may be required by the State Engineer to change the point of diversion, place of use, and manner of use of such water rights. Each Wholesale Customer agrees to pay any costs incident to the filing of any applications to change the point of diversion, preparation of the supporting map, and possible administrative hearing and judicial appeals necessary to transfer the applicable water rights back to the Wholesale Customer. Each Wholesale Customer agrees to execute the necessary documents and meet any conditions or requirements of the State Engineer incidental to the performance of the obligations of this paragraph.

10. Nevada Law. The laws of the State of Nevada apply in interpreting and construing this Agreement.

11. Notices. All written notices under this Agreement must be delivered in writing to the each Party, in care of their respective County, District, City, or Town Manager, with a copy to each Party's current director of public works and legal counsel.

12. Entire Agreement; Amendment. This Agreement constitutes the full and final agreement between the Parties. This Agreement may not be amended or assigned except by a separate agreement in writing signed by all Parties, as approved by their governing bodies. This Agreement is binding upon and inure to the benefit of the Parties' respective successors and assigns.

13. Force Majeure. No Party shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder due to protests, strikes, legal impossibility, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, emergencies or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event, the intervening cause must not be through the fault, act or omission of the Party asserting such an excuse, and

the excused Party is obligated to promptly perform in accordance with the terms of this Agreement after the intervening cause ceases. In the event of an emergency, as that term is defined by NRS 414.0345 or NRS 455.090, any Party may make use of available water to perform any function of emergency management.

14. Dispute Resolution. The Parties shall first meet and confer to resolve any dispute arising from this Agreement. If such meet and confer does not resolve the dispute, the Parties shall submit to mediation before a department of the Ninth Judicial District Court of the State of Nevada in and for the County of Douglas, selected by a flip of the coin. The Parties may also agree to another independent mediator. The fee, rate or charge of the mediator must be shared equally by the Parties, who will otherwise be responsible for their respective attorney's fees and costs. If mediation is unsuccessful, litigation may proceed before a department of the Ninth Judicial Court of the State of Nevada in and for the County of Douglas that was not involved in the mediation process. Attorney's fees and costs may be awarded to the prevailing party at the discretion of the Court.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the _____ day of _____, 2017.

Douglas County Board of Commissioners

Town of Minden

By: _____

By: _____

William B. Penzel, Chairman

_____, Chairman

Douglas County Commission

Minden Town Board

Approved as to form:

By: _____

Town Counsel

Carson City Board of Supervisors

Indian Hills General Improvement District

By: _____

By: _____

Robert L. Crowell, Mayor

_____, Chairman

Carson City

IHGID Board

Approved as to form:

Approved as to form:

By: _____

By: _____

Jason D. Woodbury

Carson City District Attorney

Counsel

APPENDIX “A”

APPENDIX “A”

Town of Minden Summary of Beneficial Interests in Town Wells

Totals	cfs	afa
Carson City (Permitted)	8.3409	2,690.00
Carson City (Proposed)	0.2589	187.50
Carson City Benefit Total	8.5998	2,877.50
Indian Hills GID (Permitted)	5.2828	1,454.60
Indian Hills GID Benefit Total	5.2828	1,454.60
Douglas County (Permitted)	15.8771	2,326.74
Douglas County Application 86623	0.0242	5.60
Douglas County (Proposed)	0.1381	100.00
Douglas County Benefit Total (without 1,295 afa from Minden*)	16.0394	2,432.34
Permitted Total	29.5008	6,471.34
Application Total	0.0242	5.60
Proposed Application Total	0.3970	287.50
GRAND TOTAL	29.9220	6,764.44

*The Town credited Douglas County 1,295 afa in 2010.

Gross AFA (not accounting for Total Combined Duty permit terms)

APPLICATION	PERMIT	BENEFICIARY	CFS	AFA
	*79139	Carson City	0.8980	650.00
	*79140	Carson City	0.8980	650.00
	81145	Carson City	2.5000	500.00
	81146	Carson City	0.3453	250.00
	81147	Carson City	2.5000	50.00
	81148	Carson City	1.0000	450.00
	82303	Carson City	0.2070	150.00
	82304	Carson City	0.0617	40.00
	**TBD	Carson City	0.2589	187.50

*Carson City has a combined benefit total of 1,250 acre feet under Permits 79139 and 79140 with a priority date not later than December 6, 1971.

** The Town of Minden agrees to sell Carson City a beneficial interest in 187.5 acre-feet of ground water rights ("Water Rights"). The Town and Carson City agree that the Water Rights will be held in the name of the Town of Minden subject to this beneficial use assignment to Carson City. The Town and Carson City further agree that the reasonable total value of the beneficial interest in the Water Rights is a total of One Million Five Hundred Thousand and No/100ths Dollars (\$1,500,000.00), or the equivalent of Eight Thousand and No/100 Dollars per acre foot (\$8,000.00/af) ("Purchase Price"). Carson City agrees to pay the Town the purchase price in twenty equal, annual payments of Seventy-Five Thousand and No/100 Dollars, interest free, commencing on July 1, 2018. The Town agrees to prepare and file any and all necessary documents with the State of Nevada Division of Water Resources, State Engineer's Office, Department of Conservation and Natural Resources, required to secure the beneficial interest of

Carson City to the Water Rights and make any other filings or changes necessary with the State Engineer to affect the terms and conditions of this agreement. Carson City agrees to cooperate and assist in the preparation and filing of the necessary documents to the extent reasonably required by the Town. Carson City agrees to pay any and all fees incident to the expense of securing the beneficial interest of Carson City in the Water Rights. Carson City agrees to pay any and all costs incident to filing the application to change the point of diversion, preparation of any required supporting map and possible administrative hearing(s), judicial review, other judicial remedies or appeals. The Town and Carson City agree to execute the necessary documents and, to the extent necessary, meet any and all conditions or requirements of the State Engineer. The Town further agrees to prepare and file any documents required by the State Engineer for the ongoing protection and security of the beneficial interest of Carson City in the Water Rights for so long as Carson City holds the same. Carson City shall pay the fees and costs associated therewith. A Notice of Beneficial Interest for the Water Rights shall be executed by the Town of Minden for filing with the State Engineer.

APPLICATION	PERMIT	BENEFICIARY	CFS	AFA
	83992	Indian Hills GID	0.0558	40.41
	83993	Indian Hills GID	0.7020	150.00
	83994	Indian Hills GID	0.0890	64.45
	83995	Indian Hills GID	0.1700	123.05
	83996	Indian Hills GID	0.9320	150.00
	83997	Indian Hills GID	0.8300	265.60
	83998	Indian Hills GID	0.5500	150.00
	83999	Indian Hills GID	0.8300	200.00
	84000	Indian Hills GID	1.0000	222.13
	84001	Indian Hills GID	0.0400	28.96
	84002	Indian Hills GID	0.0840	60.00

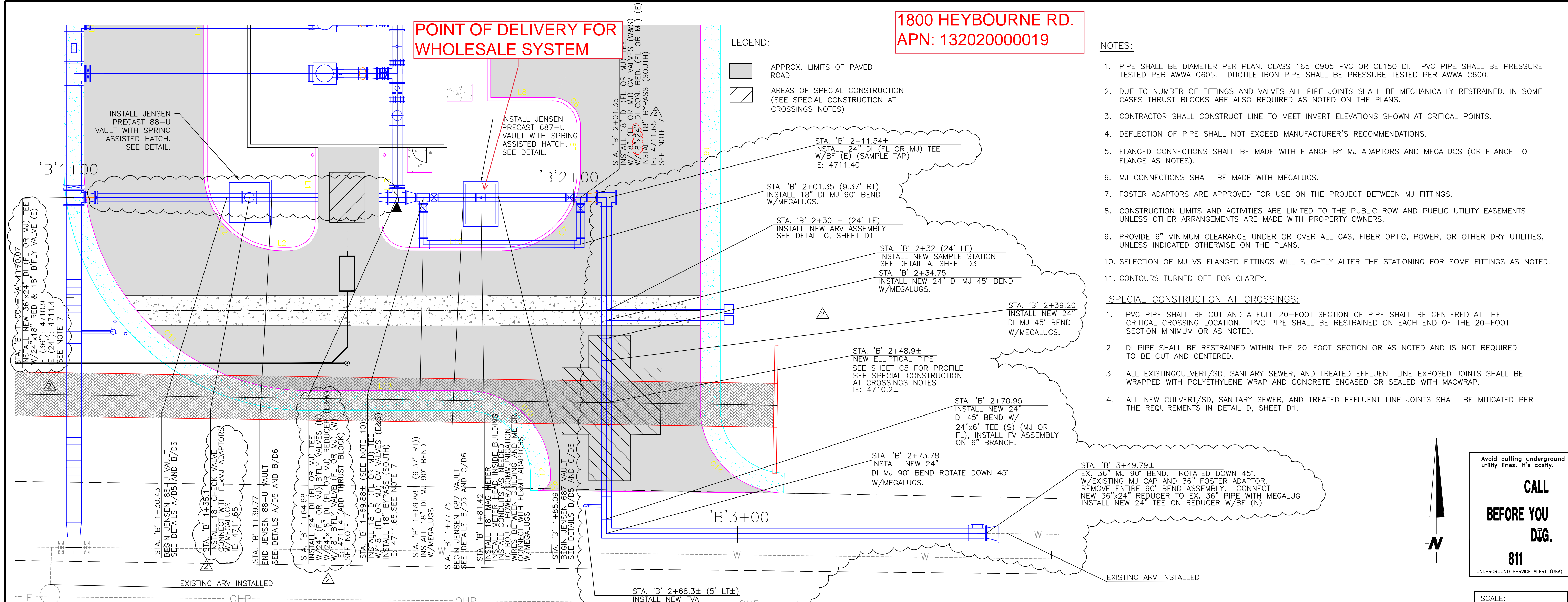
APPLICATION	PERMIT	BENEFIT	CFS	AFA
	81135	Douglas County	1.4127	351.75
	81149	Douglas County	1.4127	351.75
	82305	Douglas County	0.0160	4.04
	82307	Douglas County	0.0833	40.15
	82308	Douglas County	0.1400	42.57
	82309	Douglas County	0.0620	22.37
	82310	Douglas County	0.0232	8.38
	82311	Douglas County	0.0110	7.84
	82312	Douglas County	0.0309	22.40
	82313	Douglas County	0.0201	14.56
	82314	Douglas County	0.3490	104.16
	82315	Douglas County	0.1060	38.64
	82316	Douglas County	0.1960	42.57
	82317	Douglas County	0.1960	46.22
	82318	Douglas County	0.7800	113.14
	82319	Douglas County	1.2719	106.85
	82320	Douglas County	0.9080	203.35
	82321	Douglas County	0.2610	47.05
	82322	Douglas County	0.2230	58.32
	82323	Douglas County	0.2310	60.48
	82324	Douglas County	0.3867	74.00
	82325	Douglas County	0.1574	47.00
	82326	Douglas County	0.2287	59.79
	83703	Douglas County	0.2235	38.64
	84092	Douglas County	0.1200	2.24
	84093	Douglas County	0.0460	13.29
	84094	Douglas County	0.1950	19.60
	84095	Douglas County	1.3000	72.83
	84096	Douglas County	0.5000	5.62

84097	Douglas County	2.8240	157.06
84098	Douglas County	0.0050	1.25
84099	Douglas County	0.5570	153.46
84100	Douglas County	0.5570	153.46
84101	Douglas County	0.4110	78.56
84102	Douglas County	0.0970	16.84
84103	Douglas County	0.1090	18.84
84104	Douglas County	0.0060	4.48
84105	Douglas County	0.0030	2.02
84106	Douglas County	0.1120	43.84
84107	Douglas County	0.1680	43.84
84108	Douglas County	0.0070	1.12
84109	Douglas County	0.0140	2.24
84110	Douglas County	0.0280	4.48
84111	Douglas County	0.0280	4.48
84112	Douglas County	0.0070	1.12
84113	Douglas County	0.0060	4.48
84114	Douglas County	0.0050	3.36
84115	Douglas County	0.0050	3.36
84116	Douglas County	0.0020	1.12
84117	Douglas County	0.0050	3.36
84118	Douglas County	0.0020	1.12
84119	Douglas County	0.0280	4.48
86623	Douglas County	0.0242	5.60
**TBD	Douglas County	0.1381	100.00

** The Town of Minden agrees to sell Douglas County a beneficial interest in 100 acre-feet of ground water rights ("Water Rights"). The Town and Douglas County agree that the Water Rights will be held in the name of the Town of Minden subject to the beneficial use assignment to Douglas County under this agreement. The parties further agree that the reasonable total value of the beneficial interest in the Water Rights is a total of Eight Hundred Thousand and No/100 Dollars (\$800,000.00), or the equivalent of Eight Thousand and No/100 Dollars per acre foot (\$8,000.00/af) ("Purchase Price"). Douglas County agrees to pay the Town the purchase price in twenty equal, annual payments of Forty Thousand and No/100 Dollars (\$40,000.00), interest free, commencing on July 1, 2018. The Town agrees to prepare and file any and all necessary documents with the State of Nevada Division of Water Resources, State Engineer's Office, Department of Conservation and Natural Resources required to secure the beneficial interest of Douglas County to the Water Rights and make any other filings or changes necessary with the State Engineer to affect the terms and conditions of this agreement. Douglas County agrees to cooperate and assist in the preparation and filing of the necessary documents to the extent reasonably required by the Town. Douglas County agrees to pay any and all fees incident to the expense of securing the beneficial interest of Douglas County in the Water Rights. Douglas County agrees to pay any and all costs incident to filing the application(s) to change the point of diversion, preparation of any required supporting map and possible administrative hearing(s), judicial review, other judicial remedies or appeals. The Town and Douglas County agree to execute the necessary documents and, to the extent necessary, meet any and all conditions or requirements of the State Engineer. The Town further agrees to prepare and file any documents required by the State Engineer for the ongoing protection and security of the beneficial interest of Douglas County in the Water Rights for so long as Douglas County holds the same. Douglas County shall pay the fees and costs associated therewith. A Notice of Beneficial Interest for the Water Rights shall be executed by the Town of Minden for filing with the State Engineer. 4851-4967-5849, v. 1

APPENDIX “B”

APPENDIX “B”



1800 HEYBOURNE RD.
APN: 13202000019

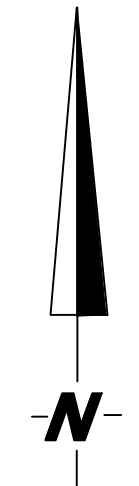
LEGEND:

- APPROX. LIMITS OF PAVED ROAD
- AREAS OF SPECIAL CONSTRUCTION (SEE SPECIAL CONSTRUCTION AT CROSSINGS NOTES)

- NOTES:**
- PIPE SHALL BE DIAMETER PER PLAN. CLASS 165 C905 PVC OR CL150 DI. PVC PIPE SHALL BE PRESSURE TESTED PER AWWA C605. DUCTILE IRON PIPE SHALL BE PRESSURE TESTED PER AWWA C600.
 - DUE TO NUMBER OF FITTINGS AND VALVES ALL PIPE JOINTS SHALL BE MECHANICALLY RESTRAINED. IN SOME CASES THRUST BLOCKS ARE ALSO REQUIRED AS NOTED ON THE PLANS.
 - CONTRACTOR SHALL CONSTRUCT LINE TO MEET INVERT ELEVATIONS SHOWN AT CRITICAL POINTS.
 - DEFLECTION OF PIPE SHALL NOT EXCEED MANUFACTURER'S RECOMMENDATIONS.
 - FLANGED CONNECTIONS SHALL BE MADE WITH FLANGE BY MJ ADAPTORS AND MEGALUGS (OR FLANGE TO FLANGE AS NOTED).
 - MJ CONNECTIONS SHALL BE MADE WITH MEGALUGS.
 - FOSTER ADAPTORS ARE APPROVED FOR USE ON THE PROJECT BETWEEN MJ FITTINGS.
 - CONSTRUCTION LIMITS AND ACTIVITIES ARE LIMITED TO THE PUBLIC ROW AND PUBLIC UTILITY EASEMENTS UNLESS OTHER ARRANGEMENTS ARE MADE WITH PROPERTY OWNERS.
 - PROVIDE 6" MINIMUM CLEARANCE UNDER OR OVER ALL GAS, FIBER OPTIC, POWER, OR OTHER DRY UTILITIES, UNLESS INDICATED OTHERWISE ON THE PLANS.
 - SELECTION OF MJ VS FLANGED FITTINGS WILL SLIGHTLY ALTER THE STATIONING FOR SOME FITTINGS AS NOTED.
 - CONTOURS TURNED OFF FOR CLARITY.

SPECIAL CONSTRUCTION AT CROSSINGS:

- PVC PIPE SHALL BE CUT AND A FULL 20-FOOT SECTION OF PIPE SHALL BE CENTERED AT THE CRITICAL CROSSING LOCATION. PVC PIPE SHALL BE RESTRAINED ON EACH END OF THE 20-FOOT SECTION MINIMUM OR AS NOTED.
- DI PIPE SHALL BE RESTRAINED WITHIN THE 20-FOOT SECTION OR AS NOTED AND IS NOT REQUIRED TO BE CUT AND CENTERED.
- ALL EXISTING CULVERT/SD, SANITARY SEWER, AND TREATED EFFLUENT LINE EXPOSED JOINTS SHALL BE WRAPPED WITH POLYETHYLENE WRAP AND CONCRETE ENCASED OR SEALED WITH MACWRAP.
- ALL NEW CULVERT/SD, SANITARY SEWER, AND TREATED EFFLUENT LINE JOINTS SHALL BE MITIGATED PER THE REQUIREMENTS IN DETAIL D, SHEET D1.



Avoid cutting underground utility lines. It's costly.

CALL BEFORE YOU DIG.

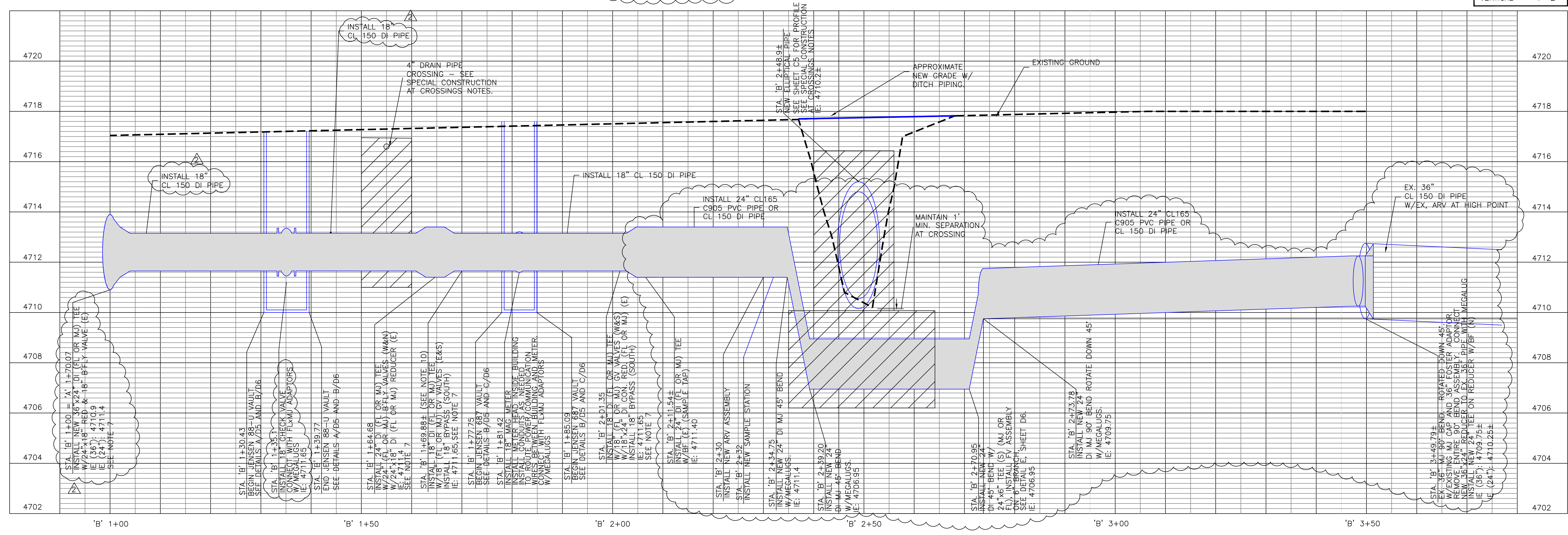
811

UNDERGROUND SERVICE ALERT (USA)

SCALE:

HORIZONTAL 1"=10'

VERTICAL 1"=2'



ENGINEERING · PLANNING · RESOURCE MANAGEMENT

RESOURCE CONCEPTS, INC.

212 ELKS POINT ROAD, STE. 443
 P.O. BOX 11796
 ZEPHYR COVE, NEVADA 89448
 340 N. MINNESOTA STREET
 CARSON CITY, NEVADA 89703
 PHONE: 775-883-1800 FAX: 775-883-1656
 WEB SITE: www.rci-nv.com

REVISION	DATE	RESPOND TO COMMENTS
1	7/9/12	9/28/12
2		CHANGE ORDER 1

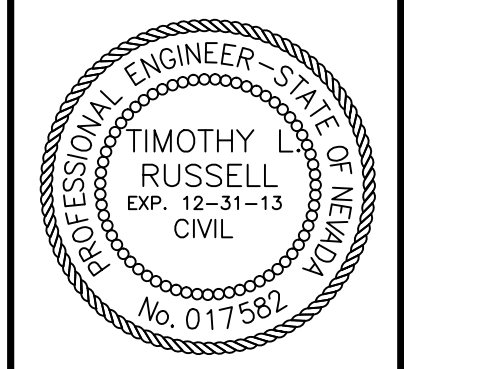
TOWN OF MINDEN

HEYBOURNE BOOSTER PUMP STATION IMPROVEMENT PLANS

ON SITE WATER LINE IMPROVEMENTS 'B' LINE

JOB NO: 10-004.1
DATE: 5/17/12
DESIGNED: MMG
DRAWN: MLM
CHECKED:

SHEET C7



APPENDIX “C”

APPENDIX “C”

Meet and Confer

Agreement	(A) O&M	(B)	(C)	(D)	(E)	(A)+(B)+(C)+ (D)+(E)	(A)+(C)+ (D)+(E)
		Passthrough Heybourne Operations	Rate Stabilization	Repair and Replacement	Future Treatment	Douglas County Total Wholesale Rate per 1000 gal	Town of Minden Total Wholesale Rate per 1000 gal
FY 2016/17	0.42	0.04	0.02	0.19	0.01	0.68	0.64
FY 2017/18	0.43	0.04	0.02	0.19	0.01	0.69	0.65
FY 2018/19	0.44	0.04	0.02	0.19	0.02	0.71	0.67
FY 2019/20	0.45	0.04	0.02	0.19	0.03	0.73	0.69
FY 2020/21	0.46	0.04	0.02	0.19	0.04	0.75	0.71
FY 2021/22	0.47	0.04	0.02	0.19	0.05	0.77	0.73

APPENDIX “D”

APPENDIX “D”

APPENDIX "D"

Douglas County Wholesale Water Rates

To

Carson City

Fiscal Year	Depreciation	O&M and Power	Douglas County Total Rate per k/gal	Minden Total rate per k/gal	Douglas County Wholesale Rate to Carson City per k/gal
2017 - 2018	0.101	0.081	0.182	0.69	0.87
2018 - 2019	0.151	0.081	0.232	0.71	0.94
2019 - 2020	0.151	0.081	0.232	0.73	0.96
2020 - 2021	0.202	0.081	0.283	0.75	1.03
2021 - 2022	0.202	0.081	0.283	0.77	1.05

APPENDIX “E”

APPENDIX “E”

APPENDIX "E"

Douglas County Wholesale Water Rates

To

Indian Hills General Improvement District

Fiscal Year	Depreciation	O&M and Power	Douglas County Total Rate per k/gal	Minden Total rate per k/gal	Douglas County Wholesale Rate to Indian Hills per k/gal
2017 - 2018	0.061	0.038	0.099	0.69	0.79
2018 - 2019	0.091	0.038	0.129	0.71	0.84
2019 - 2020	0.091	0.038	0.129	0.73	0.86
2020 - 2021	0.122	0.038	0.160	0.75	0.91
2021 - 2022	0.122	0.038	0.160	0.77	0.93