

36

SOUTHERN NEVADA WATER AUTHORITY

1995 AMENDED COOPERATIVE AGREEMENT

AMONG

**BIG BEND WATER DISTRICT
CITY OF BOULDER CITY
CITY OF HENDERSON
CITY OF LAS VEGAS
CITY OF NORTH LAS VEGAS
CLARK COUNTY SANITATION DISTRICT
LAS VEGAS VALLEY WATER DISTRICT**

Originally Effective As of July 25, 1991

Amended As of November 17, 1994

Amended As of January 1, 1996

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SOUTHERN NEVADA WATER AUTHORITY
1995 AMENDED COOPERATIVE AGREEMENT

This Agreement, originally made and entered into as of July 25, 1991 ("Original Effective Date"), amended as of November 17, 1994, and further amended as of January 1 1996 ("Effective Date"), is by and among the following parties:

1. Big Bend Water District, a general improvement district and political subdivision of the State of Nevada (hereinafter "Big Bend");
2. City of Boulder City, a municipal corporation and political subdivision of the State of Nevada (hereinafter "Boulder City");
3. City of Henderson, a municipal corporation and political subdivision of the State of Nevada (hereinafter "Henderson");
4. City of Las Vegas, a municipal corporation and political subdivision of the State of Nevada (hereinafter "Las Vegas");
5. City of North Las Vegas, a municipal corporation and political subdivision of the State of Nevada (hereinafter "North Las Vegas");
6. Clark County Sanitation District, a general improvement district and political subdivision of the State of Nevada (hereinafter "Sanitation District"); and
7. Las Vegas Valley Water District, a water district created by act of the Legislature and a political subdivision of the State of Nevada (hereinafter "LVVWD").

RECITALS

A. The parties share a common interest that water resources be developed and managed to the end that Southern Nevada will have sufficient water for use now and in the future.

B. There is a current need for a coordinated water management and conservation program for municipal, industrial, and domestic water use in Southern Nevada.

C. Among the parties are municipal water purveyors in Clark County, Nevada (hereinafter defined as "Purveyor Members"), who by this Agreement are providing a mechanism for allocating among themselves all water available to the Authority.

D. There is a need for the Members to act in a unified and cooperative manner with respect to Colorado River problems such as allocation of supply, salinity control, wheeling, return flows, and discharge and use of effluent.

E. There is a need for the Purveyor Members to act in a unified and cooperative manner with respect to obtaining additional supplies of water from sources such as underground basins, the Virgin River, and the Colorado River.

F. The securing of additional supplies of water and the effective management of existing supplies can best be achieved through the cooperative action of the Members, operating through a separate legal entity which will undertake the Conferred Functions as hereinafter defined and described for the benefit of the Members.

G. There is a need to prepare and implement a water shortage sharing plan among the Purveyor Members.

H. The parties desire hereby to establish a separate legal entity to exercise power, privilege and authority in common and to develop and maintain supplies of water for the

benefit of Southern Nevada and the mutual benefit of the areas served by the Purveyor Members, all as set forth herein.

I. Each of the parties is authorized to contract with each other for the joint exercise of any Member's power under chapter 277 of the Nevada Revised Statutes ("NRS").

J. Since July 25, 1991, the Authority has acquired rights to water as follows.

(i) On March 2, 1992, Contract No. 2-07-30-W0266 was executed between the Authority and the United States for the delivery of Colorado River water and was amended effective as of November 17, 1994. Under subarticle 4(a)(1), the Authority obtained the right, with minor exceptions, to the remainder of Nevada's 300,000 acre-feet per year ("AFY") apportionment from the Colorado River. Under subarticle 4(a)(2), the Authority obtained the right to any amount of Colorado River water becoming available by reason of the reduction, expiration, or termination of an entitlement for use within Nevada.

(ii) Effective as of March 1, 1993, the United States, the State of Nevada and its Colorado River Commission, Southern California Edison Co., Nevada Power Co., and the Salt River Project Agricultural Improvement and Power District entered Contract No. 3-07-30-W0293, which terminated Water Delivery Contract No. 14-06-300-1876 and Water User Contract No. 14-06-300-1877, pursuant to which Colorado River water had been delivered for use at the Mohave Generating Station. Under the terms of subarticle 4(a)(2) of Contract No. 2-07-30-W0266, the Authority thereupon obtained the right to the delivery of the water that previously had been delivered to the Mohave Generating Station.

(iii) Effective as of November 17, 1994, Victory Valley Land Company, L.P., Basic Management, Inc., Chemstar Lime Company, Kerr McGee Chemical Corporation, Pioneer Chlor Alkali Company, Inc., and Titanium Metals Corporation

assigned and transferred to the Authority 14,550 AFY of water from the Colorado River that had been included in the entitlement described in Contract No. 14-06-300-2083 between the United States and Basic Management, Inc. Simultaneously therewith, Contract No. 14-06-300-2083 was amended to reduce the entitlement of Basic Management, Inc. from a maximum of 23,158 AFY to a maximum of 8,608 AFY. Under the terms of subarticle 4(a)(2) of Contract No. 2-07-30-W0266, the Authority thereupon obtained the right to the delivery of water to which Basic Management, Inc. previously held a delivery right.

K. In 1995, the Nevada Legislature enacted 1995 Nev. Stat., ch. 393 ("Transfer Act"), section 1 of which provides for the transfer to the Authority of the entire interest of the State of Nevada ("State") and the Colorado River Commission of Nevada ("Commission") in the Southern Nevada Water System ("SNWS"), subject to (i) a continuation of the irrevocable pledge of the faith and credit of the State as provided in section 2(2)(a) of chapter 393, and (ii) the authority of the Commission to hold in trust for the State waters as specified in section 2(2)(b) of chapter 393. Pursuant to chapter 393, the transfer is to be completed effective January 1, 1996.

L. The following actions, among others, will be taken in order to accomplish the transfer of the SNWS to the Authority:

- (1) Pursuant to the Transfer Act, the Commission will assign to the Authority the Commission's interest in, and the Authority will assume the Commission's obligations under, the Contract for the Delivery of Water and Repayment of Project Works, originally entered into as of August 25, 1967, and most recently amended as of March 2, 1992, between the United States and the State acting through the Commission (Contract No. 7-07-30-W0004,

Amendment No. 1), which contract provides for (i) delivery to the Commission by the United States of not to exceed 299,000 AFY of Colorado River water plus system losses not to exceed 9,000 AFY, (ii) operation of the federal facilities by the Commission, (iii) repayment by the Commission of all costs of the federal facilities funded by the United States, and (iv) payment by the Commission of certain other charges of the United States for the delivery of water;

- (2) A new contract ("Federal SNWS Water Delivery Contract") will be entered into by the United States and the Authority to replace Contract No. 7-07-30-W0004, which contract will provide, among other things, for (i) delivery of not to exceed 299,000 AFY plus system losses not to exceed 9,000 AFY by the United States to the Authority, and (ii) repayment of the federal facilities by the Authority;
- (3) A new contract will be entered into by the United States and the Authority which will provide for (i) the operation, maintenance, and replacement of the federal facilities, and (ii) the connection of additional facilities to be constructed by the Authority to the federal facilities;
- (4) As of the Effective Date, the contract for the Delivery of Water through the Southern Nevada Water System, entered into as of March 2, 1992, between the State acting through the Commission and the SNWS Purveyor Members, is being terminated and is being replaced by the Southern Nevada Water System Facilities and Operations Agreement ("SNWS Operations Agreement")

- between (i) the Authority and (ii) Boulder City, Henderson, North Las Vegas, and LVVWD ("SNWS Purveyor Members");
- (5) The following contract will be terminated: Contract for the Conveyance of Water through the Southern Nevada Water System, entered into as of March 2, 1992, between the State acting through the Commission and the Authority, which contract provides for the conveyance through the SNWS of water which the Authority has the right to divert from Lake Mead;
- (6) The Commission will assign to the Authority, and the Authority will assume all obligations of the Commission under, the Negotiated Water Service Contract, entered into as of January 23, 1978, between the State acting through the Commission and the United States on behalf of Nellis Air Force Base ("Nellis AFB Contract"), which contract provides for (i) the delivery by the Commission of not to exceed 4,000 AFY of Colorado River water to Nellis Air Force Base, and (ii) the payment for such water by the United States;
- (7) The following contract will be terminated, and a new agreement covering the same subject matter will be entered into by the Authority and the District: Water Distribution and Quality Control Service Contract, entered into as of August 1, 1971, between the State acting through the Commission and the District, which contract provides for the supervision, operation, and maintenance of the SNWS by the District;
- (8) All other assets of the SNWS held by the Commission will be assigned to the Authority, and the Authority will assume all liabilities of the Commission respecting the SNWS; and

(9) The Authority will assume responsibility for that part of the construction to expand the operational capacity and flexibility of the SNWS which was begun prior to the Effective Date by the Commission.

M. An amendment to this Agreement is needed to provide the mechanism for allocating among the Purveyor Members water that is available to the Authority and to facilitate administration of the SNWS by the Authority for the benefit of the SNWS Purveyor Members, being those Purveyor Members to which water is delivered through the SNWS.

N. The Members acknowledge that the extent to which water will be available for diversion from the Colorado River is dependent on the existence of adequate return flows to the Colorado River. Accordingly, the Members have agreed to limitations on the use of Reuse Water as provided in this Agreement.

A G R E E M E N T S

NOW, THEREFORE, the parties agree as follows:

1. Effectiveness. This Agreement originally became effective as of July 25, 1991, was amended as of November 17, 1994, and this amended Agreement shall become effective as of January 1, 1996, upon its execution by each party and its approval, given or deemed to be given, by the Attorney General of Nevada pursuant to NRS 277.140.

2. Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

- a. "AFY" means acre feet per year;
- b. "Authority" means the Southern Nevada Water Authority, the legal entity established by this Agreement;

- c. "Board" means the Board of Directors of the Authority;
- d. "Director" means a member of the Board of Directors of the Authority;
- e. "Conferred Function" means any function which the Authority is empowered to perform by article 5 of this Agreement;
- f. "Facility" means any property or works owned, operated, or used by the Authority in connection with the performance of any Conferred Function, including without limitation, the Southern Nevada Water System, dams, reservoirs and other water storage facilities, water conveyance and treatment facilities, electric generation and transmission facilities, buildings, and other structures, irrespective of the location of such facilities;
- g. "Member" means each of the public entities that is a signatory to this Agreement, including any public entity admitted as a Member after the Original Effective Date hereof pursuant to the provisions of article 12 and subarticle 18(b);
- h. "Purveyor Member" means each of the following: Big Bend, Boulder City, Henderson, LVVWD, North Las Vegas, and any other public entity which is engaged in the retail delivery of potable water in Clark County and which hereafter is admitted as a Purveyor Member pursuant to the provisions of article 12 and subarticle 18(b);
- i. "Reuse Water" means wastewater or effluent capable of being put to beneficial use, other than wastewater or effluent used by a Member in

connection with the operation or maintenance of such Member's wastewater treatment works;

- j. "Southern Nevada Water System" or "SNWS" means all diversion, treatment, conveyance, turnout, power transmission, and related facilities (i) heretofore constructed by the United States pursuant to the Act of October 22, 1965 (70 Stat. 1068), as amended on July 19, 1966 (80 Stat. 312), which facilities generally are known as the Robert B. Griffith Water Project, (ii) heretofore constructed by the Commission pursuant to ch. 268, Statutes of Nevada 1967, as amended by Ch. 482, Statutes of Nevada 1975, and other acts supplemental thereto, which facilities generally are known as the Alfred Merritt Smith Water Treatment Facility, and (iii) heretofore or hereafter constructed and designated by the Authority as a part of the SNWS;
- k. "SNWS Purveyor Member" means each of the following: Boulder City, Henderson, LVVWD, and North Las Vegas;
- l. "Water Right" means any entitlement to the beneficial use of Water Supplies, whether such entitlement exists by contract, by interest in real property, or by rights granted by the State of Nevada or other governmental agency;
- m. "Water Supplies" means surface water, groundwater, Reuse Water, and any other water capable of being put to beneficial use.

3. Authority Created. There is hereby established a legal entity to be known as the "Southern Nevada Water Authority." The Authority is established by this Agreement

pursuant to the provisions of chapter 277 of NRS. The Authority shall be a political subdivision of the State of Nevada and shall be separate from the Members, pursuant to NRS 277.074 and 277.120.

4. Boundaries of the Authority. The geographic boundaries of the Authority shall be the boundaries of Clark County, Nevada.

5. Conferred Functions of the Authority. Subject to the provisions of article 7, the Conferred Functions of the Authority are as follows:

- a. To contract for Colorado River water;
- b. To acquire the rights of LVVWD under applications filed with the Nevada State Engineer to appropriate surface and groundwater in northern Clark, Lincoln, Nye, and White Pine Counties; to perfect any or all of such applications as may be appropriate; and to develop and implement the Cooperative Water Project initiated by LVVWD, or any other project, for the use of such water in Clark County;
- c. To otherwise acquire and to dispose of Water Rights and Water Supplies;
- d. To develop and implement projects with respect to the acquisition, development, treatment, and transportation of Water Supplies as the Board determines;
- e. To acquire any interest in, finance, operate, maintain, replace, and construct additions to the SNWS, and to dispose of any or all of the SNWS;

- f. To the full extent permitted by law, to acquire and sell electric power at wholesale and retail within or without the State of Nevada;
- g. To acquire, finance, construct, operate, maintain, and replace other Facilities and to dispose of such Facilities;
- h. To deliver Water Supplies available to the Purveyor Members;
- i. To contract with water users, whether within or outside the Authority's boundaries, to deliver water;
- j. To establish a water budget and a water resource plan for the Authority and the Members which shall reflect, among other things, (i) Water Supplies available to the Authority and separately to each Member from all sources, (ii) demand within each Member's service area, (iii) the extent to which Reuse Water available to each Member is to be put to beneficial use or is to be discharged, directly or indirectly, into Lake Mead or the Colorado River, (iv) the effect any use of Reuse Water will have on the amount of water that will be available for diversion from the Colorado River within Nevada, (v) the amount of water projected to reach Lake Mead on the Colorado River, including flows having a non-Colorado River system origin, and (vi) the peaking capacity required for delivery of Water Supplies by the Authority to each Purveyor Member and the means by which such requirements shall be met; such water budget and such water resource plan shall not confer on the Authority the right to regulate or control the use of Water Supplies by any Member within its own service area;

- k. To prepare, update, and implement capital improvement plans;
- l. To develop and implement a shortage sharing plan among the Purveyor Members;
- m. To prepare, update, and oversee the implementation of a water management and conservation plan for the use of municipal, industrial, and domestic Water Supplies in Clark County, Nevada;
- n. To formulate and present a position to relevant agencies of the United States, the State of Nevada, and other government agencies on issues pertaining to the Colorado River and the allocation, adjudication, and use of Virgin River water, Muddy River water, and other potential sources of water;
- o. To study the costs of potable Water Supplies available to Purveyor Members and to devise and implement an appropriate cost sharing plan; and
- p. To perform such other functions as may be conferred on the Authority by amendment to this Agreement or by statute.

6. Powers. In furtherance of the Conferred Functions set forth in article 5 of this Agreement, and subject to the limitations of that article, the Authority shall have the power in its own name to do any of the following:

- a. To purchase, sell, exchange, perfect, or otherwise acquire or dispose of any interest in Water Supplies and Water Rights within or without the State of Nevada;
- b. To develop, store, transport, and treat water;

- c. To deliver water at wholesale to Purveyor Members and to fix rates, charges, and other fees for such, including standby or availability service charges;
- d. To hold in the Authority's own name and exercise in the Authority's own right all rights, interests, functions, and powers, to perform all duties and responsibilities, and to assume all liabilities of the State of Nevada and the Colorado River Commission of Nevada relating to the SNWS, and to perform all other acts to be performed by the Authority pursuant to the Transfer Act;
- e. To acquire an interest of any nature in, and to construct, operate, and maintain, all Facilities, including the SNWS, necessary or convenient for the performance of any Conferred Function, and to dispose of such Facilities;
- f. To acquire, possess, lease, encumber, and dispose of personal and real property;
- g. To have and to exercise the power of eminent domain throughout the State of Nevada, provided that no property or Water Right of a Member or property of the State of Nevada may be taken without the consent of that Member or the State of Nevada;
- h. To contract with Members, Clark County or any other public entity for the provision of services to the Authority;
- i. To contract for the services of engineers, attorneys, planners, and financial and other consultants;

- j. To enter into other contracts, including interlocal agreements and contracts of indemnity, necessary to the full exercise of its power;
- k. To employ such persons as it deems necessary;
- l. To issue revenue and other bonds, notes, and other obligations and incur liabilities (i) for the purposes and in accordance with the procedure and requirements set forth in NRS 277.0705 through 277.0755, and (ii) otherwise as permitted by law;
- m. To execute leases, installment sale contracts, and installment purchase contracts;
- n. To sue and be sued in its own name;
- o. To obtain state, federal, or local licenses, permits, grants, loans, or aid from any agency of the United States, the State of Nevada or any other public or private entity necessary or convenient for the performance of any Conferred Function or the exercise of any of its powers; and
- p. To perform all other acts necessary or convenient for the performance of any Conferred Function or the exercise of any of its powers.

7. Prohibited Functions and Powers.

a. Except to the extent permitted by applicable law including, without limitation, the Transfer Act, nothing in this Agreement shall be construed as authorizing the Authority to perform any function or to exercise any power that is not performable or exercisable by at least one of the Members without reference to this Agreement.

b. Absent written consent of the affected Member's governing body, the Authority shall not (i) render any service rendered by a Member to others within the

Member's service area or boundaries, (ii) render any service which a Member has authority to render to others within its service area or boundaries, or (iii) acquire any Water Right or property of a Member. Nothing in this subarticle 7(b) shall prohibit the Authority from rendering a service to a Member.

c. The Authority shall not acquire, construct, or operate Facilities to treat municipal sewage.

8. Allocation of Water Supplies.

a. All Water Supplies to which the Authority obtains a right shall be allocated among the Purveyor Members as provided in this article.

b. Taking into account system losses and the obligation to deliver not to exceed 4,000 AFY to the United States for Nellis Air Force Base, Water Supplies to which the Authority has or obtains a right pursuant to Contract No. 7-07-30-W0004 or the Federal SNWS Water Delivery Contract shall be allocated among the SNWS Purveyor Members as follows:

| | |
|-----------------|-------------|
| Boulder City | 8,918 AFY |
| Henderson | 27,021 AFY |
| LVVWD | 232,426 AFY |
| North Las Vegas | 26,635 AFY. |

Any such Water Supplies which will not be used in a given year by the SNWS Purveyor Member to which they are allocated by this subarticle 8(b) shall be made available in such year to any other SNWS Purveyor Member requesting such Water Supplies.

c. The first 123,000 AFY of Water Supplies to which the Authority obtained a right pursuant to subarticle 4(a) of Contract 2-07-30-W0266 shall be allocated as follows:

| | |
|-----------------|-------------|
| Big Bend | 5,352 AFY |
| Boulder City | 3,948 AFY |
| Henderson | 19,858 AFY |
| LVVWD | 78,799 AFY |
| North Las Vegas | 15,043 AFY. |

d. Notwithstanding the provisions of subarticle 8(c), the Authority shall reserve the first 2,500 AFY obtained, pursuant to subarticle 4(a)(2) of Contract 2-07-30-W0266, as a result of the amendment of Contract No. 14-06-300-2083 which reduced the entitlement of Basic Management, Inc. Such water shall be allocated by the Authority according to the terms of the November 17, 1994 Water Supply Agreement entered into among Victory Valley Land Company L.P., the Purveyor Members, and the Authority. Any such water that is not finally allocated to a Purveyor Member pursuant to the terms of that Water Supply Agreement shall be allocated among the Purveyor Members according to the following percentages:

| | |
|-----------------|--------|
| Big Bend | 2.67% |
| Boulder City | 1.33% |
| Henderson | 12.00% |
| LVVWD | 72.00% |
| North Las Vegas | 12.00% |

e. Notwithstanding the provisions of subarticle 8(c), the Authority shall reserve 10 percent of the first 20,000 AFY of those Water Supplies which, subject to shortages, are expected to be available for delivery to the Authority each year as a dependable supply of water and which are acquired by the Authority after November 17, 1994, the effective date of the Water Supply Agreement among Victory Valley Land Company L.P., the Purveyor Members and the Authority, other than Water Supplies that it obtains pursuant to Contract No. 7-07-30-W0004 or the Federal SNWS Water Delivery Contract. The Authority shall allocate such reserved Water Supplies among the Purveyor Members as set forth in that Water Supply Agreement. Any such reserved Water Supplies that are not finally allocated to a Purveyor Member pursuant to the terms of that Water Supply Agreement shall be allocated among the Purveyor Members according to the percentages specified in subarticle 8(d).

f. Any Water Supplies which have been allocated by or pursuant to subarticles 8(c), 8(d), and 8(e) to a Purveyor Member, but which will not be used by such Purveyor Member in a given year, shall be made available in such year to any other Purveyor Member requesting such Water Supplies.

g. All other Water Supplies to which the Authority has or obtains a right shall be identified in the water resource plan as adopted from time to time by the Authority and shall be allocated among the Purveyor Members by the water budget, as adopted from time to time by the Authority, according to the following principles:

- (1) Such water shall be allocated to those Purveyor Members which first experience need in their service areas as identified in the water budget; and

- (2) Any water allocated pursuant to subarticle 8(g)(1) which is no longer needed by the Purveyor Member to which it was allocated by reason of (i) reduced need within the Purveyor Member's service area, or (ii) conservation measures adopted by the Purveyor Member, shall be subject to reallocation by the Authority pursuant to subarticle 8(g)(1).

In the event Water Supplies covered by this subarticle involve a cost to the Authority, the Authority may equitably allocate such cost among those Purveyor Members obtaining such Water Supplies.

h. The Authority shall adopt, and thereafter review at least annually, a water resource plan and a water budget.

i. In the event of shortages or decreases in the amount of Water Supplies available to the Authority and allocated by or pursuant to this Agreement, such shortages and reductions shall be allocated (i) pursuant to any shortage sharing plan adopted by the Authority pursuant to subarticle 5(l), or (ii) in the absence of such a plan, consistent with the following principles, which were first adopted by the governing bodies of Big Bend, Henderson, North Las Vegas, and LVVWD in May 1990 in their "Joint Resolution Establishing a Joint Position on Shared Reductions in Deliveries of Colorado River Water":

In times of such shortages or reductions, Colorado River water should be delivered to the SNWS Purveyor Members as if, among themselves and Big Bend, all such entities shared a common priority, without regard to contrary provisions of the specific contracts pursuant to which the water is delivered.

Under the principle of a shared common priority, each such entity shall bear a reduction in the delivery of Colorado River water appropriately taking into

account the entity's then existing demand and the quantity of water then being used or reliably available to the entity from all sources. No such entity whose deliveries are reduced more than they otherwise would have been shall be entitled to compensation from any other such entity, the United States, or the Authority on account thereof.

j. Except as provided in subarticle 8(k), rights to Water Supplies acquired after the Original Effective Date for use by any of the Purveyor Members shall be acquired by the Authority.

k. Nothing contained in this Agreement shall prohibit a Purveyor Member from acquiring groundwater rights from the Las Vegas Valley, the Black Mountain Area, Colorado Valley, Eldorado Valley, Paiute Valley, and Ivanpah Valley groundwater basins. The allocation to such Purveyor Member by or pursuant to subarticle 8(c) shall not be affected by any such acquisition. The Authority shall not acquire any interest in any such groundwater rights.

9. Use of Reuse Water.

a. Subject to the provisions of subarticle 9(b), no Member shall use, or authorize the use of, Reuse Water in any year in excess of the amounts specified below without the prior approval of the Purveyor Member whose allocation is subject to reduction pursuant to subarticle 9(b) by reason of such excess use:

| | |
|------------------|-----------|
| Big Bend: | 0 afy |
| Henderson: | 7,500 afy |
| Las Vegas: | 2,000 afy |
| North Las Vegas: | 1,200 afy |

| | |
|----------------------|------------|
| Sanitation District: | 11,100 afy |
| LVVWD: | 0 afy |
| Total: | 21,800 afy |

b. If in any year a Member uses or authorizes the use of Reuse Water in excess of the amounts specified in subarticle 9(a), then the allocation made by or pursuant to subarticle 8(c) to the Purveyor Member that serves such Member shall be reduced by an amount that will assure that deliveries to the other Purveyor Members of water (i) allocated to such other Purveyor Members by or pursuant to this Agreement, or (ii) to which such other Purveyor Members have a right pursuant to separate contracts with the United States will not be less than they would have been in the absence of such excess use of Reuse Water. Such reduction shall be made in the year in which the reduction in deliveries to other Purveyor Members otherwise would have occurred. For the purposes of this subarticle, any use of Reuse Water authorized by Clark County (i) in the Las Vegas Valley shall be deemed to have been used or authorized for use by LVVWD, and (ii) in the Big Bend service area shall be deemed to have been used or authorized for use by Big Bend.

c. The provisions of this article are not applicable to Boulder City or to the use or authorization of use by the Sanitation District of Reuse Water (i) which is not Colorado River water, and (ii) which is generated and used or authorized for use outside the Las Vegas Valley and the Big Bend service area.

10. Water Banking.

a. No Purveyor Member shall recharge an aquifer for purposes of banking water for use in future years to the extent such recharge would reduce return flow credits and

cause deliveries by the Authority to any other Purveyor Member in any year to be less than they would have been in the absence of such recharge.

b. Water deliveries by the Authority to any Purveyor Member recharging an aquifer in contravention of subarticle 10(a) shall be reduced by an amount that will assure that deliveries by the Authority to the other Purveyor Members will not be less than they would have been in the absence of such recharge. Such reduction shall be made in the year in which the reduction in deliveries to other Purveyor Members otherwise would have occurred.

c. Nothing contained in this article shall be deemed to discourage the banking of water or to prefer one use of water over another.

11. Conservation. Each Member shall take all actions within its authority to implement conservation within such Member's geographic area as provided in the Memorandum of Understanding Regarding the Southern Nevada Water Authority's Water Conservation/Efficiency Programs dated December 1, 1994.

12. Membership. The Members of the Authority shall be Big Bend, Boulder City, Henderson, Las Vegas, LVVWD, North Las Vegas, the Sanitation District, and any other public entity in Clark County admitted as a Member in accord with the provisions of subarticle 18(b).

13. Governing Body of the Authority.

a. The business and affairs of the Authority shall be conducted by a Board consisting of one (1) director from each Member.

b. Each Director shall be appointed by the governing body of the respective Member and may, but need not, be a member of that body. Each governing

board may also appoint an alternate Director for the Director appointed by such board, who shall serve as Director in the absence thereof.

c. Each Director shall hold office from the first meeting of the Board after his or her appointment by the governing body of the Member he or she represents until a successor is selected by the Member and the Member so notifies the Authority.

d. A Director shall not receive compensation from the Authority for services as Director. A Director may be reimbursed for expenses incurred by such Director in the conduct of the Authority's business.

14. Fiscal Year. The fiscal year of the Authority shall be July 1 through June 30.

15. Principal Office. The principal office of the Authority shall be established by the Board.

16. Meetings. The Board shall meet at the Authority's principal office or at such other place as may be designated by the Board. The time and place of regular meetings of the Board shall be determined by the Board.

17. Quorum; Voting. For purposes of transacting the Authority's business, a quorum shall exist if the Directors present (i) represent a majority of the Purveyor Members, and (ii) constitute a majority of all Directors then in office. The vote of a majority of the Directors present shall be required for the Authority to take action, except as provided in article 18 or as may be otherwise provided by law.

18. Special Approval Provisions.

a. Actions by the Authority with respect to the matters specified in this article shall be taken only as provided in this article or as provided in article 24.

b. Approval by the governing board of each Member shall be required for (i) amendment of this Agreement, (ii) approval of any water management and conservation plan pursuant to subarticle 5(m), (iii) adoption of a cost sharing plan pursuant to subarticles 5(o) or 8(g), and (iv) addition of new members pursuant to article 12.

c. Approval by the governing board of each Purveyor Member shall be required for (i) adoption of capital improvement plans to implement actions taken pursuant to article 5, (ii) adoption of capital improvement assessments required for such capital improvement plans, and (iii) adoption of a shortage sharing plan pursuant to subarticle 5(l).

d. A vote of two-thirds of the Directors then in office shall be required for (i) acquisition or disposal of Water Rights and Water Supplies pursuant to subarticles 5(c) and 6(a), (ii) contracting with water users pursuant to subarticle 5(i), (iii) establishing a water budget and water resource plan pursuant to subarticle 5(j), (iv) adoption of a conservation plan pursuant to subarticle 5(m), (v) fixing rates, charges, and fees pursuant to subarticle 6(c), (vi) adoption of budgets pursuant to article 22, and (vii) adoption of assessments pursuant to subarticle 23(a).

19. Rules. The Board may adopt from time to time such rules and regulations for the conduct of the affairs of the Authority or of the Board as the Board may deem necessary or desirable. Such rules shall include a requirement that all Members submit information necessary for the preparation of a water budget at such times as the rules provide.

20. Officers.

a. The Board shall appoint the following officers: (i) a chairman and a vice chairman from its membership; and (ii) a secretary, a treasurer, and a controller who

shall not be Directors. The Board may appoint a general counsel who, if appointed, shall be an officer of the Authority but shall not be a Director.

b. The director officers shall hold office for a period of one year commencing the first day of each fiscal year, subject, however, to being removed at an earlier time by action of the Board. The first director officers appointed shall hold office from the date of their appointment to the last day of the fiscal year in which they were appointed.

c. The secretary shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

d. The officers and all other persons who have charge of any funds or securities of the Authority shall be bonded, in such amount as determined by the Board.

e. None of the officers, agents, or employees of the Authority shall be deemed, by reason of their employment by the Authority, to be employed by any of the Members.

21. General Manager. The general manager of the Authority shall be the chief administrative officer of the Authority, shall be appointed by and serve at the pleasure of the Board, and shall be responsible to the Board for the proper and efficient administration of the Authority. Subject to policy direction by the Board, and such requirements as the Board may from time to time impose, the general manager shall have the power:

- (1) To plan, organize, and direct all Authority activities;
- (2) To appoint and, subject to the requirements of applicable law, to remove all Authority employees;
- (3) To authorize expenditures within the approved budget;

- (4) To enter contracts on behalf of the Authority as authorized by the Board; and
- (5) To take other actions authorized from time to time by the Board.

22. Budgets. Unless otherwise provided by law, tentative budgets shall be prepared for each fiscal year on or before April 15th with the final annual budgets being adopted on or before June 1st of each year. In this connection, the Authority shall prepare separate budgets (i) for the SNWS, and (ii) for all other activities of the Authority. The Authority shall not, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, short-term financing repayments, and any other long-term contracts as to which such expenditures are expressly authorized by law.

23. Assessments and Contributions for Operating Expenses.

a. The Board shall have the power to periodically assess the Members directly for budgets and for the satisfaction of any liabilities imposed against the Authority. Such assessments shall be apportioned among the Members on such basis as the Board determines proper, and each Member shall pay when due all assessments made against it.

b. Contributions or advances of public funds and of personnel, supplies, equipment, or property may be made to the Authority by any Member for any of the purposes of this Agreement, with the consent of the Board. Any such advance may be made subject to repayment as agreed to by the Member and the Authority.

24. Southern Nevada Water System. Notwithstanding the provisions of articles 17, 18, 22, and 23, all actions by the Authority respecting the SNWS shall be taken and shall be approved as provided in the SNWS Operations Agreement. Pending the effectiveness of

the SNWS Operations Agreement, all actions by the Authority respecting the SNWS shall be taken and shall be approved as provided in this Agreement.

25. Accounting Procedures. Complete books and accounts shall be maintained for the Authority in accordance with generally accepted accounting principles and standards and shall comply with all applicable statutes and regulations. Unless otherwise provided by law, the Authority may, in accordance with its needs, maintain funds and account groups pursuant to NRS 354.604 which are accounted for in compliance with NRS 354.622.

26. Audit. The Authority shall provide for an annual audit of all funds and accounts. The audit must cover the business of the Authority during the full fiscal year. The audit shall be made by a public accountant certified or registered or by a partnership or professional corporation registered under the provisions of NRS chapter 628. Such financial audit shall be conducted in accordance with generally accepted auditing standards, including comment on compliance with all applicable statutes and regulations, recommendations for improvements, and any other comments deemed pertinent by the auditor, including the auditor's expression of opinion on any financial statements. The audit shall be completed and copies of the audit report provided to the Members not later than five (5) months after the close of the fiscal year for which the audit is conducted. The Authority shall act upon any recommendations of the report within six (6) months after receipt of the report, unless prompter action is required.

27. Liabilities of the Authority. The debts, liabilities, and obligations of the Authority shall be the debts, liabilities, and obligations of the Authority alone and not of the Members.

28. Service Commitments by Purveyor Members. Service and other commitments made by Purveyor Members respecting the delivery of the water shall be the obligation of the Purveyor Member making the commitment and not of the Authority. Each Purveyor Member shall indemnify the Authority and hold the Authority harmless from all claims that, by reason of such Purveyor Member's action or failure to act, the Authority is obligated to deliver water other than in conformity with this Agreement and the SNWS Operations Agreement.

29. Liabilities of Board. The funds of the Authority shall be used to defend, indemnify, and hold harmless the Authority, its Directors, officers, and employees, and any Member for actions taken within the scope of the authority of the Authority. Nothing herein shall limit the right of the Authority to purchase insurance to provide coverage for any of the foregoing.

30. Term. The Authority shall continue in existence until this Agreement is rescinded and the Authority terminated as provided in article 33.

31. Other Cooperative Agreements. Nothing in this Agreement shall prevent the Members from entering into other cooperative agreements.

32. Withdrawal of Member. A Member may withdraw from the Authority on terms and conditions specified in an agreement of withdrawal executed by all Members.

33. Termination.

a. This Agreement may be rescinded and the Authority terminated by a written agreement of termination executed by all Purveyor Members, except during the outstanding term of any indebtedness incurred by, on behalf of, or at the request of the

Authority, or for which the Authority is otherwise responsible, the terms of which preclude such termination.

b. Upon termination of the Authority (i) the obligations of the Authority shall be paid, (ii) any Water Right or Facility contributed by a Member shall be returned to that Member, unless the Member agrees to a different distribution, and (iii) all other assets shall be distributed as provided in the termination agreement.

34. Amendment. This Agreement may be amended by action taken by the governing board of each Member and upon any required approval given, or deemed to be given, by the Attorney General of Nevada.

35. Assignment; Binding on Successors. Except as otherwise provided in this Agreement, the rights and duties of the Members may not be assigned or delegated without the written consent of all Purveyor Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities, and other obligations of the Authority then in effect. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Members.

36. Choice of Law. This Agreement shall be governed by the laws of the State of Nevada.

37. Severability. If any provision of this Agreement should be held to be invalid or unenforceable by a final decision of a court of competent jurisdiction, then this Agreement shall terminate unless the remaining provisions are reaffirmed by action of the governing

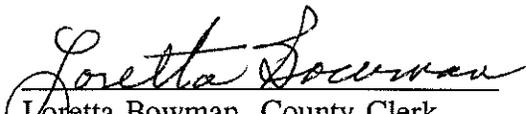
board of each Member within 120 days from the date on which such decision of invalidity or unenforceability becomes final.

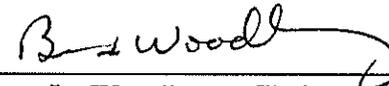
38. Effectiveness of Amended Agreement. This Agreement as amended is conditioned and shall become effective upon the approval of this Agreement as amended, given or deemed to be given, by the Attorney General of Nevada pursuant to NRS 277.140.

IN WITNESS WHEREOF, the Members have caused this amended Agreement to be executed as of the date written above.

Attest:

BIG BEND WATER DISTRICT


Loretta Bowman, County Clerk

By 
Bruce L. Woodbury, Chairman

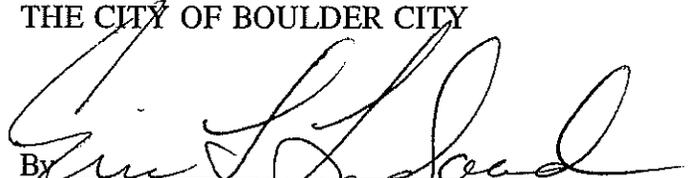
Approved as to form:


Paul Johnson, Deputy District Attorney

Attest:

THE CITY OF BOULDER CITY

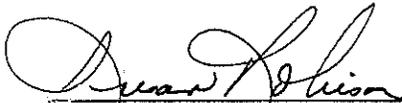

Vicki G. Bergdale, City Clerk

By 
Eric L. Lundgaard, Mayor

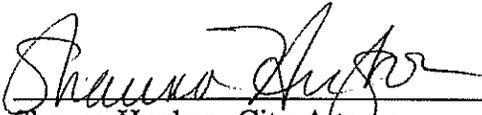
Approved as to form:


B.G. Andrews, City Attorney

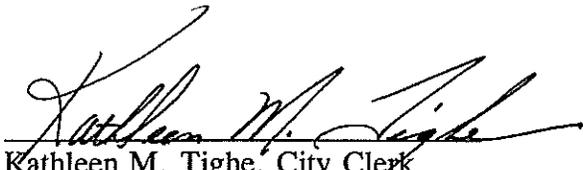
Attest:


Susan Robison, City Clerk

Approved as to form:


Shauna Hughes, City Attorney

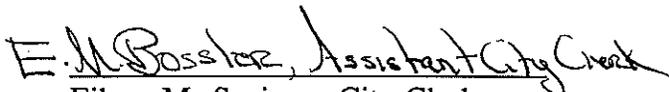
Attest:


Kathleen M. Tighe, City Clerk

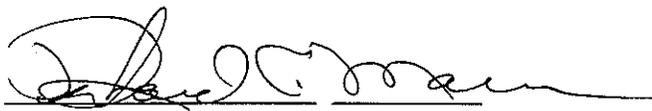
Approved as to form:


Bradford R. Jerbic, City Attorney

Attest:


Eileen M. Sevigny, City Clerk

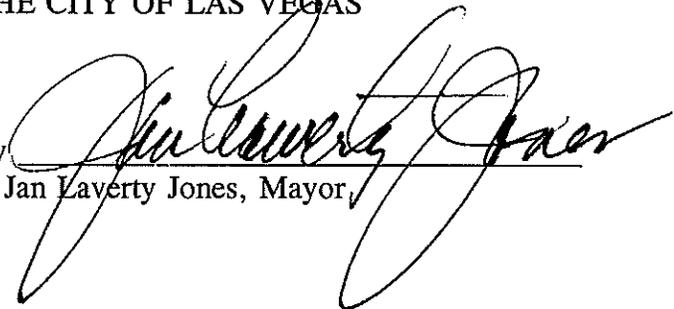
Approved as to form:


Richard Maurer, City Attorney

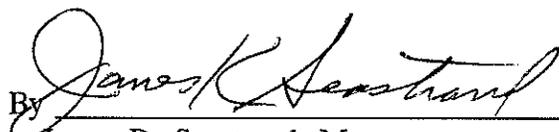
THE CITY OF HENDERSON

By 
Robert A. Groesbeck, Mayor

THE CITY OF LAS VEGAS

By 
Jan Lavery Jones, Mayor

THE CITY OF NORTH LAS VEGAS

By 
James D. Seastrand, Mayor

DEC 20 1995

Attest:

CLARK COUNTY SANITATION DISTRICT

Loretta Bowman
Loretta Bowman, County Clerk

By Erin Kenny
Erin Kenny, Chair

Approved as to form:

Paul Johnson
Paul Johnson, Deputy District Attorney

Attest:

LAS VEGAS VALLEY WATER DISTRICT

Patricia Mulroy
Patricia Mulroy, Secretary

By Jay Bingham
Jay Bingham, President

Approved as to form:

Charles K. Hauser
Charles K. Hauser, Chief Deputy
District Attorney

FOR LVVWD USE ONLY

RECORDED FOR
LAS VEGAS VALLEY WATER DISTRICT
1001 S. VALLEY VIEW BL.
LAS VEGAS, NEVADA 89153
RETURN TO • WILL CALL

FOR RECORDER'S USE ONLY

CLARK COUNTY, NEVADA
JUDITH A. VANDEVER, RECORDER
RECORDED AT REQUEST OF:
LAS VEGAS VALLEY WATER DISTRICT
04-23-96 14:22 EAH 36
OFFICIAL RECORDS
BOOK: 960423 INST: 01135
FEE: 42.00 RPTT: .00