

Summary- A Resolution declaring the Coyote Springs General Improvement District as the preferred place of beneficial use for municipal water and/or water rights under the ownership, control, and/or management of the Lincoln County Water District and located within the Delamar Valley, Dry Lake Valley, and/or Cave Valley Water Basins

**LINCOLN COUNTY WATER DISTRICT
RESOLUTION NO. 2011-01**

A RESOLUTION DECLARING THE COYOTE SPRINGS GENERAL IMPROVEMENT DISTRICT IN LINCOLN COUNTY AS THE PREFERRED PLACE OF BENEFICIAL USE FOR MUNICIPAL WATER AND/OR WATER RIGHTS UNDER THE OWNERSHIP, CONTROL, AND/OR MANAGEMENT OF THE LINCOLN COUNTY WATER DISTRICT AND LOCATED IN THE DELAMAR VALLEY, DRY LAKE VALLEY, AND/OR CAVE VALLEY WATER BASINS.

WHEREAS, Lincoln County is a party to a Cooperative Agreement with Las Vegas Valley Water District (“LVVWD”) and the Southern Nevada Water Authority (“SNWA”) dated 17th of April, 2003 (hereinafter “Cooperative Agreement”) regarding ownership of water applications in designated basins within Lincoln County; and

WHEREAS, the Cooperative Agreement establishes shared basins in which the parties will share water appropriated under the SNWA/LVVWD Applications within those basins, which basins include Delamar, Dry Lake, Cave, and the Lincoln County portion of Spring Valley;

WHEREAS, Lincoln County’s portion of the water appropriated from the shared basins includes the initial 3,000 acre feet, with no more than 1,500 acre-feet coming from any one individual basin, and 15% of any water appropriated in excess of 30,000 acre-feet for all of the shared basins excluding the Lincoln County portion of Spring Valley; and

WHEREAS, the Lincoln County Water District (“District”) was created through Special Act of the Legislature of the State of Nevada in 2003 to provide adequate and efficient water service for the economic development and well being of the residents of Lincoln County; and

WHEREAS, the District's enabling legislation establishes the District's jurisdiction and service area as "all that real property within the boundaries of Lincoln County;" and

WHEREAS, the District has the explicit authority pursuant to the Lincoln County Water District Act ("Act"), among other things, to acquire water and water rights, enter into agreements and do any acts necessary or proper for the performance of an agreement with a private corporation or a county for the joint acquisition, construction, leasing, ownership, disposition, use, management, maintenance, repair or operation of any rights, works or other property which may be acquired or owned by the District; and

WHEREAS, the District has entered into an Interlocal Agreement with Lincoln County dated May 2, 2011 in which the District was appointed as Lincoln County's representative in dealing with and managing Lincoln County's rights to water appropriated for the County's benefit pursuant to the Cooperative Agreement with SNWA/LVVWD; and

WHEREAS, Lincoln County has adopted a Water Plan in 2001, which plan was subsequently adopted by the District; and

WHEREAS, the 2001 Water Plan does not anticipate any proposed development or use of water within the Delamar, Dry Lake, Cave and Coyote Springs Valleys; and

WHEREAS, the Lincoln County Master Plan does not anticipate any proposed development or municipal use of water within the Delamar, Dry Lake, or Cave Valleys; and

WHEREAS, the Lincoln County Master Plan does anticipate and include provisions for a large private development in the Coyote Springs Valley; and

WHEREAS, Lincoln County has entered into a development agreement with Coyote Springs Investments ("CSI") for development of a master planned community on private land owned by CSI in the Coyote Springs Valley located within Lincoln County; and

WHEREAS, Lincoln County has adopted by ordinance Title 15 of the Lincoln County Code, which establishes a Planned Unit Development for the CSI development; and

WHEREAS, Lincoln County has created by ordinance the Lincoln County Coyote Springs General Improvement District (“CSGID”), which among other things will provide municipal water service within the CSGID boundaries; and

WHEREAS, the District has a General Capacity Agreement with SNWA to be able to move water through SNWA’s proposed groundwater pipeline in Lincoln County with the District being responsible for any upsizing of the pipeline, among other things; and

WHEREAS, CSGID has assumed in part the District’s obligations under the General Capacity Agreement with SNWA and has agreed to cover costs associated with the upsizing of the SNWA pipeline that the District may incur to transport water through the SNWA pipeline to the CSI development and/or CSGID;

WHEREAS, the 2001 Water Plan does not currently anticipate water use within the Coyote Springs Valley, but is in the process of being updated; and

WHEREAS, the District desires to declare, by resolution, its intention and preference that municipal water obtained by Lincoln County through its Cooperative Agreement with SNWA/LVVWD be placed to beneficial use within the boundaries of the CSGID; and

NOW THEREFORE, BE IT RESOLVED BY THE LINCOLN COUNTY WATER DISTRICT BOARD, THAT:

The Coyote Springs General Improvement District within Lincoln County shall be the preferred place of beneficial use for any and all municipal water and/or water rights under the ownership, control, and/or management, including water rights obtained by Lincoln County in accordance with the Cooperative Agreement with SNWA/LVVWD and which is located within Delmar, Dry

Lake and/or Cave Valleys and which is not designated and/or restricted for use within the basin of origin.

**PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF AT LEAST A
MAJORITY OF THE MEMBERS OF THE LINCOLN COUNTY WATER
DISTRICT BOARD**

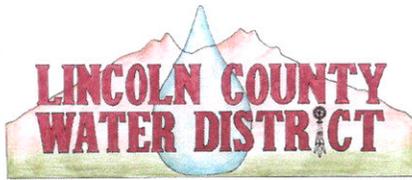
this 15th day of JUNE, 2011

AFFIRMATIVE VOTES:

Paul Mayhew
James P. Hill
George T. Rowe
Ed H. [unclear]
A. Paul [unclear]

NAY VOTES:

Attest: Wade Poulsen
Wade Poulsen, General Manager



181 Main Street, Suite 115,
P. O. Box 206
Pioche, NV 89043
(775) 962-5164

June 15, 2011

Southern Nevada Water Authority
Attn: John Entsminger
100 City Parkway, Suite 700
Las Vegas, Nevada 89106

RE: Dry Lake, Delamar, Cave and Spring Valley Hearing for SNWA Applications

Dear Mr. Entsminger,

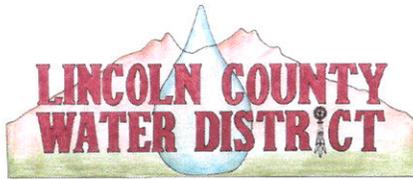
Pursuant to an Interlocal Agreement between Lincoln County and Lincoln County Water District ("LCWD") adopted in April 2011, LCWD and its staff are authorized to represent Lincoln County with regards to management of water rights owned by Lincoln County. Further, Lincoln County has authorized LCWD to represent and manage the County's interest, rights and obligations as outlined in the Agreement dated April 17, 2003 ("2003 Agreement") between Lincoln County, the Southern Nevada Water Authority ("SNWA"), and the Las Vegas Valley Water District ("LVVWD").

Pursuant to the 2003 Agreement, Lincoln County is entitled to an amount not to exceed 3,000 acre feet of the water from any permit and/or certificate granted pursuant to SNWA's and LVVWD's applications within the following basins:

Basin 180 – Cave Valley
Basin 181 – Dry Lake Valley
Basin 182 – Delamar Valley
Lincoln County Portion of Basin 184 – Spring Valley.

The 2003 Agreement further provides that if the State Engineer grants SNWA and/or LVVWD over 30,000 acre-feet of groundwater from their applications within Delamar, Dry Lake and/or Cave Valleys, then Lincoln County is entitled to fifteen percent (15%) of any groundwater granted in excess of 30,000 acre-feet from those applications.

At a special meeting of the Lincoln County Commission held on December 19, 2007, the Board of County Commissioners identified that any and all water received by Lincoln County under the 2003 Agreement would be put to beneficial use within Lincoln County for projects identified within Lincoln County's Master Plan, including projects and development within the Coyote Springs-Lincoln County General Improvement District. The current Lincoln County Master Plan (2008) and Water Plan (2001) do not anticipate any projects or development within Delamar, Dry Lake, and Cave Valleys, and/or the Lincoln County portion of Spring Valley. Further, Lincoln County has not identified any public lands within the above mentioned basins for release and auction in accordance with the 2004 Lincoln County Conservation, Recreation and Development Act.

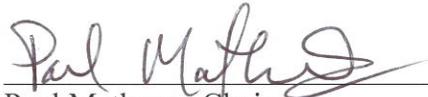


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At the regularly scheduled meeting of the LCWD Board on June 15, 2011, the LCWD Board adopted Resolution 2011-1 identifying the Coyote Springs General Improvement District within Lincoln County as the preferred place of beneficial use for any water rights that Lincoln County may receive pursuant to the 2003 Agreement with SNWA/LVVWD and which are under the management and control of the LCWD.

If you have any questions or need additional information regarding Lincoln County's proposed use of its portion of any water appropriations under the 2003 Agreement, please call the LCWD General Manager, Wade Poulsen, or General Counsel, Dylan Frehner at (775) 962-5164 or (775) 962-5533.

Sincerely,



Paul Mathews, Chairman
Lincoln County Water District Board