



WASHOE COUNTY

"Dedicated to Excellence in Public Service"

OFFICE OF THE COUNTY MANAGER
1001 E. 9th Street
P.O. Box 11130
Reno, Nevada 89520-0027
Phone: (775) 328-2000
Fax: (775) 328-2037
www.washoecounty.us

May 1, 2009

Ms. Janet Solano, Administrative Secretary
Secretary to the Local Government Oversight Committee
Public Works Department
910 Roberta Lane
Sparks, NV 89431

Dear Ms. Solano:

Please be advised, effective this date, I am appointing Vahid Behmaram to be Washoe County's representative on the Local Government Oversight Committee.

Should have any questions or comments, please contact Rosemary Menard, Water Resources Director, at (775) 954-4666 or by e-mail at rmenard@washoecounty.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Katy Simon".

Katy Simon
Washoe County Manager

KS/lr

cc: Susan Ball Rothe, City of Reno
Greg Dennis, City of Reno
Shaun Carey, City of Sparks
Wayne Seidel, City of Sparks
Janelle Thomas, City of Sparks
Andrew Hummel, City of Sparks
Rosemary Menard, Washoe County
Pete Simeoni, Washoe County

AMENDED AND RESTATED

INTERLOCAL AGREEMENT REGARDING THE PURCHASE OF WATER RIGHTS
PURSUANT TO THE TRUCKEE RIVER WATER QUALITY SETTLEMENT
AGREEMENT

THIS AGREEMENT, entered into this 10th day of October, 1996 and amended and restated this 11th day of June, 1997, by and among the CITY OF RENO, a municipal corporation, hereinafter referred to as "Reno," the CITY OF SPARKS, a municipal corporation, hereinafter referred to as "Sparks", and the COUNTY OF WASHOE, a political subdivision of the State of Nevada, hereinafter referred to as "Washoe;"

WITNESSETH:

WHEREAS, Reno, Sparks, Washoe, the U.S. Department of the Interior, the U.S. Department of Justice, the U.S. Environmental Protection Agency, the Nevada Division of Environmental Protection and the Pyramid Lake Paiute Tribe of Indians have conducted negotiations for the purpose of arriving at a settlement of pending litigation brought by the Tribe against Reno, Sparks, EPA, and NDEP, more particularly identified as Pyramid Lake Paiute Tribe of Indians versus the United States Environmental Protection Agency, et al., CV-R-85-025-DWH and Pyramid Lake Paiute Tribe of Indians versus the United States Environmental Protection Agency, et al., CV-R-86-438-DWH, in the United States District Court for the District of Nevada; and

WHEREAS, said negotiations resulted in an agreement, known as the Truckee River Water Quality Settlement Agreement, in which the parties recognize that the acquisition of Truckee River water rights and augmentation of the flow of the Truckee River will improve habitat conditions for the fish of Pyramid Lake and have the potential to increase the nutrient assimilative capacity of the Truckee River and to reduce nonpoint source loadings of pollutants to the Truckee River; and

WHEREAS, the purchase of Truckee River water rights improves the ability of the Truckee Meadows Water Reclamation Facility to comply with the limitations in the discharge permit issued for the facility by the Nevada Division of Environmental Protection; and

WHEREAS, pursuant to the Truckee River Water Quality Settlement Agreement, Reno, Sparks and Washoe have agreed to expend \$12,000,000 to purchase Truckee River water rights over the next five years.

NOW, THEREFORE, in consideration of the mutual covenants of good faith and promises by and among the parties hereto set forth hereinafter, it is agreed as follows:

1. For the purpose of purchasing Truckee River water rights, the parties will jointly engage a purchasing assistant, experienced in the purchase of water rights, who will be selected by a Selection Committee consisting of the Reno City Manager or his designee, the Sparks City Manager or his designee, the Washoe County Manager or his designee, the Reno Director of

Engineering and Maintenance or his designee, the Sparks Public Works Director or his designee, and one other designee of the Washoe County Manager. The contract with the purchasing assistant will then be presented to the Reno City Council, the Sparks City Council and the Washoe County Commission and must be approved by each of the three governing bodies. Washoe shall administer the contract with the purchasing assistant; however, the payment of compensation and expenses of the purchasing assistant shall be split equally between Washoe, Sparks and Reno. Washoe, Reno and Sparks shall be entitled to be reimbursed for any such payment from the proceeds of the Bonds (as defined below), when available.

2. An oversight committee shall administer the contract with the purchasing assistant on behalf of Reno, Sparks and Washoe. This committee shall consist of three individuals--one appointed by the Reno City Manager, one appointed by the Sparks City Manager and one appointed by the Washoe County Manager. To govern the water rights purchases, the purchasing assistant shall prepare administrative procedures which must be approved by the oversight committee prior to the purchase of any water rights on behalf of Reno, Sparks and Washoe.

3. All water rights purchased pursuant to this agreement shall become a part of the Joint Truckee River Water Quality Program as described in Section B.3 of the Truckee River Water Quality Settlement Agreement and Reno, Sparks and Washoe shall each own an undivided and equal interest in the water rights purchased.

4. The Reno City Manager, the Sparks City Manager and the Washoe County Manager shall each designate a representative to meet with the other parties in the Truckee River Water Quality Settlement Agreement to develop cooperative management measure and to provide a release schedule annually in accordance with Section 3 of the Truckee River Water Quality Settlement Agreement.

5. Operating charges associated with the use of the water rights, such as ditch fees, costs incurred by the Water Master and/or the Administrator under TROA for management, accounting and delivery of stored water, etc. shall be budgeted and paid as a part of the operating budget for the Truckee Meadows Water Reclamation Facility.

6. All water rights purchased pursuant to this agreement shall be financed by Washoe under the State of Nevada Water Pollution Control Revolving Fund (SRF) Program or some other mutually agreed upon financial mechanism. The aggregate principal amount of the bonds to be issued in one or more series by Washoe shall not exceed \$12,000,000 (the "Bonds"). Washoe shall be directly responsible for issuing and making debt service payments, when due, on the Bonds pursuant to the ordinances to be adopted by the Board of County Commissioners of Washoe County authorizing the issuance of the Bonds. Immediately after each series of Bonds are issued, the County Manager of Washoe, or his designee, shall certify to the Finance Directors of Reno and Sparks a copy of a schedule of payments of debt service due on the Bonds. Reno, Sparks and Washoe shall each be responsible for a share of debt service on the Bonds as provided in Sections 7 through 9 hereof. The respective obligations of Reno, Sparks and Washoe under this Agreement shall be a special obligation of the respective local governments, payable solely from and secured solely by a lien on the revenues generated by the rates, fees, charges and connection fees imposed

CITY OF SPARKS

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for the use of, or for any other service provided by the respective municipal sanitary sewer system of each unit of local government, including the charges specified in paragraph 7 below. The lien of this Agreement on such revenues shall be subordinate and inferior to the lien of any and all outstanding and any future bonds issued by each unit of local government which are secured by a lien on those revenues. Each unit of local government agrees that it will maintain its rates, fees, charges and connection fees imposed for the use of or for any other services provided by its municipal sanitary sewer system, including charges specified in paragraph 7 below, at a level sufficient to generate in each fiscal year that the Bonds are outstanding adequate revenues to make all payments due to be paid from such revenues, including all payments required to be made under this Agreement, when due. Washoe agrees not to consent to a refunding or call of the Bonds without the approval of Reno and Sparks. Nothing in this paragraph shall prevent the program from beginning via another interim financial mechanism as soon as the purchasing assistant is selected and the administrative procedures are approved.

7. Fifty percent of the costs of the repayment of the loan to the State of Nevada and of any other costs associated with interim financing shall be divided among new users in the Central Truckee Meadows, Spanish Springs Valley and Reno-Stead such that 50 percent of the cost of the purchase program shall be paid by a uniform charge applied to the connection fees of each of the three local governments for those areas. The remaining fifty percent of such costs shall be paid by applying a uniform flow-based charge equivalent to the flow generated by a single family residential dwelling unit to each user class within the rate structures of Reno, Sparks and other customers served by the Truckee Meadows Water Reclamation Facility. Reno, Sparks and Washoe shall not be required, however, to modify their connection fees and user fees until the completion of the facilities plan being prepared by Carollo Engineers. The effective date for increases to the connection fees shall be January 1, 1997; the effective date for increases to the user fees shall be October 1, 1997.

8. Each unit of local government shall be responsible for the collection of the appropriate charge to both new connections and users as outlined in paragraph 7 above and shall remit the amount collected within 30 days after the close of each calendar quarter, commencing June 30, 1997, to the Treasurer of Washoe, who shall serve as the agent for Reno, Sparks and Washoe in the repayment of the Bonds. Each unit of local government shall indicate at the time it transfers amounts to the Washoe Treasurer, the portion thereof which is connection fees and the portion thereof which is user fees. The Treasurer shall place the proceeds into two separate accounts, one containing connection fees, and one containing user fees. The parties hereby consent to Washoe pledging the revenue it receives pursuant to this Agreement for the payment of the Bonds. Should the amount remitted exceed the amount required for the debt payment immediately due, then the Treasurer of Washoe shall invest any excess funds in accordance with NRS 355.170 and the ordinances authorizing the issuance of the Bonds and shall credit the proceeds of such investments to the applicable account. As each series of bonds is issued, Washoe shall divide the bonds of that series and each maturity thereof into two equal parts, one part (the "Connection Fee Bonds") to be repaid with monies in the connection fee account, including interest earned thereon, and one part (the "User Fee Bonds") to be repaid with monies in the user fee account, including interest earned

thereon. If at any time Washoe has monies in the connection fee account sufficient to provide, together with the known minimum yield from investments of those monies, sufficient funds to pay all principal, interest and, if applicable, redemption premiums due on all of the then outstanding Connection Fee Bonds to their maturity date or to a date on which those Bonds are callable, Washoe shall set aside those funds and invest them in an escrow account established for the purpose of paying such principal, interest and call premium, if applicable, and the Connection Fee Bonds will be deemed to be defeased. Similarly, if at any time Washoe has monies in the user fee account sufficient to provide, together with the known minimum yield from investments of those monies, sufficient funds to pay all of the principal, interest and, if applicable, redemption premium due on all of the then outstanding User Fee Bonds to their maturity date or a date on which those Bonds are callable, Washoe shall set aside those funds and invest them in an escrow account established for the purpose of paying such principal, interest and call premium, if applicable, and the User Fee Bonds shall be deemed to be defeased. The consent of Reno and Sparks is hereby granted to calls of Bonds made pursuant to this section. When the Connection Fee Bonds are all paid or defeased, Washoe shall notify each of the local governments so that the uniform charge applied to the connection fees by each local government may be repealed. Likewise, when the User Fee Bonds have been paid or defeased, Washoe shall notify each of the local governments so that the uniform charge applied to the user fees may be repealed by each local government.

9. In the event that the amount collected from connection fees as outlined in paragraph 7 is insufficient to make the debt payments due on the Connection Fee Bonds when due, or the amount collected from user fees as outlined in paragraph 7 above is insufficient to make the debt payments on the User Fee Bonds when due, Reno, Sparks and Washoe agree to guarantee the repayment of the Connection Fee Bonds or the User Fee Bonds, whichever has the insufficiency, or if both are insufficient, both of such portions of the Bonds, with sufficient sewer system user fees. In such an event, the amount of the shortfall paid by each local government shall be proportional to the flow contributed to the Truckee Meadows Water Reclamation Facility by each entity averaged over the previous four calendar quarters ending one calendar quarter prior to the debt payment due date. Washoe shall notify Reno and Sparks of an anticipated need for funds under this paragraph not less than 50 days prior to the debt payment due date. The notification shall contain the amount due from each unit of local government calculated as provided in this paragraph. Each unit of local government shall remit to the Treasurer of Washoe its share as shown in the notification, at least one day prior to the debt payment date. The units of local government shall be entitled to a refund of the amounts paid under this paragraph when and to the extent there are sufficient amounts collected from connection fees or user fees, whichever caused the shortfall, to make all payments due on the applicable part of the Bonds during the ensuing 6 month period.]

10. It is anticipated that certain of the Bonds will be issued as tax-exempt governmental bonds under the provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"). Each of the parties hereto agrees that it will not take any action or omit to take any action with respect to the Bonds issued as tax-exempt governmental bonds, the proceeds thereof, any of the funds belonging to or controlled by any party, or the water rights financed with the proceeds of the Bonds if the act or omission (i) would cause interest on the Bonds issued as tax-exempt governmental bonds to lose its exclusion from gross income for federal income tax purposes under

Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as included in the adjusted earnings adjustment applicable to corporations under Section 56 of the Tax Code, in calculating corporate alternative minimum taxable income. This covenant is to remain in force and effect until the date in which all obligations of Washoe fulfilling the tax covenant contained in the ordinances authorizing the issuance of the Bonds have been met.

11. The parties' obligations to make payment under this Agreement are absolute and unconditional after Bonds have been issued. None of the parties is entitled to any right to set-off of any amount due hereunder against any other obligation, nor to delay making any payment due hereunder for any reason, nor to withhold any payment due hereunder on account of any breach or alleged breach of this or any other agreement by the parties hereto, or on account of any other reason whatsoever. Each of the parties to this Agreement is a governmental entity and it is recognized that each party's books and records pertaining to the acquisition of water rights, the Bonds, the funds and accounts established for the payment of the Bonds and evidencing expenditure of receipt of the Bond proceeds, and pertaining to the revenues described herein, are open to inspection by the other parties hereto during normal business hours.

12. The parties hereto agree to cooperate to achieve the objectives hereof by furnishing such information and executing such documents as are reasonably required over the term hereof to effectuate the intent and purposes hereof. This Agreement shall become effective once it has been accepted and executed by each of the parties hereto. A fee, if any, to be paid to Washoe by Reno and Sparks for administering the provisions of this Agreement may be decided at a later date by mutual agreement of the Reno City Manager, the Sparks City Manager and the Washoe County Manager. This Agreement shall remain in full force and effect until the later of: (i) the date on which the Bonds and any bonds issued for the purpose of refunding the Bonds have been fully paid and discharged; or (ii) the date on which all of each of the parties obligations hereunder have been fully discharged.

13. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and their assigns. No assignment of this Agreement or any right or obligation hereunder by any of the parties hereto shall be valid unless all of the other parties hereto consent to that assignment in writing. This Agreement amends the agreement entered into by the parties dated October 10, 1996. All orders, resolutions, agreements, other instruments, or parts thereof, inconsistent with this Agreement, including the agreement entered into by the parties dated October 10, 1996, are repealed to the extent of such inconsistency. This Agreement may be modified at any time by the parties hereto, but only by a written instrument signed by each of the parties hereto.

14. If any provision of this Agreement is deemed to be invalid or unenforceable, the invalidity or unenforceability shall not affect the remaining provisions of this Agreement that can be given effect without the invalid or unenforceable provision, and the parties hereto agree to replace the invalid or unenforceable provision with a valid provision which has as nearly as possible the same effect.

15. Any notice or other communication hereunder shall be deemed received on the date sent if transmitted by facsimile or by hand delivery, and on the second day after it is sent if given by United States mail, postage prepaid. All Notices shall be transmitted to the respective Managers at the following addresses:

City of Sparks
431 Prater Way
P. O. Box 857
Sparks, NV 89432
Attn: City Manager

City of Reno
490 South Center
P. O. Box 1900
Reno, NV 89505
Attn: City Manager

Washoe County
County Administrative Complex
1001 East Ninth Street
P. O. Box 11130
Reno, NV 89520
Attn: County Manager

A copy of each Notice to any party shall be transmitted to the other parties and also to the Finance Directors of each entity as follows:

City of Sparks
431 Prater Way
P. O. Box 857
Sparks, NV 89432
Attn: Finance Director

City of Reno
490 South Center
P. O. Box 1900
Reno, NV 89505
Attn: Finance Director

Washoe County
County Administration Complex
1001 East Ninth Street
P. O. Box 11130
Reno, NV 89520
Attn: Finance Director

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals
this 11th day of June, 1997.

CITY OF RENO

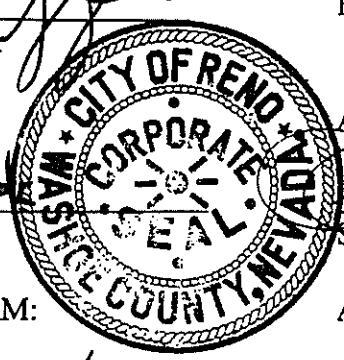
By Jeff Griffin
Jeff Griffin, Mayor

CITY OF SPARKS

By Bruce Breslow
Bruce Breslow, Mayor

ATTEST:

June G...
Reno City Clerk



ATTEST:

...
Sparks City Clerk



APPROVED AS TO FORM:

Donald H. Christen
Reno City Attorney

APPROVED AS TO FORM:

...
Sparks City Attorney

WASHOE COUNTY BOARD OF COMMISSIONERS

By Grant Sims
Grant Sims, Chair

ATTEST: BAILEY

... Chief Deputy
Washoe County Clerk
g:\wp\docs\03400101\interloc.ag4

APPROVED AS TO FORM:

...
Washoe County District Attorney