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OFFICIAL RECORDS

Requested By
MINDEN/TOWN OF

DOUGLAS COUNTY RECORDERS
Karen Ellison - Recorder

Page: 1 of 7 Fee: \$ 0.00

Bk: 0813 Pg: 3894



Deputy: ar

Assessor's Parcel Number: N/A

Date: AUGUST 14, 2013

Recording Requested By:

Name: TOWN OF MINDEN

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A

INTERLOCAL AGREEMENT AMENDMENT #2013.188

(Title of Document)

FILED

No. 2013 188

2013 AUG 14 AM 9:07

**FIRST AMENDMENT TO INTERLOCAL AGREEMENT
RELATING TO WATER SERVICE**
(North Douglas County and Carson City Water Line Intertie Project)

TED THUAN
CLERK
[Signature]
DEPUTY

This First Amendment to Interlocal Agreement Relating to Water Service ("Amendment") is made by and between Indian Hills General Improvement District, a political subdivision of the State of Nevada ("IHGID"), and the Town of Minden ("Town"), an unincorporated town and a political subdivision of the State of Nevada.

RECITALS

WHEREAS, IHGID and the Town entered an Interlocal Agreement Relating to Water Service ("Agreement"), on January 20, 2010. The Agreement was recorded in the office of the County Recorder of Douglas County, State of Nevada on February 19, 2010, in Book 0210, at Page 4050, as Document No. 0759005, Official Records.

WHEREAS, IHGID and the Town desire to amend the Agreement as set forth herein.

WHEREAS, except as amended by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

NOW, THEREFORE, IHGID and the Town, in consideration of the promises and provisions contained in this Amendment and other good and valuable consideration, do amend the Agreement as follows:

AMENDMENTS

1. The Recitals of the Agreement shall be amended to include Recital 11, in addition to the current Recitals, which shall read as follows:

WHEREAS the Town will create a treatment reserve account within its Water Enterprise Fund ("Treatment Reserve Account") for the construction of required water treatment improvements for the treatment of Town water supplied to the Town's wholesale customers.¹ As set forth in Paragraph 5(h)(4) below, the Parties will periodically review the potential future necessity of additional water treatment and, in the event a study is obtained that reasonably indicates additional water treatment will not be necessary, the water treatment component of the wholesale water rate will be eliminated. The Treatment Reserve Account will consist of any money collected by the Town related to the treatment component of the wholesale water rate the Town charges to all of its wholesale water customers, as shown in the wholesale rate structure, revised Appendix "A," attached hereto and incorporated herein by this reference. If the Treatment

¹ As noted in the Agreement, the Town delivers wholesale water to several customers, including the Town of Minden, Douglas County, Carson City and IHGID.

Reserve Account does not contain sufficient funds to fully cover future required water treatment costs as the treatment costs are incurred, then all wholesale customers shall be responsible for covering their proportionate cost for water treatment based on the methodology described in Section 5(i) below.

2. Paragraph 2 shall be amended to read as follows:

Term. This Agreement is to provide a means of delivering and sharing water resources between the Parties. The nature of the Agreement requires that the Parties use their best efforts to keep it in place as long as customers of both entities are dependent on the interconnection of the Parties' water systems.

3. Paragraph 5 shall be amended to include, in addition to its current language, the addition of Paragraph 5(g), which shall read as follows:

The point of delivery shall be the meter to be installed on the discharge side of the Heybourne Booster Station. That is the point at which the Town will deliver and Douglas County will receive the water to be delivered to the IHGID distribution system through the interconnection of the Douglas County distribution system and the IHGID distribution system.

4. Paragraph 5 shall be amended to include, in addition to its current language, the addition of Paragraph 5(h), which shall read as follows:

IHGID agrees to pay the rates, charges or fees, as set forth in the Revised Exhibit "A" attached hereto, which are based on the following:

1. A proportional share, based on annual water deliveries to the wholesale customers and the total annual Town pumping volume, of the estimated system expenses for operations and maintenance. These costs are included in the Minden Wholesale Water Fund operating statement of expenses in the Salaries, Benefits, and "Services & Supplies" categories (collectively the "Operations and Maintenance Costs"). Any power and chlorination costs associated with the Heybourne Booster Station will be excluded for the purpose of calculating the Operations and Maintenance Costs component of the wholesale water rate. Operations and Maintenance Costs for the Minden Wholesale Water Fund shall be divided by the total estimated annual water usage for each full fiscal year to develop a rate per 1000 gallons. Estimated future costs and usage shall be based on actual values from the prior fiscal year.
2. An increment per thousand gallons for the power and chlorination costs associated with the operation of the Heybourne Booster Station based upon wholesale water deliveries to the Town's wholesale

customers on the discharge side of the Heybourne Booster Station meter.

3. An increment per thousand gallons, based upon wholesale water deliveries to all wholesale customers, reasonably required to fund the repair and replacement of wholesale water system components and infrastructure. Such funds shall be deposited in the Minden Wholesale Water Fund.
4. An increment per thousand gallons for future treatment. Any funds collected pursuant to this provision shall remain in the Minden Wholesale Water Fund for the benefit of the wholesale water customers. The Parties will periodically review the existing or potential necessity of treatment and, in the event a study is obtained that reasonably indicates additional water treatment will not be necessary, the water treatment component of the water rate will be eliminated.
5. An increment per thousand gallons as a service charge to be phased in during a ten (10) year period, for the direct benefit of the Minden Wholesale Water Fund and the wholesale water customers.

5. Paragraph 5 shall be amended to include, in addition to its current language, the addition of Paragraph 5(i), which shall read as follows:

In the event that additional water treatment becomes necessary, the Town and IHGID agree to work together with all wholesale customers to develop the best water treatment solution. The cost to construct any additional water treatment facilities will be taken first from the monies held in the Treatment Reserve Account supported by all purchasers of water from the Town. The net difference in costs between available funds and the final costs for additional water treatment shall be mutually established by all of the Town's wholesale customers. Each of the Town's wholesale customers shall be responsible for contributing a pro rata share of the funds required for additional water treatment based on an average of the actual water use during the previous three (3) fiscal years. The wholesale customers shall jointly determine the best manner in which they will finance the costs of any water treatment.

6. Paragraph 5 shall be amended to include, in addition to its current language, the addition of Paragraph 5(j), which shall read as follows:

On January 1st of each year, in the event that IHGID utilizes, on average, more water from the Town during the prior year than the water rights transferred to and held by the Town for the benefit of IHGID, Carson City, and Douglas County, the Town may charge IHGID a fee equal to 0.25% of the price of a

water right then in effect as set by the Town of Minden Board for each excess acre-foot, or portion thereof, utilized by Carson City, IHGID, or Douglas County. This additional water usage may not be utilized by IHGID for future development or growth. Any such over utilization that continues for more than two consecutive years must be approved by the Town of Minden Board. IHGID will share measurements of the water used by Carson City, IHGID, and Douglas County, by way of the Project, to facilitate implementation of similar 0.25% penalty provisions contained in the Town's agreements with Carson City and Douglas County, and the Town's billings in accordance therewith.

7. Paragraph 5 shall be amended to include, in addition to its current language, the addition of Paragraph 5(k), which shall read as follows:

The cost to deliver water to IHGID from the Town, shall be as set forth in the attached revised Appendix "A," effective upon the recording of this Amendment. The scheduled increase in rates, charges or fees is subject to change in the event that power costs, operation and maintenance costs, or water flows increase or decrease significantly during the 10-year period beginning July 1, 2013, and the water rates, charges or fees no longer cover the required expenses. The current water rates reflected in Appendix "A" are based on the assumption that Carson City will begin accepting water from Douglas County by April 1, 2014. In the event Carson City fails to begin taking delivery of water by July 1, 2014, the Town and IHGID agree to meet and confer with all wholesale customers to mutually reach the best solution to address any issues caused by Carson City's failure to take delivery of water. If the Town and IHGID are unable to reach a resolution with all of the Town's wholesale water customers within ninety (90) days of such a meeting, the Town and IHGID mutually agree to submit the matter to mediation and, if necessary, through litigation as provided in Paragraph 13 of the Agreement.

8. Paragraph 5 shall be amended to include, in addition to its current language, the addition of Paragraph 5(l), which shall read as follows:

By February of 2016, the Town will conduct a formal rate review based on actual costs and deliveries for the completed and operating regional system to review and, if necessary, adjust the wholesale water rates and projections for all future water rates shown in the revised Appendix "A" attached hereto.

9. Paragraph 13 shall be amended to read as follows:

Dispute Resolution. The Parties agree to first meet and confer to resolve any dispute. If such meet and confer does not resolve the dispute, the Parties agree to mediate 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, any dispute between them that cannot be resolved by negotiations between the

Parties. The Parties may also agree to another independent mediator. The fee, rate or charge of the mediator will be shared equally by the Parties, who will otherwise be responsible for their own 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 and attorney's fees and costs will 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 6th day of August, 2013.

IHGID Board of Trustees

Town of Minden

By: [Signature]
Chairman

By: [Signature]
Charles Condron, Chairman
Minden Town Board

Attest:

Attest:

By: [Signature]
John Lufrano
District Manager

By: [Signature]
Jennifer Davidson
Town Manager

Approved as to form:

Approved as to form:

By: [Signature]
IHGID Counsel

By: [Signature]
Town Counsel

REVISED APPENDIX "A"

| | (1) O&M | (2) Passthrough Heybourne Operations | (3) Repair and Replacement Phase In | (4) Treatment | (5) Service Charge | Douglas County TOTAL Wholesale Rate per 1000 gal from Minden | Minden total Wholesale Rate per 1000 gal | Douglas County Charge to IHGID per 1000 gal | IHGID TOTAL Wholesale Rate per 1000 gal |
|------------|----------|--------------------------------------|-------------------------------------|---------------|--------------------|--|--|---|---|
| FY 2013/14 | \$ 0.440 | \$ 0.010 | \$ 0.07 | \$ 0.0100 | \$ 0.0100 | \$ 0.540 | \$ 0.520 | \$ 0.068 | \$ 0.608 |
| FY 2014/15 | \$ 0.355 | \$ 0.020 | \$ 0.15 | \$ 0.0100 | \$ 0.0200 | \$ 0.555 | \$ 0.515 | \$ 0.068 | \$ 0.623 |
| FY 2015/16 | \$ 0.340 | \$ 0.020 | \$ 0.1725 | \$ 0.0100 | \$ 0.0200 | \$ 0.563 | \$ 0.523 | \$ 0.068 | \$ 0.631 |
| FY 2016/17 | \$ 0.340 | \$ 0.020 | \$ 0.19 | \$ 0.0100 | \$ 0.0350 | \$ 0.595 | \$ 0.540 | \$ 0.099 | \$ 0.694 |
| FY 2017/18 | \$ 0.340 | \$ 0.020 | \$ 0.215 | \$ 0.0100 | \$ 0.0400 | \$ 0.625 | \$ 0.565 | \$ 0.099 | \$ 0.724 |
| FY 2018/19 | \$ 0.340 | \$ 0.020 | \$ 0.26 | \$ 0.0200 | \$ 0.0800 | \$ 0.720 | \$ 0.620 | \$ 0.129 | \$ 0.849 |
| FY 2019/20 | \$ 0.350 | \$ 0.020 | \$ 0.27 | \$ 0.0300 | \$ 0.0800 | \$ 0.750 | \$ 0.650 | \$ 0.129 | \$ 0.879 |
| FY 2020/21 | \$ 0.350 | \$ 0.020 | \$ 0.28 | \$ 0.0400 | \$ 0.0900 | \$ 0.780 | \$ 0.670 | \$ 0.160 | \$ 0.940 |
| FY 2021/22 | \$ 0.360 | \$ 0.020 | \$ 0.28 | \$ 0.0500 | \$ 0.0900 | \$ 0.800 | \$ 0.690 | \$ 0.160 | \$ 0.960 |
| FY 2022/23 | \$ 0.360 | \$ 0.020 | \$ 0.29 | \$ 0.0500 | \$ 0.0900 | \$ 0.810 | \$ 0.700 | \$ 0.190 | \$ 1.000 |

(1) - Passthrough Heybourne Operation Costs will be re-evaluated as part of the rate update to be conduct with real cost data

(2) - Minden wholesale rate - columns 1, 3, & 4

(3) - IHGID Wholesale Rate = Douglas County TOTAL Wholesale Rate per 1000 gal from Minden + Douglas County Charge to IHGID per 1000 gal

Douglas County

State of Nevada

CERTIFIED COPY

I certify that the document to which this certificate is attached is a full and correct copy of the original record on file in the Clark-Treasurer's Office on this

By [Signature] of [Signature], 20 13
Deputy