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ORIGINAL

SAN JUAN-CHAMA PROJECT
NEW MEXICO

REPAYMENT CONTRACT No. 12-WC-40-462

Between the

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

and the

TOWN OF TAOS

1
2 SAN JUAN-CHAMA PROJECT
3 NEW MEXICO

4
5 REPAYMENT CONTRACT No.12-WC-40-462

6
7 Between the

8
9 UNITED STATES OF AMERICA
10 DEPARTMENT OF THE INTERIOR
11 BUREAU OF RECLAMATION

12
13 and the

14
15
16 TOWN OF TAOS

17
18 THIS CONTRACT, made this 3rd day of July, 2012

19
20 (Contract), between the UNITED STATES OF AMERICA (United States), acting
21 through the Secretary of the Interior, Bureau of Reclamation, and pursuant to the Federal
22 Reclamation Laws, including the Act of June 13, 1962 (76 Stat. 96), the Act of April 11,
23 1956 (70 Stat. 105), the Act of August 4, 1939 (53 Stat. 1187) (1939 Act), and
24 particularly the Settlement Act (Title V of the Claims Resolution Act of 2010, P.L. 111-
25 291- December 8, 2010), and the Town of Taos.

26 WITNESSETH THAT:

27 The parties for and in consideration of the mutual and dependent covenants herein
28 contained agree as follows:

1 (g) PROJECT WATER - shall mean water available for use through the
2 Project Works.

3 (h) WATER SUPPLY COSTS - shall mean that portion of Project costs
4 payable to the United States for the water allocated to the Town of Taos from the Project.

5 (i) FISCAL YEAR - shall mean the period October 1 through the next
6 following September 30.

7 (j) SETTLEMENT ACT- shall mean the Taos Pueblo Indian Water Rights
8 Settlement Act of 2010 (Title V of the Claims Resolution Act of 2010, P.L. 111-291,
9 December 8, 2010).

10

11

CONDITIONS

12 2. This Contract will give rise to rights and obligations on the part of the
13 Town of Taos and the United States, and will become enforceable upon execution by the
14 Town of Taos and the Secretary of the United States Department of the Interior or his
15 duly authorized representative. Section 508(b)(2) of the Taos Pueblo Indian Water
16 Rights Settlement Act provides that if the conditions precedent set forth in Section
17 509(f)(2) of said Act have not been fulfilled by the settlement expiration date of March
18 31, 2017 set forth in Section 509(h) of the Settlement Act, this Contract shall expire on
19 that date.

20

21

WATER DELIVERY PROVISIONS

22 3. (a) The United States agrees to deliver, or make available for delivery, to
23 the Town of Taos 366 acre-feet per year from the San Juan-Chama Project, in accordance

1 with the provisions of this Contract. The point of delivery for San Juan-Chama Project
2 water shall be the existing outlet works at Heron Dam.

3 (b) To the extent that delivery of water is made through Project Works,
4 the Town of Taos will reimburse for this service in accordance with the provisions of
5 Sections 5 and 6 of this Contract.

6 (c) Separate contracts for additional water, whether for temporary or
7 permanent use, as available, may be negotiated by the Town of Taos with the Bureau of
8 Reclamation in the future, but they do not constitute any part of the consideration for this
9 Contract.

10 (d) The Town of Taos shall have no holdover storage rights in Heron
11 Reservoir from year to year. Any water subject to delivery hereunder not called for by
12 the end of each calendar year shall become integrated with the water supply for all
13 purposes of the reservoir at that time.

14

15 TRANSPORTATION LOSSES

16 4. Transportation of water from Heron Dam and Reservoir or other points of
17 delivery agreed to by both parties shall be the sole responsibility of the Town of Taos, so
18 that no conveyance losses, including channel losses, shall be borne by the United States.

19

20 CONSTRUCTION CHARGE OBLIGATION AND REPAYMENT

21 5. (a) The Town of Taos's proportionate share of the investment costs,
22 including interest during construction, incurred by the United States in constructing the
23 Reservoir Storage Complex, and allocated to the Town of Taos's Project water supply, is

1 \$266,910. The investment costs allocated to the Town of Taos's water supply includes
2 construction costs of \$238,427 based upon the March 2001 Final Cost Allocation
3 prepared by the Bureau of Reclamation, plus interest during construction of \$28,483
4 calculated by the Upper Colorado Region Financial Group. The interest rate established
5 for repayment of reimbursable costs of interest-bearing components of the Project is
6 3.046 percent per annum.

7 (b) In consideration of the water supply herein contracted for, the Town
8 of Taos agrees to pay to the United States its pro rata share of the Reservoir Storage
9 Complex investment costs of \$266,910. The Town of Taos's water supply investment
10 costs, as provided herein, shall be paid in forty (40) annual installments of \$11,289 per
11 year, as shown in Exhibit A, based on an annuity due formula and a Project interest rate
12 of 3.046 percent. The first such installment will be due on December 31 of the year in
13 which the Contract has been fully executed. Subsequent annual installments shall
14 become due on December 31 of each succeeding calendar year throughout the repayment
15 period.

16 (c) The Town of Taos may make advance payments on any annual
17 installment as set forth in paragraph (b) above or prepay any amount of the remaining
18 balance, whereupon the schedule of future payments will be adjusted and interest
19 components determined by unamortized construction costs shall be reduced accordingly.

20 OPERATION, MAINTENANCE, AND REPLACEMENT COSTS

21 6. (a) The United States shall be responsible for the operation, maintenance,
22 and replacement (OM&R) of the Reservoir Storage Complex and related facilities. The
23 Town of Taos's annual reimbursable OM&R costs shall be 0.3805 percent of the total

1 OM&R costs of the Project (366 divided by 96,200). Notice of billings for the next
2 Fiscal Year's reimbursable OM&R costs will be issued to the Town of Taos on or before
3 May 1 of each calendar year, with the first such notice to be issued immediately
4 following the execution of this Contract. In the event the first notice shall be for costs of
5 service of less than a full Fiscal Year, such costs shall be prorated for the period covered.
6 Each notice shall show an itemization of the estimated reimbursable OM&R costs of the
7 Reservoir Storage Complex, excluding the OM&R cost of El Vado Dam and Reservoir,
8 with the exception of 27 percent of any replacement costs of the outlet works of said El
9 Vado Dam. The Town of Taos shall advance its share of the OM&R costs for each Fiscal
10 Year as follows:

- 11 (1) One-fourth on or before September 30 of the Fiscal Year
12 preceding the applicable Fiscal Year.
- 13 (2) One-fourth on or before December 31 of the applicable Fiscal
14 Year.
- 15 (3) One-fourth on or before March 10 of the applicable Fiscal
16 Year.
- 17 (4) One-fourth on or before May 10 of the applicable Fiscal Year.

18
19 (b) In the event the OM&R cost estimate falls short of the actual costs in
20 any period, or whenever it is anticipated by that Contracting Officer that a deficit will
21 occur during the Fiscal Year, supplemental notices requesting additional funds may be
22 issued by the Contracting Officer. Funds not spent during one Fiscal Year will be carried
23 over for use during the next Fiscal year with funds required for that Fiscal Year being

1 reduced accordingly, and an itemized statement of actual costs incurred during the Fiscal
2 Year shall be furnished to the Town of Taos.

3 (c) The Town of Taos is not obligated to pay any portion of the annual
4 OM&R costs allocated to the fish and wildlife function. Those OM&R costs attributed to
5 the fish and wildlife function are 9.49 percent of the annual OM&R costs of the Reservoir
6 Storage Complex, excluding El Vado Dam and Reservoir, based on the March 2001 Final
7 Cost Allocation.

8

9

WATER RIGHTS - WATER SUPPLY GENERAL

10 7. (a) Water Shortages - On account of drought or other causes, there may
11 occur at times during any calendar year a shortage in the quantity of water available from
12 the Reservoir Storage Complex for use by the Town of Taos pursuant to this Contract. In
13 no event shall any liability accrue against the United States or any of its officers or
14 employees for any damage, direct or indirect, arising out of any such shortage.

15 (b) Right to Allocate - The Town of Taos and its agents and assigns shall
16 have the exclusive right to allocate, use, and dispose of that share of the Project Water
17 supply available and allocated to them under this Contract, except as provided for in
18 Section 8. Water may be used or disposed of for any purpose desired by the Town of
19 Taos subject to the approval of the Contracting Officer, and in compliance with
20 applicable state and federal law. Such use or disposal may be by diverting and applying
21 such water directly from the Rio Grande stream system, by diverting and applying
22 underground water and utilizing Project Water to offset the adverse effects of such

1 underground water withdrawals heretofore or hereafter made from the Rio Grande stream
2 system, or otherwise as the Town of Taos may desire.

3 (c) Annual Water Carryover Prohibited - Rights to release of Project
4 Water allocated to the Town of Taos by this Contract shall be allowed on a calendar year
5 basis, and no credits covering any unreleased water shall be allowed to carry over to any
6 subsequent calendar year, unless otherwise agreed to in writing by both parties.

7 (d) Return Flow - The parties hereto neither abandon nor relinquish any
8 of the seepage or return flow water attributable to the use of the Project Water supply.

9 (e) Other Uses - The Project is authorized for furnishing water for
10 irrigation and municipal and industrial uses, for providing recreation and fish and wildlife
11 benefits, and for other beneficial purposes.

12 (f) Use and Allotment of Project Water - The Project is designed to
13 furnish an estimated firm yield from storage for Project use of approximately 96,200
14 acre-feet of water annually. Of this yield, 366 acre-feet shall be available annually to the
15 Town of Taos for use under this Contract. The Contracting Officer has the authority and
16 responsibility for water measurement as set forth in the Accounting of Water report, San
17 Juan-Chama Project, dated February 1963. During periods of scarcity when the actual
18 available water supply may be less than the estimated firm yield, the Town of Taos shall
19 share in the available water supply in the ratio that the above allocation bears to the firm
20 yield. In utilizing the available water supply to the extent permitted by law from the
21 water rights available to the Project, the Town of Taos shall take its allocation at Heron
22 Dam at the point designated by the Contracting Officer. The responsibility of the United
23 States shall cease at this point of delivery. During periods of abundance when the actual

1 water supply may be more than the estimated firm yield, the Town of Taos shall have the
2 right to share in the actual available water supply in the ratio that the allocation above
3 bears to the estimated firm yield, all as determined by the Contracting Officer. However,
4 any such water taken above the allocation provided herein shall be pursuant to a separate
5 contract covering the lease of said surplus water.

6

7

TEMPORARY WATER LEASES

8 8. (a) The Town of Taos may lease the right to beneficially use water
9 contracted for herein to third parties only with the Secretary's prior written permission
10 and then only at cost. If, in any given calendar year, the Town of Taos decides to lease
11 the right to beneficially use all or a part of the water contracted for herein, Reclamation
12 shall have the first option to lease that water. If Reclamation leases the contract right to
13 use the water, it will pay no more than the Town of Taos's incremental costs for OM&R
14 per acre-foot plus the proportionate repayment costs for that year associated with the
15 amount of water leased.

16 (b) Third-party contracts for the lease of Project Water by the Town of
17 Taos for all authorized purposes shall be limited to one (1) calendar year. If such
18 contract provides either party an opportunity for renewal during the term of the contract,
19 that renewal is subject to the prior written permission of the Contracting Officer.

20 (c) Written permission by the Contracting Officer shall not be
21 unreasonably withheld, and both Parties agree that time is of the essence when such
22 permission is requested by the Town of Taos.

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COMPLIANCE WITH NEW MEXICO LAW

9. The Town of Taos shall comply with all provisions and requirements of New Mexico law applicable to New Mexico municipalities and by its signature to this Contract, states that it has met and will continue to meet the legal requirements to accept the obligation of the Town of Taos to pay the United States as provided in this Contract. The Town of Taos will dedicate a revenue stream from its collection from water and sewer customers to provide sufficient funds to pay all of its obligations to the United States pursuant to this Contract.

TITLE TO PROJECT WORKS

10. Title to all Project Works and facilities shall remain in the United States until otherwise provided by the Congress.

COMPLIANCE WITH ACTS OF CONGRESS
OF APRIL 11, 1956; JUNE 13, 1962; AND MARCH 26, 1964

11. Construction, care, OM&R of the Project and Project Works, including the allocation, diversion, and distribution of water as authorized by the Federal Reclamation Laws, by the Act of Congress of April 11, 1956 (70 Stat. 105); the Act of Congress of June 13, 1962 (76 Stat. 96); and the Act of Congress of March 26, 1964 (78 Stat. 171), shall be subject to and in conformance with the applicable conditions, limitations, and provisions of these acts and the statutes, compacts, and treaties referenced in said 1956, 1962 and 1964 acts.

CHARGES FOR DELINQUENT PAYMENTS

12. (a) The Town of Taos shall pay penalty charges on delinquent installments or payments. When payment is not received by the due date, the Town of Taos shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes 60 days delinquent, the Town of Taos shall pay an administrative charge to cover additional costs of billings and processing the delinquent payment. When a payment is delinquent 90 days or more, the Town of Taos shall pay an additional penalty charge of 6.0 percent per year for each day the payment is delinquent beyond the due date. Further, the Town of Taos shall pay any fees incurred for debt collection services associated with the delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments or the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act of 1939, 53 Stat. 1191. The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

1 (c) When a partial payment for a delinquent account is received, the
2 amount received shall be applied first to the penalty, second to the administrative
3 charges, third to the accrued interest and finally to the overdue payment.
4

5 OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT
6

7 13. (a) The obligation of the Town of Taos to pay the United States as
8 provided in this Contract is an obligation of the Town of Taos notwithstanding the
9 manner in which the obligation may be distributed among the Town of Taos's water users
10 and notwithstanding the default of individual water users in their obligation to the Town
11 of Taos.

12 (b) The payment of charges becoming due pursuant to this Contract is a
13 condition precedent to receiving benefits under this Contract. The United States shall not
14 make water available to the Town of Taos through San Juan-Chama Project facilities
15 during any period in which the Town of Taos is in arrears in the advance payment of any
16 operation and maintenance charges due the United States or in arrears for more than 12
17 months in the payment of any construction charges due the United States. The Town of
18 Taos shall not deliver water under the terms and conditions of this Contract for lands or
19 parties that are in arrears in the advance payment of operation and maintenance charges
20 or in arrears more than 12 months in the payment of construction charges as levied or
21 established by the Town of Taos.
22

23 EMERGENCY RESERVE FUND
24

25 14. (a) Commencing on execution of this Contract, the Town of Taos shall
26 accumulate and maintain a reserve fund or demonstrate to the satisfaction of the
27 Contracting Officer that other funds are available for use as an emergency reserve fund.
28 The Town of Taos shall establish and maintain that emergency reserve fund to meet costs
29 incurred during periods of special stress caused by damaging droughts, storms,
30 earthquakes, floods, or other emergencies threatening or causing interruption of water
31 service.
32

33 (b) The Town of Taos shall accumulate the reserve fund with annual
34 deposits or investments of not less than \$1,007 to a Federally insured, interest- or
35 dividend-bearing account or in securities guaranteed by the Federal Government:
36 Provided, That money in the reserve fund, including accrued interest, shall be available
37 within a reasonable time to meet expenses for such purposes as those identified in
38 paragraph (d) herein. Such annual deposits and the accumulation of interest to the
39 reserve fund shall continue until the basic amount of \$5,036 is accumulated. Following
40 an emergency expenditure from the fund, the annual deposits shall continue from the year
41 following the emergency expenditure until the previous balance is restored. After the
42 initial amount is accumulated or after the previous balance is restored, the annual deposits
43 may be discontinued, and the interest earnings shall continue to accumulate and be
44 retained as part of the reserve fund.

45 (c) Upon mutual agreement between the Town of Taos and the
46 Contracting Officer, the basic reserve fund or the accumulated reserve fund may be

1 adjusted to account for risk and uncertainty stemming from the size and complexity of the
2 project; the size of the annual operation and maintenance budget; additions to, deletions
3 from, or changes in project works; and operation and maintenance costs not contemplated
4 when this Contract was executed.

5 (d) The Town of Taos may make expenditures from the reserve fund only
6 for meeting usual operation and maintenance costs incurred during periods of special
7 stress, as described in paragraph (a) herein; or for meeting unforeseen extraordinary
8 operation and maintenance costs; or for meeting unusual or extraordinary repair or
9 replacement costs; or for meeting betterment costs (in situations where recurrence of
10 severe problems can be eliminated) during periods of special stress. Proposed
11 expenditures from the fund shall be submitted to the Contracting Officer in writing for
12 review and written approval prior to disbursement. Whenever the reserve fund is reduced
13 below the current balance by expenditures there from, the Town of Taos shall restore that
14 balance by the accumulation of annual deposits as specified in paragraph (b) herein.

15 (e) During any period in which any of the project works are operated and
16 maintained by the United States, the Town of Taos agrees the reserve fund shall be
17 available for like use by the United States.

18 (f) On or before December 31 of each year, the Town of Taos shall
19 provide a current statement of the principal and accumulated interest of the reserve fund
20 account to the Contracting Officer.

21 (g) The emergency reserve fund may be held as a subset of a larger
22 reserve fund established by the Town of Taos to meet costs resulting from extraordinary
23 circumstances. At no time shall such larger reserve fund be reduced to an amount less
24 than the amount required by this Contract for emergency reserve funds. The terms of this
25 section apply only to the emergency reserve funds required by this Contract.

26 27 28 NOTICES

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30 15. Any notice, demand, or request authorized or required by this Contract
31 shall be deemed to have been given, on behalf of the Town of Taos, when mailed,
32 postage prepaid, or delivered to the Regional Director, Upper Colorado Region, Bureau
33 of Reclamation, 125 South State Street, Room 6107, Salt Lake City, Utah 84138-1102,
34 and on behalf of the United States, when mailed, postage prepaid, or delivered to the
35 Town Manager, Town of Taos, 400 Camino de la Placita, Taos NM 87571. The
36 designation of the addressee or the address may be changed by notice given in the same
37 manner as provided in this section for other notices.

38 39 40 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

41
42 16. The expenditure or advance of any money or the performance of any
43 obligation by the United States under this Contract shall be contingent upon appropriation
44 or allotment of funds. Absence of appropriation or allotment of funds shall not relieve
45 the Town of Taos from any obligations under this Contract. No liability shall accrue to
46 the United States in case funds are not appropriated or allotted.

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OFFICIALS NOT TO BENEFIT

17. No Member of or Delegate to the Congress, Resident Commissioner, or official of the Town of Taos shall benefit from this Contract, or any subcontract, other than as a water user or landowner in the same manner as other water users or landowners.

CHANGES IN CONTRACTOR'S ORGANIZATION

18. While this Contract is in effect, no change may be made in the Contractor's organization, by dissolution, consolidation, merger or otherwise, except upon the Contracting Officer's written consent, unless all obligations of the Contractor under this Contract have been satisfied, or provision has been made for the satisfaction of all such obligations.

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

19. The provisions of this Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein by either party shall be valid until approved in writing by the other party.

BOOKS, RECORDS, AND REPORTS

20. The Town of Taos shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract, including the Town of Taos's financial transactions; water supply data and water-use data; and other matters that the Contracting Officer may require. Reports shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this Contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this Contract.

RULES, REGULATIONS, AND DETERMINATIONS

21. (a) The parties agree that the delivery of water or the use of Federal facilities pursuant to this Contract is subject to Federal reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal reclamation law.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with the expressed and implied provisions of this Contract, the laws of the United States and the State of New Mexico,

1 and the rules and regulations promulgated by the Secretary of the Interior. Such
2 determinations shall be made in consultation with the Town of Taos.

3
4 PROTECTION OF WATER AND AIR QUALITY

5
6 22. (a) Project facilities used to make available and deliver water to the Town
7 of Taos shall be operated and maintained in the most practical manner to maintain the
8 quality of the water at the highest level possible as determined by the Contracting
9 Officer: *Provided, That* the United States does not warrant the quality of the water
10 delivered to the Town of Taos and is under no obligation to furnish or construct water
11 treatment facilities to maintain or improve the quality of water delivered to the Town of
12 Taos.

13 (b) The Town of Taos shall comply with all applicable water and air
14 pollution laws and regulations of the United States and the State of New Mexico; and
15 shall obtain all required permits or licenses from the appropriate Federal, State, or local
16 authorities necessary for the delivery of water by the Town of Taos; and shall be
17 responsible for compliance with all Federal, State, and local water quality standards
18 applicable to surface and subsurface drainage and/or discharges generated through the
19 use of Federal or Town of Taos facilities or project water provided by the Town of Taos
20 within the Town of Taos's Project Water Service Area.

21 (c) This section shall not affect or alter any legal obligations of the
22 Secretary to provide drainage or other discharge services.

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24
25 WATER CONSERVATION

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27 23. Prior to the delivery of water provided from or conveyed through federally
28 constructed or federally financed facilities pursuant to this Contract, the Town of Taos
29 shall develop a water conservation plan, as required by Section 210(b) of the Reclamation
30 Reform Act of 1982 (RRA) and Part 427.1 of the Water Conservation Rules and
31 Regulations effective January 1, 1998.

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33
34 EQUAL OPPORTUNITY

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36 24. During the performance of this Contract, the Town of Taos agrees as
37 follows:

38 (a) The Town of Taos will not discriminate against any employee or applicant
39 for employment because of race, color, religion, sex, or national origin. The Town of
40 Taos will take affirmative action to ensure that applicants are employed, and that
41 employees are treated during employment, without regard to their race, color, religion,
42 sex, or national origin. Such action shall include, but not be limited to, the following:
43 Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising;
44 layoff or termination; rates of pay or other forms of compensation; and selection for
45 training, including apprenticeship. The Town of Taos agrees to post in conspicuous

1 places, available to employees and applicants for employment, notices to be provided by
2 the Contracting Officer setting forth the provisions of this nondiscrimination clause.

3 (b) The Town of Taos will, in all solicitations or advertisements for
4 employees placed by or on behalf of the Conservancy, state that all qualified applicants
5 will receive consideration for employment without discrimination because of race, color,
6 religion, sex, or national origin.

7 (c) The Town of Taos will send to each labor union or representative of
8 workers with which it has a collective bargaining agreement or other contract or
9 understanding, a notice, to be provided by the Contracting Officer, advising the said labor
10 union or workers' representative of the Town of Taos's commitments under Section 202
11 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in
12 conspicuous places available to employees and applicants for employment.

13 (d) The Town of Taos will comply with all provisions of Executive Order No.
14 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant
15 orders of the Secretary of Labor.

16 (e) The Town of Taos will furnish all information and reports required by said
17 amended Executive Order and by the rules, regulations, and orders of the Secretary of
18 Labor, or pursuant thereto, and will permit access to its books, records, and accounts by
19 the Contracting Officer and the Secretary of Labor for purposes of investigation to
20 ascertain compliance with such rules, regulations, and orders.

21 (f) In the event of the Town of Taos's noncompliance with the
22 nondiscrimination clauses of this Contract or with any of the such rules, regulations, or
23 orders, this Contract may be canceled, terminated, or suspended, in whole or in part, and
24 the Town of Taos may be declared ineligible for further Government contracts in
25 accordance with procedures authorized in said amended Executive Order, and such other
26 sanctions may be imposed and remedies invoked as provided in said Executive Order, or
27 by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

28 (g) The Town of Taos will include the provisions of paragraphs (a) through
29 (g) in every subcontract or purchase order unless exempted by the rules, regulations, or
30 orders of the Secretary of Labor issued pursuant to Section 204 of said amended
31 Executive Order, so that such provisions will be binding upon each subcontractor or
32 vendor. The Town of Taos will take such action with respect to any subcontract or
33 purchase order as may be directed by the Secretary of Labor as a means of enforcing such
34 provisions, including sanctions for noncompliance: Provided, however, That in the event
35 the Town of Taos becomes involved in, or is threatened with, litigation with a
36 subcontractor or vendor as a result of such direction, the Town of Taos may request the
37 United States to enter into such litigation to protect the interests of the United States.

38
39
40 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

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42 25. (a) The Town of Taos shall comply with Title VI of the Civil Rights Act
43 of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112,
44 as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, *et seq.*), Title II of the
45 Americans with Disabilities Act of 1990, and any other applicable civil rights laws, as

1 well as with their respective implementing regulations and guidelines imposed by the
2 U.S. Department of the Interior and/or Bureau of Reclamation.

3 (b) These statutes require that no person in the United States shall be
4 excluded from participation in, be denied the benefits of, or be otherwise subjected to
5 discrimination under any program or activity receiving financial assistance from the
6 Bureau of Reclamation on the grounds of race, color, national origin, disability, or age.
7 By executing this Contract, the Town of Taos agrees to immediately take any measures
8 necessary to implement this obligation, including permitting officials of the United States
9 to inspect premises, programs, and documents.

10 (c) The Town of Taos makes this agreement in consideration of and for
11 the purpose of obtaining any and all Federal grants, loans, contracts, property discounts,
12 or other Federal financial assistance extended after the date hereof to the Town of Taos
13 by the Bureau of Reclamation, including installment payments after such date on account
14 of arrangements for Federal financial assistance which were approved before such date.
15 The Town of Taos recognizes and agrees that such Federal assistance will be extended in
16 reliance on the representations and agreements made in this section and that the United
17 States reserves the right to seek judicial enforcement thereof.

18 (d) Complaints of discrimination against the Town of Taos shall be
19 investigated by the Contracting Officer's Office of Civil Rights.

20 21 22 MEDIUM FOR TRANSMITTING PAYMENTS

23
24 26. (a) All payments from the Town of Taos to the United States under this
25 Contract shall be by the medium requested by the United States on or before the date
26 payment is due. The required method of payment may include checks, wire transfers, or
27 other types of payment specified by the United States.

28 (b) Upon execution of the Contract, the Town of Taos shall furnish the
29 Contracting Officer with the Town of Taos's taxpayer's identification number (TIN). The
30 purpose for requiring the Town of Taos's TIN is for collecting and reporting any
31 delinquent amounts arising out the Town of Taos's relationship with the United States.

32 33 34 CONTRACT DRAFTING CONSIDERATIONS

35
36 27. Sections 1 through 9 of this Contract have been drafted, negotiated, and
37 reviewed by the parties hereto, each of whom is sophisticated in the matters to which this
38 Contract pertains, and no one party shall be considered to have drafted the stated sections.

39 40 41 CONSTRAINTS ON AVAILABILITY OF WATER

42
43 28. (a) In its operation of the Project, the Contracting Officer will use all
44 reasonable means to guard against a condition of shortage in the quantity of water to be
45 made available to the Town of Taos pursuant to this Contract. In the event the
46 Contracting Officer determines that a condition of shortage appears probable, the

1 Contracting Officer will notify the Town of Taos of said determination as soon as
2 practicable.

3 (b) If there is a condition of shortage because of errors in physical
4 operations of the Project, drought, other physical causes beyond the control of the
5 Contracting Officer or actions taken by the Contracting Officer to meet current and future
6 legal obligations, then no liability shall accrue against the United States or any of its
7 officers, agents, or employees for damage, direct or indirect, arising therefrom.
8

1 IN WITNESS WHEREOF, the parties hereto have signed their names the day and
2 year first above written.

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THE UNITED STATES OF AMERICA

By *Scott Walkovich*
Regional Director, Upper Colorado Region
Bureau of Reclamation

APPROVED:

Christopher B. Rich
Regional Solicitor

TOWN OF TAOS

By: *[Signature]*
Mayor

ATTESTED:
[Signature]


EXHIBIT A

5-Mar-12

Town of Taos, New Mexico
**Repayment Schedule for 366 Acre-Feet
San Juan-Chama Project 1/**

<u>Calendar Year</u>	<u>Payment Period</u>	<u>Annual Payment</u>	<u>Payment to Interest 1/ 3.046%</u>	<u>Payment to Principal</u>	<u>Unpaid Balance</u>
2011	0				\$266,910
2012	1	\$11,289		\$11,289	255,621
2013	2	11,289	\$7,786	3,503	252,118
2014	3	11,289	7,680	3,609	248,509
2015	4	11,289	7,570	3,719	244,790
2016	5	11,289	7,456	3,833	240,957
2017	6	11,289	7,340	3,949	237,008
2018	7	11,289	7,219	4,070	232,938
2019	8	11,289	7,095	4,194	228,744
2020	9	11,289	6,968	4,321	224,423
2021	10	11,289	6,836	4,453	219,970
2022	11	11,289	6,700	4,589	215,381
2023	12	11,289	6,561	4,728	210,653
2024	13	11,289	6,416	4,873	205,780
2025	14	11,289	6,268	5,021	200,759
2026	15	11,289	6,115	5,174	195,585
2027	16	11,289	5,958	5,331	190,254
2028	17	11,289	5,795	5,494	184,760
2029	18	11,289	5,628	5,661	179,099
2030	19	11,289	5,455	5,834	173,265
2031	20	11,289	5,278	6,011	167,254
2032	21	11,289	5,095	6,194	161,060
2033	22	11,289	4,906	6,383	154,677
2034	23	11,289	4,711	6,578	148,099
2035	24	11,289	4,511	6,778	141,321
2036	25	11,289	4,305	6,984	134,337
2037	26	11,289	4,092	7,197	127,140
2038	27	11,289	3,873	7,416	119,724
2039	28	11,289	3,647	7,642	112,082
2040	29	11,289	3,414	7,875	104,207
2041	30	11,289	3,174	8,115	96,092
2042	31	11,289	2,927	8,362	87,730
2043	32	11,289	2,672	8,617	79,113
2044	33	11,289	2,410	8,879	70,234
2045	34	11,289	2,139	9,150	61,084
2046	35	11,289	1,861	9,428	51,656
2047	36	11,289	1,573	9,716	41,940
2048	37	11,289	1,277	10,012	31,928
2049	38	11,289	973	10,316	21,612
2050	39	11,289	658	10,631	10,981
2051	40	11,315	334	10,981	
TOTAL:		\$451,598	\$184,676	\$266,910	

1/ Annuity Due Formula.

2/ Authorized project interest rate is 3.046 percent.