

SYSTEM CONSERVATION IMPLEMENTATION AGREEMENT (SCIA)
BETWEEN THE UNITED STATES BUREAU OF RECLAMATION AND
THE SOUTHERN NEVADA WATER AUTHORITY
TO IMPLEMENT A PILOT SYSTEM
CONSERVATION PROGRAM (PILOT PROGRAM)

This SCIA to Implement a Pilot Program is entered into this 4th day of June, 2015, by and between the United States Bureau of Reclamation (“Reclamation”) and the Southern Nevada Water Authority (“SNWA”), hereinafter referred to singularly as “Party” or collectively as “Parties.”

1. EXPLANATORY RECITALS

1.1 On July 30, 2014, Reclamation and four municipal entities, the Central Arizona Water Conservation District (“CAWCD”), The Metropolitan Water District of Southern California (“MWD”), Denver Water (“DW”), and SNWA (collectively “Funding Agreement Parties”), entered into Agreement No. 14-XX-30-W0574 for a Pilot Program for funding the creation of Colorado River System water through voluntary water conservation and reductions in use (“Funding Agreement”).

1.2 Under the Funding Agreement, the Funding Agreement Parties will fund up to \$11 million for a Pilot Program to conserve Colorado River System water for storage in Lakes Powell and Mead.

1.3 Over the next 2 years, the Pilot Program will provide funding to develop short-term pilot projects that keep water in Lakes Powell and Mead through temporary, voluntary, and compensated conservation mechanisms.

1.4 Participation in System Conservation activities as part of the Pilot Program in the Lower Division States is limited to Entitlement Holders.

1.5 SNWA holds entitlements to Colorado River water under Contract No. 7-07-30-W0004, as amended, Contract No. 2-07-30-W0266, as amended, and Contract No. 09-07-30-W0011.

1.6 SNWA also owns or otherwise controls agricultural water rights on the Muddy and Virgin Rivers, all or a portion of which are not being used for agricultural irrigation, but instead, are being conveyed through the Muddy and Virgin River systems to the Colorado River mainstem to create Tributary Conservation Intentionally Created Surplus (ICS) credits in accordance with the ICS Program established in the December 2007 *Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead* (2007 Interim Guidelines).

1.7 SNWA submitted to Reclamation a Pilot Program proposal to dedicate to the Colorado River System during calendar years 2015 and 2016 a portion of the Muddy and Virgin River water that it owns and otherwise controls in lieu of creating Tributary Conservation ICS credits.

1.8 SNWA's Pilot Program proposal was evaluated independently and collectively by Reclamation, CAWCD, MWD and DW, pursuant to the factors provided in Section 5.5 of the Funding Agreement.

1.9 SNWA's Pilot Program proposal was selected by Reclamation, CAWCD, MWD, and DW for inclusion in the Pilot Program.

1.10 A copy of SNWA's Pilot Program proposal dated March 25, 2015, not including the exhibits, is attached hereto as Exhibit A and made a part of this SCIA.

1.11 SNWA desires to augment Colorado River System storage in Lake Mead by implementing the Pilot Program through this voluntary SCIA in exchange for financial compensation.

1.12 Prior to entering into this voluntary SCIA, as required in Section 5.3 of the Funding Agreement, Reclamation and the participating Funding Agreement Parties are required to enter into a project specific funding agreement providing for, among other things, the timing of the Funding Agreement Parties' contributions, and the project specific performance metrics.

1.13 The project specific funding agreement ("Project Funding Agreement No. 15-XX-30-W0577") was entered into and a copy is attached hereto as Exhibit B and made part of this SCIA.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, Reclamation and SNWA agree as follows:

2. DEFINITIONS

2.1 Definitions included in the Funding Agreement are applicable to this SCIA.

2.2 Colorado River Basin States means the states of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming.

2.3 Exhibit A is a copy of the SNWA Pilot Program proposal dated March 25, 2015, not including the exhibits. Exhibit A is attached hereto and made a part of this SCIA.

2.4 Exhibit B is a copy of Project Funding Agreement No. 15-XX-30-W0577 among Reclamation and the participating Funding Agreement Parties, which is a project specific funding agreement providing for, among other things, the amount and timing of Funding Agreement Parties' contributions, and project specific performance metrics. Exhibit B is attached hereto and made a part of this SCIA.

2.5 System Conservation Water means Muddy and Virgin River water owned or otherwise controlled by SNWA that is conveyed to the Colorado River mainstem and is conserved in Lake Mead to the benefit of the Colorado River System pursuant to this SCIA.

3. DESCRIPTION OF THE SNWA PILOT PROGRAM PROJECT

3.1 SNWA owns or otherwise controls agricultural water rights on the Muddy and Virgin Rivers. These agricultural water rights fall under the jurisdiction of the State of Nevada's Division of Water Resources. The agricultural water rights owned or otherwise controlled by SNWA are not being used for agricultural irrigation and instead are being conveyed through the Muddy and Virgin River systems to the Colorado River mainstem to create Tributary Conservation ICS credits.

3.2 SNWA will dedicate a portion of the Muddy and Virgin River water to the Colorado River System during calendar years 2015 and 2016, in lieu of creating Tributary Conservation ICS credits.

3.3 For the purpose of creating System Conservation Water through participation in the Pilot Program, SNWA will conserve 7,500 acre-feet of Colorado River water from its Muddy and Virgin River projects during calendar year 2015 and calendar year 2016, for a total of 15,000 acre-feet.

3.4 Forbearance is not required for this project. SNWA will not need to reduce its approved Colorado River water order in order to ensure this quantity of water is conserved and remains in the Colorado River System.

4. IMPLEMENTATION

4.1 The 2-year period began January 1, 2015, and will end December 31, 2016.

4.2 SNWA will use the existing ICS Program process for creating and certifying Tributary Conservation ICS and System Conservation Water. This process requires transmittal by SNWA to Reclamation of an annual ICS Plan of Creation and ICS Certification Report (Section XI.G. 3.B.1 and Section XI.G. 3.D of the 2007 Interim Guidelines).

4.3 SNWA will use the approved methods consistent with the ICS Program and documented in Exhibit A to the Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement to create System Conservation Water.

4.4 SNWA will amend the section entitled "Estimated Water Conserved" in the 2015 and 2016 Tributary Conservation ICS Plans of Creation to describe the volumes of water that will be dedicated as System Conservation Water resulting from this Pilot Program, along with the quantity of Tributary Conservation ICS to be created.

4.5 When the final conservation volumes created by the Muddy River project and the Virgin River project have been determined, SNWA will submit the required ICS certification

reports to Reclamation. SNWA's 2015 and 2016 Certification Reports will identify the respective conservation water volumes dedicated as System Conservation Water to remain in Lake Mead and the Tributary Conservation ICS within the section entitled "Flows Entering Lake Mead and SNWA Tributary Conservation ICS" for the Muddy River, and the section entitled, "Conclusions" for the Virgin River.

4.6 After consultation with the Colorado River Basin States, Reclamation will use the existing ICS Program process established in the 2007 Interim Guidelines to review and approve SNWA's ICS Plans of Creation for 2015, as amended, and 2016, as amended, and the ICS Certification Reports for 2015 and 2016, in which SNWA proposes and certifies, respectively, the quantity of Tributary Conservation ICS created pursuant to the ICS Program and the quantity of System Conservation Water created under this SCIA.

5. MONITORING

5.1 Pursuant to Section 5.3 of the Funding Agreement, Reclamation is required to verify and document reductions in consumptive use of Colorado River water under the Pilot Program.

5.2 By entering into this SCIA, SNWA grants access to Reclamation, or will provide for such access, to perform periodic on-site inspections of the Pilot Program project to verify compliance with this SCIA.

5.3 Reclamation and SNWA will use their existing periodic on-field verification process to determine that the Muddy and Virgin River water rights owned or otherwise controlled by SNWA are being used for ICS and creation of System Conservation Water in lieu of the irrigation of agricultural crops.

6. EVALUATION

6.1 SNWA agrees that Reclamation's annual *Colorado River Accounting and Water Use Report Arizona, California, and Nevada* will serve as the basis for documenting the amount of System Conservation Water created by SNWA in lieu of creating Tributary Conservation ICS credits.

6.2 Reclamation and SNWA agree that the System Conservation Water created pursuant to this SCIA shall accrue to the benefit of the Colorado River System and shall not accrue to the individual benefit of any Funding Agreement Party, SNWA, or any third party.

7. COMPENSATION AND PAYMENTS

7.1 Compensation for System Conservation Water created under this SCIA shall be paid by Reclamation from the amounts contributed by non-Federal Funding Agreement Parties and the funding available from Reclamation for the Pilot Program.

7.2 As required by Section 5.3 of the Funding Agreement, prior to entering into this SCIA, Reclamation and the Funding Agreement Parties entered into Project Funding Agreement No. 15-XX-30-W0577, a copy of which is Exhibit B.

7.3 Reclamation will pay SNWA \$150.00 per acre-foot for System Conservation Water created in calendar years 2015 and 2016 in accordance with this SCIA.

7.4 The total Pilot Project cost is \$2,250,000. As provided by Project Funding Agreement No. 15-XX-30-W0577, Reclamation is contributing \$2,190,000 and MWD, CAWCD, SNWA, and DW are each contributing \$15,000 for a total of \$60,000.

7.5 SNWA will be paid \$1,125,000 for water conserved in calendar year 2015 and \$1,125,000 for water conserved in calendar year 2016.

7.6 The payments to be made by Reclamation to SNWA for water conserved in calendar year 2015 will be as follows, as provided by Project Funding Agreement No. 15-XX-30-W0577:

Calendar Year 2015 Conservation

Payments	Payment Amounts
Payment 1	\$375,000.00
Payment 2	\$375,000.00
Payment 3	\$375,000.00
Total Payment 2015	\$1,125,000.00

7.7 Payment 1 in the amount of \$375,000 will be made by Reclamation to SNWA no later than 60 days following Reclamation’s receipt of SNWA’s amended 2015 Plan of Creation, section entitled, “Estimated Water Conserved”.

7.8 Payment 2 in the amount of \$375,000 will be made by Reclamation to SNWA no later than 60 days following the performance of the field verification inspection by Reclamation and SNWA.

7.9 Payment 3 in the amount of \$375,000 will be made by Reclamation to SNWA no later than 60 days following the date of the final verification letter to SNWA from the Regional Director, Lower Colorado Region, Bureau of Reclamation.

7.10 The payments to be made by Reclamation to SNWA for water conserved in calendar year 2016 will be as follows, as provided by Project Funding Agreement No. 15-XX-30-W0577:

Calendar Year 2016 Conservation

Payments	Payment Amounts
Payment 4	\$375,000.00
Payment 5	\$375,000.00
Payment 6	\$375,000.00
Total Payment 2016	\$1,125,000.00

7.11 Payment 4 in the amount of \$375,000 will be made by Reclamation to SNWA no later than 60 days following Reclamation's receipt of SNWA's 2016 Plan of Creation, section entitled, "Estimated Water Conserved".

7.12 Payment 5 in the amount of \$375,000 will be made by Reclamation to SNWA no later than 60 days following performance of the field verification inspection by Reclamation and SNWA.

7.13 Payment 6 in the amount of \$375,000 will be made by Reclamation to SNWA no later than 60 days following the date of the final verification letter to SNWA from the Regional Director.

8. REIMBURSEMENT FOR OVERPAYMENT

8.1 In the event SNWA fails to create the amount of System Conservation Water as was paid for calendar years 2015 and 2016, in accordance with this SCIA, SNWA agrees to reimburse for the overpayment within 30 days of receipt of a bill for collection from Reclamation.

9. GENERAL TERMS

9.1 SNWA agrees to remain in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of this SCIA.

9.2 Reclamation shall be responsible for ensuring that System Conservation Water created by SNWA during calendar years 2015 and 2016 does not inure to the benefit of any individual Entitlement Holder.

9.3 The System Conservation Water created by SNWA under this SCIA will not be charged against SNWA's use of Colorado River water or charged to Nevada's Colorado River apportionment.

9.4 Except as otherwise provided in this SCIA, SNWA hereby releases and agrees that it will indemnify and hold harmless the United States and its officers, agents, employees, and successors or assigns, from every claim for damages to persons or property, direct or indirect, and of whatever nature, arising by reason of the creation of System Conservation Water under this SCIA. The United States shall be liable only for negligence on the part of its officers and employees in accordance with the Federal Tort Claims Act, as amended.

9.5 None of the provisions of this SCIA shall be considered waived, except when such waiver is given in writing. The failure of a party to this SCIA to insist in any one or more instances upon strict performance of any of the provisions, or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or that party's relinquishment of any such rights for the future, but such provisions and rights shall continue and remain in full force and effect.

9.6 This SCIA is not intended nor shall it be construed to create any third-party beneficiary rights to enforce the terms of this SCIA in any person or entity that is not a party, other than CAWCD, MWD, and DW. CAWCD, MWD, and DW are expressly designated as third-party beneficiaries to this SCIA.

9.7 The Parties do not intend that any right or remedy given to a Party on the breach of any provision under this SCIA be exclusive; each such right or remedy is cumulative and in addition to any other remedy provided in this SCIA or otherwise available at law or in equity. If the non-breaching Party fails to exercise or delays in exercising any such right or remedy, the non-breaching party does not thereby waive that right or remedy. In addition, no single or partial exercise of any right, power or privilege precludes any other or further exercise of a right, power or privilege granted by this SCIA or otherwise.

9.8 Each Party to this SCIA represents that the person executing on behalf of such Party has full power and authority to do so, and that his/her signature is legally sufficient to bind the Party on whose behalf he/she is signing.

9.9 This SCIA constitutes a valid and binding SCIA of each Party, enforceable against each Party in accordance with its terms. This SCIA is and will be binding upon and will inure to the benefit of the Parties and, upon dissolution, the legal successors and assigns of their assets and liabilities.

9.10 This SCIA may be supplemented, amended, or modified only by the written agreement of the Parties. No supplement, amendment, or modification will be binding unless it is in writing and signed by the Parties.

9.11 Any notice, demand, or request shall be deemed properly served, given, or made if delivered in person; sent by registered or certified mail, postage prepaid; or overnight delivery, charges prepaid or charged to the sender's account to the persons in the positions executing this SCIA.

9.12 All information and data obtained or developed with the performance of duties mentioned in this SCIA shall be available upon request to a Party, subject to the provisions of the Freedom of Information Act or other applicable law. However, use of said reports, data and information shall appropriately reference the source for the respective documents.

9.13 The expenditure or advance of any money or the performance of any obligation by the United States under this SCIA shall be contingent upon the appropriation or allotment of funds. No monetary liability shall accrue to the United States in case funds are not appropriated or allocated or received from the Funding Agreement Parties as provided in Project Funding Agreement No. 15-XX-30-W0577.

9.14 No member of or Delegate to Congress, Resident Commissioner, or official of SNWA shall benefit from this SCIA other than as a water user or landowner in the same manner as other water users or landowners.

9.15 This SCIA is entered into under the Reclamation Act of 1902 as supplemented and amended and, in particular, the Boulder Canyon Project Act (45 Stat. 1057), the Colorado

River Basin Salinity Control Act (88 Stat. 266), as amended, and consistent with Section 206 of Title II of Division D of the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235) constitutes a pilot project designed to increase Colorado River System water in Lake Mead to address the effects of historic drought conditions. Nothing in this SCIA diminishes or abrogates the authority of the Secretary of the Interior under applicable Federal law, regulations, or the Consolidated Decree of the Supreme Court of the United States in the case of *Arizona v. California, et al.*, entered March 27, 2006, (547 U.S. 150 (2006)), or as it may be further modified.


10. EFFECTIVE DATE

10.1 This SCIA shall become effective upon the date of its execution by both Parties. Once effective, this SCIA will remain in effect until all terms and conditions are satisfied.

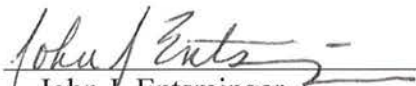
10.2 The Parties hereto have executed this SCIA on the day and year first written above.

Approved as to form:

**SOUTHERN NEVADA WATER
AUTHORITY**

By: 


Gregory J. Walch, Esq.
General Counsel

By: 


John J. Entsminger
General Manager

Approved as to form:

UNITED STATES OF AMERICA

By: 

Robert Snow, Esq.
Attorney-Advisor

By: 

Terrance J. Fulp, Ph.D.
Regional Director
Lower Colorado Region
Bureau of Reclamation

EXHIBIT A

1. A copy of the Southern Nevada Water Authority's Pilot Program proposal dated March 25, 2015, not including the exhibits, is attached.



SOUTHERN NEVADA WATER AUTHORITY

1001 South Valley View Boulevard • Las Vegas, NV 89153
(702) 258-3939 • snwa.com

March 25, 2015

Mr. Steven C. Hvinden
Chief, Boulder Canyon Operations Office
Bureau of Reclamation
Lower Colorado Regional Office
PO Box 61470
Boulder City, NV 89006-1470

Dear Mr. Hvinden

Subject: Southern Nevada Water Authority's Submission of a Formal Proposal for the Pilot System Conservation Program (Pilot Program)

As requested in your letter dated February 5, 2015, enclosed please find our formal proposal that includes the information provided in our pre-proposal plus a copy of the documentation referenced in the Verification Method section of our pre-proposal.

If you have any questions regarding our proposal, please contact me at 702-822-3378.

Sincerely,

Colby N. Pellegrino
Colorado River Program Manager

CNP/cmc
Enclosure

SNWA MEMBER AGENCIES

Big Bend Water District • Boulder City • Clark County Water Reclamation District • City of Henderson • City of Las Vegas • City of North Las Vegas • Las Vegas Valley Water District

**Proposal for the Pilot System Conservation Program (PSCP)
By SNWA**

Entitlement Holder: Southern Nevada Water Authority (SNWA)

Project Description: SNWA owns or controls water on the Muddy and Virgin Rivers. These agricultural water rights fall under the jurisdiction of the State of Nevada. The SNWA-controlled water rights are not being used for agricultural irrigation and instead are being conveyed through the Muddy and Virgin River systems to the Colorado River mainstem to create Tributary Conservation Intentionally Created Surplus (ICS) credits pursuant to the *2007 Colorado River Interim Guidelines for Lower Colorado River Shortages and Coordinated Operations for Lake Powell and Lake Mead* (2007 Interim Guidelines). In lieu of creating ICS credits, SNWA proposes dedicating a portion of the conserved water as System Conservation Water in calendar years 2015 and 2016.

Proposed Conservation Amount: 7,500 acre-feet per year for two calendar years, 2015 and 2016, for a total of 15,000 acre-feet.

Verification Method: As provided in Section 7.3 of the PSCP Funding Agreement, SNWA will use the existing process for creating and certifying Tributary Conservation ICS. This process includes transmittal to Reclamation of an annual ICS Plan of Creation and ICS Certification Report (Section 3.B.1 and Section 3.D of the 2007 Interim Guidelines). SNWA proposes to amend the section titled "Estimated Water Conserved" in the 2015 and 2016 Plans of Creation to describe the volume of water that would be dedicated as System Conservation Water under this proposal. The 2015 and 2016 ICS Certification reports will document the creation of conserved water from the Muddy and Virgin River projects and will identify the final volume of System Conservation Water entering Lake Mead, thus quantifying the respective portions of the conserved water which will remain Tributary Conservation ICS and those which will be dedicated to the System.

SNWA will use the approved methods consistent with the last seven years of the ICS Program and documented in Exhibit A to the *Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement*. The following documents have been attached as Exhibits A-D:

- Exhibit A – Muddy River Intentionally Created Surplus (ICS) Tributary Conservation Plan of Creation 2015
- Exhibit B – Virgin River Intentionally Created Surplus (ICS) Tributary Conservation Plan of Creation 2015
- Exhibit C – Muddy River Tributary Conservation Intentionally Created Surplus Certification Report Calendar Year 2012
- Exhibit D – Virgin River Tributary Conservation Intentionally Created Surplus Certification Report Calendar Year 2012

Once the final conservation volume achieved by each project has been determined, SNWA will submit the required ICS Certification Reports. SNWA's 2015 and 2016 ICS Certification Reports will identify the

Mr. Steven C. Hvinden

March 25, 2015

respective conservation water volumes dedicated as System Conservation Water to remain in Lake Mead and the Tributary Conservation ICS within:

- the "Conclusions" section for the Virgin River; and,
- the "Flows Entering Lake Mead and SNWA Tributary Conservation ICS" section for the Muddy River.

Pursuant to Section 5.3 of the PSCP Funding Agreement, System Conservation Water volumes will be verified by Reclamation using the process currently employed for verifying ICS creation under the 2007 Interim Guidelines.

Implementation Timing: The agreements necessary to implement this conservation project are already in-place. Some future agreements may be negotiated that will further the efforts of this Program and/or increase SNWA's ability to create ICS. These future agreements will not affect the quantity and/or price requested by SNWA.

Project Duration: Two calendar years, 2015 and 2016.

Amount of Funding Requested: SNWA requests \$150 per acre-foot for an annual total of \$1,125,000. The costs for SNWA's short-term leases for this water range between approximately \$130 and \$340 per acre-foot, paid directly to the shareholder or water right owner. Depending upon the source of water and the conveyance method, additional fees necessary to convey the water to Lake Mead range from approximately \$10 to \$125 per acre-foot are generally paid to the irrigation company. Accordingly, \$150 per acre-foot is a conservative estimate for this proposal; actual costs paid by SNWA will likely exceed this amount. SNWA will not seek reimbursement for personnel or accounting costs, and the numbers above do not include these costs.

Methodology for water to remain in Lake Mead: Water conveyed to Lake Mead from the Muddy and Virgin Rivers does not require forbearance by SNWA since it is not a portion of SNWA's Colorado River entitlement. As such, SNWA will not need to reduce its approved water order in order to ensure this quantity of water remains in Lake Mead.

EXHIBIT B

1. A copy of Project Funding Agreement No. 15-XX-30-W0577, is attached.



United States Department of the Interior

BUREAU OF RECLAMATION
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, NV 89006-1470

IN REPLY REFER TO:
LC-4405
WTR-4.00

MAY 28 2015

Project Funding Agreement No. 15-XX-30-W0577

Mr. Jeffrey Kightlinger
General Manager
Metropolitan Water District of
Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

Mr. Jim Lochhead
CEO/Manager
Denver Water
1600 West 12th Avenue
Denver, CO 80204

Mr. Theodore "Ted" C. Cooke
Interim General Manager
Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, AZ 85024

Mr. John Entsminger
General Manager
Southern Nevada Water Authority
1001 South Valley View Blvd. MS 480
Las Vegas, NV 89153

Subject: Project Specific Funding Agreement Required by Agreement No. 14-XX-30-W0574, Dated July 30, 2014 (2014 Funding Agreement), Among the United States, the Central Arizona Water Conservation District (CAWCD), The Metropolitan Water District of Southern California (MWD), the City and County of Denver Acting by and Through its Board of Water Commissioners (DW), and the Southern Nevada Water Authority (SNWA) (Collectively, the Funding Agreement Parties)

Dear Gentlemen:

SNWA provided a proposal, described in further detail below, to make 15,000 acre-feet of Virgin and Muddy River water available pursuant to the pilot system conservation program created by the 2014 Funding Agreement (Pilot Program). SNWA's proposal was approved to be part of the Pilot Program. The Bureau of Reclamation (Reclamation) and SNWA, pursuant to Sections 4.11 and 5.3 of the 2014 Funding Agreement, will enter into a System Conservation Implementation Agreement (SCIA) relating to SNWA's proposal upon approval by the Funding Agreement Parties of a project specific funding agreement providing for, among other things, the timing of the Funding Agreement Parties' contributions and project specific performance metrics. This letter serves as the project specific funding agreement (Project Funding Agreement).

Reclamation, CAWCD, MWD, DW, and SNWA agree as follows:

1. Project Costs:

1.1 Reclamation, CAWCD, MWD, DW, and SNWA will severally be charged \$150 per acre-foot of System Conservation Water created by SNWA from the Muddy River project and the Virgin River project in calendar year 2015 and calendar year 2016 according to the schedule set forth herein.

1.2 It is estimated that 7,500 acre-feet of System Conservation Water will be created in calendar year 2015 and calendar year 2016, totaling 15,000 acre-feet over the 2-year period.

1.3 The total project cost is \$2,250,000. Reclamation will contribute \$2,190,000 and CAWCD, MWD, DW, and SNWA will each contribute \$15,000 for a total of \$60,000. Although the intent of the Funding Agreement Parties is to fund Pilot Program Projects on a proportional basis, Reclamation is contributing most of the funds toward this project to ensure prompt obligation (and implementation of actions) regarding funding during this Federal fiscal year. Once Reclamation has obligated its \$3 million for projects, CAWCD, MWD, DW, and SNWA will contribute more on future projects to ultimately achieve proportional funding.

2. Contributions - For Water Conserved in Calendar Year 2015: The contributions to be made by Reclamation, CAWCD, MWD, DW, and SNWA under this Project Funding Agreement for water conserved in calendar year 2015 will be as follows:

Calendar Year 2015 Conservation					
Invoices	Reclamation's Contributions	CAWCD, MWD, DW, and SNWA Contributions			
		CAWCD	MWD	DW	SNWA
Invoice 1	\$365,000.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Invoice 2	\$365,000.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Invoice 3	\$365,000.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Total by Entity	\$1,095,000.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00
Total Amount:					\$1,125,000.00

3. Contributions - For Water Conserved in Calendar Year 2016: The contributions to be made by Reclamation, CAWCD, MWD, DW, and SNWA under this Project Funding Agreement for water conserved in calendar year 2016 will be as follows:

Calendar Year 2016 Conservation					
Invoices	Reclamation's Contributions	CAWCD, MWD, DW, and SNWA Contributions			
		CAWCD	MWD	DW	SNWA
Invoice 4	\$365,000.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Invoice 5	\$365,000.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Invoice 6	\$365,000.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Total by Entity	\$1,095,000.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00
Total Amount:					\$1,125,000.00

4. Invoicing For Water Conserved in Calendar Year 2015 and Water Conserved in Calendar Year 2016:

4.1 Reclamation will invoice CAWCD, MWD, DW, and SNWA for their contributions at least 45 days before payments are to be made by Reclamation to SNWA under the SCIA entered into between Reclamation and SNWA.

- 4.2 Invoices must be paid within 30 days of the date of the invoice.
5. Payments to Reclamation: CAWCD, MWD, DW, and SNWA will submit their contributed shares to Reclamation using the payment options listed on the invoice.
6. Payments to SNWA: Payments from Reclamation to SNWA for water conserved in calendar year 2015 and water conserved in calendar year 2016 will be made in accordance with the SCIA entered into between Reclamation and SNWA.
7. Performance Metrics: Project Specific Performance Metrics are captured in Sections 3, 4, 5, and 6 of the SCIA entered into between Reclamation and SNWA.
8. Approval of Form of SCIA: Consistent with the goal set forth in Section 5.6 of the 2014 Funding Agreement, the Funding Agreement Parties' execution of this Project Funding Agreement also provides their approval of the form of the SCIA entered into between Reclamation and SNWA.
9. Effective Date: This Project Funding Agreement will be effective upon the date of execution of the SCIA entered into between Reclamation and SNWA.

CAWCD, MWD, DW, and SNWA agree to the provisions of this Project Funding Agreement and their formal concurrence with this Project Funding Agreement is evidenced by their signatures below, as provided herein. Reclamation's signature on this Project Funding Agreement provides its formal concurrence, subject to the execution of this Project Funding Agreement by CAWCD, MWD, DW, and SNWA. This Project Funding Agreement may be signed in counterparts, each of which shall be an original and all of which, together, shall constitute only one Project Funding Agreement.

If you agree with the terms of this Project Funding Agreement, please sign as indicated below and return it to Reclamation. Reclamation will then forward to each party a fully executed original of the Project Funding Agreement.

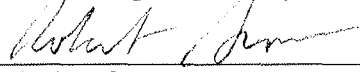
If you have questions, please contact Mr. Steven C. Hvinden, Chief, Boulder Canyon Operations Office, at 702-293-8414.

Sincerely,



Terrance J. Fulp, Ph.D.
Regional Director


Approved as to legal sufficiency:


By: 
Robert Snow, Esq.
Its: Attorney-Advisor

In Quintuple

CAWCD:

Approved as to form:

By: 
Theodore "Ted" C. Cooke
Its: Interim General Manager

By: 
David Johnson
Its: Senior Attorney

MWD:

Approved as to form:

By: _____
Jeffrey Kightlinger
Its: General Manager

By: _____
Marcia L. Scully
Its: General Counsel

CITY AND COUNTY OF DENVER,
acting by and through its BOARD OF
WATER COMMISSIONERS

Approved as to form:

By: _____
Its: President

By: _____
Its:

SNWA:

Approved as to form:

By: _____
John J. Entsminger
Its: General Manager

By: _____
Gregory J. Walch, Esq.
Its: General Counsel

CAWCD:


Approved as to form:

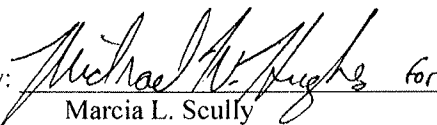
By: _____
Theodore "Ted" C. Cooke
Its: Interim General Manager

By: _____
Its:

MWD:

Approved as to form:

By: 
Jeffrey Kightlinger
Its: General Manager

By: 
Marcia L. Scully
Its: General Counsel

CITY AND COUNTY OF DENVER,
acting by and through its BOARD OF
WATER COMMISSIONERS

Approved as to form:

By: _____
Its: President

By: _____
Its:

SNWA:

Approved as to form:

By: _____
John J. Entsminger
Its: General Manager

By: _____
Gregory J. Walch, Esq.
Its: General Counsel

CAWCD:

Approved as to form:

By: _____
Theodore "Ted" C. Cooke
Its: Interim General Manager

By: _____
Its:

MWD:

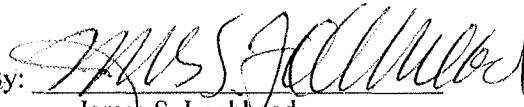
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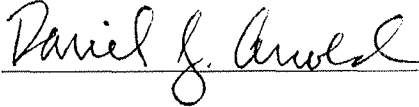
By: _____
Jeffrey Kightlinger
Its: General Manager

By: _____
Marcia L. Scully
Its: General Counsel

CITY AND COUNTY OF DENVER,
acting by and through its BOARD OF
WATER COMMISSIONERS

Approved as to form:

By: 
James S. Lochhead
Its: CEO/Manager

By: 
Its: Legal Division

SNWA:

Approved as to form:

By: _____
John J. Entsminger
Its: General Manager

By: _____
Gregory J. Walch, Esq.
Its: General Counsel

CAWCD:

Approved as to form:

By: _____
Theodore "Ted" C. Cooke
Its: Interim General Manager

By: _____
Its:

MWD:

Approved as to form:

By: _____
Jeffrey Kightlinger
Its: General Manager

By: _____
Marcia L. Scully
Its: General Counsel

CITY AND COUNTY OF DENVER,
acting by and through its BOARD OF
WATER COMMISSIONERS

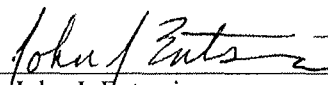
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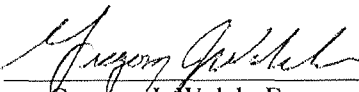
By: _____
Its: President

By: _____
Its:

SNWA:

Approved as to form:

By: 
John J. Entsminger
Its: General Manager

By: 
Gregory J. Walch, Esq.
Its: General Counsel