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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Lahontan Basin Area Office

CONTRACT FOR STORAGE OF NON-PROJECT WATER
AMONG THE UNITED STATES,
TRUCKEE MEADOWS WATER AUTHORITY AND
WASHOE COUNTY WATER CONSERVATION DISTRICT

THIS CONTRACT, made this 6th day of September, 2008, pursuant to the Reclamation Act (Act of June 17, 1902; 32 Stat. 388) and acts amendatory or supplementary thereto and the Truckee-Carson-Pyramid Lake Water Rights Settlement Act of 1990 (Public Law 101-618; Act of November 16, 1990; 104 Stat. 3307) (Settlement Act), among THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented by the officer executing the Contract, hereinafter referred to as the Contracting Officer, Truckee Meadows Water Authority, hereinafter referred to as Water Authority, and the Washoe County Water Conservation District, hereinafter referred to as Conservation District;

WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the United States and Water Authority expect to be Signatory Parties to the operating agreement authorized and negotiated pursuant to Section 205(a) of the Settlement Act, which operating agreement is presently in draft form and is referred to as the Truckee River Operating Agreement (TROA); and

WHEREAS, this Contract is intended to satisfy the provisions of Section 7.A.2(b) of TROA with respect to Water Authority and the provisions of Section 12.A.3(f) of TROA.

NOW, THEREFORE, in consideration of the covenants herein contained, the parties agree as follows:
DEFINITIONS

1. (a) For purposes of this Contract, words which appear in bold face and with the first letter capitalized have the same definition as used in TROA. Terms used in this Contract which are not defined in TROA or in this Contract shall have their ordinary meaning.

(b) Contracting Officer means Mid-Pacific Regional Director or his designee.

(c) Contract Year means the twelve month period beginning on the date this Contract enters into effect and each twelve month period thereafter.


(e) Interim Terms and Conditions means the terms and conditions outlined in Appendix A of this Contract.

TERM OF CONTRACT

2. (a) This Contract shall enter into effect when TROA enters into effect. This Contract supersedes the Interim Storage Contract.

(b) If TROA enters into effect before proceedings which satisfied the conditions set forth in TROA Sections 12.A.4(a) through 12.A.4(g) are no longer subject to appeal before any administrative agency or court and subsequently the satisfaction of one or more of those conditions is reversed, then the Interim Terms and Conditions shall govern until such time as TROA again enters into effect and the satisfaction of one or more of those conditions is no longer subject to appeal before any administrative agency or court.
(c) This Contract shall remain in effect for a term of 40 years, which term shall include any period of time when the Interim Terms and Conditions are in effect as provided in Article 2(b) of this Contract, and is renewable for additional 40-year terms as long as TROA is in effect. The renewal of this Contract shall be on the same terms and conditions contained in this Contract except the storage charge shall be adjusted as provided in Article 5 of this Contract.

(d) Except as provided in Article 2(b) of this Contract, this Contract shall automatically terminate if TROA is no longer in effect, except that any payment obligation of Water Authority that is outstanding at the time of termination shall survive such termination, and any water of Water Authority in storage shall be treated in accordance with Section 12.B of TROA.

PROVISIONS OF TRUCKEE RIVER OPERATING AGREEMENT CONTROLLING

3. This Contract is intended to be consistent with TROA, and shall be construed accordingly. In the event of a conflict between the provisions of this Contract and the provisions of TROA, the provisions of TROA shall control and, if necessary, this Contract shall be amended accordingly.

ACCUMULATION OF CREDIT WATER

4. Water Authority may Accumulate Credit Water in Truckee River Reservoirs in accordance with TROA.

PAYMENT FOR STORAGE AND RENEWAL OF CONTRACT

5. (a) Within ten business days after the day that TROA enters into effect, the Water Authority shall pay the United States $250,000.00 for the first Contract Year, and on the first day of each subsequent Contract Year for the term of this Contract, the Water Authority shall pay an amount equal to $250,000.00 increased at a rate of 3.0 percent per annum, in accordance with the payment schedule attached as Appendix B to this Contract.
(b) Not later than one year prior to the expiration of the term of this Contract, and any subsequent renewals, as provided in Article 2(c), the United States and Water Authority will initiate discussions concerning the Stampede Dam and Reservoir Operation and Maintenance costs and other issues as necessary to renew this Contract.

(c) The first annual payment under the Contract renewal shall be as follows: (1) If the average of the Stampede Dam and Reservoir Operation and Maintenance costs for the last ten Contract Years of the current Contract term is greater than the current Contract year 40 payment as provided in the appropriate payment schedule, then the first annual payment under the new Contract term equals such year 40 payment, or (2) If the average of the Stampede Dam and Reservoir Operation and Maintenance costs for the last ten Contract Years of the current Contract term is less than the current Contract year 40 payment, as provided in the appropriate payment schedule, then the first annual payment under the new Contract term equals the product of the sum of such year 40 payment plus the average of the Stampede Dam and Reservoir Operation and Maintenance costs for the last ten Contract Years of such prior Contract term multiplied by 0.5.

Example Scenario 1:
If the average of the Stampede Dam and Reservoir Operation and Maintenance costs for the last ten Contract Years of the current Contract term is $886,200 and the current Contract Year 40 payment as provided in the appropriate payment schedule is $791,757, then the first annual payment under the new Contract term equals such year 40 payment of $791,757.

Example Scenario 2:
If the average of the Stampede Dam and Reservoir Operation and Maintenance costs for the last ten Contract Years of the current Contract term is $462,700 and the current Contract Year 40 payment as provided in the appropriate payment schedule is $791,757, then the first annual payment under the new Contract term equals the product of the sum of such year 40 payment plus the average of the Stampede Dam and Reservoir Operation and Maintenance costs for the last ten Contract Years of such prior Contract term multiplied by 0.5 or ($791,757 + $462,700) x 0.5 = $627,228.50.

(d) Each Contract Year after the renewal year, the annual payment due the United States shall be increased by a rate of 3.0 percent per annum over the previous Contract Year’s annual payment. A new Appendix shall be attached to this Contract similar to Appendix B setting forth the then current payment schedule.

(e) The annual payments as set forth in Article 5 of this Contract were developed by considering the relevant provisions of the Settlement Act and its legislative history, the relevant provisions of TROA, and related information and understandings to provide full and complete compensation throughout the term of this Contract and any renewals: (1) to the United States for the value of the storage capacity to be used by the Water Authority in Truckee River Reservoirs for Water Authority Emergency Drought Supply and Water Authority M&I Credit Water; and (2) to the Water Authority for the value of Water Authority water converted to Fish Credit Water and (3) any reduced hydroelectric generation as provided in Section 7.A.6 of TROA.

(f) The portion of payments made under the Interim Storage Contract which cover a period of time which is also included in the first Contract Year shall be a credit against the payment due under Article 5(a) of this Contract. In addition, the Water Authority shall receive a
credit for 1) the portion of payments made under this Contract which cover a period of time during which the Interim Terms and Conditions govern, and 2) the portion of payments made under the Interim Terms and Conditions which cover a period of time which this Contract governs.

COMPENSATION TO CONSERVATION DISTRICT

6. (a) Compensation to the Conservation District for operation and maintenance of Boca Dam and Reservoir with respect to this Contract, shall be calculated and paid as an expense of administration of TROA in accordance with the provisions of Section 7.A.2(b)(3) of TROA and not under this Contract. Nothing in this Contract is intended to change any obligation of any Person, including Water Authority, with respect to payments to Conservation District in connection with assessments or fees levied under authority other than TROA.

(b) The portion of payments made under the Interim Storage Contract which cover a period of time which is also included in the first Contract Year shall be a credit against the payment due under Article 6(a) of this Contract. In addition, Water Authority shall receive a credit for 1) the portion of payments made under this Contract which cover a period of time during which the Interim Terms and Conditions govern, and 2) the portion of payments made under the Interim Terms and Conditions which cover a period of time during which this Contract governs.

WATER CONSERVATION

7. Water Authority shall comply with the provisions of that certain Agreement in Satisfaction of the Water Conservation Contingency Section 29(e) of the Preliminary Settlement Agreement dated July 18, 1996, by and among the Pyramid Lake Paiute Tribe of Indians, Sierra
Pacific Power Company, the City of Reno, the City of Sparks, and the County of Washoe and any amendments thereto. The United States shall review that Agreement from time to time.

CONTRACT ADMINISTRATION COSTS

8. (a) Water Authority shall advance funds annually to cover all reimbursable costs associated with the United States administration of this Contract, including an appropriate share of indirect costs.

   (b) Reimbursable costs will include: (1) United States’ costs incurred during the performance reviews and audits for the storage contract renewal; (2) review of any modifications to the water conservation agreement identified in Article 7 of this Contract; (3) attendance at meetings regarding this Contract; (4) general storage contract administration; (5) National Environmental Policy Act and other environmental compliance costs or an applicable portion thereof; (6) those costs incurred in response to a specific request from the Water Authority; and (7) other costs directly related to administration of this contract.

   (c) Within ten business days after the day that TROA enters into effect and on the first day of each subsequent Contract Year for the term of this Contract, the United States shall provide Water Authority with a budget showing United States anticipated reimbursable costs for the upcoming Contract Year. The Water Authority shall receive a credit for any period of time covered by the Interim Terms and Conditions.

   (d) Water Authority shall have thirty (30) days to accept or reject the budget. If the budget is rejected, the dispute resolution procedure shall apply. Water Authority shall pay the anticipated reimbursable costs to the United States within said 30-days subject to adjustment based on the outcome of the dispute resolution.
(e) The United States shall notify Water Authority any time during the Contract Year when it becomes apparent that United States' anticipated reimbursable costs will exceed the anticipated budgeted amount. Water Authority shall pay the additional anticipated reimbursable costs to the United States within 30 days of receipt of the notice. If the additional monies are disputed, the dispute resolution procedure shall apply.

(f) Nothing in Article 8 of this Contract is intended to require, and Article 8 of this Contract shall not be construed as requiring, Water Authority to reimburse the United States for any cost or expense the United States is obligated to pay under the provisions of TROA.

UNITED STATES NOT LIABLE

9. (a) The United States, or any of its officers, agents, or employees are not liable for any monetary damages arising under this Contract. In addition, the United States and Water Authority agree that Section 2.B.2(b)(6) of TROA provides that neither the Administrator, the Truckee River Special Hearing Officer, nor the court is empowered to grant any monetary relief.

(b) If there is a shortage of storage space in Truckee River Reservoirs because of partial or complete failure, or risk of failure, beyond the reasonable control of the Contracting Officer, of all or a portion of a Truckee River Reservoir feature resulting in, but not limited to: (1) a federal, state or local emergency involving an upset or other unexpected occurrence to facilities and resources presenting a clear and immediate danger to public health, life, property or essential public services; (2) performance of unscheduled maintenance; (3) compliance with dam safety or flood control requirements; (4) response to safety or emergency conditions; or (5) modification or reconstruction of such features, then Reclamation shall not be obligated to
replace or otherwise provide any water that could have been stored by the Water Authority but for such shortage of storage space.

(c) If there is a shortage of storage space in **Truckee River Reservoirs** because of actions taken by the Contracting Officer to meet future legal obligations which amend or supercede the obligations of the United States under the Settlement Act, then Reclamation shall not be obligated to replace or otherwise provide any water that could have been stored by Water Authority but for such actions.

(d) This Article 9 does not affect any liability of any **Person** under TROA not expressly set forth in this Article 9.

**RESOLUTION OF DISPUTES**

10. (a) Should any dispute arise concerning any of the provisions of this Contract, or the parties' rights and obligations thereunder, other than disputes regarding the storage of water as provided in TROA, the parties to this Contract shall meet and confer within thirty days of providing written notice of the dispute to the other party. If the parties have not resolved the dispute within ninety days after such notice, or such other period as mutually agreed to, Water Authority may commence any legal action, and the Contracting Officer may refer any matter to Department of Justice; Provided, that the party shall provide to the other party thirty days written notice of the intent to take such action; Further provided, that such notice and meet and confer process shall not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit.

(b) Should any dispute arise concerning the storage of water under TROA, the dispute shall be referred to the TROA Dispute Resolution process, Section 2.B of TROA. If the dispute involves a shortage of space in **Truckee River Reservoirs** resulting from causes or actions
referred to in Article 9 of this Contract, the liability of Reclamation shall be limited as provided in that Article 9.

CHARGES FOR DELINQUENT PAYMENTS

11. (a) Water Authority shall be subject to interest, administrative, and penalty charges on delinquent payments. If a payment is not received by the due date, Water Authority shall pay an interest charge on the delinquent payment for each day the payment is delinquent beyond the due date. If a payment becomes 60 days delinquent, in addition to the interest charge, Water Authority shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. If a payment is delinquent 90 days or more, in addition to the interest and administrative charges, Water Authority shall pay a penalty charge for each day the payment is delinquent beyond the due date, based on the remaining balance of the payment due at the rate of 6 percent per year. Water Authority shall also pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of either 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. The interest charge rate will be determined as of the due date and remain fixed for the duration of the delinquent period.

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

CONFIRMATION OF CONTRACT

12. Water Authority, after the execution of this contract, shall furnish to the Contracting Officer evidence that pursuant to the laws of the State of Nevada, Water Authority is a legally constituted entity and the contract is lawful, valid, and binding on Water Authority. This contract shall not be binding on the United States until such evidence has been provided to the Contracting Officer’s satisfaction.

NOTICES

13. Any notice, demand, or request authorized or required by this contract shall be deemed to have been given, on behalf of Water Authority, when mailed, postage prepaid, or delivered to the Regional Director, Mid-Pacific Region, Bureau of Reclamation, 2800 Cottage Way, Sacramento, CA, 95825-1898, and on behalf of the United States, when mailed, postage prepaid, or delivered to the General Manager, Truckee Meadows Water Authority, 1355 Capital Blvd., PO Box 30013, Reno, NV, 89520-0013. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this article for other notices.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

14. The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve Water Authority from any
obligations under this contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

15. No Member of or Delegate to the Congress, Resident Commissioner, or official of Water Authority shall benefit from this contract other than as a water user or landowner in the same manner as other water users or landowners.

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

16. 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 as provided in TROA or in writing by the other party if otherwise consistent with TROA.

BOOKS, RECORDS, AND REPORTS

17. Water Authority shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this contract, including Water Authority's financial transactions; water storage 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.

EQUAL EMPLOYMENT OPPORTUNITY

18. During the performance of this contract, Water Authority agrees as follows:

(a) Water Authority will not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, or national origin. Water Authority will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, disability, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Water Authority agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(b) Water Authority will, in all solicitations or advertisements for employees placed by or on behalf of Water Authority, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, disability, or national origin.

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

(d) Water Authority will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) Water Authority will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of Water Authority's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and Water Authority may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) Water Authority will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. Water Authority will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event Water Authority becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, Water Authority may request the United States to enter into such litigation to protect the interests of the United States.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

19. (a) Water Authority shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.), Title III of the Americans with Disabilities Act of 1990, and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

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

(c) Water Authority makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial assistance extended after the date hereof to Water Authority by the Bureau of Reclamation, including installment payments after such date on account of arrangements for
Federal financial assistance which were approved before such date. Water Authority recognizes
and agrees that such Federal assistance will be extended in reliance on the representations and
agreements made in this article and that the United States reserves the right to seek judicial
enforcement thereof.
(d) Complaints of discrimination against Water Authority shall be investigated by the
Contracting Officer’s Office of Civil Rights.

CERTIFICATION OF NONSEGREGATED FACILITIES

20. Water Authority hereby certifies that it does not maintain or provide for its employees
any segregated facilities at any of its establishments and that it does not permit its employees to
perform their services at any location under its control where segregated facilities are
maintained. It certifies further that it will not maintain or provide for its employees any
segregated facilities at any of its establishments and that it will not permit its employees to
perform their services at any location under its control where segregated facilities are
maintained. Water Authority agrees that a breach of this certification is a violation of the Equal
Employment Opportunity clause in this contract. As used in this certification, the term
"segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms,
restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas,
parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing
facilities provided for employees which are segregated by explicit directive or are in fact
segregated on the basis of race, creed, color, or national origin, because of habit, local custom,
disability, or otherwise. Water Authority further agrees that (except where it has obtained
identical certifications from proposed subcontractors for specific time periods) it will obtain
identical certifications from proposed subcontractors prior to the award of subcontracts
exceeding $10,000 which are not exempt from the provisions of the Equal Employment
Opportunity clause; that it will retain such certifications in its files; and that it will forward the
following notice to such proposed subcontractors (except where the proposed subcontractors
have submitted identical certifications for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR
CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities must be submitted prior to the award of a
subcontract exceeding $10,000 which is not exempt from the provisions of the Equal
Employment Opportunity clause. The certification may be submitted either for each subcontract
or for all subcontracts during a period (i.e., quarterly, semiannually, or annually). Note: The
penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

MEDIUM FOR TRANSMITTING PAYMENTS

21. (a) All payments from Water Authority to the United States under this contract shall be
by the medium requested by the United States on or before the date payment is due. The
required method of payment may include checks, wire transfers, or other types of payment
specified by the United States.
(b) Upon execution of the contract, Water Authority shall furnish the Contracting Officer
with Water Authority’s taxpayer’s identification number (TIN). The purpose for requiring Water
Authority's TIN is for collecting and reporting any delinquent amounts arising out of Water Authority's relationship with the United States.

CONTRACT DRAFTING CONSIDERATIONS

22. All double spaced articles of this Contract have been drafted, negotiated, and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains, and no one party shall be considered to have drafted the stated articles.
IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

UNITED STATES OF AMERICA

By ____________________________
Regional Director, Mid-Pacific Region
Bureau of Reclamation

TRUCKEE MEADOWS WATER AUTHORITY

By ____________________________
Mike Carrigan
Chairman, Board of Directors

WASHOE COUNTY WATER CONSERVATION DISTRICT

By ____________________________
Don Casazza
Board President
INTERIM TERMS AND CONDITIONS

Pursuant to subparagraph b of Article 2 of this Contract, these Interim Terms and Conditions supercede Article 5 of this Contract. All other articles remain in effect.

DEFINITIONS

A1. When used herein, the term:

(a) "Emergency Condition" shall mean a situation when the demands of the Water Authority’s water customers cannot be met due to a scheduled facility alteration or repair due to an unexpected circumstance;

(b) "Excess Capacity" shall mean capacity in Stampede Reservoir or Boca Reservoir not needed to store Washoe Project Water or Truckee Project Water, whichever is appropriate, except as otherwise provided in subarticle A2(h);

(c) "Federal Water Master" shall mean the water master appointed by the United States District Court for the District of Nevada pursuant to United States v. Orr Water Ditch Co., Civil No. A3;

(d) "Fish Credit Water" shall mean water in storage in Boca Reservoir or Stampede Reservoir which pursuant to the terms of subarticle A2(j) and Article A3 is to be used for the benefit of cui-ui or Lahontan cutthroat trout of Pyramid Lake.

(e) "Floriston Rates" shall mean a rate of flow of the Truckee River at the head of the diversion penstock at Floriston, California (but measured at the USGS Stream Gaging Station near Farad, California) consisting of an average flow of 500 cubic feet of water per second each day during the period commencing March 1 and ending September 30 of any year and an average flow of 400 cubic feet of water per second each day during the period commencing October 1 and ending the last day of the next following February of any year, except that when,
during the period commencing November 1 and ending the next following March 31 of each
year, Lake Tahoe is below 6226.0 feet above sea level Lake Tahoe Datum and not below
6225.25 feet above sea level Lake Tahoe Datum it shall mean an average flow at said gage of
350 cubic feet per second or when Lake Tahoe is below 6225.25 feet below sea level Lake Tahoe
Datum it shall mean an average flow at said gage of 300 cubic feet per second.
(f) "Non-Project Water" shall mean water of the Truckee River or its tributaries acquired by
or available to the Water Authority but excluding any water adjudicated pursuant to Claim Nos.
3 and 4 of the Orr Ditch Decree;
(g) "Orr Ditch Decree" shall mean the decree of the United States District Court for the
District of Nevada in United States of America v. Orr Water Ditch Company et al., in Equity,
Docket No. A3, including, but not limited to, the Truckee River Agreement;
(h) "Spill" shall mean water spilled over the spillway of the reservoir, or the reservoir inflows
released to comply with flood control criteria, excluding that portion of the spilled water or the
released water utilized to satisfy Orr Ditch Decree rights, including filling Boca Reservoir.
"Spill" shall also mean withdrawals from reservoir storage for the express purpose of complying
with flood control criteria, unless the withdrawal from storage provides Truckee Project Water to
satisfy Orr Ditch rights.
(i) "Truckee Project Water" shall mean water licensed for storage by the District in Boca
Reservoir;
(j) "Truckee River Agreement" shall mean the Agreement dated July 1, 1935, which was
approved, adopted and incorporated in the Orr Ditch Decree;
(k) "Washoe Project Water" shall mean water permitted for storage by the United States in
Stampede Reservoir.
(l) “Water Authority Service Area” shall mean the retail and wholesale certificated boundaries as may be established from time to time by the Public Service Commission of Nevada as the territory in which the Water Authority is entitled to sell or to distribute water.

STORAGE AND EXCHANGE OF NON-PROJECT WATER

A2. The Water Authority is authorized to store Non-Project Water in Stampede and Boca Reservoirs, respectively, pursuant to existing state water right permits and/or licenses, and/or vested water rights when Excess Capacity is available, for the purpose of storing Non-Project Water and exchanging Truckee Project Water and Washoe Project Water for Non-Project Water as follows:

(a) Non-Project Water may be released from Independence Lake and stored in either Stampede Reservoir or Boca Reservoir.

(b) Non-Project Water from Independence or Donner Lakes may be released to support Floriston Rates in lieu of a release for that purpose from Boca Reservoir in exchange for an equivalent amount of Truckee Project Water.

(c) Non-Project Water from Independence or Donner Lakes may be released in lieu of a release of Washoe Project Water for the benefit of cui-ui or Lahontan cutthroat trout of Pyramid Lake in exchange for an equivalent amount of Washoe Project Water.

(d) The Water Authority shall not release Non-Project Water from Independence Lake for the purposes of this Contract if it will reduce the storage of Independence Lake below 7,500 acre-feet above the outlet facilities between May 15 and July 15 of any year unless it is intended to be used within the Water Authorities’ Service Area within 90 days of release from Independence Lake. But, whenever the storage level of Independence Lake is between 4,500 and 7,500 acre-feet above the outlet facilities from May 15 to September 1, the Water Authority, in consultation
with the California Department of Fish and Game, and upon obtaining necessary permits, shall maintain a channel suitable for fish passage through the delta formed by Independence Creek entering Independence Lake.

(e) In addition to the exchange or storage of water described in subarticles A2(a), A2(b), and A2(e), the Water Authority may store other Non-Project Water in Stampede Reservoir and Boca Reservoir pursuant to the Contract to replace all or any part of the water stored pursuant to those subarticles which has been released from storage pursuant to subarticle A2(1).

(f) The Water Authority may transfer Non-Project Water between Reservoirs as follows:

(i) Non-Project Water stored in Stampede Reservoir pursuant to this Contract may be released and transferred to Boca Reservoir.

(ii) Non-Project Water stored in Boca Reservoir pursuant to this Contract may be transferred to Stampede Reservoir by storing in Stampede Reservoir water which is required to be passed through both Stampede Reservoir and Boca Reservoir and by releasing an equivalent amount of water stored in Boca Reservoir pursuant to this Contract.

(iii) Non-Project Water stored in Boca Reservoir pursuant to this Contract may be transferred to Stampede Reservoir by storing in Stampede Reservoir water which is required to be passed though Stampede Reservoir for the purpose of increasing storage of Truckee Project Water by crediting to Truckee Project Water an equivalent amount of Non-Project Water stored in Boca Reservoir pursuant to this Contract.

(g) The total quantity of Non-Project Water available to the Water Authority in Stampede Reservoir and Boca Reservoir shall be subject to seepage and evaporation loss as determined by the Federal Water Master. Water stored by the Water Authority pursuant to this Contract shall
share the monthly net losses from the reservoir in which it is stored proportionately with other
water stored in that reservoir.

(h) Fish Credit Water stored in Stampede or Boca Reservoirs may be displaced by the Water
Authority to the extent necessary for the Water Authority to accumulate water in those
Reservoirs in accordance with the provisions of this Contract. For purposes of this subarticle,
14,000 acre-feet of Fish Credit Water, once accumulated, shall be retained in Stampede and/or
Boca Reservoir and used for the benefit of the cui-ui or Lahontan cutthroat trout of Pyramid
Lake only if it is the last remaining water in storage in Stampede or Boca Reservoirs.

Said 14,000 acre-feet of Fish Credit Water shall be subject to Spill and/or displacement in the
same manner as other Fish Credit Water. The United States shall not release Washoe Project
Water from Stampede Reservoir into Boca Reservoir in a manner which will cause the Water
Authority's water in Boca Reservoir to Spill in the same calendar year as the releases occurred.

Spill from Stampede Reservoir shall be deemed to take place in the following sequence:

(i) Non-Project Water stored by the Water Authority pursuant to this Contract in excess
of 5,000 acre-feet.

(ii) Fish Credit Water.

(iii) All remaining Non-Project Water stored pursuant to this Contract

(iv) Washoe Project Water or Truckee Project Water as the case may be.

(i) Storage, release and exchange of Non-Project Water pursuant to this Contract shall not
interfere with the dam safety and flood control or normal release requirements of Stampede
Reservoir or Boca Reservoir, with the proper storage and release of Washoe Project Water and
Truckee Project Water permit, respectively, or with the proper storage and release of water in
Boca Reservoir pursuant to the Truckee River Agreement and the Orr Ditch Decree.
(j) The total combined Excess Capacity available to the Water Authority at any time in both Boca Reservoir and Stampede Reservoir pursuant to this Contract shall not exceed 14,000 acre-feet. On September 1 of any year, the Water Authority may not have more than a combined total of 5,000 acre-feet of water stored pursuant to this Contract in Boca Reservoir and Stampede Reservoir.

Any water stored by the Water Authority pursuant to this Contract in excess of 5,000 acre-feet on September 1 of any year, shall be considered Fish Credit Water. In addition, on September 1 of that same year, at the election of the Water Authority, all or any part of the water in storage pursuant to this Contract within 5,000 acre-feet may be considered Fish Credit Water. Except to the extent provided otherwise in any successor agreement, any Non-Project Water or Fish Credit Water remaining in storage in Stampede Reservoir or Boca Reservoir as of the date of termination of this Contract shall thereafter be considered Washoe Project Water. Fish Credit Water shall be used for the benefit of the cui-ui or Lahontan cutthroat trout of Pyramid Lake.

(k) Subject to the provisions of subarticles A2(g), A2(h), A2(i), and A2(j), water stored by the Water Authority pursuant to this Contract may be retained in storage and carried over from year to year until it is needed by the Water Authority to supply the demands of its customers as provided in Article A2(l).

(l) The Water Authority may use all of its water stored pursuant to this Contract to supply the demands of its customers any time Floriston Rates are not being met and water available under the Water Authority’s Orr Ditch Decree water rights is not sufficient to meet those demands, or under Emergency Conditions. The Water Authority may use its discretion in determining the sequence in which it utilizes its stored water sources, including those established pursuant to this Contract.
(m) At the earliest opportunity, in accordance with Article A4, the United States shall transfer to Stampede Reservoir Fish Credit Water in Boca Reservoir as a result of provisions of Article A2(j) and Article A3 or shall release such water for the benefit of cui-ui or Lahontan cutthroat trout of Pyramid Lake.

HYDRO-ELECTRIC WAIVER

A3. The Water Authority agrees to a waiver of its rights to required releases or pass-through of water from the Truckee River Reservoirs solely for the generation of hydro-electric power pursuant to the Truckee River General Electric Co. Decree issued in 1915 by the District Court of the United States, the Orr Ditch Decree. Nothing is this Article shall interfere with the Water Authority’s ability to implement Article A2(e).

SCHEDULES

A4. (a) Not less than 15 days prior to the beginning of each calendar quarter, the Water Authority shall submit to the Area Manager, Lahontan Basin Area Office, U.S. Bureau of Reclamation and the Federal Water Master, a schedule for the ensuing calendar quarter projecting storage, exchange, and release of Non-Project Water pursuant to this Contract. In order to provide maximum flexibility, the Water Authority may after consultation with the Federal Water Master and the Area Manager modify the said quarterly schedule as necessary.

(b) In the event that available inflow, storage, release, or outlet capacity is not sufficient to accomplish the exchange of all water held by the Water Authority and the United States, the exchanges shall be accomplished by agreement among the Water Authority, the United States, and the Federal Water Master, or in the absence of an agreement, by allocating available exchange water equally.
ACCOUNTING

A5. The Federal Water Master, in cooperation with the Water Authority, the United States, the Tribe and the District, shall prepare a monthly accounting of all water stored, exchanged and released pursuant to this Contract. The accounting shall be provided by the Federal Water Master to the parties to this Contract. The accuracy of such accounting shall be investigated upon the request of any party to this Contract and any errors shall be corrected promptly.

PAYMENT

A6. (a) On January 30 of each year the Water Authority shall pay the United States a fixed annual payment of $200,000 and on September 30 of each year an amount equal to the product of $50.00 multiplied by the number of acre-feet of water in excess of 4,000 acre-feet which the Water Authority has elected on September 1 of that year not to transfer to the United States as Fish Credit Water.

(b) The Water Authority shall pay to the District an amount equal to 10 percent (10%) of the amount paid to the United States pursuant to the subarticles A6(a) for Operation and Maintenance and other District costs associated with Boca Reservoir. Such payment shall be made in accordance with terms as specified by the District.

(c) Payments received pursuant to subarticle A6(a) shall be credited annually first to pay the operation and maintenance costs of Stampede Reservoir and then covered into the Lahontan Valley and Pyramid Lake Fish and Wildlife Fund created pursuant to Public Law 101-618, Section 206(f), with funds not needed for those purposes, if any, credited to the Reclamation Fund.
## PAYMENT SCHEDULE

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