

TERMINATION OF WATER AGREEMENTS

This AGREEMENT is entered by and between CITY OF SPARKS, a municipal corporation existing under the laws of the State of Nevada, hereinafter referred to as "The City", and the TRUCKEE MEADOWS WATER AUTHORITY, a Joint Powers Authority entity created pursuant to a cooperative agreement among the cities of Reno, Nevada, Sparks, Nevada and Washoe County, Nevada, pursuant to N.R.S. Chapter 277, hereinafter referred to as "The Authority".

RECITALS

WHEREAS, The City holds title to certain water and water rights as more particularly described in Exhibit "A" and Exhibit "B" attached hereto and incorporated herein by reference (the "Surface Water Rights"), which consist of water rights from the Truckee River or its tributaries originally adjudicated for irrigation and other uses in the Final Decree entered into September 8, 1944 in that certain action entitled The United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada.

WHEREAS, The City holds title to certain groundwater rights, as approved by the Nevada State Engineer and on file with the Division of Water Resources, State of Nevada and as more particularly described in Exhibit "C" attached hereto and incorporated herein by reference (the "Groundwater Rights", together with the "Surface Water Rights" collectively referred to as the "Water Rights").

WHEREAS, The City acquired title to the Water Rights for, and the Water Rights have been and continue to be used by The Authority for, the specific purpose of supporting will serve commitments for domestic and municipal water service within the municipal limits of the City of Sparks.

WHEREAS, The City and Sierra Pacific Power Company or its operating division "Westpac Utilities" ("Sierra"), a predecessor in interest to the Authority, entered into that certain Water Treatment and Distribution Agreement dated October 9, 1989 ("Water Treatment and Distribution Agreement"), recorded as Document 1418845 Official Records of Washoe County, Sierra, predecessor in interests to TMWA, entered various Water Sale Agreements from time to time (collectively, the "Water Sale Agreements") recorded in the Official Records of Washoe County, which agreements govern the transfer and treatment of such Water Rights from City to Authority (or its predecessors).

WHEREAS, concurrently herewith, City is conveying to the Authority all of its right, title and interest in the Water Rights and in connection therewith, the parties desire to terminate the Water Treatment and Distribution Agreement and Water Sale Agreements with respect to the Water Rights being transferred to Authority.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, both parties agree to the following:

1. Termination of Water Agreements. The Water Treatment and Distribution Agreement and Water Sales Agreements are terminated and shall be deemed null effective upon the recordation of the Water Rights deed conveying the Water Rights to Authority. Neither party shall have any further rights or obligations under the Water Treatment and Distribution Agreement and Water Sales Agreements upon such termination.

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereunto subscribed the day and year first above written.

CITY OF SPARKS

TRUCKEE MEADOWS WATER AUTHORITY

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____