Contract No. 2-07-30-W0266
Amendment No. 1

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

BOULDER CANYON PROJECT

AMENDED AND RESTATED CONTRACT WITH THE SOUTHERN NEVADA WATER AUTHORITY, NEVADA, FOR THE DELIVERY OF COLORADO RIVER WATER

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Preamble

1. This Contract, originally made effective as of March 2, 1992 ("Effective Date"), and amended and restated as of this 17th day of November, 1994 pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, all of which acts are commonly known and referred to as Federal Reclamation law, and particularly the Act of Congress approved December 21, 1928 (45 Stat. 1057), and acts amendatory thereof or supplementary thereto, hereinafter collectively referred to as the "Boulder Canyon Project Act," Reclamation Regulations as herein defined, and the Independent Appropriations Act of September 13, 1983 (96 Stat. 1051), among the UNITED STATES OF AMERICA, hereinafter referred to as the "United States," acting for this purpose through the Secretary of the Interior; the State of Nevada and its COLORADO RIVER COMMISSION, hereinafter referred to as the "Commission," said Commission acting in the name of the State of Nevada but as principal in its own behalf as well as in behalf of the State of Nevada; the term "State" as used in

this Contract shall mean both the State of Nevada and its Commission; and the SOUTHERN NEVADA WATER AUTHORITY, hereinafter referred to as the "Authority," created on July 25, 1991, by a cooperative agreement entered into pursuant to the provisions of Nevada Revised Statutes ("NRS") 277.080 to 277.170, inclusive, and acting pursuant to the laws of the State, with its principal place of business in Clark County, Nevada;

WITNESSETH THAT:

Explanatory Recitals

2. (a) WHEREAS, for the purpose of controlling floods, improving navigation, regulating the flow of the Colorado River, and providing for storage and for the delivery of stored water for the reclamation of public lands and other beneficial uses exclusively within the United States, the Secretary of the Interior, acting under and in pursuance of the provisions of the Colorado River Compact and the Boulder Canyon Project Act, has constructed and is now operating and maintaining in the mainstream of the Colorado River at Black Canyon that certain structure known as and designated Hoover Dam and incidental works, creating thereby a reservoir designated Lake Mead; and

(b) WHEREAS, the Boulder Canyon Project Act provides, among other things, that the Secretary of the Interior, under such general regulations as he may prescribe, may contract for the storage of water in Lake Mead and for the delivery of such water at such points on the river as may be agreed upon for irrigation and domestic uses, and said Act provides further that no person shall have or be entitled to have the use for any purpose of the water stored as aforesaid except by contract made as therein stated; and

(c) WHEREAS, by contract dated March 30, 1942, as amended, hereinafter referred to as the "1942 Contract," between the United States and the State, the

United States agreed, subject to the provisions of said 1942 Contract, to deliver for use in Nevada: (i) so much water as may be necessary to supply the State a total quantity not to exceed the States 300,000 acre-foot per year Apportionment, exclusively for irrigation and domestic use within the State; and (ii) four percent (4%) of any excess or surplus water determined to be available for use in the Lower Colorado River Basin in Arizona, California, and Nevada under the Boulder Canyon Project Act and the Decree in Arizona v. California; and

(d) WHEREAS, the Supreme Court of the United States in its opinion of June 3, 1963, in Arizona v. California et al., 373 U.S. 546, and its Decree in that case entered March 9, 1964, 376 U.S. 340, provided that Colorado River water shall be released or delivered to water users in Arizona, California, and Nevada only pursuant to valid contracts therefor made with such users by the Secretary of the Interior, and said Decree provides further that consumptive use from the mainstream of the Colorado River within a state shall include all consumptive uses of water of the mainstream, including water drawn from the mainstream by underground pumping; and

(e) WHEREAS, the Authority was created as a political subdivision of the State on July 25, 1991, by a cooperative agreement among the Big Bend Water District; the cities of Boulder City, Henderson, Las Vegas, and North Las Vegas; the Clark County Sanitation District; and the Las Vegas Valley Water District; and

(f) WHEREAS, pursuant to Contract No. 14-06-300-2083, as amended on May 22, 1990 (the "BMI Contract"), Basic Management, Inc. ("BMI"), a Nevada corporation, and four corporations referred to in the BMI Contract as the "Producing Companies" have an Entitlement to the delivery of a maximum of 23,158 acre-feet per year of Colorado River water; and

(g) WHEREAS, Victory Valley Land Company, L.P., a Delaware Limited Partnership created pursuant to that certain agreement entitled "Agreement of Limited Partnership of Victory Valley Land Company, L.P.," dated the 30th day of September, 1992, wherein the Producing Companies are limited partners (Victory Valley) was assigned 14,550 acre feet per year of the BMI and Producing Companies Entitlement by various assignments from the Producing Companies effective as of September 30, 1992, notice of such assignment having been given to the Secretary on October 11, 1993; and

(h) WHEREAS, concurrently with the execution of this Contract, as Amended and Restated, Victory Valley, with the confirmation and approval of BMI and the Producing Companies, is assigning and transferring to the Authority, with the consent of the United States, 14,550 acre-feet per year of the 23,158 acre-feet per year Entitlement under the BMI Contract; and

(i) WHEREAS, concurrently with the execution of this Contract, as Amended and Restated, the parties to the BMI Contract are amending that contract so as to reduce the Entitlement thereunder to a maximum of 8,608 acre-feet per year; and

(j) WHEREAS, by virtue of the assignment from Victory Valley, as confirmed and approved by BMI and the Producing Companies, to the Authority and by virtue of the concurrent amendment of the BMI contract, the Entitlement so assigned to the Authority shall be delivered by the United States under the terms of article 4(a)(2) of this Contract; and

(k) WHEREAS, the Authority is a separate legal entity pursuant to NRS 277.074 and 277.120, and is authorized under the laws of the State to furnish water for domestic use by landowners and residents within the Authority's lawful service area of Clark County, Nevada, and authorized to contract with the

United States and the Commission for a supply of water for said purposes; and

(l) WHEREAS, the State, through the Commission, recommended that the Secretary of the Interior contract with the Authority for the delivery of Colorado River water; and

(m) Whereas, the purpose of the assignment and transfer of the 14,550 acre-feet per year entitlement from Victory Valley to the Authority referred to above and the purpose of this contract No. 2-07-30-W0266, amendment No. 1, are to preserve as to the Authority the original priority of the entitlement to Colorado River water to which such assignment and transfer relates; and

(n) WHEREAS, the Authority and the United States desire to amend and restate the March 2, 1992, contract in order to preserve the priority date of the assigned water entitlement;

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

Definitions

3. When used herein, unless otherwise distinctly expressed or manifestly incompatible with the intent hereof, the term:

(a) "Apportionment" shall mean, depending on the context, either: (i) the amount of Colorado River water available for beneficial consumptive use within a calendar year in the Lower Colorado River Basin in Arizona, California, and Nevada; or (ii) the division of Colorado River water among the three lower basin states of Arizona, California, and Nevada.

(b) "Colorado River Compact" or "Compact" shall mean the compact or agreement signed at Santa Fe, New Mexico, on November 24, 1922, pursuant to an Act of Congress approved August 19, 1921 (42 Stat. 171), which Compact was

approved in section 13(a) of the Boulder Canyon Project Act.

(c) "Commission Water User Contract" shall mean a subsidiary contract for the delivery of water between the Commission and a water purveyor or user executed pursuant to a primary water delivery contract between the United States and the Commission.

(d) "Contracting Officer" shall mean the Secretary of the Interior, a duly appointed successor, or an authorized representative acting pursuant to this Contract or applicable Reclamation law or regulation.

(e) "Cooperative Agreement" shall mean that certain agreement dated July 25, 1991, and any amendment thereto, among the Big Bend Water District; the cities of Boulder City, Henderson, Las Vegas, and North Las Vegas; the Clark County Sanitation District; and the Las Vegas Valley Water District which established the Authority.

(f) "Decree" shall mean the Decree of the Supreme Court of the United States in the case of Arizona v. California et al., entered March 9, 1964, 376 U.S. 340, as now issued, including the Court's Supplemental Decree, entered January 9, 1979, 439 U.S. 419, amended April 16, 1984, 466 U.S. 144, or as it may be further modified.

(g) "Domestic Use" shall mean the use of water for household, stock, municipal, mining, milling, industrial (including electrical power generation), and other like purposes, but shall exclude the generation of hydroelectric power.

(h) "Entitlement" shall mean the right to the delivery and use of Colorado River water for a beneficial use existing under the Decree, a Secretarial Reservation, Federal statutes, a water delivery contract with the Secretary of the Interior executed pursuant to Federal law, or a Commission Water User Contract.

(i) "Griffith Project" shall mean the project facilities constructed pursuant to the Act of October 22, 1965 (79 Stat. 1068), as amended on July 19, 1966 (80 Stat. 312).

(j) "Mainstream" shall mean the mainstream of the Colorado River downstream from Lee Ferry within the United States, including the reservoirs thereon.

(k) "Mexican Water Treaty" shall mean Executive A, Seventy-eighth Congress, second session, a treaty between the United States and the United Mexican States, signed at Washington, D.C., on February 3, 1944, relating to the utilization of the waters of the Colorado River and Tijuana River and of the Rio Grande River from Fort Quitman, Texas, to the Gulf of Mexico, and Executive H, Seventy-eighth Congress, second session, a protocol signed at Washington, D.C., on November 14, 1944, supplementary to the treaty.

(l) "Reclamation Regulations" shall mean any regulations adopted by the Secretary of the Interior for administering Entitlements to Colorado River water or operating the Colorado River in the Lower Colorado River Basin in Arizona, California, and Nevada.

(m) "Secretary" shall mean the Secretary of the Interior, a duly appointed successor, or an authorized representative acting pursuant to any authority of the Secretary and through any agency of the Department of the Interior.

(n) "Southern Nevada Water System" shall mean the Griffith Project and the Alfred Merritt Smith Water Treatment Facility.

(o) "Unused Nevada Apportionment" shall mean Colorado River water that can be made temporarily available for use within Nevada because a person or entity within Nevada with an Entitlement is not fully using its Entitlement.

(p) "Unused Other State Apportionment" shall mean Colorado River water from another state's Apportionment that is made available for use in Nevada by the Contracting Officer pursuant to article II(B)(6) of the Decree.

(q) "Year" shall mean calendar year, unless otherwise designated by the Contracting Officer.

Delivery of Water by the United States

4. (a) Subject to the terms, conditions, and provisions of this Contract and insofar as reasonable diligence will permit, the United States shall, from storage available in Lake Mead, deliver to the Authority such quantities of water as may be determined to be reasonably required for beneficial use by the Authority within the limitations hereinafter specified and to the extent such water is available for delivery in Nevada. Contingent upon compliance with the provisions of this Contract, the Authority shall have a right to the delivery and use of:

(1) The remainder of the State's 300,000 acre-foot per Year Apportionment of Colorado River water which has not been committed for use by others either contractually by the Secretary as of the Effective Date of this Contract or by the Decree, with the exception of the following:

(i) Up to 300 acre-feet of Colorado River water per Year to be used in Nevada at Federal facilities or on Federal lands adjacent to the Colorado River; and

(ii) Such amounts of water as: (A) are finally determined to be Colorado River water drawn from wells in Nevada; and (B) are made, consistent with the provisions of article 22, the subject of permanent service water delivery contracts executed by the Contracting Officer pursuant to the Boulder Canyon Project Act.

(2) Subject to the provisions of subarticle 4(b), any amount of Colorado River water becoming available by reason of the reduction, expiration, or termination of an Entitlement for use within Nevada.

(3) Any amount of Colorado River water that can be made available for use within Nevada as surplus water under applicable law.

(4) Unused Nevada Apportionment and Unused Other State Apportionment.

(b) The Authority shall have no right under paragraph 4(a)(2) to the delivery or use of water that otherwise would become available by reason of the reduction of an Entitlement under a water delivery contract of the Secretary if it is finally determined by an act of the Secretary or by the final decision of a court of competent jurisdiction that the Secretary does not have the authority to make such reduction, or the holder of such Entitlement has a right to the reinstatement thereof.

(c) The United States reserves the right to temporarily discontinue or reduce the amount of water to be delivered hereunder whenever such discontinuance or reduction is made necessary for purposes of investigations, inspections, replacements, maintenance, or repairs to any works whatsoever affecting, utilized in or, in the opinion of the Contracting Officer, necessary for the delivery of water hereunder, it being understood that so far as feasible the United States will give reasonable notice in advance of such temporary discontinuance or reduction.

(d) If a purveyor member of the Authority withdraws from the Authority, the Authority's Entitlement under this Contract shall be reduced by an amount equal to the amount of water, if any, which the withdrawing purveyor member is entitled to retain under the Cooperative Agreement or an agreement of

withdrawal, and that amount may be made available for allocation to the withdrawing purveyor member pursuant to a separate contract with the Secretary and the Commission.

(e) No water shall be made available to the Authority pursuant to this Contract during any period in which the Authority is in arrears for more than six (6) months in the payment of any charges due the United States.

(f) Colorado River water shall be delivered hereunder at the Griffith Project intake structure, diversion points approved for the use of the Big Bend Water District and the City of Boulder City, and such other points of diversion approved by the Contracting Officer in writing, including wells finally determined to be drawing Colorado River water as provided in article 22 and requested by the Authority as diversion points.

(g) The obligation of the United States to deliver water under this Contract is subject to:

(1) The availability of such water for use in Nevada under the provisions of the Colorado River Compact, the Boulder Canyon Project Act, the 1942 Contract, and the Decree.

(2) The Mexican Water Treaty.

(3) The express understanding and agreement by the Authority that this Contract is subject to the condition that Hoover Dam and Lake Mead will be used: first, for river regulation, improvement of navigation, and flood control; second, for irrigation and Domestic Use and satisfaction of present perfected rights in pursuance of Article VIII of the Colorado River Compact; and third, for power; and furthermore, that this Contract is made upon the express condition and with the express covenant that all rights hereunder shall be subject to and controlled by the Colorado River Compact and that the

United States, the Commission, and the Authority shall observe and be subject to and controlled by said Colorado River Compact and Boulder Canyon Project Act in the construction, management, and operation of Hoover Dam, Lake Mead, canals, and other works, and the storage, diversion, delivery, and use of water to be delivered to the Authority.

(4) The condition that whenever, as determined by the Secretary in compliance with the Decree, insufficient Mainstream water is available for release to satisfy the State's 300,000 acre-foot per year Apportionment, deliveries of water shall be made under this Contract, and under contracts with others who have contracted or who may hereafter contract with the United States for delivery of water from the Mainstream of the Colorado River under the Boulder Canyon Project Act or other applicable Federal statute for use in Nevada, in accordance with the following priorities, shortages to be borne in the inverse order of priorities:

First Priority: Satisfaction of present perfected rights, as defined and provided for in the Decree.

Second Priority: Satisfaction of the perfected right (in addition to the present perfected right) of the United States for the Lake Mead National Recreation Area in annual quantities reasonably necessary to fulfill the purposes of the Recreation Area, with a priority date of April 25, 1930, as provided in the Decree.

Third Priority: Satisfaction of the requirements of the City of Boulder City, Nevada, to the extent authorized in the Act of September 2, 1958 (72 Stat. 1726), with a priority date of May 15, 1931, and as provided in the Decree.

Fourth Priority: Satisfaction of rights to the delivery of water under:

(i) The Contract for Delivery of Water to Basic Management, Inc., No. 14-06-300-2083, dated September 18, 1969, entered into among the Secretary, the Commission, and Basic Management, Inc., as amended by the Contract to Amend Contract No. 14-06-300-2083, Amendments Nos. 1 and 2, for an amended diversion entitlement of 8,608 acre-feet of Colorado River water.

(ii) Contract No. 0-07-30-W0246, dated May 22, 1990, with the City of Henderson, Nevada, for an amended diversion entitlement of 15,878 acre-feet of Colorado River water.

(iii) Contract No. 2-07-30-W0266, Amendment No. 1, with the Southern Nevada Water Authority, to the extent of an annual diversion Entitlement of 14,550 acre-feet of Colorado River water.

The right to the delivery of water under (i), (ii), and (iii) of the fourth priority are co-equal in priority.

Fifth Priority: Satisfaction of rights to the delivery of water under:

(i) Contract No. 14-06-300-1523, dated February 12, 1965, assigned to Lakeview Company, for an annual diversion Entitlement of 120 acre-feet of Colorado River water, currently reduced to zero (0) acre-feet per year.

(ii) Contract No. 5-07-30-W0089, dated April 9, 1965, assigned to Pacific Coast Building Products, Inc., for an annual diversion Entitlement of 928 acre-feet of

Colorado River water.

Sixth Priority: Satisfaction of rights to the delivery of water under Contract No. 14-06-300-2130, Amendment No. 1, dated March 2, 1992, among the Secretary, the Commission, and the Las Vegas Valley Water District for an annual diversion Entitlement of 15,407 acre-feet of Colorado River water.

Seventh Priority: Satisfaction of rights to the delivery of water under:

(i) A Secretarial Reservation to be made for an annual diversion Entitlement of up to 300 acre-feet of Colorado River water to be used in Nevada at Federal facilities or on Federal lands adjacent to the Colorado River.

(ii) Contract No. 14-06-300-2405, dated October 18, 1972, among the Secretary, the Commission, and the Nevada Department of Wildlife for an annual consumptive use Entitlement of 25 acre-feet of Colorado River water.

(iii) Contract No. 9-07-30-W0011, dated November 8, 1978, among the Secretary, the Commission, and the Boy Scouts of America for an annual diversion Entitlement of 10 acre-feet of Colorado River water.

(iv) A Commission Water User Contract between the Commission and the United States, for and in behalf of the United States Air Force, Contract No. F26600-78-D0011, dated January 23, 1978, for an annual diversion Entitlement of 4,000 acre-feet of Colorado River water. This contract was entered into pursuant to the contract

described in sub-subparagraph (i) of the Eighth Priority.

Eighth Priority: Satisfaction of rights to the delivery of water under:

(i) Contract No. 7-07-30-W0004, Amendment No. 1, dated March 2, 1992, between the Secretary and the Commission for an annual diversion Entitlement of 299,000 acre-feet of Colorado River water (which includes the 4,000 acre-feet described in sub-subparagraph (iv) of the Seventh Priority) plus system losses not to exceed 9,000 acre-feet per Year.

(ii) Contract No. 2-07-30-W0269, dated March 2, 1992, among the Secretary, the Commission, and the Big Bend Water District for an annual diversion Entitlement not to exceed 10,000 acre-feet of Colorado River water.

(iii) This Contract No. 2-07-30-W0266, the effective date of which is March 2, 1992.

(iv) Any contract for a well drawing Colorado River water executed by the Contracting Officer as described in subarticle 22(a).

Shortages shall be borne by each contractor described in this Eighth Priority in the same proportion as its water delivery Entitlement without regard to shortages bears to the aggregate water delivery Entitlements of all such contractors without regard to shortages. If, however, a shortage-sharing agreement is entered into between two or more of such contractors, then the aggregate shortage to be borne by all parties to such agreement, as calculated

in accordance with the next preceding sentence, shall be shared among the parties as provided in the agreement.

Ninth Priority: Satisfaction of rights to the delivery of water arising after the Effective Date of this Contract under contracts for the delivery of Colorado River water entered into with the Secretary, or otherwise, except the contracts described in sub-subparagraph (iv) of the Eighth Priority.

(h) Subject to the terms, conditions, and provisions set forth herein, this Contract is for permanent service.

(i) Delivery of water by the United States under this Contract shall discharge, to that extent, the obligation of the United States to deliver water to the State under the 1942 Contract.

Use of Water by the Authority

5. (a) The Authority shall provide the water delivered under this Contract for beneficial use only in accordance with the Cooperative Agreement.

(b) Unless otherwise authorized in writing by the Contracting Officer, water delivered and used hereunder shall be put exclusively to beneficial Domestic Use within the then existing lawful service areas of the Authority and its purveyor members in Clark County, Nevada. Water delivered outside the service area of the Authority for purposes of storage or exchange, pursuant to agreements approved by the Contracting Officer, shall be deemed in compliance with the provisions of this subarticle.

(c) So long as this Contract shall remain in effect, the Authority shall continue to be a public entity capable of complying with the provisions of this Contract and having municipal water purveyors in Clark County, Nevada, among its members.

Scheduling of Water Deliveries

6. (a) At least forty-five (45) days prior to the beginning of each Year or as otherwise reasonably required by the Contracting Officer, the Contracting Officer, in consultation with the Commission, shall determine the following for such Year and give the Authority and the Commission written notice thereof: (i) the total maximum quantity of water to which the Authority is entitled under this Contract; and (ii) the maximum quantity of water to which the Authority is entitled pursuant to each of paragraphs 4(a)(1) and 4(a)(2) combined, paragraph 4(a)(3), and paragraph 4(a)(4). For the year in which this contract becomes effective the determination required by this subarticle shall, upon the request of the Authority, be made and noticed within forty-five (45) days after the Effective Date of this Contract. The Contracting Officer shall amend the foregoing determinations, and give the Authority and the Commission written notice thereof, whenever the Contracting Officer determines that the quantity of water to which the Authority is entitled under this Contract is different from the Contracting Officer's previous determination due to: (i) changes in hydrologic conditions; (ii) increased use of Colorado River water pursuant to an Entitlement thereto; or (iii) events beyond the reasonable control of the Contracting Officer which affect his ability to deliver water hereunder.

(b) Within thirty (30) days after receiving the Contracting Officer's determination of maximum Entitlement pursuant to subarticle (a) but not earlier than November 15, or as otherwise reasonably required by the Contracting Officer, the Authority shall submit to the Contracting Officer and to the Commission an annual water order for the following Year specifying: (i) the total quantity of water to be diverted during the Year pursuant to paragraphs 4(a)(1) and 4(a)(2) combined, paragraph 4(a)(3), and paragraph 4(a)(4); and (ii) the quantity of

water to be diverted by point of diversion per month. The Authority shall submit in writing such additional information respecting the quantities of water to be diverted at each diversion point and the rate and frequency of such diversions as the Contracting Officer may otherwise reasonably require. The Authority shall promptly amend its annual water order whenever the Authority determines that it can divert and put to beneficial use a quantity of water different than that previously specified in an annual water order or amended annual water order. No such amendment shall authorize the Authority to divert a quantity of Unused Other State Apportionment greater than that specified in the Authority's initial annual water order without the written consent of the Contracting Officer.

(c) If the Contracting Officer determines that there no longer is surplus water in the Colorado River, the Authority shall terminate the diversion thereof upon not less than thirty (30) days' written notice from the Contracting Officer.

(d) If any Unused Nevada Apportionment or Unused Other State Apportionment should no longer be available because of the exercise of the right to use such water by an entity having an Entitlement to the delivery thereof within the state to which such water is apportioned, the Authority shall terminate the diversion thereof upon not less than thirty (30) days' written notice from the Contracting Officer.

(e) The diversion by the Authority from the Mainstream of the Colorado River during any Year of: (i) any water not previously ordered pursuant to subarticle 6(b); or (ii) any water in excess of the maximum quantity of water determined by the Contracting Officer pursuant to subarticle 6(a) to be available to the Authority during such Year shall be deemed a material breach of this Contract.

Receipt of Water by the Authority

7. The Authority shall receive the water delivered to it hereunder by the United States at the point or points of delivery established pursuant to subarticle 4(f) and shall perform all acts required by law in order to maintain control over such water and to secure and maintain its lawful use and proper diversion. If necessary, the Authority shall install and maintain, or cause to be installed and maintained, at its own cost and in such manner as shall be satisfactory to the Contracting Officer, all turnouts, gates, checks, pumps, pipelines, equipment, and appurtenances of whatever nature necessary to divert the water delivered to it by the United States into facilities of, or used by, the Authority or its purveyor members. The diversion and conveyance of such water thereto shall be without expense to or obligation of the United States, regardless of any fluctuation, for whatever reason, in the water surface elevation of the Colorado River or any related storage system. If necessary, the Authority shall, at its own cost and without expense to the United States, obtain or cause to be obtained all necessary rights-of-way required for said diversion and conveyance of water. Where rights-of-way across land of the United States are required by the Authority for said diversion and conveyance, application therefor will be acted upon by the United States pursuant to then applicable law.

Measurement of Water and Inspection

8. (a) To the extent practicable, the water delivered hereunder or returned shall be measured or accounted for at each point of diversion or return flow by totalizing measuring and controlling devices, automatic gauges, or otherwise. These measuring and controlling devices, or automatic gauges, shall be furnished, installed, and maintained in a manner satisfactory to the Contracting Officer, by and at the expense of the Authority, but they shall be

and remain at all times under the control of the Contracting Officer. If for any reason any of said measuring or controlling devices are not installed or, if subsequent to their installation, for any reason they fail to operate satisfactorily in the opinion of the Contracting Officer, the Contracting Officer will, from the best information available, determine the amount of water received hereunder by the Authority and returned. The Contracting Officer and the Commission shall at all times have a right of access over any land or right-of-way of the Commission or the Authority or its purveyor members for the purpose of inspecting diversion facilities, including turnouts, gates, checks, pumps, pipelines, equipment, and appurtenances, and the measuring and controlling devices or automatic gauges.

(b) The Contracting Officer may, from time to time, cause an inspection of the measuring devices to be made for the purpose of determining the accuracy and condition thereof. Such inspection may be made by the Contracting Officer only after written notice thereof to the Authority. If said measuring devices are found to be defective or inaccurate, the Authority shall, upon notification thereof by the Contracting Officer, promptly make or cause to be made any and all necessary repairs to, or replacement of, said measuring devices. In case of neglect or failure of the Authority to make such repairs, the Contracting Officer may cause the repairs to be made and the cost thereof shall be paid by the Authority within thirty (30) days following receipt of a bill therefor.

Books, Records, and Reports

9. (a) The Authority shall maintain a weekly record of water diversions and, to the extent practicable, return flows and shall, on or before the fifth day of each month or as otherwise reasonably required by the Contracting Officer,

make full and complete written reports to the Contracting Officer and the Commission on forms to be approved by or designated and supplied by the Contracting Officer, and by the 10th day of each January or as otherwise reasonably required by the Contracting Officer, make full and complete written reports to the Contracting Officer and the Commission on forms to be approved by or designated and supplied by the Contracting Officer for said purpose as to all Colorado River water delivered to or diverted by the Authority hereunder and water returned during the preceding Year or other reporting period if so established.

(b) The Authority shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract, including: the Authority's financial transactions; water supply data; project operation; maintenance and replacement logs; project land and right-of-way use agreements; the water user's land-use (statistical data), landownership, land-leasing and water-use data; and other relevant matters that the Contracting Officer or the Commission may require. Reports thereon shall be furnished to the Contracting Officer and the Commission in such form and on such date or dates as the Contracting Officer or the Commission 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 parties' nonprivileged books and records relating to matters covered by this Contract.

Charges Payable to the United States

10. The Authority shall pay, through the Commission, the following charges to the United States:

(a) Water Diversion Fee: A charge of fifty cents ($0.50) per

acre-foot of Colorado River water diverted in the prior month by the Authority hereunder, per month, during the Hoover Dam cost repayment period for credit to the United States for partial repayment for the cost of constructing, operating, and maintaining Hoover Dam, and following the Hoover Dam cost repayment period, such charge as may thereafter be prescribed by Congress.

(b) Administrative Fee: An annual administrative fee at a minimum rate of two thousand dollars ($2,000) per Year to compensate the United States for the expenses reasonably to be incurred by the Contracting Officer in the routine administration of this Contract and its Entitlements. The administrative fee for the Year in which this Contract becomes effective shall be paid within sixty (60) days of the Effective Date and thereafter the fee for the Year shall be paid in accordance with article 12. The Contracting Officer may revise such charge as of January 1 of any Year upon ninety (90) days' advance notice to the Commission and the Authority if the Contracting Officer determines that a different charge is necessary to cover such routine expenses. Upon request, the Contracting Officer shall give the Commission or the Authority a written explanation of the basis for the Contracting Officer's administrative fee, including how it is derived and how the United States' administrative costs are apportioned among contractors in Nevada or in the Lower Colorado River Basin in Arizona, California, and Nevada, including the Authority.

(c) Other Fees or Charges: Additional fees to compensate the United States for other expenses reasonably to be incurred by the United States in the administration of this Contract, or the Entitlements hereunder. Such fees or charges may be only for non-recurring activities or work unique to the administration of this Contract or the Entitlements hereunder. The fees or charges shall be the Authority's proportionate share of actions to be taken by

or on behalf of the Contracting Officer which are of such a nature that they benefit the Authority or its purveyor members. The Contracting Officer shall not undertake any actions which would obligate the Authority to pay such fees or charges without first consulting with the Authority and the Commission regarding the scope of the work, providing an estimate of the charges, and obtaining the consent of the Authority.

Charges Payable to the Commission

11. (a) The Authority shall pay to the Commission a charge per acre-foot of Colorado River water diverted by the Authority hereunder to defray the Authority's proportionate share of the Commission's administrative costs, calculated as provided in this article.

(b) The administrative charge for the period beginning on the Effective Date of this Contract and ending on June 30, 1993, is seventy-two cents ($0.72) per acre-foot.

(c) Except as provided in subarticle (d), the administrative charge shall be revised effective July 1 of each odd-numbered Year after the Effective Date, and calculated as follows:

(1) First, calculate from appropriate time sheets the average percentage of time spent by each executive and professional employee of, or assigned to, the Commission on matters related to water (excluding administration of the Southern Nevada Water System): during the year ending April 30, 1992, for the revision effective July 1, 1993; during the two (2) years ending April 30 of the year immediately preceding July 1 of each subsequent odd-numbered Year, for all subsequent revisions.

(2) Second, multiply the percentages calculated in paragraph (1) by the salaries budgeted for each such executive and professional employee

during the two (2) fiscal years beginning July 1 of each odd-numbered Year.

(3) Third, add the products of each of the calculations made in paragraph (2) to derive the salary component of the revised administrative charge.

(4) Fourth, multiply the sum calculated under paragraph (3) by an overhead percentage factor, calculated by dividing the Commission's total overhead costs by the total salaries of such executive and professional employees, both costs and salaries being those budgeted for the two (2) fiscal years beginning July 1 of each odd-numbered Year, to derive the overhead component of the revised administrative charge.

(5) Fifth, add the amount calculated under paragraph (3) to the amount calculated under paragraph (4) to derive the proportionate share of administrative costs to be borne by all contractors taking delivery of Colorado River water in Nevada.

(6) Sixth, divide the amount calculated under paragraph (5) by the number of acre-feet of Colorado River water estimated by the Commission to be delivered to all contractors during the two (2) fiscal years beginning July 1 of each odd-numbered Year to derive the revised per-acre-foot administrative charge.

(d) The purpose of the procedure described in subarticle (c) is to determine the Authority's proportionate share of the Commission's administrative costs related to water (excluding administration of the Southern Nevada Water System) on a per-acre-foot basis to be paid each billing period during each biennium corresponding with the biennial budgets submitted by the Commission to the Nevada State Legislature. If the months beginning and ending the biennium are changed by law, the months named in this article shall change correspondingly.

If the Commission is required by law to prepare and submit budgets to the Nevada State Legislature annually, the administrative charge shall be revised annually according to the procedure described in this article conformed as necessary to accommodate annual revisions.

(e) The Commission shall notify the Authority and the Contracting Officer of the amount of any revised administrative charge one (1) month before the effective date of the revision. If the Authority disputes the amount of the revised administrative charge calculated under this article, the Authority shall pay the revised charge when due under protest and any overpayment subsequently determined hereunder shall be reimbursed to the Authority, without interest, within sixty (60) days after final determination.

Billing Procedure

12. (a) The Commission shall submit a bill to the Authority on or before February 10 of each Year separately stating the amount of the annual fees or charges due to the United States and to the Commission pursuant to this Contract. The Authority shall pay the Commission each such fee or charge on or before March 10 of that Year.

(b) The Commission shall submit a bill to the Authority for the water diversion fee provided in subarticle 10 (a) on or before the 15th day of each month immediately following the month during which the water is delivered or diverted, and payment shall be due on the 25th day of the month that the bill is submitted to the Authority.

Charges for Delinquent Payments

13. (a) The Authority shall be subject to interest, administrative, and penalty charges on delinquent installments or payments due under this Contract. When a payment is not received by the due date, the Authority shall pay an

interest charge for each day the payment is delinquent beyond the due date plus any charge or penalty imposed on the Commission by the Contracting Officer pursuant to this Contract as a result of the Authority's delinquency. When a payment becomes sixty (60) days delinquent, the Authority shall pay to the Contracting Officer and to the Commission an additional administrative charge equal to their respective additional costs of billing and processing the delinquent payment. When a payment is delinquent ninety (90) days or more, the Authority shall pay an additional penalty charge of 6 percent (6%) per Year for each day the payment is delinquent beyond the due date. Further, the Authority shall pay any costs and fees, other than attorneys' fees, incurred by the Contracting Officer or by the Commission for debt collection services or litigation associated with a delinquent payment.

(b) The interest 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 rate of one-half percent (0.5%) per month prescribed by section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall 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, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

General Obligation

14. The obligation of the Authority to make payments under this Contract is a general obligation of the Authority notwithstanding the manner in which the obligation may be distributed among the Authority's members and notwithstanding

the default of individual members in their obligations to the Authority.

Water Conservation

15. (a) Within one (1) year after the Effective Date of this Contract, the Authority shall submit in writing to the Contracting Officer an effective water conservation program acceptable to the Contracting Officer. The water conservation program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, time schedules for meeting those objectives, and other pertinent information requested by the Contracting Officer. At subsequent five- (5-) year intervals, the Authority shall update its water conservation program by submitting to the Contracting Officer for review information regarding the effectiveness and status of the program. The information shall include: (i) an evaluation of water conservation accomplishments in the previous 5 years; (ii) a discussion of future water conservation opportunities; and (iii) revised or new water conservation objectives, measures, and time schedules. Based on the conclusions from the review, and pursuant to consultation with the Contracting Officer, the Authority shall continue or revise the existing water conservation program as determined by the Contracting Officer. All submissions made to the Contracting Officer pursuant to this article shall be made at the same time to the Commission.

(b) To the extent the water conservation program submitted by the Authority pursuant to subarticle (a) is applicable to the service area of a purveyor member of the Authority and takes into account delivery of Colorado River water to such purveyor member pursuant to a water delivery contract other than this Contract, the submission thereof by the Authority and the acceptance thereof by the Contracting Officer shall constitute submission and acceptance of any water conservation program required by such other contract.

Reclamation Regulations

16. (a) If the Secretary adopts any regulations for administering Entitlements to Colorado River water, prescribing determinations or appeals procedures, or for operating the Colorado River in the Lower Colorado River Basin in Arizona, California, and Nevada, the terms, definitions, or provisions of this Contract shall be revised accordingly to conform with the regulations.

(b) Subarticle (a) shall not apply to regulations relating to the following subjects: (i) reductions in or termination of any of the Entitlements set forth in article 4; (ii) priorities set forth in subarticle 4(g); (iii) termination of this Contract; and (iv) execution of contracts for wells as provided in article 22.

Determinations; Appeals

17. (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 and applicable Reclamation Regulations.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with the Contract, the laws of the United States or the State, and applicable Reclamation Regulations. Such determinations shall be made in consultation with the Authority and the Commission.

(c) (1) The Authority shall have a right to administratively appeal any determination, notice, or other decision of the Contracting Officer under articles 10 and 20 by filing with the Commissioner of Reclamation, hereinafter called "Commissioner": (i) a notice of appeal within thirty (30) days of the date that notice of such decision is given to the Authority; and (ii) a detailed statement of the basis for the appeal within thirty (30) days of the date of

filing such notice of appeal. The decision of the Commissioner shall constitute the final decision of the Secretary for purposes of judicial review.

(2) For purposes of judicial review, all other determinations, notices, and other decisions of the Contracting Officer given pursuant to this Contract shall become and constitute the final decision of the Secretary sixty (60) days after the date that notice of such other determinations, notices, and other decisions is given to the Authority, unless modified or rescinded by the Contracting Officer within such sixty- (60-) day period.

(3) Except as provided in this paragraph, all determinations, notices, or other decisions of the Contracting Officer made pursuant to this Contract shall be immediately effective when made. If a notice of appeal is filed with the Commissioner under paragraph (1), the filing of the notice of appeal shall suspend the immediate effectiveness of the decision unless the Commissioner expressly determines that the decision shall remain immediately effective. In such a case the Authority may treat the decision as the final agency decision for purposes of judicial review.

Filing of Certain Documents

18. The Authority shall promptly file with the Contracting Officer and the Commission within thirty (30) days of their adoption or execution a copy of:

(a) All agreements amendatory of or supplemental to the Cooperative Agreement.

(b) Any shortage-sharing plan or agreement of withdrawal and any amendment or supplement thereto adopted by the Authority or executed by all members of the Authority, as the case may be.

Notices

19. Any notice, demand, or request authorized or required by this Contract

shall be deemed to have been given, and where required to be given to a party shall be given at the same time to each of the other parties, by mailing it, postage prepaid, or delivering it to the other parties as follows:

(1) Regional Director
Lower Colorado Region
Bureau of Reclamation
P.O. Box 61470
Boulder City, Nevada 89006-1470;

(2) Director
Colorado River Commission
of the State of Nevada
Mail Room Complex
Las Vegas, Nevada 89158

(3) General Manager
Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, Nevada 89153

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.

Termination

20. (a) The United States reserves the right to terminate this Contract by written notice thereof to the Authority:

(1) If the Authority is in arrears for more than six (6) months in the payment of any fee or charge due to be paid by it hereunder to the United States.

(2) If the Authority defaults by failing or refusing to meet any material obligation to the United States or the Commission under this Contract and the Authority fails to cure such default within thirty (30) days after service of written notice of default upon the Authority by the Contracting Officer specifying the nature of the default or within such longer period of time as is reasonably necessary to cure the default.

(b) The Authority shall have a right to appeal a notice of termination pursuant to subarticle 17(c). The filing of a notice of appeal shall suspend the effectiveness of the termination until a final decision is made by the

Commissioner unless the Commissioner determines the termination shall be made immediately effective. If the Commissioner determines that the termination shall be made immediately effective, the termination shall be deemed final agency action for purposes of judicial review.

(c) The termination of this Contract does not relieve the Authority of any obligation then owing under this Contract to the United States or to the Commission.

(d) If this Contract is lawfully terminated pursuant to this article, the Authority hereby covenants and agrees to hold the United States and the Commission harmless from any claims, damages, or alleged causes of action claimed to have resulted from such action. Nothing contained in this Contract shall relieve the Authority from any obligation to make the United States and the Commission whole for the period of this Contract for all losses or damages occasioned by the failure of the Authority to pay for water delivered to or diverted by it hereunder.

Other Contracts

21. (a) The Contracting Officer may contract with others for any water available to the Authority which the Authority does not take in any Year, subject to the priorities in paragraph 4(g)(4).

(b) After the Effective Date of this Contract, the Secretary shall not authorize or approve any action in Nevada which would have the effect of increasing evaporative losses from the Mainstream unless such increase can be accommodated within an Entitlement to the delivery of Colorado River water in Nevada held by the person or entity taking such action.

Contracts for Wells

22. (a) The Authority acknowledges that, after the Effective Date of this

Contract, the Contracting Officer may execute pursuant to the Boulder Canyon Project Act one or more permanent service water delivery contracts, having an eighth priority Entitlement, for water finally determined to be Colorado River water drawn from wells in Nevada if: (i) prior to the Effective Date of this Contract and continuing until the date of such determination, the well had a valid permit or certificate issued by the Nevada State Engineer; and (ii) the water covered by the permit or certificate had been placed to beneficial use within the five- (5-) year period preceding the Effective Date of this Contract.

(b) The maximum annual quantity of water which the Contracting Officer may commit to deliver with respect to any such well shall be the amount of water placed to beneficial use in any Year within the five- (5-) year period immediately preceding the Effective Date of this Contract.

(c) After the Effective Date of this Contract, the Contracting Officer shall not execute any contract or other legal instrument having an eighth priority Entitlement which authorizes the pumping of Colorado River water in Nevada by means of a well except in accordance with this article.

(d) For the purposes of subarticle 4(a), subparagraph 4(a)(1)(ii), and subarticle 22(a), a final determination that a well is drawing Colorado River water shall be deemed to have been made when:

(1) The Contracting Officer, in consultation with the State, makes a written determination to that effect and gives the Authority written notice of such determination;

(2) Any timely administrative appeal from such determination has been decided; and

(3) The decision in any timely action seeking judicial review of such determination has become final.

(e) The Authority acknowledges that any water drawn from wells as to which a water service contract is executed pursuant to subarticle (a) shall be chargeable to the State's 300,000 acre-foot per Year Apportionment of Colorado River water as provided by law.

(f) The Secretary, on behalf of the United States, acknowledges that the Commission, the Nevada State Engineer, and the Authority have an interest in any determination made by the Secretary regarding any specific well or wells covered by subparagraph 4(a)(1)(ii) and this article, and the Secretary will not object to the standing of the Commission, the Nevada State Engineer, and the Authority, or any of them, to initiate or intervene in any administrative or judicial proceeding regarding any such determination. Neither the Commission nor the Authority acknowledge that the Secretary's determination under this article of whether a well in Nevada is drawing Colorado River water is entitled to deference or to any presumption of validity in any judicial proceeding challenging that determination or otherwise involving the issue of whether the water drawn from such well is in fact Colorado River water.

Quality of Water

23. The operation and maintenance of Federal facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The United States does not warrant the quality of water and is under no obligation to construct or furnish water treatment facilities to maintain or better the quality of water.

Water and Air Pollution Control

24. The Authority, in carrying out this Contract, shall comply with all applicable water and air pollution laws and regulations of the United States and

the State and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

Endangered Species Act

25. (a) Delivery of water by the United States pursuant to subarticle 4 (a) shall not exceed 85,500 acre-feet per year except as provided in subarticles (b) and (c).

(b) Subarticle (a) shall cease to be effective upon the occurrence of any of the following: (i) an incidental take permit, supported by a habitat conservation plan, is issued by the United States Fish and Wildlife Service ("USFWS"), pursuant to section 10 (a)(1)(B) of the Endangered Species Act ("ESA"), which allows the incidental taking of desert tortoises (Gopherus agassizii) within areas of water delivery in Clark County, Nevada; (ii) the requirement of subarticle (a) is waived in writing by the USFWS after completion of section 7 (a)(2) of the ESA; or (iii) the desert tortoise is not listed under the ESA as threatened or endangered.

(c) If the Authority provides sufficient information to the Contracting Officer, by appropriate surveys or otherwise, that water delivered under subarticle 4(a) in excess of 85,500 acre-feet per year will have no effect on the desert tortoise, within the meaning of the ESA, (i) the restrictions of subarticle (a) shall no longer be applicable, and (ii) the quantity of water specified in subarticle (a) which may be delivered under subarticle 4 (a) shall be increased correspondingly.

Releases and Indemnification

26. (a) Except as provided in subarticle (c), the Authority hereby releases and agrees that it will indemnify and hold harmless the United States and the Commission and their officers, agents, employees, and successors or

assigns, from every claim for damages to persons or property, direct or indirect, and of whatever nature, except for gross negligence, arising by reason of the diversion, pumping, transportation, or use by the Authority of water delivered under this Contract.

(b) Water shall be delivered hereunder without treatment of any kind and without any warranty whatsoever by the United States or the Commission as to the quality or fitness of such water for the uses or purposes of the Authority. Except as provided in subarticle (c), consistent with applicable Federal law, the Authority hereby expressly relieves and releases the United States and the Commission and their officers, agents, and employees, from any liability or responsibility whatsoever, except for gross negligence, for the quality, composition, or contents of the water delivered hereunder, or for any lack of fitness of such water for any use thereof intended by the Authority.

(c) The agreement by the Authority to relieve, release, indemnify, and hold the United States harmless under subarticles (a) and (b) shall not extend to any cause of action against the United States which is not based on this Contract or which arises out of contamination of water delivered or diverted hereunder which is caused by an act or omission of the United States.

(d) The Authority hereby covenants and agrees that the United States and the Commission, their officers, agents, employees, and successors or assigns, shall not be liable for damages caused by suspensions or reductions in delivery of water which occur for any reason whatsoever, except for gross negligence, including, but not limited to, the operation of subarticles 4(c), (e), and (g), an insufficient supply of water as determined by the Secretary, or by hostile diversion, drought, or interruption of service occasioned by necessary repairs to any of the works by means of which water is stored or for damages caused by

floods, unlawful acts, or unavoidable accidents.

Noninterference

27. The Authority shall not, in exercising any rights under this Contract or the Cooperative Agreement, interfere or purport to interfere with the lawful performance by the State, acting through the Commission, of any duties or obligations owed to the United States by the State under its contracts with the Secretary.

Priority of Claims of the United States

28. Claims of the United States arising out of this Contract shall have priority over all others, secured or unsecured, to the extent provided by applicable law.

Contingent on Appropriation or Allotment of Funds

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

Effect of Waiver of Breach of Contract

30. All rights of action for breach of any of the provisions of this Contract are reserved to the United States as provided in section 3737 of the Revised Statutes of the United States, and in a similar manner to the Commission and to the Authority. The waiver of a breach of any of the provisions of this Contract shall not be deemed to be a waiver of any provision hereof, or of any other subsequent breach of any provisions hereof.

Remedies Under Contract Not Exclusive

31. Nothing contained in this Contract shall be construed as in any manner abridging, limiting, or depriving the United States, the Commission, or the Authority of any means of enforcing any remedy either at law or in equity for the breach of any of the provisions hereof which it would otherwise have.

Protection of Rights and Remedies

32. (a) This Contract is hereby expressly made subject to all existing rights or Entitlements to the appropriation of Colorado River water pursuant to Federal law, the Decree, Secretarial Reservations, and Federal contracts. Nothing herein is intended to derogate or otherwise prejudice any rights or remedies held by the United States, the State, the Commission, or any person under any contract or other Entitlement to the delivery of Colorado River water entered into or created prior to the Effective Date of this Contract.

(b) The use by the Authority of any Unused Nevada Apportionment or Unused Other State Apportionment shall not be construed or interpreted as creating any lien, encumbrance, interest, or third-party rights in any such Apportionment.

Assignment Limited; Successors and Assigns Obligated

33. (a) No assignment or transfer of this Contract or any part or interest therein shall be valid until approved in writing by the Contracting Officer.

(b) The provisions of this Contract shall apply to and bind the successors and assigns of the parties hereto.

Officials Not to Benefit

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

Uncontrollable Forces

35. No party shall be considered to be in default in respect to any obligation hereunder, if prevented from fulfilling such obligation by reason of Uncontrollable Forces, the term "Uncontrollable Forces" being deemed, for the purposes of this Contract, to mean any cause beyond the control of the party affected, including but not limited to drought, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by court or public authority, which by exercise of due diligence and foresight, such party could not reasonably have been expected to avoid. Any party rendered unable to fulfill any obligation by reason of Uncontrollable Forces shall exercise due diligence to remove such inability with all reasonable dispatch.

Equal Opportunity

36. During the performance of this Contract, the Authority agrees as follows:

(a) The Authority will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The 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, 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. The 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) The Authority will, in all solicitations or advertisements for employees placed by or on behalf of the Authority, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.

(c) The 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 said labor union or workers' representative of the Authority's commitments under section 202 of Executive Order 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

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

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

(f) In the event of the 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 the Authority may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended

Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said amended Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Authority will include the provisions of subarticles (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of said amended Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The 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 the Authority becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the 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

37. (a) The 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 1975 (Public Law 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the Department of the Interior or Reclamation, hereinafter called "Reclamation."

(b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, 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 Reclamation. By executing this Contract, the 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) The 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 the Authority by Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The 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.

No Third Party Beneficiary

38. Except as may be otherwise provided as to purveyor members of the Authority, this Contract is not intended to benefit, and shall not be construed as benefitting, or conferring any right on, any person not a party to this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract No. 2-07-30-W0266 the day and Year first above written.

UNITED STATES OF AMERICA

Legal Approval and Sufficiency

By: _____
~~Field~~ Solicitor
Phoenix, Arizona

By: _____
Acting Regional Director
Lower Colorado Region
Bureau of Reclamation

STATE OF NEVADA, acting through its COLORADO RIVER COMMISSION

Attest:

_____
~~Director~~

By: _____
Chairman

Approved as to form:

By: _____
Attorney General of the
State of Nevada

Ratified and approved:

By: _____
Governor of the State of Nevada

THE SOUTHERN NEVADA WATER AUTHORITY

Attest:

_____
Secretary

By: _____
Chairman