

EXHIBIT 3

State of Nevada Land Permit Number 1268

to

ATTACHMENT A

Environmental Requirements

Addendum No. 1

Glendale Water Supply Improvement Project

Contract No. 0910-181



STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF STATE LANDS
901 S. Stewart St., Ste. 5003
Carson City, Nevada 89701-5246

THE STATE OF NEVADA, acting through the Division of State Lands pursuant to NRS 321.595 and NRS 322.100 does hereby grant a permit to:

Name: Truckee Meadows Water Authority,

Mailing Address: P.O. Box 30013
Reno, NV 89520 3013

Parcel Number: 032-050-54

1. The physical address in which this facility is to be located is:
Truckee River
Sparks, Nevada

County: Washoe Waterway: Truckee River
SEC: 7 TWP: 19 NORTH RGE: 20 EAST

2. Permittee is granted a permit:
Diversion Dam Structure

3. Proof of financial responsibility in amount of:
has been established in the following manner:
POLICY NUMBER:

4. Conditions for permit approval: SEE ATTACHED CONDITIONS

5. A permit given by the Division of State Lands does not give any property rights in real estate or material nor does it obviate the necessity of obtaining federal, local or regional assent to the work authorized.

6. The public shall not be denied reasonable access to or the use of any State Lands.

PERMIT TERM: Twenty (20) YEARS ;
Beginning: January 31, 2010 ;
Ending: January 31, 2030 ; unless sooner terminated as provided.

ANNUAL FEE RATE:

Given under the hand of the Administrator of the Division of State Lands

this 22nd day of January 2010

Charles Donohue
CHARLES DONOHUE
Deputy Administrator
For and on behalf of
JAMES R. LAWRENCE
State Land Registrar
Division of State Lands

Permit Conditions**TRUCKEE MEADOWS WATER AUTHORITY
GLENDALE DIVERSION DAM
WASHOE COUNTY, NEVADA
PERMIT NUMBER 1268
CONDITIONS**

1. This permit is subject to the acquisition of all local, regional, state and federal permits and approvals as required by law including, but not limited to, Nevada Division of Water Resources, Nevada Division of Environmental Protection and the U.S. Army Corps of Engineers, and compliance with all conditions thereof.
2. Permittee, its successors and assigns, understands and agrees that this project, consisting of an in-channel diversion structure will be constructed within the Truckee River adjacent to Washoe County Assessor's Parcel Numbers 032-050-54 and 12-301-002 as described on the legal description attached as "Exhibit A" hereto and as shown on the diagram attached as "Exhibit B" hereto.
3. Permittee, its successors and assigns, understands and agrees that the diversion dam structure will be constructed as described on "The Glendale Water Supply Improvement Project" attached hereto as "Exhibit C".
4. Permittee, its successors and assigns, understands and agrees that in compliance with Nevada Revised Statutes section 322.110(1)(a)(1), a permit to construct or install a structure on state land for the diversion of water commercial use, the State Land Registrar shall charge a fee of TWO HUNDRED DOLLARS (\$200). The State Land Registrar shall not charge a fee for the use of state land to maintain or repair such a structure.
5. Permittee, its successors and assigns, understands and agrees that the diversion structure must be maintained in good repair at all times.
6. Permittee, its successors and assigns, understands and agrees that a copy of this permit must be held on file at all times and available for inspection by all local, regional, state and federal authorities.
7. Permittee, its successors and assigns, understands and agrees that at any time the diversion structure requires maintenance to be performed upon it, that all necessary permits are obtained from the various regulatory agencies prior to the commencement of any maintenance work within the river channel.
8. Permittee, its successors and assigns, understands and agrees that at no time will the permittees deny the general public access to the waters of the Truckee River adjacent to the diversion structure for fishing or other recreational uses.
9. Permittee, its successors and assigns, understands and agrees that neither the State of Nevada nor Permittee will waive and each intends to assert available statutory limitations in all cases, including, without limitations, the provision of Nevada Revised Statutes Chapter 41. Notwithstanding anything to the contrary, Permittee is not liable to the State of Nevada for any punitive, consequential, indirect, exemplary or incidental damages, including, without limitation, damages based upon lost revenues or profits, in connection with this permit.
10. Permittee, its successors and assigns, understands and agrees that all work must be performed in compliance with all rules and regulations governing water quality as published by the Division of Environmental Protection (NDEP). All work shall be done in accordance with Best Management Practices (BMP's) as approved by NDEP and in accordance with all authorizations issued by NDEP. All BMP's are to be strictly enforced at all times.
11. Permittee, its successors and assigns, understands and agrees that no other structures are permitted or allowed under this permit.
12. Permittee, its successors and assigns, understands and agrees that a permit from the Division of State Lands is required prior to commencement of any future changes, relocation or replacement of the diversion structure approved under this permit.

13. Permittee, its successors and assigns, understands and agrees that the Division of State Lands is required, pursuant to NRS 322.130 to assess a one-time permit fee. Should NRS 322.130 be amended or updated such that required fee amounts change, the Division of State Lands reserves the right to re-evaluate, reassess and adjust the permit fee accordingly. The current fee associated with this permit for a structure within a navigable river for the purpose of diverting water for commercial purposes is TWO HUNDRED FIFTY DOLLARS (\$250).

14. No alterations or dredging activities or disturbance of the bed or banks of the Truckee River are permitted or allowed except as specifically allowed under this permit. There shall be no disturbance of vegetation except as specifically allowed for construction of the facilities. Immediately upon completion of construction, any disturbed land or vegetation shall be immediately restored to its pre-project condition.

15. Permittee, its successors and assigns, understands and agrees that this permit extends only to the bed and banks of the Truckee River, to the ordinary and permanent high water mark, and shall not be construed as to authorize access across other private lands; access to the river shall be by Public routes, and/or by authorized access across other private lands.

16. Permittee, its successors and assigns, understands and agrees that in the event any buried human remains or other previously unidentified cultural resources are located during project activities, all work in the vicinity of the find will immediately cease and the Division of State Lands (775-684-2720) and the Department of Cultural Affairs/ State Historic Preservation Office (SHPO) (775-684-3443) will be contacted for additional consultation per NRS 383.150-190.

17. Permittee, its successors and assigns, understands and agrees to pay and be responsible for all damages to the real property, improvements and personal property of the State of Nevada caused by Permittee while constructing, operating, maintaining, or removing the project.

18. Permittee, its successors and assigns, and/or agent(s) or contractor(s) understands and agrees to indemnify, defend and hold harmless the State of Nevada and its agents/employees from and against any and all liability claims for personal injuries, property damage, or for loss of life or property resulting from, or in any way connected with, and or related to, the condition or use of the premises covered herein, including any hazard, deficiency, defect or other matter, known or unknown, or connected with the construction, operation, maintenance or removal of the project.

19. Permittee, its successors and assigns, understands and agrees that failure to concur with or comply with any of the conditions contained herein will cause this permit to become invalid and require the immediate removal of the facilities and restoration of area to its previous condition.

20. The State reserves its authority, as defined by law, over the Truckee River, and if the Truckee Meadows Water Authority wishes to utilize other portions of the waterway not granted through this permit, a new State Lands application is required in accordance with applicable laws and regulations.

21. The Permittee agrees to pay for and be responsible for all damages to real property, improvements, and personal property of the State caused by you or your contractor(s) during work on the projects and related activities.

22. The Truckee Meadows Water Authority, and/or its agent(s) or contractor(s) understand and agree that at no time shall any chemical products or petrochemicals of any kind be discharged, deposited or allowed to enter into the river channel.

23. You agree that any tractor, backhoe, or other equipment will be washed and free of any oils, toxins, fuel, debris, and any other foreign substance that could pollute the river or harm its ecosystem.

24. If any component of the project fails, creates a hazard or causes upstream or downstream impacts, the Truckee Meadows Water Authority agrees to repair or mitigate any damage.

25. The Division of State Lands must be notified upon completion of the project and related activities to allow interested agencies the opportunity to inspect the work sites.

Authorization given by the Division of State Lands does not give any property rights either in real estate or material nor does it obviate the necessity of obtaining other local, state, regional, or federal assent to the work authorized.

EXHIBIT A

GLENDALE WATER SUPPLY IMPROVEMENT PROJECT

A portion of that certain real property, as described by Document Number 408698 of the Official Records of Washoe County, Nevada, situate within the Northeast One-quarter (1/4) of Section 7, Township 19 North, Range 20 East, Mount Diablo Meridian, Washoe County, Nevada being more particularly described as follows:

Commencing at the center one-quarter (1/4) corner of said Section 7, thence North 78°50'15" East a distance of 877.42 feet to the **True Point of Beginning**; thence South 53°56'19" West a distance of 34.92 feet; thence South 19°34'17" West a distance of 35.71 feet; thence South 00°23'14" East a distance of 33.01 feet; thence South 27°31'20" East a distance of 64.59 feet; thence South 08°47'54" East a distance of 46.86 feet; thence South 23°22'54" West a distance of 9.87 feet; thence South 57°43'39" West a distance of 13.59 feet; thence South 88°04'54" West a distance 33.18 feet; thence North 77°29'54" West a distance of 31.59 feet; thence North 00°15'58" West a distance of 10.23 feet; thence North 14°41'05" West a distance of 18.62 feet; thence North 32°22'54" West a distance of 99.08 feet; thence North 56°57'08" West a distance of 43.24 feet; thence North 70°05'04" West a distance of 29.25 feet; thence North 45°40'50" West a distance of 34.89 feet; thence North 34°35'06" West a distance of 89.27 feet; thence North 26°38'15" West a distance of 22.23 feet; thence North 03°23'08" East a distance of 50.65 feet; thence North 31°08'23" West a distance of 175.30 feet; thence North 41°14'43" East a distance of 128.55 feet; thence South 53°18'52" East a distance of 14.69 feet; thence South 38°05'34" East a distance of 23.97 feet; thence South 35°00'00" East a distance of 86.04 feet; thence South 40°36'25" East a distance of 72.80 feet; thence South 37°13'34" East a distance of 62.83 feet; thence South 41°28'51" East a distance of 123.07 feet; thence South 62°23'25" East a distance of 91.00 feet; thence South 19°21'51" East a distance of 16.79 feet to the **Point of Beginning**.

Containing 2.20 acres of land, more or less.

The Basis of Bearing for this description being the NAD83/94 Nevada State Plane Coordinate System West Zone.

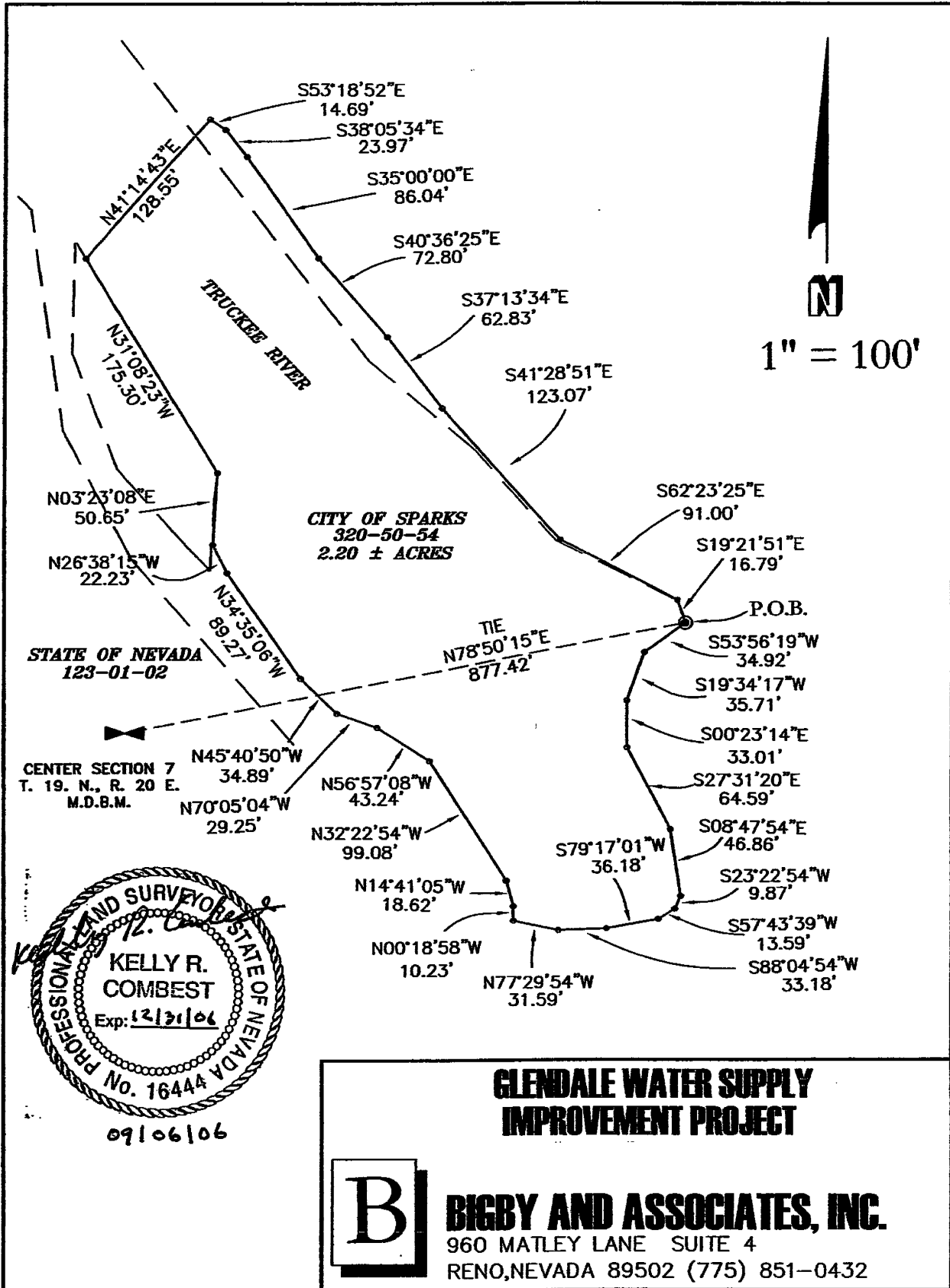
Prepared By:
Bigby and Associates, Inc.
960 Matley Lane, # 4
Reno, Nevada 89502
(775) 851-0431



Kelly R. Combest PLS 16444

09/06/06

EXHIBIT B



PROFESSIONAL LAND SURVEYOR STATE OF NEVADA
 12. Combest
KELLY R. COMBEST
 Exp: 12/31/06
 No. 16444
 09106106

GLENDALE WATER SUPPLY IMPROVEMENT PROJECT

B **BIGBY AND ASSOCIATES, INC.**
 960 MATLEY LANE SUITE 4
 RENO, NEVADA 89502 (775) 851-0432

