



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: Scott Estes, Director of Engineering
DATE: March 12, 2012
SUBJECT: **Request for Approval of Acquisition of Water System Assets of Verdi Business Park Cooperative and Authorization for the General Manager to Negotiate Final Terms and Conditions and Execute Agreement to Acquire the Water System Assets of the Verdi Business Park Water Cooperative**

RECOMMENDATION

Staff recommends that the Board approve acquisition of the water assets of the Verdi Business Park Cooperative (VBP) and authorize the General Manager to negotiate final terms and conditions and execute an Agreement for TMWA to acquire the Water Assets of the VBP contingent upon the VBP satisfying all conditions identified in the Agreement as required to close escrow. The draft agreement is attached.

DISCUSSION

The VBP water system serves a total of 15 commercial and industrial parcels on about 17.5 acres located near the roundabout on US 40 at the intersection with Somersett Ridge Parkway. The system is supplied by a single groundwater well which has been found to produce water with arsenic levels that exceed federal drinking water regulations. The VBP hired John Collins, P.E. to operate the system and to evaluate alternatives to bring the VBP system into compliance with state and federal regulations. Mr. Collins worked closely with TMWA staff to identify water system improvements and other conditions under which TMWA would be willing to take over ownership of the VBP water system assets. As a result of those preliminary discussions, the VBP hired Shaw Engineering to develop a Facility Plan to formally evaluate compliance plan alternatives and prepare construction cost estimates. The recommended alternative was connection to the TMWA system along with construction of facilities and improvements necessary to integrate the VBP system and meet current fire flow requirements.

The VBP has submitted a loan application to the Drinking Water State Revolving Fund (DWSRF) to fund the required improvements to tie into TMWA's system. Under the terms and conditions of the agreement, TMWA will acquire the water assets in return for assuming the liability associated with the DWSRF loan subject to (1) the 15 active service converting to TMWA's rates before the acquisition and (2) the ability to create and impose a special

assessment on each of the VBP properties if the assumed debt cannot be adequately funded by water rates.

The *attached draft agreement* has been reviewed by legal counsel for both parties; therefore, only very minor changes are anticipated.

AGREEMENT FOR WATER SYSTEM ACQUISITION

Between

VERDI BUSINESS PARK WATER COOPERATIVE

And

TRUCKEE MEADOWS WATER AUTHORITY

(Verdi Business Park)

DRAFT 2-29-12

AGREEMENT FOR WATER SYSTEM ACQUISITION

THIS AGREEMENT FOR WATER SYSTEM ACQUISITION (this “Agreement”), is dated _____, 2012 (the “Effective Date”), and is entered into by and among VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada non-profit cooperative corporation (“Seller”), and TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority created pursuant to NRS Chapter 277 by the Cities of Reno and Sparks, and Washoe County (“TMWA”).

RECITALS

A. SELLER owns certain assets and operates a privately owned public water system in Washoe County, Nevada which is exempt from regulatory oversight by the Nevada Public Utilities Commission, which system currently serves approximately ten (10) commercial customers in the business development consisting of fifteen (15) parcels commonly known as the Verdi Business Park (the “Water Business”).

B. SELLER owns no water rights, but has received will serve commitments from Washoe County (“Will Serve Commitments”) reflecting water resource dedications in the aggregate total of 12.58 acre feet for water service to certain parcels (“Dedicated Water Resources”) within the Verdi Business Park, as more particularly described in Schedule 1.17 attached hereto and incorporated herein by reference.

C. TMWA is a public purveyor of domestic water service in the greater Reno-Sparks area.

D. SELLER desires to sell and transfer to TMWA, and TMWA desires to purchase, the Assets (as defined herein), and TMWA agrees to assume certain liabilities as specified herein, for the consideration and on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which all parties acknowledge, the parties hereto agree as follows:

1. Defined Terms.

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms, when used in this Agreement, shall have the meanings set forth below:

1.1 “Assets” means collectively the assets set forth on Schedule 1.1 and all other rights and assets owned, leased, or used by SELLER in the operation of the Water Business, other than the Excluded Assets, including:

- (a) All Water Facilities and Capital Improvements;

- (b) All Real Property;
- (c) All Will Serve Commitments and beneficial interest in the Dedicated Water Resources;
- (d) All Water Resources, if any exist;
- (e) All hookup fees, connection charges, water resource fees, deposits or other amounts due or to become due from developers or customers for future service, water resources, or distribution facilities;
- (f) All Customer Information;
- (g) All books and records relating to the Water Business or the Assets, whether in written form or otherwise; and
- (h) GIS data with respect to the Assets, if any exists.

1.2 “Assumed Liabilities” shall mean the following Liabilities, and no others:

- (a) All obligations of SELLER in the normal course of the Water Business to provide water service, after the Closing, to those SELLER customers receiving water service on the Closing Date for the demand set forth in the Will Serve Commitments as set forth in Schedule 1.17 and upon dedication of sufficient water resources to other properties within SELLER’S Water Business as set forth in Schedule 1.17, all subject to the terms and conditions of TMWA Rules of service;
- (b) All Resource Commitments, subject to compliance by beneficiaries thereof with TMWA Rules of Service;
- (c) The DWSRF Loan, to the extent assignable;
- (d) Such other Liabilities as TMWA may incur in connection with the ownership of the Assets or operation of the Water Business from and after the Closing Date to the extent such Liabilities do not arise out of, do not occur, and are not incurred as a direct or indirect result of SELLER’s ownership or operation of the Water Business or Assets.

1.3 “Capital Improvements” means those certain capital improvements identified in Schedule 1.3 to be made to Seller’s Water Facilities by Seller prior to Closing.

1.4 “Closing” means the consummation of the transactions contemplated by this Agreement. The Closing shall occur at the offices of TMWA, 1355 Capital Blvd., Reno, Nevada 89502.

1.5 “Customer Information” all customer lists, customer credit information, the original or photocopies of all files, records, and accounts for customers of SELLER who receive, or have entered agreements to receive, water service from SELLER, in SELLER’s possession or control, and which shall include, without limitation, a separate schedule setting forth each individual customer name, address, telephone number, social security number, and service property address.

1.6 “Deed and Bill of Sale” means a Deed and Bill of Sale from SELLER to TMWA in the form of Exhibit 1.6 attached hereto.

1.7 “Dedicated Water Resources” means the 12.58 acre feet of water rights described in Schedule 1.17 conveyed to Washoe County by SELLER or SELLER’s Customers supporting current water service and Resource Commitments by SELLER to SELLER’s Customers.

1.8 “DWSRF Loan” means that certain indebtedness in the original principal amount of \$635,200.00 between Seller, as borrower, and the State of Nevada, Division of Environmental Protection as lender, pursuant to the Nevada Drinking Water State Revolving Fund program, evidenced by that certain promissory note from Seller, as borrower, in favor of the State of Nevada, dated [REDACTED].

1.9 Environmental Laws” means all statutes specifically described in the definition of Hazardous Materials and any other federal, state, or local environmental health and safety statutes, ordinances, codes, rules, regulations, orders and decrees regulating, relating to or imposing liability or standards concerning or in connection with Hazardous Materials, or governing the parties’ rights with respect to any Hazardous Materials, and including, without limitation, the Solid Waste Disposal Act, 42 U.S.C. § 6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq. (“CERCLA”), as amended by the Superfund Amendments and Reauthorization Act of 1986 (“SARA”); the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; and the Safe Drinking Water Act, 42 U.S.C. § 300f et seq.

1.10 “Escrow Holder” means the firm of McDonald Carano Wilson, LLP.

1.11 “Excluded Assets” shall mean: a) All cash, cash in banks, cash equivalents, bank and mutual fund accounts of SELLER; (b) all receivables, accounts, or rights to receive money arising out of the operation of the Water Business prior to the Closing Date, including receivables relating to earned but unbilled revenues, but specifically excluding hookup fees, connection charges, water resource fees or other amounts due from developers or customers for future service, water resources, or distribution facilities which shall be included in the Assets; (c) All property, casualty, workers’ compensation, liability or other insurance policies or related insurance services contracts of SELLER relating to the Assets or the Water Business existing before the Closing Date, and any rights, claims or chooses in action under such insurance policies; (d) all leases or leasehold interests in any real property or personal property; (e) all equipment or tangible assets owned or leased by SELLER in connection with the Water Business not otherwise included in the Assets; (f) All rights or claims of SELLER with respect to any tax refund, or other credits for periods ending prior, or including the period prior, to the Closing Date, and (g) all other assets not specifically included in the Assets.

1.12 “Hazardous Materials” means any substance, material, waste, gas or particulate matter whose nature and/or quantity or existence, use, manufacture, or effect render it subject to federal, state, or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare, and including, without limitation, any material or substance which is defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," or "restricted hazardous waste" under any provision of Environmental Law.

1.13 “Hazardous Materials Activity” means the generation, production, use, storage, transport, or disposal of, or other activity related to, any Hazardous Materials.

1.14 “Laws” means any and all laws, ordinances, statutes, regulations, rules, codes, or the like, and any judgments, administrative rulings, orders, decrees, writ, injunctions, directives, or the like of any governmental agency, department, entity, or court.

1.15 “Liabilities” means any and all debts, claims, losses, liabilities, or obligations of any nature, character, or kind whatsoever, whether known or unknown, accrued, absolute, contingent, or otherwise, matured or unmatured and whether due or to become due (including, without limitation, tax liabilities, liabilities to employees, liabilities under executory contracts, trade payables, express or implied contract or tort liability involving persons or property of any kind) and any facts or circumstances which could give rise to any such debts, claims, losses, liabilities, or obligations.

1.16 “Real Property” means all easements, rights of way, licenses, permits or other interests in real property used by SELLER and/or necessary for the operation of the Water Facilities and Water Business and any water rights owned by SELLER, including any easements acquired by SELLER pursuant to Section 4.3 and that certain easement dated August 8, 1984 between Sierra Pacific Power Company (predecessor in interest to TMWA) and Verdi Business Park, a Nevada limited partnership, for construction and operation of storage tanks sites on property known as Assessor’s Parcel Number 38-111-01 (referred to as the “Tank Easement”).

1.17 “Resource Commitments” means those specific commitments made by SELLER prior to the Effective Date to provide, sell, transfer or convey water resources, water rights or water resource credits of SELLER in the amounts and as described in Schedule 1.17.

1.18 “Retained Liabilities” means all other debts and Liabilities of SELLER and/or the Water Business other than the Assumed Liabilities, whether now existing or hereafter arising, in connection with SELLER’s ownership of the Water Business prior to the Closing Date

1.19 “Water Facilities” means all water distribution and storage assets, including all mains, markers, conduits, pipes, pump stations, valve boxes, meters, fixtures, pipes, service lines, backflow prevention equipment, tanks, and any other facilities or appurtenances owned, held or used in connection with the operation of the Water Business and distribution system of SELLER, including without limitation two (2) 120,000 gallon storage tanks located on property owned by TMWA and known as Assessor’s Parcel Number 38-111-01.

1.20 “Water Resources” means all water rights and water resource credits used by Seller in connection with the Water Business or otherwise owned by Seller, including without limitation beneficial interest in the Dedicated Water Resources.

2. Escrow.

Upon the mutual execution and delivery of this Agreement by all parties, the parties shall open the Escrow by delivery of a fully executed copy of this Agreement to Escrow Holder. The parties shall execute and deliver any supplemental escrow instructions reasonably requested by Escrow Holder in connection with the transaction contemplated by this Agreement, provided the same do not impose any additional material financial obligations on any party other than customary indemnification provisions protecting Escrow Holder for claims arising out of the acts or omissions of such party.

3. Sale and Purchase of Assets and Assumption of Liabilities.

3.1 Sale and Purchase of Assets. Upon the terms and subject to the satisfaction or waiver of the conditions set forth in this Agreement, at the Closing SELLER shall sell, assign, transfer, convey and deliver to TMWA and TMWA shall purchase, acquire and accept from SELLER all of SELLER's right, title and interest in and to the Assets. TMWA and SELLER acknowledge and agree that SELLER is not transferring to TMWA, and TMWA is not acquiring, any of the Excluded Assets. The Assets shall be transferred to TMWA free and clear of all liens, pledges, security interests, encumbrances, rights, and claims, except those which arise out of Liabilities expressly assumed by TMWA under this Agreement.

3.2 Excluded Assets. Notwithstanding the foregoing or anything else herein to the contrary, SELLER shall retain the Excluded Assets.

3.3 Assumption of Liabilities. Upon the terms and subject to the satisfaction or waiver of the conditions set forth in this Agreement, at the Closing and from and after the Closing Date, TMWA shall assume and be responsible only for the Assumed Liabilities. The parties acknowledge and agree that TMWA is not assuming any of the Retained Liabilities, nor is TMWA assuming liability for obligations to the extent SELLER is obligated to indemnify TMWA pursuant to this Agreement.

3.4 SELLER's Retained Liabilities. SELLER acknowledges and agrees that SELLER shall remain absolutely liable for the Retained Liabilities, and that TMWA does not agree to assume, and shall not be obligated to perform or otherwise be liable in respect to the Retained Liabilities.

3.5 Transfer of Assets and Assumed Liabilities. The Assets shall be sold, transferred, assigned and delivered, and the Assumed Liabilities shall be assumed, pursuant to transfer and assumption agreements or other instruments in such form as is necessary and appropriate to effect a conveyance and in such form reasonably satisfactory to TMWA and SELLER.

3.6 Governmental Approvals and Consents. SELLER and TMWA shall cooperate with each other and promptly prepare and file (but in no event later than 15 days after the date of this Agreement has been executed with respect to filings with the Public Utility Commission of Nevada, if applicable) all necessary documentation and use commercially reasonable efforts to obtain all necessary permits, consents, approvals and authorizations of all Governmental

Authorities necessary or advisable to consummate the transactions contemplated by this Agreement, including without limitation the Public Utilities Commission of Nevada.

3.7 Risk of Loss. SELLER shall bear all risk of loss with respect to the Water Business and the Assets prior to the consummation of the Closing.

3.8 Water Business Operations. Between the date hereof and the Closing Date, SELLER shall: (1) continue to conduct the Water Business in its usual and ordinary course as previously conducted in accordance with sound and prudent business practices; (2) maintain the Assets in good physical condition and repair; (3) maintain all books and records of the SELLER completely and accurately without any change in accounting methods or practices; and (4) use its best efforts to cause SELLER to maintain the goodwill of, and good business relations with, its employees, agents, contractors, suppliers, customers and others having business relationships with it, so as to keep such fully available to TMWA after the Closing Date. Between the date hereof and the Closing Date, SELLER shall not without the prior written approval of TMWA: (1) sell, lease, transfer or otherwise dispose of any of the Assets or mortgage, pledge, impose or suffer to be imposed any lien or encumbrance on the Assets, except in connection with securing the DWSRF Loan; and (2) acquire any assets of the type used in the Water Business which are material to the Water Business taken as a whole or which involve aggregate consideration in excess of \$5,000, except for the Capital Improvements.

3.9 Customer Rates. SELLER shall, prior to the Closing, take all action necessary to adopt TMWA's Rules and Rate Tariffs in their entirety so such apply to all SELLER'S customers as if they were TMWA retail customers, which amendments shall be effective at the earlier of: (1) the date established by the SELLER'S Board at the time of adoption; or (2) the Closing. Following the Closing, SELLER'S customers shall be subject to TMWA's Rules and Rate Tariffs.

4. Due Diligence

4.1 Due Diligence Period And Review. TMWA shall have a due diligence investigation period, expiring at 5:00 p.m. on the date which is sixty (60) days after the Effective Date of this Agreement (such period, the "**Due Diligence Period**"), in order to conduct such due diligence investigations as TMWA deems necessary to determine the feasibility, economic or otherwise, of its intended use of and otherwise related to the Assets and Water Business, including without limitation surveying the Water Facility locations. TMWA shall pay all costs and expenses incurred to conduct the investigation and studies. Seller agrees to make available to TMWA for inspection and delivery to TMWA within five (5) days of the Effective Date the following:

A. A current preliminary title report covering the Real Property, together with all documents which constitute the underlying exceptions to title (collectively, the "Preliminary Title Report");

B. Any conditions, handbooks, contracts, litigation, leases and easements affecting the Real Property which are not included in the Preliminary Title Report;

C. Copies of all existing permits, approvals, reports, surveys, engineering studies, geotechnical reports, tentative maps, final maps, environmental surveys, improvement plans, architectural, structural and landscape plans; subcontractor and supplier directory; and other consultant's material relating to the Real Property which are presently available to Seller or available to Seller's agents, which Seller has knowledge of or has in its possession; and

D. All information related to the Water Facilities and Real Property in Seller's possession or control, including but not limited to building, grading, drainage and improvement plans, maintenance and operation logs, and any other documents which may be reasonably requested by TMWA applicable to the Assets and in Seller's possession or control.

With respect to TMWA's right to inspect the Assets (including the records and documents referenced above), TMWA agrees that (i) Seller shall receive not less than 12-hours prior notice of each inspection, and (ii) each inspection shall be performed during normal business hours or at such other times as Seller and TMWA shall mutually agree. All inspections, examinations and other reviews conducted by TMWA or TMWA's agents shall be performed at the sole risk and expense of TMWA and TMWA shall be solely responsible for the acts or omissions of TMWA and any of TMWA's agents brought on, or to, the Real Property by TMWA. In addition, TMWA shall defend, indemnify and hold Seller harmless from and against all loss, liability, damage or expense (including reasonable attorneys' fees and court costs) resulting from claims for bodily injury, wrongful death or property damage against Seller or the Real Property arising from any act or omission by TMWA or any of TMWA's agents in connection with any inspection of the Real Property or the records and documents by TMWA or TMWA's agents.

4.2 Termination. If TMWA, in its sole discretion, determines within this due diligence period that TMWA's intended operation of the Water Business is not feasible for any reason whatsoever, or that TMWA, for any other reason or for no reason, elects not to purchase the Assets, TMWA shall have the right to terminate this Agreement by written notice to Seller delivered prior to the expiration of this due diligence period, and this Agreement shall be immediately terminated. If TMWA fails to so notify Seller of such termination within this due diligence period, TMWA shall be deemed to have waived its right to so terminate and the due diligence period shall have expired. If TMWA terminates this Agreement under this Section, then neither Seller nor TMWA shall have any further obligations under this Agreement, except that Seller and TMWA shall each bear the costs each Party has already incurred under this Agreement.

4.3 Acquisition of Additional Easements. If TMWA determines during the Due Diligence period that any of the Water Facilities to be transferred hereunder are located on property other than the Real Property owned by SELLER or in which SELLER does not have a valid easement or right of way, SELLER shall be responsible for obtaining, at no cost to TMWA, such easements or rights of way on terms acceptable to TMWA from the owners of the property on which the Water Facilities are located for conveyance to TMWA at Closing.

4.4 Operational Feasibility. It is the intent of the Parties that TMWA shall independently verify and satisfy itself on all issues of operational feasibility and title during the due diligence period and that TMWA's sole remedy in the event TMWA disapproves of any matters subject to its review and approval under Section 4.1 in TMWA's sole discretion, is to terminate this Agreement pursuant to Section 4.2.

5. Purchase Price and Adjustments.

5.1 Purchase Price. The consideration to be delivered by TMWA for the Assets at Closing shall consist of TMWA's assumption of the Assumed Liabilities. The Parties acknowledge and agree that the assumption of the Assumed Liabilities, including without limitation the future operation and maintenance of the Water Business, is fair and adequate consideration for the Assets.

5.2 Special Assessments. SELLER understands and acknowledges that its representations and warranties under this Agreement are material inducements to TMWA's decision to enter this Agreement and consummate the transactions described herein. SELLER further understands and acknowledges that the amount and accuracy of the Assumed Liabilities, significantly affects the value of the Assets, and, therefore, the Purchase Price. SELLER agrees that TMWA will require a reasonable period of time after the Closing Date to confirm whether the Assumed Liabilities, Water Business, and the Assets delivered by SELLER are as represented by SELLER. Accordingly, TMWA shall be entitled to impose and collect from customers of the Water Business as such customers exist at the time of such imposition, and on such allocable basis determined by TMWA, special assessments on future water service ("Special Assessments"), on a dollar-for-dollar basis (i) to repay the indebtedness created by the DWSRF Loan; and (ii) to the extent that TMWA discovers other Liabilities arising out of, occurring, or incurred as a direct or indirect result of SELLER's ownership or operation of the Water Business or Assets, regardless of when such Liabilities arise, occur, or are incurred, and SELLER is unwilling or unable to satisfy such Liabilities. To the extent TMWA deems it prudent to impose any Special Assessments, such Special Assessments shall be adopted by the TMWA Board through the normal public procedures for approving modifications to rate tariffs.

6. Representations and Warranties of SELLER.

As a material inducement for TMWA to enter into this Agreement, SELLER represents and warrants to TMWA, as of the Effective Date and through the Closing Date, knowing and intending that TMWA is relying hereon in entering into the transactions contemplated hereby, that:

6.1 Good Standing. SELLER is a non profit cooperative corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada. SELLER has all organizational power necessary to carry on the Water Business as now being conducted and has taken all necessary corporate and other action to authorize and approve the execution, delivery, and performance of this Agreement and the transactions contemplated hereby.

6.2 No Violations; Proper Authority; No Required Consents. The execution, delivery and performance by SELLER of this Agreement is not inconsistent with and will not violate or contravene any Law applicable to SELLER; is not inconsistent with and will not violate or contravene SELLER's Articles of Incorporation or By-laws; does not and will not contravene any provision of, or constitute a default under any contract to which SELLER is a party or by which it or any of the Assets are bound; and will not result in the imposition of a lien upon the Assets pursuant to the terms of any agreement or instrument to which SELLER is a party or by which it is bound. SELLER has taken or will obtain prior to Closing all necessary approvals required of its Board and members under Nevada law to consummate the transactions contemplated hereunder. Except with respect to (i) the Nevada Public Utilities Commission, and (ii) any public health or similar regulatory bodies of the state or county, there are no consents necessary from any person, association, entity, or governmental authority necessary to render the transactions contemplated hereby lawful, effective in accordance with the terms of this Agreement, and in compliance with any requirements by which SELLER or the Assets are bound. SELLER has the power, authority, and legal right to execute, deliver, and perform this Agreement. When executed and delivered, this Agreement and all other documents and instruments hereunder shall constitute legal, valid, and binding obligations of SELLER enforceable against SELLER in accordance with their respective terms.

6.3 Freedom from Restrictions. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of the terms hereof by SELLER do not violate or conflict with, and will not result in a breach or default, or in any occurrence that, with a lapse of time or action by a third party or both, could result in a breach or default with respect to any Contract to which SELLER is a party.

6.4 Real Property. Seller is the successor in interest to all right, title and interest of Verdi Business Park, a Nevada limited partnership, to the Tank Easement. SELLER holds good and marketable title to the Real Property free and clear of all liens, mortgages, pledges, security interests, rights of third parties, encumbrances or other charges of any kind, except as expressly disclosed in this Agreement or in writing to TMWA and as approved in writing by TMWA. SELLER has a valid and enforceable right to assign and transfer the Real Property to TMWA without obtaining the consent or approval of any third party, including any Governmental Authority. The Real Property represents all interests in real property necessary to operate the Water Business as it is currently being operated. SELLER has not disposed of, nor taken any steps to dispose of, the Real Property and is not under any commitment to dispose of it in whole or in part.

6.5 Ownership of Assets; Good Title. At the Closing, SELLER shall convey to TMWA good and marketable title to all of the Assets, subject to no liens, mortgages, pledges, security interests, rights of third parties, encumbrances or other charges of any kind, except as expressly disclosed in this Agreement or in writing to TMWA and as approved in writing by TMWA.

6.6 Condition and Location of Assets. All of the Assets are conveyed on an "AS IS" basis, and SELLER makes no warranties of merchantability fitness, or fitness for a particular

purpose with regard thereto. No person other than SELLER owns any of the Assets or any other assets necessary to the operation of the Water Business.

6.7 Water Resources. The Water Rights, if any, represent all material interests in water owned by SELLER with respect to the Water Business, including water rights leased, licensed, or otherwise available to SELLER with respect to the Water Business.

6.8 SELLER's Resource Commitments Liabilities Schedule. The Resource Commitments and Schedule 1.17 fairly and accurately reflect, in reasonable detail, all Will Serve Commitments, agreements, or obligations of SELLER to provide, sell, transfer, convey or make available water rights, water resources, or water resource allocation held with TMWA, to any person arising out of, occurring, or incurred as a direct or indirect result of SELLER's ownership or operation of the Water Business or Assets. There are no Will Serve Commitments, obligations, or other agreements by SELLER with respect to the commitment, transfer or sale of water resources (including specifically the Resource Allocation) except as disclosed on Schedule 1.17.

6.9 Assumed Liabilities. There are no accounts payable due or payable by SELLER or other Liabilities with respect to the Water Business or any of the Assets except for amounts owed to TMWA to be assumed by TMWA, and recurring expenses due in the ordinary course of Water Business and not yet delinquent. Except as otherwise assumed by TMWA under this Agreement, there are no Liabilities against, relating to, or affecting the Water Business or any of the Assets arising out of, occurring, or incurred as a direct or indirect result of SELLER's ownership or operation of the Water Business or Assets regardless of when such Liabilities arise, occur, or are incurred.

6.10 Other Company Documents. All of the schedules attached to this Agreement and/or delivered to TMWA pursuant to this Agreement are true, complete and correct in all respects and accurately reflect the information set forth therein, as of the Closing Date.

6.11 Material Contracts. SELLER is not a party to, or bound by, any contract, understanding, commitment or agreement related to the Assets or which would be applicable to or binding upon TMWA in connection with TMWA's operation of the Water Business after the Closing Date.

6.12 Employees. SELLER has no employees, and is neither a party to nor bound by any oral or written employee collective bargaining agreement, employment agreement, consulting agreement, independent contractor agreement, deferred compensation agreement, covenant not to compete, or similar agreement or employees, pension, profit sharing, stock option, bonus, incentive, stock purchase, welfare, life insurance, or any other employee benefit agreement or plan or any compensation agreements or employee benefit plans within the meaning of Section 3(3) of the Employment Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder ("ERISA").

6.13 Taxes. SELLER has filed all federal, state, county and local tax returns or extensions for such returns which are required to be filed up to and including the Closing Date

(including, without limitation, all sales tax and employee payroll tax returns, statements and remittances) and has paid all taxes which have become due pursuant to such returns, extensions or otherwise, or pursuant to any assessment which has become payable, and none of the Assets is subject to any tax liens or the demands of any governmental taxing agency or authority. All such returns filed or to be filed by SELLER with respect to any period ending on or before the Closing Date are or will be true and correct, and all returns hereafter required to be filed will be timely filed or appropriately extended. All tax, license, franchise and other similar payments including, without limitation, for withholding taxes, unemployment insurance, property tax and other amounts required to be paid to any governmental authority in respect of SELLER's employment or other Water Business obligations have been made when due.

6.14 Compliance With Law; Suits and Proceedings. Except as provided in Schedule 6.14, SELLER is not now (nor has it been within the past twelve (12) months) in violation of any Laws related to the Assets or the ownership or operation of the Water Business. There are no actions, suits, proceedings, investigations or claims pending or, to the knowledge of SELLER, threatened against SELLER with respect to the Assets and/or the Water Business, at law or in equity, before or by any federal, state, municipal or any other governmental court, department, commission, agency or instrumentality, domestic or foreign; nor to the knowledge of SELLER is there any basis for any such claim, suit, proceeding or investigation.

6.15 Environmental Matters. Except as provided in Schedule 6.15, SELLER has not conducted or engaged in any Hazardous Materials Activity on or about the Real Property, SELLER has not received any written or verbal notice from any governmental agency or entity that SELLER, the Water Business, the Real Property or any of the Assets are in violation of any Environmental Laws, and, there are no Hazardous Materials on or about the Real Property.

6.16 Absence of Undisclosed Liabilities. Except for the Liabilities expressly disclosed by SELLER in any Exhibit or Schedule attached to this Agreement, SELLER has no unknown or undisclosed Liabilities that do or could affect or have a detrimental impact on the Assets or TMWA's conduct and operation of the Water Business after the Closing Date or which would or could create any financial obligation or liability of TMWA at any time.

6.17 Completeness of Disclosure. No representation or warranty by SELLER in this Agreement nor any information or documents furnished or to be furnished by SELLER to TMWA is false or misleading, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact required to be stated herein or therein or necessary to make any statement herein or therein not misleading. There is no fact not disclosed to TMWA (nor any fact known to SELLER) on the date hereof which adversely affects or in the future is likely to adversely affect the Assets, the Real Property or the Water Business in any material respect.

6.18 Intellectual Property. To the knowledge of SELLER, the conduct of the Water Business does not infringe, misappropriate, or otherwise violate the Intellectual Property of any third party, and no claim has been asserted that the conduct of the Water Business as currently conducted infringes, misappropriates or otherwise violates the Intellectual Property of any third party.

7. Representation and Warranties of TMWA.

As a material inducement for SELLER to enter into this Agreement, TMWA hereby represents and warrants to SELLER, as of the date hereof and again as of the Closing Date, knowing and intending that SELLER are relying hereon in entering into the transactions contemplated hereby, that:

7.1 Good Standing. TMWA is a joint powers authority and political subdivision of the State of Nevada, duly organized, validly existing, and in good standing under the laws of the State of Nevada. TMWA has all organizational power necessary, and has taken all necessary action, to authorize and approve the execution, delivery, and performance of this Agreement and the transactions contemplated hereby.

7.2 No Violations; Proper Authority; No Required Consents. The execution, delivery and performance by TMWA of this Agreement is not inconsistent with and will not violate or contravene any Law applicable to TMWA; is not inconsistent with and will not violate or contravene TMWA's Cooperative Agreement; does not and will not contravene any provision of, or constitute a default under any Contract to which TMWA is a party or by which it is bound. Except with respect to (i) the Nevada Public Utilities Commission, and (ii) any public health or similar regulatory bodies of the state or county, there are no consents necessary from any person, association, entity, or governmental authority necessary to render the transaction contemplated hereby lawful, effective in accordance with the terms of this Agreement, and in compliance with any requirements by which TMWA is bound. TMWA has the organizational power, authority, and legal right to execute, deliver, and perform this Agreement. When executed and delivered, this Agreement and all other documents and instruments hereunder to which TMWA is a party shall constitute legal, valid, and binding obligations on TMWA enforceable against TMWA in accordance with their respective terms.

8. Conditions Precedent To Closing.

The following shall be conditions precedent to the Closing for the benefit of TMWA, all of which must be satisfied, or waived in writing by TMWA, as the case may be, prior to Closing:

8.1 No Breach or Default. As of the Closing Date and at all times prior thereto, there shall be no material breach or default by SELLER of any of its covenants, obligations or responsibilities under this Agreement.

8.2 Status of Representations and Warranties. As of the Closing Date, all of SELLER's representations and warranties set forth in this Agreement shall be true and correct.

8.3 PUCN Approval. The Public Utilities Commission of Nevada has approved the consummation of the purchase on the terms set forth in this Agreement or such other terms acceptable to TMWA in its sole and absolute discretion or Seller's legal counsel has issued an opinion that no PUCN approval is required.

8.4 County Health Approval. The Washoe County Department of Health has approved the consummation of the purchase on the terms set forth in this Agreement or such other terms acceptable to TMWA in its sole and absolute discretion or Seller's legal counsel has issued an opinion that no Health Department approval is required.

8.5 SELLER Member Approval. To the extent required by law, SELLER shall have properly solicited and received the approval of its members to the terms and conditions of this Agreement in accordance with NRS Chapter 81 and the corporate documents of SELLER.

8.6 DWSRF Loan. All DWSRF Loan documents shall be submitted to TMWA in advance for review and approval. TMWA shall have approved the terms and conditions of the DWSRF Loan, and Seller shall have secured all other necessary approvals for, and shall have closed and received all funding due in connection with, the DWSRF Loan and shall have received all necessary approvals for the assignment and assumption of the DWSRF Loan by TMWA, such assignment to be on the same (or no worse) terms and conditions as such loan was originally issued.

8.7 Capital Improvements. Seller shall have completed construction of, and TMWA shall have inspected and approved the completed construction of, the Capital Improvements. Seller shall have paid in full all amounts due to contractors, suppliers, laborers or otherwise in connection with the Capital Improvements. Seller shall be solely responsible for all design, plans and construction of the Capital Improvements; provided, however, the Capital Improvements shall be designed and constructed in full conformance with all applicable laws, rules and regulations and TMWA's construction standards. All designs and plans shall be submitted to TMWA for review and approval. Seller shall indemnify and hold harmless TMWA and its agents, employees, officers and directors from and against any and all claims, damages, losses, costs and expenses arising from labor, material, maintenance or construction costs and expenses in connection with the Capital Improvements and construction thereof, and shall immediately remove any lien placed on the Assets in connection with such work.

8.8 Rates. Seller shall have adopted TMWA Rate tariffs pursuant to Section 3.9.

8.9 Additional Easements. Seller shall have secured, to the extent necessary, additional easements or rights of way pursuant to Section 4.3.

8.10 Change Application. Seller shall have filed and shall prosecute through the Closing Date, at Seller's sole expense, an application with the Nevada State Engineer to change the point of diversion of the Dedicated Water Resources to TMWA's well located in Verdi.

8.11 Water Resource Agreement with County. TMWA shall have entered into a lease agreement or water sale agreement with Washoe County, pursuant to which TMWA shall have acquired an interest in and right to use the Dedicated Water Resources described in Schedule 1.17 which support the Will Serve Commitments on such terms and conditions agreeable to TMWA.

9. Closing Procedures.

9.1 SELLER's Deliveries. At the Closing, SELLER shall deliver all of the following to TMWA:

(a) The Deed and Bill of Sale, fully executed by SELLER with notary acknowledgement, in the form of Exhibit 1.6 attached hereto;

(b) Two (2) original counterparts of an Assignment of Assumed Contracts, fully executed by SELLER, in the form of Exhibit 9.1(b) attached hereto (the "Contracts Assignment");

(c) A resolution by the SELLER Board of Directors, certified by SELLER's President and Secretary, that this Agreement, the transactions contemplated under this Agreement, and the individuals executing this Agreement on behalf of SELLER have been duly authorized and approved by the SELLER Board and its members and constitute the binding acts of SELLER, enforceable against SELLER in accordance with the terms hereof;

(d) Legal opinion of Seller counsel, dated the Closing Date, in the form of Exhibit 9.1(d) attached hereto;

(e) The Customer Information;

(f) Such other funds, documents, and instruments required under this Agreement or reasonably requested by TMWA to consummate the purchase and sale of the Assets contemplated under this Agreement.

9.2 TMWA's Deliveries. At the Closing, TMWA shall deliver all of the following to SELLER:

(a) Two (2) original counterparts of the Contracts Assignment.

(b) Such other funds, documents, and instruments required under this Agreement or reasonably requested by SELLER to consummate the purchase and sale of the Assets contemplated under this Agreement.

9.3 Prorations and Costs. The following amounts shall be the sole responsibility of SELLER up to the Closing Date: (i) any personal property tax payable with respect to any of the Assets taxed by any governmental authority as personal property or on any other ad valorem basis; and (ii) any real property tax or transfer tax payable with respect to the Real Property. SELLER acknowledges that TMWA is exempt from state and local property tax, and Seller shall be responsible for seeking any refunds for payments made for periods beyond the Closing Date. All Escrow Holder fees and costs shall be divided equally between SELLER and TMWA.

9.4 Closing Duties of Escrow Holder. Upon receipt of all of the documents, instruments and funds required to be delivered to Escrow Holder pursuant to this Agreement, Escrow Holder shall proceed as soon thereafter as reasonably possible to consummate the

purchase and sale transaction contemplated under this Agreement by delivery of the following amounts, documents and instruments to the following parties:

(a) Deliver one (1) fully executed original of the Assignment and Assumption of Contracts to SELLER and TMWA;

(b) Deliver the fully executed original of the Deed and Bill of Sale to TMWA.

9.5 Surrender of Possession. On the Closing Date, SELLER shall (i) surrender possession of the Real Property and deliver in place all of the Assets to TMWA, and (ii) deliver to TMWA) all keys to all locks to the Water Facilities.

10. Post-Closing Obligations.

10.1 Discharge of Obligations. From and after the Closing Date, SELLER shall pay and discharge on a timely basis all Liabilities including, without limitation, the Retained Liabilities, arising out of, occurring, or incurred as a direct or indirect result of SELLER's ownership or operation of the Water Business, Assets, or Real Property, regardless of when such Liabilities arise, occur, or are incurred.

10.2 Further Assurances. Each party to this Agreement agrees that it shall, at any time and from time to time after the Closing Date, upon the request of any other party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably requested by the other party to effectuate the intent and purpose of this Agreement and the purchase and sale of the Assets, or which, in TMWA's opinion, may be reasonably necessary or advisable to confirm TMWA's title to or interest in or to enable it to deal with and dispose of, any of the Assets.

10.3 Payments Received. From and after the Closing Date, SELLER shall hold and promptly transfer and deliver to TMWA, from time to time as and when received by them, any cash, checks with appropriate endorsements, or other property that they may receive on or after the Closing Date in connection with the Water Business which properly belongs to TMWA pursuant to this Agreement.

10.4 Access to Water Business Records. From and after the Closing Date, TMWA shall have the right to retain copies of any Company Documents delivered by SELLER, whether or not the same are included in the Assets. For a period one (1) year from the Closing Date, (i) TMWA shall have the right to inspect, review and copy all other Company Documents that it did not receive or retain a copy of prior to the Closing Date; and (ii) SELLER shall have reasonable access during customary Water Business hours to and the right to copy, at its expense, any documents in TMWA's possession or control at the Real Property if related to the ownership or operation of the Assets prior to the Closing Date.

10.5 Bulk Transfer. TMWA waives compliance with the provisions of all applicable laws relating to bulk transfers in connection with the transfer of the Assets.

10.6 Indemnification.

(a) Except to the extent caused by TMWA, or any of its officers, directors, employees, agents, or contractors (collectively, the “TMWA Parties”), SELLER shall indemnify, defend and hold the TMWA Parties harmless from and against any and all loss, cost, damage, liability, claim, action, cause of action, or expense (including, without limitation, reasonable attorneys fees and costs) incurred by any of the TMWA Parties arising out of or in connection with (i) the breach or default by SELLER of its obligations under this Agreement or any other agreement entered into by TMWA and SELLER pursuant to this Agreement; (ii) any misrepresentation or breach of warranty in connection with any representations or warranties of SELLER set forth in this Agreement or any other agreement entered into by TMWA and SELLER pursuant to this Agreement; (iii) the ownership and/or operation of the Water Business and/or the Assets by SELLER and the assertion by any person or entity of any claim or liability against TMWA in respect of SELLER ownership or operation of the Water Business, the Assets, and/or the Real Property, regardless of when such claim or liability arises, occurs, or is incurred (whether or not SELLER had any knowledge or basis for knowledge of such Liability) and unless otherwise excluded by this Agreement; and/or (iv) the Retained Liabilities.

(b) Subject to and without waiving the liability limitations set forth in NRS Chapter 41, and except to the extent caused by SELLER, or any of SELLER’s officers, directors, members, employees, agents, or contractors, TMWA shall indemnify, defend and hold SELLER harmless from and against any and all loss, cost, damage, liability, claim, action, cause of action, or expense (including, without limitation, reasonable attorneys fees and costs) incurred by SELLER and arising out of or in connection with (i) the breach or default by TMWA of any of its obligations under this Agreement or any other agreement entered into by TMWA and SELLER pursuant to this Agreement; (ii) any misrepresentation or breach of warranty in connection with any representations or warranties of TMWA set forth in this Agreement or any other agreement entered into by TMWA and SELLER pursuant to this Agreement; and (iii) the ownership of the Assets after the Closing Date (except to the extent such claim or liability arises out of, occurs, or is incurred as a direct or indirect result of SELLER’s ownership or operation of the Water Business, Assets, or Real Property, regardless of when such claim or liability arises, occurs, or is incurred).

10.7 Survival of Representations, Warranties, and Indemnities. The representations and warranties of the parties set forth in this Agreement shall survive the Closing Date for a period of six (6) years. The indemnities of the parties set forth in this Agreement shall survive the Closing Date for a period of six (6) years.

10.8 Limitation of Indemnities. In no case shall any party be responsible or liable to the other party under any indemnity set forth in this Agreement for consequential or punitive damages, including, without limitation, lost Water Business profits, and each party’s right to recover from the other thereunder shall be limited to such recovering party’s direct, reasonably foreseeable damages.

11. Notices.

All notices or demands required or desired to be given under this Agreement shall be in writing and shall be validly given or made only if (i) personally delivered, (ii) mailed by United States mail, certified or registered, postage prepaid, return receipt requested, (iii) delivered by reputable overnight delivery service, such as FedEx, or (iv) sent by facsimile if the sender's facsimile machine prints confirmation records showing the date sent, the recipient's facsimile number, and the completed status of the transmission, and shall be addressed as follows:

To SELLER: Verdi Business Park Water Cooperative

With a copy to: Allison, MacKenzie, Pavlakis, Wright & Fagan
P.O. Box 646
Carson City, Nevada 89702
Attn: Chris MacKenzie

To TMWA: Truckee Meadows Water Authority
1355 Capital Blvd.
Reno, Nevada 89502
Attn: Mark Foree

With a copy to: McDonald Carano Wilson LLP
P.O. Box 2670
Reno, Nevada 89505
Attn: Michael A.T. Pagni, Esq.

Delivery of any such notice or demand shall be conclusively deemed made upon receipt if personally delivered or delivered by overnight delivery service, upon the date of delivery or attempted delivery shown on the return reply card if delivered by United States Mail, or upon the date of transmission shown on the sender's fax confirmation page.

12. Miscellaneous Provisions.

12.1 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, oral or written, express or implied, and all undertakings, negotiations or discussions of the parties, whether oral or written, all of which are integrated herein to the extent agreed upon by the parties. This Agreement may not be amended, changed, waived, terminated or modified unless the same shall be in writing and signed by or on behalf of the party to be charged. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the party against whom it is sought to be enforced.

12.2 Attorneys Fees; Governing Law and Venue. In the event of any action for breach of, to enforce the provisions of, or otherwise involving this Agreement, the court in such action shall award a reasonable sum as attorneys' fees to the party who, in the light of the issues litigated and the court's decision on those issues was more successful in the action. This Agreement shall be governed by the laws of the State of Nevada.

12.3 Construction; Headings. In the event of any dispute regarding any provision of this Agreement, the terms of this Agreement shall be construed neutrally and shall not be construed against or in favor of either party, notwithstanding the fact that one party may have been responsible for drafting the initial form of this Agreement. The parties acknowledge that they have each participated equally in the negotiation and drafting of this Agreement prior to execution and each have been represented by legal counsel of their choice in connection therewith. The headings of the sections and paragraphs of this Agreement are for convenience only and in no way define, limit or affect the scope of substance of any section or paragraph of this Agreement.

12.4 Severability. If any provisions or part of a provision in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, the same shall not affect any other provision or part of a provision, but, to the fullest extent possible without defeating the parties' intentions hereunder, this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein.

12.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12.6 Relationship of Parties. Nothing contained in this Agreement is intended to nor shall be deemed to create any partnership, joint venture, agency, fiduciary duty or other relationship between SELLER and TMWA other than with respect to their contractual obligations contained herein.

12.7 Third Party Beneficiaries. There are no express or implied third party beneficiaries to this Agreement, or any obligation, claim, or right arising under this Agreement, and no other person or entity who is not a signatory to this Agreement shall have any obligation, claim, right, or remedy hereunder.

12.8 Days. If the date for performance of any provision of the Agreement is a Saturday, Sunday, or banking holiday (in the State of Nevada), the date for performance shall be extended until the next day that is not a Saturday, Sunday or banking holiday. The phrase "Business days" in this Agreement means consecutive days excluding Saturday, Sunday and any such banking holiday.

12.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.10 Recitals, Exhibits and Schedules. The recitals at the beginning of this Agreement and the following Exhibits and Schedules attached to this Agreement are incorporated herein by this reference and made a part hereof as if set forth in full herein.

IN WITNESS WHEREOF, SELLER and TMWA have executed this Agreement as of the date set forth opposite their respective signatures below.

“TMWA”

TRUCKEE MEADOWS WATER
AUTHORITY

By: _____

Its: _____

Executed on _____, 2012

“SELLER”

VERDI BUSINESS PARK WATER
COOPERATIVE, a Nevada nonprofit
cooperative corporation

By: _____

Its: _____

Executed on _____, 2012

DRAFT 2-29-12

Schedule 1.3
Capital Improvements

1. Connect to existing 12” TMWA main in US 40 and construct new 10” ductile iron main to VBP including directional drill or jack and bore under US 40 and tie to VBP.
2. Add vault with new altitude valve at existing TMWA Mogul water storage tank.
3. Connect to existing 10” TMWA main in Bennetts Court and construct new 8” ductile iron main to VBP water storage tanks including access/maintenance road, new vault with pressure regulating/sustaining valves, tie to VBP main and new telemetry equipment at VBP tank site.
4. Upgrade or replace VBP water meters for TMWA remote read capability and equip all services with an appropriate backflow device.
5. Replace interior coatings on existing VBP tanks (2 tanks @ 120,000 gallons each).
6. Abandon existing VBP well.

DRAFT 2-29-12

Exhibit 1.6

APN:

Recording Requested By:

McDonald Carano Wilson
PO Box 2670
Reno, NV 89501

The undersigned hereby affirms that this document submitted for recording does not contain the personal information of any person or persons per N.R.S. 239B.030.

Signature of Declarant or Agent

**GRANT, BARGAIN AND SALE DEED
AND BILL OF SALE**

THIS GRANT, BARGAIN AND SALE DEED AND BILL OF SALE is made effective the ___ day of _____, 2012 (“Effective Date”) by and between VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada non-profit cooperative corporation (“Grantor”) and TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority (“Grantee”).

WITNESSETH:

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration to it in hand paid by the Grantee, the receipt and sufficiency of which is hereby acknowledged, and pursuant to that certain Agreement for Water System Acquisition (“Agreement”), dated _____, 2011, Grantor does hereby grant, bargain, sell, and convey unto Grantee, its successors and assigns forever:

1. All of Grantor’s right, title and interest in and to all that certain water and water rights of the Grantor **consisting of _____ acre feet, more or less**, more particularly described as all of the water and water rights described in Water Right Permit No. _____, issued by the Division of Water Resources, State of Nevada.

2. All of Grantor’s right, title and interest which Grantor may have in and to: (a) the easements and/or rights of way identified and more particularly described on Exhibit A attached hereto and by this reference made a part hereof (“Water System Easements”), and (b) the personal property, facilities and fixtures owned by Grantor which are located within or are used in connection with the Water System Easements and Water Business, together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging or otherwise appertaining.

3. All of Grantor's right, title and interest which Grantor may have to install, relocate, remove, repair, maintain, operate and replace any of the personal property, facilities and fixtures related to and used by Grantor in the operation of a potable water sale, delivery and storage system in Washoe County, Nevada, defined as the "Water Business" in the Agreement.

4. All rights of access to the Water System Easements held by Grantor related to, but not specifically contained in, the Water System Easements.

5. All prescriptive rights of Grantor in and to any easement and the personal property, facilities and fixtures located therein, whether or not identified on Exhibit A hereto, which easement as of the Effective Date was used and occupied by Grantor in connection with the Water Business; it being the intent of the parties that the conveyances contained herein include the after acquired title of Grantor, and that Grantee shall be entitled to tack onto the period of ownership or occupation by Grantor for purposes of establishing prescriptive rights.

6. All of Grantor's right, title, and interest which Grantor may have in and to all of the Assets, as defined the Agreement, to have and to hold the same unto Grantee, its successors and assigns, forever, and Grantee hereby accepts the sale, transfer, conveyance, and delivery of the Assets, subject to the terms and provisions of the Agreement. The Assets are being transferred to Grantee free and clear of all liens, pledges, security interests, encumbrances, rights, and claims, except those which arise out of liabilities expressly assumed by Grantee under the Agreement. Grantor hereby constitutes and appoints Grantee the true and lawful attorney of Grantor, with full power of substitution, in the name of Grantor or Grantee, but on behalf of and for the benefit of Grantee: (i) to demand and receive from time to time any and all of the Assets and to make endorsements and give receipts and releases for and in respect of the same and any part thereof; (ii) to institute, prosecute, compromise and settle any and all actions or proceedings that Grantee may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Assets; (iii) to defend or compromise any or all actions or proceedings in respect of any of the Assets; and (iv) to do all such acts and things in relation to the matters set forth in the preceding clauses (i) through (iii) as Grantee shall deem desirable. Grantor hereby acknowledges that the appointment hereby made and the powers hereby granted are coupled with an interest and are not and shall not be revocable by it in any manner or for any reason.

TO HAVE AND TO HOLD unto the Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, Grantor has executed this deed and bill of sale the day and year first written above.

<p>“GRANTOR” VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada nonprofit cooperative corporation</p> <p>By: _____</p> <p>Its: _____</p>	<p>Agreed and accepted by: TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority</p> <p>By: _____</p> <p>Its: _____</p>
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<p>STATE OF NEVADA) : ss. COUNTY OF WASHOE)</p> <p>On the ____, day of _____, 2012, before me, a notary public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as _____ of the above named entity.</p> <p>WITNESS my hand and official seal.</p> <p>_____ NOTARY PUBLIC</p>	<p>STATE OF NEVADA) : ss. COUNTY OF WASHOE)</p> <p>On the ____, day of _____, 2012, before me, a notary public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as _____ of the above named entity.</p> <p>WITNESS my hand and official seal.</p> <p>_____ NOTARY PUBLIC</p>
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Exhibit "A"

DRAFT 2-29-12

Schedule 1.17

APN	Property Owner/Customer	State Engineer Permit	Resource Commitment (AF)*
038-850-01 & 038-850-02	Emhiser Research	39291	3.68
038-850-03	Clauss	N/A	None (Vacant)
038-850-04	Sinclair Investments	62168	1.00
038-850-05	KD Holdings	62168	0.73
038-850-06	Brenner/White	N/A	None
038-850-07	Fernhoff Family Trust	62168	1.05
038-850-08	Fernhoff Family Trust	62168	0.95
038-850-09	Verdi Investment Partners	64967	2.89
038-850-10	Martucci Investments	39291/63330	0.46
038-850-11	Evan Family Trust	39291/63330	0.667
038-850-12	Fernhoff Family Trust	N/A	None (Vacant)
038-850-13	Fernhoff Family Trust	N/A	None (Vacant)
038-850-14	Cook Family Trust	39921, 63330	0.413
038-850-15	Marantha Development	39921, 63330	0.470
TOTAL			12.58 AF

*Applications for new or modified service with water resource demand in excess of resource commitment identified above shall be required to dedicate sufficient water resources at the time of application for service in accordance with TMWA Rules of service.

Schedule 6.14
Compliance with Laws Disclosures

DRAFT 2-29-12

Schedule 6.15
Environmental Disclosures

DRAFT 2-29-12

Exhibit 9.1(b)
ASSIGNMENT OF ASSUMED CONTRACTS

THIS ASSIGNMENT OF ASSUMED CONTRACTS (this “Assignment”) is dated _____ 2012 (the “Closing Date”), by and between VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada non-profit cooperative corporation (“Seller”) and TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority created pursuant to NRS Chapter 277 (“TMWA”).

Reference is made to that certain Water System Acquisition Agreement, dated _____, 2012 by and between SELLER and TMWA (the “Agreement”), the terms of which are incorporated herein by this reference. All capitalized terms used in this Assignment and not otherwise defined herein have the same meaning as set forth in the Agreement. In the event of a conflict between the terms and provisions of this Assignment and the Agreement, the Agreement shall govern and control.

Effective as of the Closing Date, SELLER hereby sells, conveys, transfers, and assigns to TMWA all of SELLER’s right, title and interest in and to the contracts to provide water service to SELLER customers existing on the Closing Date, and TMWA hereby accepts the foregoing assignment and agrees from and after the Closing Date to assume the liabilities of SELLER under the Assumed Contracts to the extent such Liabilities first arise out of the ownership and/or operation of the Water Business and Assets after the Closing Date; provided such Liabilities do not arise out of, do not incur, and are not incurred as a direct or indirect result of SELLER’s ownership or operation of the Water Business, Assets, or Real Property. Except as expressly set forth in this Assignment, TMWA assumes absolutely no Liabilities with respect to the Assumed Contracts, including, without limitation, the Retained Liabilities. SELLER shall remain obligated and solely liable for any and all such Liabilities (including the Retained Liabilities), together with any claim of a third party to any Assumed Contract arising out of or in connection with the failure to obtain the consent of such third party to this Assignment, if such consent is required thereunder. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Assignment has been duly executed and delivered by SELLER and TMWA as of the Closing Date.

<p>“SELLER” VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada nonprofit cooperative corporation</p> <p>By: _____</p> <p>Its: _____</p>	<p>Agreed and accepted by: TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority</p> <p>By: _____</p> <p>Its: _____</p>
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Exhibit 9.1(d)

Seller's opinion shall include the following:

1. Seller is a non profit cooperative corporation existing and in good standing under the laws of the State of Nevada.
2. The execution, delivery and performance by SELLER of the Agreement and documents contemplated thereby has been authorized by all necessary corporate action and approval of its Board of Directors and members.
3. The Agreement and documents contemplated thereby have been duly executed and delivered to TMWA by SELLER.
4. Neither the execution and delivery of the Agreement, documents contemplated thereby, nor the performance by SELLER of its obligations provided for in the Agreement to which it is a party violate the articles of incorporation of SELLER, or any applicable Nevada law, rule, or regulation.
5. The Agreement and documents contemplated thereby to which SELLER is a party constitute the legal, valid, and binding obligations of the SELLER, enforceable against it under Nevada law in accordance with their respective terms.
6. [if applicable] No approvals or consents of the Nevada Public Utilities Commission are required for Seller to transfer the Assets or consummate the transactions contemplated by the Agreement.

DRAFT 2/29/12