



STAFF REPORT

TO: Chairman and Board Members
FROM: Mark Foree, General Manager
DATE: December 3, 2012
SUBJECT: **General Manager's Report**

Attached please find the written reports from the Management team including the Operations Report (*Attachment A*), the Customer Services Report (*Attachment B*), the Water Resource and the Annexation Activity Report (*Attachment C*), the Web Usage Report (*Attachment D*), one Tell the Board Submission (*Attachment E*) and a copy of the Petition for Deviation filed by Verdi Business Park opening the docket on the Verdi transfer for your reference (*Attachment F*).

Also included in your agenda packet are press clippings from October 11, 2012 through December 3, 2012.



STAFF REPORT

TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: Scott Estes, Director of Engineering
DATE: December 3, 2012
SUBJECT: **Operations Report**

(A) Water Supply (by Bill Hauck)

Truckee River Flows - As of this writing, Truckee River flows at the CA/NV state line remain in excess of 1,000 cubic feet per second (cfs). Rates are expected to continue to drop off as the storm water flows recede from this past weekend's major winter storm event.

Reservoir Storage - Upstream reservoir storage is in good shape:

- Lake Tahoe's elevation is currently 6225.79 feet. This is a storage volume of 340,000 acre-feet (AF) or 46% of maximum storage capacity.
- Boca Reservoir has approximately 13,900 acre-feet of water in storage—34% of its maximum capacity.
- Combined, Floriston Rate water storage is approximately 353,500 AF or 45% of maximum storage capacity.
- Donner Lake is down to its typical wintertime operating elevation.
- Independence Lake is at approximately 80% of its maximum storage capacity (13,970 AF).
- Prosser Reservoir's storage is approximately 12,300 AF which is 41% of its maximum storage capacity.
- Stampede Reservoir's storage is currently at 174,300 AF which is 77% of its maximum capacity.

Truckee River Flow - Flows along the Truckee River were receding on Monday, December 3, a day after a series of major, winter storms brought significant amounts of rain and snow to the Sierra Nevada range. Truckee River flows at Farad peaked on Sunday December 2 at 3,600 cubic feet per second (cfs), as a result of the significant amount of rainfall the watershed had received over the prior several days. Normal river flows for this time of the year are 400 cfs at Farad. Truckee River flows at Reno peaked at 4,030 cfs, and 4,170 cfs at Vista respectively. All of the Truckee River reservoirs gained some storage as a result of the heavy rainfall and runoff during this period. Of note is the elevation of Lake Tahoe which gained almost a half a foot (0.44') of storage.

Snowpack - The regional water supply outlook for the 2013 water year is starting out on a very positive note. Snowpack conditions in the Lake Tahoe Basin are currently 176% of average, and 236% of average in the Truckee River Basin. Last year on this same date, snowpack in the Lake Tahoe Basin was a meager 34% of average, and 49% of average in the Truckee River Basin, respectively.

Outlook - The municipal water supply outlook for the region is quite good despite last year's exceptionally dry winter. Lake Tahoe storage is solid for this time of year and is currently just shy of being at ½ capacity as 2012 closes. This storage level in Tahoe is likely to increase as we move into 2013. Given the stellar beginning to the winter snowpack season, it seems likely that, barring a drastic reversal in weather patterns, it will be operations as usual for TMWA in 2013.

(B) Water Production

Demand - Water demands averaged 31 MGD for the week of November 26, reflecting average conditions for this time of year. The Chalk Bluff Treatment plant fed by the Orr Ditch Pumping Station is the sole source of supply at the moment meeting 100% of TMWA's demand (100% surface water). We continue to recharge at a number of key well sites throughout the Truckee Meadows and Lemmon Valley area. For the year to date, customer consumption is roughly 9.5 % higher than it was through this point in 2011.

(C) Hydro Production

Generation - Average Truckee River flows at Farad were 438 cubic feet per second (cfs) in October. Total hydro revenue for the month was \$195,435 or an average of \$6,304/day. Generation at the Washoe plant averaged \$2,409/day. And generation at the Verdi plant averaged \$3,636/day. The Fleish hydro plant was off-line the entire month, per the scheduled outage for flume maintenance and repairs. The long-range generation outlook remains good as we anticipate having full Truckee River flows through 2012 and beyond.



STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: Kim Mazeres, Customer Relations Director
DATE: December 3, 2012
SUBJECT: **Customer Service Report**

The following is a summary of Customer Service activity since the October Board meeting. Please note, in some cases I have reported information through November, and in other cases through October, as some of the November information was not yet available as of the writing of this report.

Ombudsman

There were nine (9) calls to the Ombudsman in the October-through-November period. They included: the plumber of a customer who had a large leak, as well as the customer herself – customer wanted more than the usual leak adjustment; someone who was cut-out-for-non-payment who wanted her water turned back on immediately after she paid the bill; one who simply needed to give us her new mailing address; one who called about a high bill; one who wanted to know about any planned rate increases; a customer who kept breaking payment arrangements and wanted another one; an elderly gentleman with a high bill; a customer with a high bill who had just fixed a running toilet; and, an elderly gentleman who wanted to make sure he had a water meter blanket installed. All incidents were handled to the customers' satisfaction, except for the woman who was not extended further payment arrangements.

Communications

Since the October Board meeting there were media articles and stories on: irrigation system winterization; the significant reduction in TMWA's power bill as a result of close attention to detail and management of power use; water supply; cloud seeding; the implementation of our new financial reporting system; a national salute to Veterans of the Vietnam War that included TMWA employee Dennis Romeo; how to receive help and make a payment arrangement on a water bill; and, a letter to the editor regarding multiple local payments that go out-of-state for processing, including TMWA's.

Four (4) presentations have been given in the last several months, including three on various subjects to over 70 people at the California-Nevada AWWA Conference, and one to the TMCC Renewable Energy Class. In addition, we sent water-related activity books to a Girl Scout Troop. Two (2) workshops on "Winterizing Your Irrigation System" were offered in October;

they were immensely popular with over 100 people attending. One (1) tour was given of the Chalk Bluff Water Treatment Plant to 70 students and parents of Glenn Duncan STEM Academy.

Conservation – thru October

We have granted 394 variances so far this year, with 12 still active – 8 in Reno, 3 in Sparks and 1 in Washoe County. These variances allow customers additional watering days, primarily to water new seed/sod or restore dying lawns.

Customer Calls – October

- 10,517 phone calls handled
- Average handling time of 4 minutes, 24 seconds a call
- Average speed of answer – 25 seconds

Billing – October

- 94,231 bills issued
- 249 (.3%) corrected bills

Service Orders – October

- 7,163 service orders taken
- 3,613 (50%) move-ins / move-outs
- 1,218 (17%) cut-out-for-non-payment and cut-in after receiving payments, including deposits and checks for tamper
- 651 (10%) new meter sets and meter/register/ERT exchanges and equipment checks
- 421 (6%) re-read meters
- 407 (6%) zero consumption meter checks
- 233 (3%) problems / emergencies, including cut-out for customer repairs, dirty water, no water, leaks, pressure complaints, safety issues, installing water meter blankets, etc.
- 152 (2%) high-bill complaints / audit and water usage review requests
- 142 (2%) various collection actions, including hanging 48-hour notices for elderly and disabled customers, returned mail and/or unpaid deposits, and handling of additional deposits
- 141 (2%) meter retrofit, including billing and non-billing meter sets, requests to go to the metered rate and mandatory conversions to the metered rate for new tenants

Remittance – October

- 37,602 mail-in payments
- 18,589 electronically via Check-Free
- 14,267 payments via RapidPay (EFT)
- 10,023 one-time bank account payments
- 4,849 store payments
- 4,041 payments via drop box or at front desk
- 2,046 credit card payments

Collections – October

- 17,182 (of 93,400) accounts received a late charge
- Mailed 8,214 10-day delinquent notices, 8.8% of accounts
- Mailed 2,351 48-hour delinquent notices, 2.5% of accounts
- 399 accounts eligible for disconnect
- 289 accounts actually disconnected (includes accounts re-cut out because of bouncing a check to be reconnected from previous disconnection for non-payment)
- .24% write-off to revenue

New business / New Construction – October & November

- 37 active jobs currently in process
- Nearly \$48,000 in new business fees/facility charges collected

Meter Statistics – Fiscal Year to Date (thru October)

- 2 meter retrofits completed
- 58 meter exchanges completed
- 127 new business meter sets completed
- 93,668 total meters installed (billing and non-billing)
- 5,324 total non-billing meters currently installed
- 339 meters yet to be installed on flat-rate accounts

STAFF REPORT

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: John Erwin, Dir. Natural Resources-Planning & Management
DATE: 3 December 2012
SUBJECT: **Report Water Resource and Annexation Activity**

RULE 7

Rule 7 water resource purchases and will-serve commitment sales against purchased water resources through this reporting period:

Beginning Balance		6,126.87 AF
Purchases of water rights	0.00 AF	
Refunds	0.00 AF	
Sales	2.43 AF	
Adjustment	0.00 AF	
Ending Balance		6,124.44 AF

Price per acre foot at report date: \$9,700

ANNEXATIONS

No annexations to report.



Quality. Delivered.

STAFF REPORT – Web & Social Media

TO: Chairman and Board Members
THRU: Mark Foree, General Manager
FROM: Robert Charpentier
DATE: December 3, 2012
SUBJECT: November 2012 Web Report - www.tmwa.com and additional TMWA websites

TMWA invests substantial time and resources on effective customer communications. Over the past several years, web-based communications with our customers has become our most important, as well as most cost-effective, approach. With more customers enrolling in paperless billing each month and tools like smart phones and social media sites becoming a regular part of most people's lives, it is essential that TMWA be able to communicate to its customers in dynamic ways.

While TMWA employees are the water experts, we recognize the need for collaborating with industry experts in the field of web and user interface. TMWA has partnered with Noble Studios (Web Design and Development Company) for a Discovery Project that fosters collaborative decision making while trying to consolidate the numerous websites TMWA manages. This Discovery was recently completed August 29, 2012. Further direction on consolidating TMWA's multiple websites will begin once a Communications Specialist is hired to lead this endeavor.

The monthly web Board reports focus on traffic and usage trends at www.tmwa.com; however, there are several other TMWA-managed websites that are now tracked and reported. Social media has continued to gain ground and is incorporated within several of the additional websites.

TMWA manages the following websites:



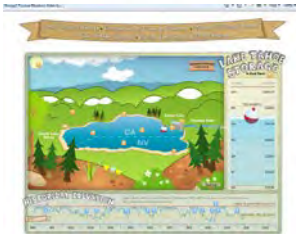
www.tmwa.com: This is TMWA's main website with customer account access, rates and rules, water quality, conservation, public meetings information, latest news and contact information. For the month of **November** the website had over **19,312** unique visits. Unique visitors are represented by the number of unduplicated (counted only once) visitors to a website over the course of a specified time period. TMWA measures these unique site visits monthly. The interesting statistic about who is visiting our website is almost half of the traffic is from new visitors. After the homepage, the five most frequently accessed pages were: **employment, contact us, payment options, customer services, and winterization**. Currently TMWA has **577** Twitter followers and **218** Facebook fans. There is a current Twitter feed on the home page of the TMWA website that is updated daily to reflect current topics.



www.communityforestry.org: This site provides tree care information and climate-compatible trees. This website had over **278** unique visits for **November**. It also has a healthy social media presence including a Twitter fan base with approximately **526** Twitter followers and more than **148** Facebook fans.



www.howdoyousave.org: This is basically an interactive tips website that allows visitors to post their ideas for how to conserve water. The url for this website expires the end of October, and through the Discovery process and the limited traffic, TMWA has made the decision to remove this website and incorporate the “tips” into facts with the current website.



www.tmwastorage.com: This is an interactive website that shows real-time river flows and storage along with the storage height of Lake Tahoe. This site had **265** unique visitors for **November**. The numbers tend to fluctuate and increase during winter and summer months.



www.tmwacademy.com: This website has lesson plans and education materials for K-12 school children. This site’s content is out of date and was reviewed during the Discovery Project. TMWA is evaluating partnering with other agencies to help teachers and students in water conservation and education programs like the Discovery Museum. This site has declining unique visitors, registering only **22** unique visits for **November**.



www.tmwlandscapeguide.com: This online searchable plant database allowed for the elimination of a printed book resulting in long-term cost savings, but as TMWA determines future messaging, this may be eliminated or TMWA may partner with an agency that is an expert in plants such as the Nevada Cooperative Extension to have this resource available. This website is currently averaging **200** unique visitors a month.



Quality. Delivered.



www.truckeeriverfund.org: Administered by a third party partner, this website is used exclusively for projects that protect and enhance water quality or water resources of the Truckee River, or its watershed. No website statistics are available at this time.



Social media: The analytics for both tmwa.com as well as Truckee Meadows Community Forestry Coalition indicate a growing trend in social media and its value. Social media will be incorporated in the overall strategy of consolidation for all these websites. Interactions with followers on Facebook increased over this time period.

Cassell, Corinne

Subject: FW: Tell the Board Submission

From: Mazerres, Kim
Sent: Thursday, November 15, 2012 9:47 AM
To: 'ann4201@gmail.com'
Subject: RE: Tell the Board Submission

Dear Roberta:

Thanks for taking the time to submit your comments to our website. Your submission will be included in the December 12th Board of Directors meeting agenda packet.

TMWA's Board is made up of three appointees from Reno, two from Sparks and two from Washoe County. They are appointed by their respective bodies (City Councils of Reno and Sparks and Washoe County Commission.) The cities and county representatives are not required to be elected officials. Since the election has just taken place, these bodies are determining new board members for TMWA.

If you are interested in serving, or want to suggest a person, please contact your city council member or county commissioner. Please know that most of our board members are customers as well. Also, to strengthen customer representation, the Board created the Standing Advisory Committee (SAC) that is made up of all customer classes. The Board solicits their recommendations from the customer perspective on important issues such as budgets, rates, and rules. You can find out additional information about this committee here: http://tmwa.com/about_us/meeting_center. We solicit new members for the SAC when we have openings. Those openings are noticed in TMWA's bill insert and throughout the local media.

We also welcome comments from the public at all of our Board and SAC meetings, taken at the beginning and end of each meeting. All information on meeting times and dates are posted on the above meeting center link.

Thanks again for your comment. Please let me know if I can provide you with any additional information.

Sincerely,

Kim Mazerres
Director, Customer Relations
Truckee Meadows Water Authority

-----Original Message-----

From: Tell the Board [<mailto:ann4201@gmail.com>]
Sent: Wednesday, November 14, 2012 7:51 AM
Subject: Tell the Board Submission

Name: Roberta Ann Grinsell
Email: ann4201@gmail.com

Comments: There should be two or three members of the Board who are NOT in public service, but selected from the general population.

1 BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

2
3 IN THE MATTER OF THE PETITION
4 OF VERDI BUSINESS PARK WATER
5 COOPERATIVE FOR A DEVIATION
6 FROM REGULATIONS.

Docket No.: _____

7 PETITION FOR DEVIATION
8 FROM REGULATIONS

9 COMES NOW, Petitioner, VERDI BUSINESS PARK WATER COOPERATIVE,
10 a Nevada non-profit cooperative corporation ("Cooperative") by and through its attorneys,
11 ALLISON, MacKENZIE, PAVLAKIS, WRIGHT & FAGAN, LTD., and petitions the Public
12 Utilities Commission of Nevada ("Commission") for a deviation from Nevada Administrative Code
13 ("NAC") 703.175, 703.200 and 703.190. In support of this Petition, Cooperative makes the
14 following representations:

15 A. INTRODUCTION

16 Since its formation in 1998 the Cooperative has provided water service to fifteen lots,
17 each lot having a membership interest in the Cooperative. See, Affidavit of John Collins attached
18 hereto as Exhibit "1" and incorporated herein by this reference. The Cooperative and Truckee
19 Meadows Water Authority ("TMWA"), an unregulated municipal water company, have recently
20 negotiated for the sale of the Cooperative's water system to TMWA and for the provision of future
21 water service for the Cooperative's members by TMWA. See, Affidavit of Mark Foree attached
22 hereto as Exhibit "2". Following such negotiations the Cooperative and TMWA entered into an
23 Agreement for Water System Acquisition ("Agreement") evidencing TMWA's purchase of the
24 Cooperative's water system and assumption of responsibility for providing water service to the
25 Cooperative's members. See, Agreement for Water System Acquisition, attached hereto as Exhibit
26 "3". The Cooperative's members have unanimously approved the Agreement for Water System

1 Acquisition. See, Resolution of the Shareholders of Verdi Business Park Water Cooperative, a
2 Nevada non-profit corporation, attached hereto as Exhibit "4" and incorporated herein by this
3 reference and Exhibit "1." One of the last conditions which must be satisfied in order to close
4 escrow on the sale of the water system to TMWA is obtaining any necessary approval or
5 authorization by the Commission for the transaction. Id.

6 A major contributing factor leading to the sale of the Cooperative's assets to TMWA
7 is the presence of arsenic in the drinking water. The level of arsenic found in the drinking water will
8 require treatment at a cost beyond a reasonable level for this small Cooperative to undertake. See,
9 Affidavit of John Collins attached hereto as Exhibit "1".

10 B. COOPERATIVE'S STATUS AS A PUBLIC UTILITY

11 NRS 704.020 defines a utility which is subject to regulation by the Commission as
12 "[a]ny plant or equipment, or any part of a plant or equipment, within this State for the production,
13 delivery or furnishing for or to other persons, including private or municipal corporations, ... water
14 for business, manufacturing, agricultural or household use ..." Explicitly exempt from the definition
15 of a public utility are water systems serving 25 persons or less with a revenue over the previous 12
16 months of less than \$25,000. NRS 704.021(2).

17 Further, a cooperative association, an association providing service only to its
18 members, is subject to regulation by the Commission. NRS 704.673, 704.675 and 704.677.
19 Nonetheless, regulation of a cooperative association is limited to annual reports (NRS 703.191),
20 obtaining a Certificate of Public Convenience and Necessity (NRS 703.330), supplying evidence of
21 corporate character, franchise and permits (NRS 703.350), and obtaining approval for a transfer of
22 a Certificate of Public Convenience and Necessity (NRS 703.410).

23 The Cooperative only serves 15 lots, each lot having a membership interest in the
24 Cooperative. See, Exhibit "1." Further, through 2009, the Cooperative's revenue remained under
25 \$25,000. Id. Thus, through 2009, the Cooperative was exempt from regulation by the Commission.
26 However, in 2010 and 2011, due to an increase in expenses associated with maintenance and
27

1 management, the Cooperative increased its rates resulting in increased revenue which exceeded
2 \$25,000 and caused the Cooperative to become a public utility subject to limited regulation as a
3 cooperative. Id.

4 C. APPLICABLE REGULATIONS

5 As a cooperative subject to regulation by the Commission the Cooperative is required
6 to comply with the provisions of NAC 703.175, 703.200 and 703.190, requiring a public utility to
7 file an Application for Certificate of Public Convenience and Necessity (“Application”).
8 Specifically, NAC 703.175 details the general requirements for an Application, NAC 703.190 details
9 the specific requirements for an Application for water utilities and NAC 703.200 details the specific
10 requirements for a water company that is no longer exempt from the definition of a public utility.

11 D. DEVIATION

12 The Commission can deviate from the requirements of NAC Chapter 703 if the
13 following elements are established:

- 14 1. Good cause for the deviation appears;
- 15 2. The person requesting the deviation provides a specific reference to each
16 provision of this chapter from which deviation is requested; and,
- 17 3. The Commission finds that the deviation is in the public interest and is not
18 contrary to statute.

18 NAC 703.115.

19 The Cooperative requests a temporary deviation from NAC 703.175, 703.190 and
20 703.200. There is good cause for such a deviation since the Cooperative has an agreement to transfer
21 its assets and obligations to TMWA. TMWA is an unregulated municipal water company which is
22 not required to have a Certificate of Public Convenience and Necessity. Thus, if the Cooperative
23 is required to obtain a Certificate of Public Convenience and Necessity, shortly after such Certificate
24 is issued the agreement between the Cooperative and TMWA will close and the Cooperative’s assets
25 and obligations will be transferred to TMWA. Since TMWA is not required to maintain a Certificate
26 of Public Convenience and Necessity, the Certificate obtained by the Cooperative will be instantly
27

1 useless and unnecessary. Accordingly, the Cooperative asks for a temporary deviation from NAC
2 703.175, 703.190 and 703.200 allowing sufficient time for the close of the sale to TMWA and
3 providing that should the sale not occur for any reason the Cooperative will be required to comply
4 with NAC 703.175, 703.190 and 703.200.

5 Further, such a deviation is in the public interest and not contrary to statute. The
6 benefit to the public is apparent given the substantial time and effort required to be undertaken both
7 by the Commission and the Commission's Regulatory Staff to review and act upon an Application
8 for a certificate. An Application in this case, followed by the sale to TMWA, causes the time and
9 effort of the Commission and the Staff to be an exercise in futility and detracts from the Commission
10 and the Staff's ability to focus their time and effort on matters providing actual public benefit.
11 Further, all of the members of the Cooperative have approved the sale to TMWA.

12 Finally, the Cooperative is not asking the Commission to grant it a permanent
13 deviation from the requirement that public utilities obtain a Certificate of Public Convenience and
14 Necessity but is instead simply asking for a temporary deviation allowing sufficient time to close the
15 sale to TMWA. Should the sale to TMWA fail to close for any reason within twelve (12) months
16 of approval of this Petition, Verdi will file an update with the Commission and the Commission Staff
17 explaining the status of the transaction to allow the Commission an opportunity to revisit its prior
18 Order approving this Petition. If the transaction cannot be finally concluded, then the Cooperative
19 will promptly comply with the requirements of NAC 703.175, 703.790 and 703.200 within ninety
20 (90) days of termination of the Agreement.

21 ///
22 ///
23 ///
24 ///
25 ///
26 ///

27
28

1 E. CONCLUSION

2 It being clear that a temporary deviation from NAC 703.175, 703.190 and 703.200
3 in this situation is supported by good cause, is in the public interest and is not contrary to statute, the
4 Cooperative requests that such deviation be granted.

5 DATED this 26th day of November, 2012.

6 ALLISON, MacKENZIE, PAVLAKIS,
7 WRIGHT & FAGAN, LTD.
8 402 North Division Street
9 P.O. Box 646
10 Carson City, NV 89702

11 By: Patrick V. Fagan

12 PATRICK V. FAGAN, ESQ.
13 Nevada State Bar No. 0660
14 CHRISTOPHER MacKENZIE, ESQ.
15 Nevada State Bar No. 5060
16 Attorneys for Petitioner,
17 VERDI BUSINESS PARK
18 WATER COOPERATIVE

CERTIFICATE OF SERVICE

I hereby certify that I am an employee of ALLISON, MacKENZIE, RUSSELL, PAVLAKIS, WRIGHT & FAGAN, LTD., and that on this day I served a copy of the foregoing document, by emailing and/or mailing a copy thereof, to the following:

Staff Counsel
Public Utilities Commission
1150 E. William Street
Carson City, Nevada 89701-3109
Pucn.sc@puc.nv.gov

David Norris, Esq.
Bureau of Consumer Protection
100 N. Carson St.
Carson City, NV 89701
Bcpserv@ag.nv.gov

Jordan Pinjuv, Esq.
Assistant General Counsel
9075 West Diablo Drive, Suite 250
Las Vegas, NV 89148
jpinjuv@puc.nv.gov

Samuel Crano, Esq.
Assistant Staff Counsel
9075 West Diablo Drive, Suite 250
Las Vegas, NV 89148
scrano@puc.nv.gov

Michael Pagni, Esq.
McDonald Carano Wilson, LLP
100 W Liberty St., 10th Floor
P. O. Box 2670
Reno, NV 89505
mpagni@mcdonalddcarano.com

DATED this 26 day of November, 2012.



EXHIBIT "1"

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

IN THE MATTER OF THE PETITION
OF VERDI BUSINESS PARK WATER
COOPERATIVE FOR A DEVIATION
FROM REGULATIONS.

Docket No.: _____

AFFIDAVIT OF JOHN COLLINS
IN SUPPORT OF PETITION FOR DEVIATION FROM REGULATIONS

STATE OF NEVADA)
 : ss.
COUNTY OF _____)

JOHN COLLINS states under penalty of perjury that the following assertions are true and correct:

1. That he is the manager of VERDI BUSINESS PARK WATER COOPERATIVE ("Cooperative") the Petition in the above- referenced Docket, that he has personal knowledge of the matters in this affidavit; that matters asserted herein are true and correct of his own personal knowledge, except as to those matters herein asserted on information and belief, and as to those matters, he believes them to be true.

2. The Cooperative was formed in 1998 to provide water service to 15 lots each of which had a membership interest in the Cooperative.

3. The Cooperative only serves the 15 lots which have a membership interest in the Cooperative.

4. Through 2009, the Cooperative's revenue remained under \$25,000.

5. However, in 2010 and 2011, due to expenses associated with maintenance and management, the Cooperative's revenue exceeded \$25,000.

6. The Cooperative and Truckee Meadows Water Authority ("TMWA") have recently negotiated for the sale of the Cooperative's water system to TMWA and for the provision of future water service for the Cooperative's members by TMWA. Part of the motivation for the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Cooperative to negotiate a sale of its water system to TMWA was the presence of arsenic in its water wells. Both the cost of treatment and retaining proper expertise to address the arsenic issue were placing an unreasonable cost burden upon members of the Cooperative.

7. Following such negotiations the Cooperative and TMWA entered into an Agreement for Water System Acquisition evidencing TMWA's purchase of the Cooperative's water system and assumption of responsibility for providing water service to the Cooperative's members.

8. The Cooperative's members unanimously approved the Agreement for Water System Acquisition.

9. One of the last conditions which must be satisfied in order to close escrow on the sale of the water system to TMWA is obtaining any necessary approval or authorization by the Commission for the transaction.

DATED this 15 day of November, 2012.



JOHN COLLINS

On Nov. 15, 2012, personally appeared before me, a Notary Public, JOHN COLLINS, personally known (or proved) to me to be the person whose name is subscribed to the foregoing document, and who acknowledged to me that he executed the foregoing document.



NOTARY PUBLIC

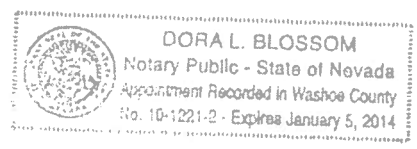


EXHIBIT "2"

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

IN THE MATTER OF THE PETITION
OF VERDI BUSINESS PARK WATER
COOPERATIVE FOR A DEVIATION
FROM REGULATIONS. /

Docket No.: _____

AFFIDAVIT OF MARK FOREE
IN SUPPORT OF PETITION FOR DEVIATION FROM REGULATIONS

STATE OF NEVADA)
 :
COUNTY OF _____) ss.

I, MARK FOREE, hereby states under penalty of perjury:

1. I am the General Manager of the Truckee Meadows Water Authority ("TMWA").
2. I am over eighteen (18) years of age and this Affidavit is made of my own personal knowledge except where stated on information and belief, and as to those matters, I believe them to be true; and if called as a witness, I would competently testify thereto.
3. I submit this Affidavit in support of the Petition for Deviation From Regulations filed by Verdi Business Park Water Cooperative ("Verdi Cooperative") filed with the Public Utilities Commission of Nevada ("Commission") and as attached to this Affidavit, seeking a temporary deviation from NAC 703.175, 703.790 and 703.200 to allow the Verdi Cooperative sufficient time to close the sale of its assets to TMWA.
4. TMWA is a joint powers authority and political subdivision formed by the City of Reno, City of Sparks, and Washoe County to provide municipal water service in the greater Reno/Sparks area. As a municipality, TMWA is not subject to regulation by the Commission.
5. On March 21, 2012, TMWA's Board of Directors approved terms for

EXHIBIT "3"

AGREEMENT FOR WATER SYSTEM ACQUISITION

Between

VERDI BUSINESS PARK WATER COOPERATIVE

And

TRUCKEE MEADOWS WATER AUTHORITY

(Verdi Business Park)

AGREEMENT FOR WATER SYSTEM ACQUISITION

THIS AGREEMENT FOR WATER SYSTEM ACQUISITION (this "Agreement"), is dated September __, 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 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. Members of SELLER own additional water rights which they desire to dedicate to TMWA in connection with this transaction to secure will-serve commitments for their respective parcels within the Verdi Business Park.

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

E. 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 financial obligation arising from the DWSRF Loan;
- (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 Drinking Water State Revolving Fund Loan Contract No. DW1206 between Seller, as borrower, and the State of Nevada, dated July 9, 2012.

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 unless specifically included in the Assets; (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 has conducted 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, prior to executing this Agreement. 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 prior to the Effective Date, and upon request from TMWA, 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 [Intentionally Deleted]

4.3 Acquisition of Additional Easements. Seller shall obtain, at its sole cost and expense, such access, construction and operation easement or right of way agreeable to TMWA and necessary to connect the Water Facilities to the existing 10" TMWA main in Bennetts Court as such work is identified in Schedule 1.3. 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.

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 interest thereon, and principal and interest on any substitute for the DWSRF Loan, including, in the event TMWA pays the DWSRF Loan off with cash at any time, reimbursement of TMWA for such payment of the DWSRF Loan, including the principal thereof and interest that would have been paid on the DWSRF Loan had it not been paid off by TMWA, together with administrative expenses of Authority in connection therewith up to 1% of the customer's monthly payment; 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. Other than the DWSRF Loan, 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 ("PUCN") has approved the consummation of the purchase on the terms set forth in this Agreement, has approved the Petition for Deviation from Regulations, or has approved such other terms acceptable to TMWA in its sole and absolute discretion to permit the consummation of this transaction without further PUCN approval.

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, shall have completed the Project being financed by the DWSRF Loan to the satisfaction of the State of Nevada, Division of Environmental Protection, and TMWA, and shall have received all necessary approvals for the assignment and assumption of the DWSRF Loan by TMWA, such assignment to be on such terms and conditions as are acceptable to TMWA in its sole discretion, or, at TWMA's option, shall have received such approvals as are necessary for TMWA to pay and retire the DWSRF Loan at or about the time of Closing which are acceptable to TMWA, in its sole discretion. If the DWSRF Loan is not assignable or the terms of the assignment or DWSRF Loan itself are for any reason unacceptable to TMWA, TMWA may, at its option: (i) pay the DSWRF Loan off in full by paying its principal and accrued, unpaid interest to the State on the date of closing, if the State will accept such payoff, or (ii) terminate this Agreement with no further obligation to Seller.

8.7 Capital Improvements. Seller shall have completed construction of, and TMWA shall have inspected and approved the completed construction of, the Capital Improvements described in Schedule 1.3. 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.

8.12 Annexation Agreement. SELLER and TMWA shall have entered into an Annexation Agreement annexing the SELLER's service area into TMWA's retail service area, in the form attached hereto as Schedule 8.12, and SELLER shall have paid TMWA all facility charges due thereunder.

8.13 Member Resource Dedication. At the Closing, Kurt Brenner ("Brenner") and Michael and Sandra Clauss ("Clauss") shall each dedicate to TMWA 1.0 acre feet of water rights under Permit 62168 as described in Schedule 1.17. If either Brenner or Clauss fails to dedicate such water rights to TMWA at the Closing, Seller and TMWA agree the commitments set forth in Schedule 1.17 shall be revised at Closing to eliminate any resource or capacity commitments/reservations related to such dedications.

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) The Assignment of Beneficial Interest, fully executed by SELLER with notary acknowledgement, in the form of Exhibit 9.1(b) attached hereto;

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

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

(e) The Water Rights Deed, fully executed by Brenner with notary acknowledgement, in the form of Exhibit 9.1(e) attached hereto;

(f) The Water Rights Deed, fully executed by Clauss with notary acknowledgement, in the form of Exhibit 9.1(f) attached hereto;

(g) 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;

(h) The Customer Information;

(i) 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.

12.11 Nonappropriation. None of the obligations of TMWA hereunder that require an appropriation of funds is valid unless the Board of TMWA has made such an appropriation, and nothing herein obligates the TMWA Board to make any appropriations.

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

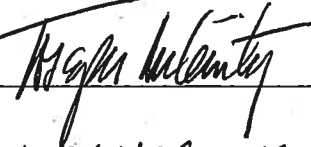
By: *Mard Force*

Its: GENERAL MANAGER

Executed on NOV. 7, 2012

"SELLER"
VERDI BUSINESS PARK WATER

COOPERATIVE, a Nevada nonprofit
cooperative corporation

By: 

Its: DEPH MOGINIY, CHAIRMAN

Executed on November 2, 2012

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. Make the following repairs and/or improvements to the existing VBP tanks (2 tanks @ 120,000 gallons each) or the tank sites:
 - a. Tank #1
 - i. Replace tank roof center vent screen with the proper size mesh
 - ii. Install an insulated vault around exposed inlet/outlet piping; insulate pipe
 - iii. Modify overflow (O/F) pipe to provide an air gap equal to 1.5x pipe diameter and secure the O/F pipe to the tank wall
 - iv. Repair roof steel plate delamination and repair coating
 - b. Tank #2
 - i. Replace tank roof center vent screen with the proper size mesh
 - ii. Install a locking device on the vault lid; insulate pipe and vault
 - iii. Clean out O/F pipe vault and piping
 - c. Tank Sites
 - i. Remove loose material behind the wood retaining wall
 - ii. Rehabilitate site drainage piping and drop inlets
 - iii. Secure tank site access (holes under fence, etc.), repair access road (grading and gravel)
6. Abandon existing VBP well.

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 September __, 2012, Grantor does hereby grant, bargain, sell, and convey unto Grantee, its successors and assigns forever:

1. All of Grantor's beneficial right, title and interest in and to all that certain water and water rights held by Washoe County on behalf of and for the benefit of Grantor, **consisting of 12.58 acre feet, more or less**, more particularly described as:

- a) A portion of the water and water rights described in Water Right Permit No. 39291, issued by the Nevada State Engineer, such portion being 4.69 acre feet annually.
- b) A portion of the water and water rights described in Water Right Permit No. 62168, issued by the Nevada State Engineer, such portion being 4.00 acre feet annually.
- c) A portion of the water and water rights described in Water Right Permit No. 63330, issued by the Nevada State Engineer, such portion being 1.00 acre feet annually.

- d) A portion of the water and water rights described in Water Right Permit No. 64967, issued by the Nevada State Engineer, such portion being 2.89 acre feet annually.

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>
---	--

STATE OF NEVADA)
 : ss.
 COUNTY OF WASHOE)

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.

WITNESS my hand and official seal.

 NOTARY PUBLIC

STATE OF NEVADA)
 : ss.
 COUNTY OF WASHOE)

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.

WITNESS my hand and official seal.

 NOTARY PUBLIC

Exhibit "A"

Schedule 1.17

APN	Property Owner/Customer	State Engineer Permit	Resource Commitment (AF)*	Maximum Day Capacity Allocated (gpm)**
038-850-01 & 038-850-02	Emhiser Research	39291	3.68	3.6
038-850-03	Clauss	62168	1.00	0.6
038-850-04	Sinclair Investments	62168	1.00	0.1
038-850-05	KD Holdings	62168	1.00	1.3
038-850-06	Brenner/White	62168	1.00	0.4
038-850-07	Fernhoff Family Trust	62168	1.05	1.1
038-850-08	Fernhoff Family Trust	62168	0.95	1.0
038-850-09	Verdi Investment Partners	64967	2.89	0.8
038-850-10	Martucci Investments	39291/63330	0.46	0.1
038-850-11	Evan Family Trust	39291/63330	0.667	0.1
038-850-12	Fernhoff Family Trust	N/A	None (Vacant)	0
038-850-13	Fernhoff Family Trust	N/A	None (Vacant)	0
038-850-14	Cook Family Trust	39291/63330	0.413	0.1
038-850-15	Marantha Development	39291/63330	0.470	0.3
TOTAL			14.58 AF	9.5

*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.

**Applications for new or modified service with maximum day capacity demand in excess of the capacity allocation identified above shall be required to dedicate sufficient water resource facilities and/or pay applicable facility charges at the time of application for service in accordance with TMWA Rules of service.

Schedule 6.14
Compliance with Laws Disclosures

1. Failure to timely file application for certificate of public convenience with the Public Utilities Commission, resolution of which issue is sought to be addressed through a Petition for Deviation from Regulation to be filed by Verdi Business Park.
2. Water system is not in compliance with applicable arsenic standards.

Schedule 6.15
Environmental Disclosures

1. A portion of the water distribution system is comprised of asbestos cement piping.

Schedule 8.12

APN: 038-850-01 through -15
When Recorded, Return to:
Truckee Meadows Water Authority
Attn: Water Res. Dept.
P O Box 30013
Reno, NV 89520-3013

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

RETAIL WATER SERVICE AREA ANNEXATION AGREEMENT
(Verdi Business Park)

THIS AGREEMENT, entered into this _____ day of _____, 2012 (“Effective Date”), by and between TRUCKEE MEADOWS WATER AUTHORITY (the “Authority”), a Joint Powers Authority entity created pursuant to a cooperative agreement among the cities of Reno, Nevada, Sparks, Nevada and Washoe County, Nevada pursuant to N.R.S. Chapter 277, and VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada non-profit cooperative corporation (referred to as “Seller” in this Agreement and exhibits attached hereto) and the individual property owners identified below (each an “Owner”, and together with Authority and Seller collectively hereinafter referred to as “Parties”);

WITNESSETH:

WHEREAS, Seller owns certain assets and operates a privately owned public water system (the “Water Business”) in Washoe County, Nevada system currently serves approximately ten (10) commercial customers in the business development commonly known as the Verdi Business Park and consisting of fifteen (15) parcels owned by the Owners and described as Assessor’s Parcel Nos. 038-850-01 through 038-850-15, more particularly described on Exhibit “A” attached hereto and incorporated herein by this reference (collectively, the “Property”, and individually each a “Service Property” or “Parcel”).

WHEREAS, the Property is currently located outside of Authority’s retail water service area but Owners each desire to receive retail water service from Authority.

WHEREAS, concurrently herewith, Seller and Authority have entered into that certain Agreement for Water System Acquisition (“Acquisition Agreement”), pursuant to which Seller is conveying the Water Business to Authority.

WHEREAS, in furtherance of the transfer of the Water Business, Seller and Owners desire Authority to expand its retail water service area to provide water service to the Property

and Authority is willing to expand its retail water service area to include water service to the Property upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, the Parties agree as follows:

1. Expansion of Water Service area. Authority agrees to expand its retail water service area as set forth in Exhibit "A" attached hereto to provide water service for the Property; provided, however, that such expansion of the Authority's retail water service area is specifically conditioned upon execution of this Agreement by Seller, each Owner and the Authority, and the complete and satisfactory performance of the terms and conditions in Section 2 herein by Seller and its permitted successors and assigns, to the extent applicable.

2. Conditions to Annexation. The following conditions must be satisfied within the time frames stipulated below or this Agreement shall automatically terminate, and the Property shall be deemed de-annexed from the Authority retail service area.

2.1 Construction/Dedication of Facility Improvements. No off-site improvements other than as set forth in the Acquisition Agreement are required as a condition of expanding the Authority's retail water service area to include the Property.

2.2 Dedication of Real Property. No dedication of real property other than as set forth in the Acquisition Agreement is required as a condition of expanding the Authority's retail water service area to include the Property.

2.3 Payment of Facility Charges. Upon the execution of this Agreement, Seller shall pay Authority \$43,583 for Feeder Main fees, Supply/Treatment fees, and meter retrofit fees attributable to the maximum day demand as shown in Schedule 1.17 of the Acquisition Agreement.

2.4 Special Assessments. Authority shall be entitled to impose and collect from Owners of each Service Property located on the Property, as such Owners become and are customers of the Authority from time to time, and on such allocable basis determined by Authority consistent with this Section, 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 interest thereon, and principal and interest on any substitute for the DWSRF Loan, including, in the event Authority pays the DWSRF Loan off with cash at any time, reimbursement of Authority for such payment of the DWSRF Loan, including the principal thereof and interest that would have been paid on the DWSRF Loan had it not been paid off by Authority, together with administrative expenses of Authority in connection therewith up to 1% of the customer's monthly payment; and (ii) to the extent that Authority 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 Authority deems it prudent to impose any Special Assessments, such Special Assessments shall be adopted by the Authority Board through the normal public procedures for approving modifications to rate tariffs. Authority shall allocate any Special Assessments equally on a pro rata basis to each of

fifteen (15) Service Properties located on the Property described above, such that the Owner of each Service Property shall be responsible for paying the proportionate share of the total Special Assessments set forth in Exhibit "B" as a condition of water service. Each Owner for itself and behalf of its successors and assigns to the Service Property, hereby covenants and agree to pay the Special Assessments to the Authority, and agrees the Special Assessments, together with interest thereon, late charges, costs, and reasonable attorneys' fees for the collection thereof, are and shall be a charge against each Service Property and shall be a continuing lien upon the Service Property against which such Special Assessments are made until paid in full.

3. Conditions of Water Service. This Agreement merely addresses conditions required for the expansion of Authority's retail water service area. The owners of parcels within the Property must independently comply with all applicable requirements in Authority's Rules before the Authority has any obligation to provide water new Service or Modified Service to any portion of the Property, including without limitation (i) submitting and receiving approval from the Authority of appropriate applications for service; (ii) dedicating sufficient Water Resources to the Authority and receiving a Will Serve Commitment for service to the Property; (iii) dedicating appropriate easements and other real property required for service; (iv) installing, constructing and dedicating subdivision or on-site water system facility additions, improvements or modifications or further additions, improvements, extensions or modifications to Authority's Water System Facilities as necessary to provide the requested new service(s) or Modified Service(s) to any portion of the Property; and (v) satisfying such other terms and conditions pursuant to the Authority's Rules and any requirements of any local governmental entity with jurisdiction over the Property as necessary to obtain a Will-Serve Commitment letter from the Authority for the delivery of water to the Property. All such conditions, dedications, additions, improvements, extensions and modifications shall be made in accordance with the Authority's Rules and regulations in effect at the time Authority and applicant for new Service or Modified Service enter into any agreement or agreements for the specific dedication, additions, improvements or modifications required to provide water service to the Property.

4. General Terms

4.1 Seller acknowledges and agrees that it is entering this Agreement voluntarily, that the expansion of Authority's service area is specifically conditioned on Seller's performance of all terms and conditions contained herein and in the Acquisition Agreement, and that if any of the provisions of this Agreement or Acquisition Agreement are deemed unenforceable or if Seller fails to perform any of its obligations hereunder, Authority is under no obligation to expand its service area to include any portion of the Property for which the Authority has not previously entered an agreement to provide water service. Upon annexation of the Property, service to the Property shall be governed by the terms and conditions of the rules and regulations adopted by Authority, as the rules and regulations may be amended from time to time, and as such rules may exist at the time service is applied for or requested for the Property or certain phases of the Property.

4.2. This Agreement shall not be modified except in writing, signed by all parties.

4.3. This Agreement together with the Acquisition Agreement represents the entire agreement between the Parties related to the expansion of the Authority's retail water

service area and supersedes all prior representations and agreements whether written or oral with respect to the covenants and conditions provided herein; provided, however, that the obligations set forth in this Agreement shall be in addition to, and do not supersede or replace, any obligations that may be imposed under Authority's Rules.

4.4 This Agreement and terms and conditions herein shall run with the land and be binding upon and inure to the benefit and burden of the parties to the agreement and their heirs, successors and assigns and any future Sellers of the Property.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year first above written.

**TRUCKEE MEADOWS WATER
AUTHORITY**

**VERDI BUSINESS PARK
WATER COOPERATIVE**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

[Additional Signature Blocks and Notary Acknowledgement Follow]

“SERVICE PROPERTY OWNERS”

<p>EMHISER RESEARCH, INC.</p> <p>By: _____</p> <p>Its: _____</p> <p>SINCLAIR INVESTMENTS, LLC</p> <p>By: _____</p> <p>Its: _____</p> <p>BRENNER/WHITE LLC</p> <p>By: _____</p> <p>Its: _____</p> <p>VERDI INVESTMENT PARTNERS LLC</p> <p>By: _____</p> <p>Its: _____</p> <p>WEAKLEY FAMILY TRUST</p> <p>By: _____ Kenneth Weakley, Trustee</p> <p>By: _____ Lynne Valerie Weakley, Trustee</p> <p>EVAN FAMILY 2001 REVOCABLE TRUST</p> <p>By: _____ Harold E. Evans, Trustee</p> <p>By: _____ Patricia A. Evans, Trustee</p> <p>_____ Michael Clauss</p> <p>_____ Sandra Clauss</p>	<p>KD HOLDINGS LLC</p> <p>By: _____</p> <p>Its: _____</p> <p>FERNHOFF COMMERCIAL PROPERTIES</p> <p>By: _____</p> <p>Its: _____</p> <p>MARTUCCI INVESTMENTS LLC</p> <p>By: _____</p> <p>Its: _____</p> <p>COOK FAMILY REVOCABLE LIVING TRUST</p> <p>By: _____ Richard W. Cook II, Trustee</p> <p>By: _____ Donna J. Cook, Trustee</p> <p>MARANATHA DEVELOPMENT</p> <p>By: _____</p> <p>Its: _____</p> <p>LIPPERT REVOCABLE TRUST</p> <p>By: _____ Thomas A. Lippert, Trustee</p> <p>By: _____ Laurel A. Hilde Lippert, Trustee</p>
---	---

STATE OF NEVADA)
) ss
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2012, by _____ as _____, TRUCKEE MEADOWS WATER AUTHORITY, on behalf of said Joint Powers Authority therein named.

NOTARY PUBLIC

STATE OF NEVADA)
) ss
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2012, by _____, as _____, of Verdi Business Park Water Cooperative on behalf of said entity therein named.

NOTARY PUBLIC

STATE OF NEVADA)
) ss
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2012, by _____, as _____, of _____ on behalf of said entity therein named.

NOTARY PUBLIC

Exhibit "A"

Description of Property

Exhibit "B"

Special Assessment Allocation

APN	Current Property Owner	Special Assessment Allocation
038-850-01	Emhiser Research	1/8
038-850-02	Emhiser Research	1/8
038-850-03	Clauss	1/16
038-850-04	Sinclair Investments	1/16
038-850-05	KD Holdings	1/16
038-850-06	Brenner/White	1/16
038-850-07	Fernhoff Family Trust	1/16
038-850-08	Fernhoff Family Trust	1/16
038-850-09	Verdi Investment Partners	1/16
038-850-10	Martucci Investments	1/16
038-850-11	Evan Family Trust	1/16
038-850-12	Fernhoff Family Trust	1/16*
038-850-13		
038-850-14	Cook Family Trust	1/16
038-850-15	Marantha Development	1/16
TOTAL		100%

*The properties described as APN 038-850-12 and 038-850-13 are jointly and severally liable for the entire 1/16th share.

Exhibit 9.1(b)

**ASSIGNMENT OF BENEFICIAL INTEREST
IN WATER RIGHTS HELD BY
WASHOE COUNTY**

Record title to certain water rights consisting of 12.58 acre feet as described herein ("Water Rights") has been transferred to **WASHOE COUNTY**, a political subdivision of the State of Nevada, for the benefit of Assignor, to wit:

A portion of the water and water rights described in Water Right Permit No. 39291, issued by the Nevada State Engineer, such portion being 4.69 acre feet annually.

A portion of the water and water rights described in Water Right Permit No. 62168, issued by the Nevada State Engineer, such portion being 4.00 acre feet annually.

A portion of the water and water rights described in Water Right Permit No. 63330, issued by the Nevada State Engineer, such portion being 1.00 acre feet annually.

A portion of the water and water rights described in Water Right Permit No. 64967, issued by the Nevada State Engineer, such portion being 2.89 acre feet annually.

VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada nonprofit cooperative corporation, as assignor, for good and valuable consideration under separate agreement, assigns to TRUCKEE MEADOWS WATER AUTHORITY, or its assign, as assignee, all right, title and interest to, and the beneficial use of, the Water Rights held by Washoe County on behalf of and for the benefit of the Assignor.

DATED this ____ day of _____, 2012.

<p>“ASSIGNOR” VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada nonprofit cooperative corporation</p> <p>By: _____</p> <p>Its: _____</p>	<p>“ASSIGNEE” TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority</p> <p>By: _____</p> <p>Its: _____</p>
---	---

Notary Page Follows

STATE OF NEVADA)
) ss
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2012, by
_____ as _____,
TRUCKEE MEADOWS WATER AUTHORITY, on behalf of said Joint Powers Authority
therein named.

NOTARY PUBLIC

STATE OF NEVADA)
) ss
COUNTY OF WASHOE)

This instrument was acknowledged before me on _____, 2012, by
_____ as _____, of
Verdi Business Park Water Cooperative on behalf of said entity therein named.

NOTARY PUBLIC

Exhibit 9.1(c)
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 September __, 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>
--	--

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.

Exhibit 9.1(e)

APN: N/A

When recorded, mail to Grantee,
Mail tax statement to Grantee:

Truckee Meadows Water Authority
Attn: Water Resources Dept.
P.O. Box 30013
Reno, NV 89520-3013

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

WATER RIGHTS DEED

THIS INDENTURE, made and entered into this _____ day of _____, 2012, between _____ (“Grantor”) and the TRUCKEE MEADOWS WATER AUTHORITY, a Joint Powers Authority entity created pursuant to a cooperative agreement among the cities of Reno, Nevada and Sparks, Nevada and Washoe County, Nevada, pursuant to N.R.S. Chapter 277 (“Grantee”).

W I T N E S S E T H

That said Grantor for and in consideration of the sum of TEN DOLLARS (\$10.00), lawful money of the United States of America, to them in hand paid by Grantee, and other good and valuable consideration, the receipt whereof is hereby acknowledged, by these presents do grant, bargain and sell unto said Grantee and their heirs, executors, administrators, successors and assigns forever, all its right, title and interest in and to the water and water rights situated in the County of Washoe, State of Nevada, and those certain groundwater permits and well permits, all as more particularly described as follows:

A portion of those certain groundwater and water rights described in Water Right Permit No. 62168, issued by the Nevada State Engineer, such portion being 1.00 acre feet annually, more or less, together with the right to change the point of diversion, place of use and manner of use thereof.

TOGETHER WITH ALL AND SINGULAR, the tenements, hereditaments and appurtenances thereunto belonging and in anywise appertaining, any wells, well permits or other permits appertaining thereto and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD, ALL AND SINGULAR, the said premises together with the appurtenances, unto the said Grantee and to their heirs, executors, administrators, successors and assigns forever.

IN WITNESS WHEREOF, the said Grantor has caused this Water Rights Deed to be executed the day and year first above written.

<p>GRANTOR:</p> <p>By: _____</p> <p>Its: _____</p>	
---	--

STATE OF NEVADA)
) ss
 COUNTY OF WASHOE)

On this _____ day of _____, 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared _____ who executed the within instrument for the purposes herein stated.

WITNESS my hand and official seal.

Notary Public

EXHIBIT "4"

RESOLUTION OF
THE SHAREHOLDERS OF
VERDI BUSINESS PARK WATER COOPERATIVE, a
Nevada non-profit corporation

The undersigned, comprising the Shareholders of VERDI BUSINESS PARK WATER COOPERATIVE, a Nevada non-profit corporation ("the Co-op"), after due consideration at a duly noticed meeting of the Shareholders held on March 20, 2012, at 1:30 p.m., hereby unanimously consent as follows:

John Collins, employed manager of the Co-op, presented a proposed Agreement for Water System Acquisition ("Agreement") between the Co-op and the Truckee Meadows Water Authority.

IT WAS RESOLVED, after due consideration and deliberation, upon motion made by Shareholder, Jerry Lange, and seconded by Shareholder, Kurt Brenner, the Shareholders unanimously approved that the Co-op enter into the Agreement, and authorize Joe McGinity to bind the Co-op by signing thereto as President.

IT IS FURTHER RESOLVED, after due consideration and deliberation, pursuant to §3.9 of the Agreement, upon motion made by Shareholder, Kurt Brenner, and seconded by Shareholder, Jerry Lange, the Shareholders unanimously approved the implementation of the Truckee Meadows Water Authority Rules and Rate Tariffs, in their entirety, to be applicable to the customers, i.e. Shareholders, of the Co-op, upon closing of the Agreement.

Dated:

Shareholders:

3/20, 2012

EMHISER RESEARCH, INC., a Nevada corporation

By: [Signature]
LLOYD LAUTZENHISER, President

3/20, 2012

CLAUSS/McGINITY PROPERTY, LLC, a Nevada limited liability company

By: [Signature]
JOE MCGINITY, Managing Member

3/20, 2012

SINCLAIR IMPORTS, INC., a Nevada corporation

By: [Signature]
JAMES D. MITCHELL,
Secretary/Treasurer

KD HOLDINGS, LLC, a Nevada
limited liability company

3/20, 2012

By: 
KURT BRENNER, Managing Member

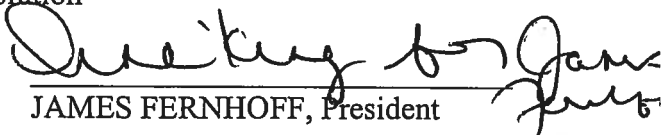
BRENNER/WHITE, LLC, a Nevada
limited liability company

3/20, 2012

By: 
KURT BRENNER, Manager

LAKESIDE SPECIALIZED
TRANSPORTATION, INC., a Nevada
corporation

3/20, 2012

By: 
JAMES FERNHOFF, President

VERDI INVESTMENT PARTNERS, LLC, a
Nevada limited liability company

3/26, 2012

By: 
JOHN CHRISTENSEN, Manager

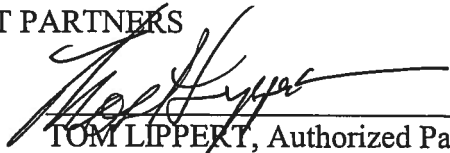
MARTUCCI INVESTMENTS, INC., a
Nevada corporation

3/21, 2012

By: _____
RICHARD MARTUCCI, Manager

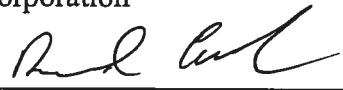
TNT PARTNERS

3/20, 2012

By: 
TOM LIPPERT, Authorized Partner

LIGHTNING ELECTRIC CO., INC., a
Nevada corporation

3/21, 2012

By: 
RICHARD COOK, President

Maranatha Development, LLC
~~SIERRA BUILDING SYSTEMS, INC., a~~
~~Nevada corporation~~

3/20, 2012

By: Gerald R. Lange
GERALD LANGE, ~~President~~ Manager

The undersigned, as duly-elected President and Secretary of the Co-op, respectfully, hereby certify that the above matter was presented to the Shareholders of the Co-op for consideration, and upon motion and second, the above actions were duly voted upon and approved unanimously.



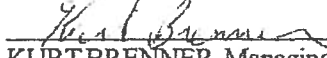
JOE MCGINITY, President



SHELLEY HERNANDEZ, Secretary

KD HOLDINGS, LLC, a Nevada
limited liability company

3/26, 2012

By: 
KURT BRENNER, Managing Member

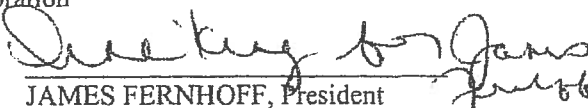
BRENNER/WHITE, LLC, a Nevada
limited liability company

3/27, 2012

By: 
KURT BRENNER, Manager

LAKESIDE SPECIALIZED
TRANSPORTATION, INC., a Nevada
corporation

_____, 2012

By: 
JAMES FERNHOFF, President

VERDI INVESTMENT PARTNERS, LLC, a
Nevada limited liability company

_____, 2012

By: _____
JOHN CHRISTENSEN, Manager

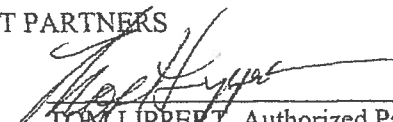
MARTUCCI INVESTMENTS, INC., a
Nevada corporation

3/21, 2012

By: 
RICHARD MARTUCCI, Manager

TNT PARTNERS

_____, 2012

By: 
TOM LIPPERT, Authorized Partner

LIGHTNING ELECTRIC CO., INC., a
Nevada corporation

_____, 2012

By: _____
RICHARD COOK, President