

MEMORANDUM OF UNDERSTANDING
For the Joint Development of Water Resources

This Memorandum of Understanding (MOU) is by and between
the Nevada Irrigation District (NID) and the City of Lincoln (LINCOLN)

NID understands the importance of LINCOLN being the retailer of treated water within the Lincoln city limits, and LINCOLN understands the importance of NID water being served to lands within the NID boundary.

NID and LINCOLN recognize the importance and benefit of working cooperatively to develop a source of NID treated water to serve areas in and around the City of Lincoln that lie within the NID boundary.

NID and LINCOLN also recognize the benefit of cooperatively planning for the future.

It is the intention of NID and LINCOLN to work cooperatively to develop and ratify a water treatment plant planning and site study agreement, a service agreement, and a water treatment plant development agreement.

A water treatment plant planning and site study agreement will facilitate joint funding and joint participation in the development of a study for a new water treatment plant in the Lincoln area. The study will identify and compare potential infrastructure locations while taking advantage of NID's surface water supplies.

A service agreement will set forth procedures, terms and conditions governing delivery of NID water to lands currently within the Lincoln city limits and with the NID boundary, and governing the expansion of the Lincoln city limits effecting areas within the NID boundary. Water rates and capacity fees will also be governed by this agreement.

A water treatment plant development agreement will facilitate the construction and joint funding of a water treatment plant and other facilities to be owned and operated by NID for the purpose of providing wholesale treated water to LINCOLN for use on lands within the NID boundary and providing water for retail distribution by NID to customers within NID's boundaries that are not within the Lincoln city limits. Other facilities may include raw water transmission pipeline(s), raw water storage reservoir(s), development of auxiliary raw water supplies, treated water transmission pipeline(s), and treated water storage.

Other agreements will be considered that are consistent with the NID and LINCOLN interests expressed above.

The parties will proceed with due diligence to negotiate the foregoing agreements.

NEVADA IRRIGATION DISTRICT

By: *George Leipzig*

Name: George Leipzig

Title: President

Date: February 25, 2004

CITY OF LINCOLN

By: *Gerald Johnson*

Name: Gerald Johnson

Title: City Manager

Date: 3/1/04