# City of Las Vegas



1700 N. Grand Avenue | Las Vegas, NM 87701 | T 505.454.1401 | lasvegasnm.gov

# Mayor Louie A. Trujillo

# CITY OF LAS VEGAS SPECIAL CITY COUNCIL MEETING July 24, 2023 – Monday – 11:00 a.m.

City Chambers 1700 North Grand Avenue Las Vegas, NM 87701

### **AGENDA**

City Council Meetings are Available via YouTube

https://www.youtube.com/channel/UCNGDVGRRAL0gVevel5JYeRw?view as=subscriber

- I. <u>CALL TO ORDER</u>
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. MOMENT OF SILENCE
- V. <u>APPROVAL OF AGENDA</u>
- VI. <u>PUBLIC INPUT(comments limited to topics on current agenda; not to exceed 3 minutes per person and individuals must sign up at least fifteen (15) minutes prior to meeting.)</u>

## VII. BUSINESS ITEMS

1. Request approval of an emergency water lease contract for bulk purchase of water from Storrie Lake shareholder, Michael Quintana.

*Mayor Trujillo*, Agreement between the City of Las Vegas and Michael Quintana to lease bulk water from Storrie Lake.

## VIII. <u>EXECUTIVE SESSION</u>

In Accordance with the New Mexico Open Meetings Act, NMSA 1978, Section 10-15-1 (H)(8), Purchase, acquisition of water rights, discussion of a water lease agreement for the purchase of bulk water from Michael Quintana.

## IX. ADJOURN

**ATTENTION PERSONS WITH DISABILITIES:** The meeting room and facilities are accessible to persons with mobility disabilities. If you plan to attend the meeting and will need an auxiliary aid or service, please contact the City Clerk's Office prior to the meeting so that arrangements may be made.

**ATTENTION PERSONS ATTENDING COUNCIL MEETING:** By entering the City Chambers you consent to photography, audio recording, video recording and its/their use for inclusion on the City of Las Vegas website and to be broadcast on YouTube.

**NOTE:** A final agenda will be posted 72 hours prior to the meeting. Copies of the Agenda may be obtained from City Hall, Office of the City Clerk, 1700 N. Grand Avenue, Las Vegas, NM 87701 or the City's website at www.lasvegasnm.gov



# CITY OF LAS VEGAS SPECIAL COUNCIL MEETING AGENDA REQUEST FORM

Meeting Date: 7/24/2023

| IAI   | leeting Date. 1/24/2023   |
|---|---|
| Date Submitted: 7/19/2023   | Department: Executive   |
| Item/Topic: Request approval of an er<br>Storrie Lake shareholder, Michael Quir | mergency water Lease Contract for bulk purchase of water from   |
| Fiscal Impact:  |   |
| Attachments:  |   |
|   | UBMITTED TO THE CITY CLERK'S OFFICE NO LATER  |
| MEETING.  | AND A HALF WEEKS PRIOR TO THE CITY COUNCIL  |
|   | AND A HALF WEEKS PRIOR TO THE CITY COUNCIL  Reviewed By:  |
| MEETING.  |   |
| MEETING.  Approved For Submittal By:  | Reviewed By:  |
| Approved For Submittal By:  Department Director  City Manager  CITY COUNTY      | Reviewed By:  Finance Director  City Attorney (Approved as to Form)  CLERK'S USE ONLY ICIL ACTION TAKEN |
| Approved For Submittal By:  Department Director  City Manager                   | Reviewed By:  Finance Director  City Attorney (Approved as to Form)  CLERK'S USE ONLY                   |

#### EMERGENCY WATER LEASE CONTRACT FOR BULK PURCHASE OF WATER

WHEREAS, as the result of the catastrophic Hermit's Peak/Calf Canyon fire, admittedly caused by the United States Forest Service, and the resulting flood damages from burn scar runoff in the Gallinas River watershed and other watersheds in the surrounding area, Las Vegas is in jeopardy of exhausting its limited water supply stored in its two existing reservoirs; and

WHEREAS, Las Vegas currently owns 800 acre-feet of storage space in Storrie Lake and is a shareholder member of SPWUA by virtue of its purchase of the "Franken" water rights; and

WHEREAS, the State of New Mexico procured a temporary, emergency water pretreatment system that will allow the water utility to directly use its water from Storrie Lake, as well as additional water from the reservoir if it becomes available, as possibly the only source of potable water for its resident water users; and

WHEREAS, it is possible that, under current conditions, water diverted into and available from Storrie Lake may be the only source of raw water, able to be treated, for Las Vegas' municipal water supply for its citizens; and,

WHEREAS, Las Vegas, contingent on full payment for this lease of bulk water by the State of New Mexico, wishes to procure an additional emergency source of water while the Gallinas watershed continues to yield highly degraded water and debris that will likely require multiple actions to provide treatable water under emergency conditions as the watershed stabilizes; and

WHEREAS, Las Vegas seeks to procure a two-year emergency lease of the entire shareholder allotment of Michael Quintana, individually, and as Personal Representative of the Estate of Robert Quintana, deceased. This consists of 998.8 shares (such shares shall entitle shareholder to divert allotted water on no less than 998.8 acres),

:

### AGREEMENT FOR BULK WATER SALE THROUGH TWO YEAR LEASE

Michael Quintana, individually, and as Personal Representative for the Estate of Robert Quintana, deceased (Lessor) and City of Las Vegas (Lessee), collectively "parties", agree as follows:

- 1. Lease Year 1. Lessee leases the allotment for Lessor's share of water from Storrie Project Water Users Association for the irrigation season of 2023 and such allotment may be used by Lessee at any time from execution of this Agreement through March 31, 2024.
- 2. Lease Year 2. Lessee leases the allotment for Lessor's share of water from Storrie Project Water Users Association for the irrigation season of 2024 and such allotment may be used by City at any time from April 2, 2024, through March 31, 2025.
- 3.. Lessee will pay up to \$1 million/ per year for each lease year above subject to this paragraph 3. Lessee will make payment to Lessor within 45 days of Lessee taking delivery of

any portion of lessor's allotment from SPWUA. Lessee will have the right to take any of its leased bulk water from Storrie Reservoir at any time after it takes any portion of the leased bulk water during each lease term year. Payment will be calculated at \$2022 per acre foot assuming no less than 6 inches per year will be allotted so that 494.4-acre feet of bulk water will be available to Lessee in any lease year. If more than 6 inches/year is allotted, the Lessee will be entitled to receive delivery of all amounts allotted to Lessor with annual lease payments capped at \$1 million per year. For Lessee to make payment to Lessor, water must be delivered to Lessee in a manner satisfactory to Lessee and all Office of State Engineer (NMOSE) or other permitting requirements for use of the water in the Lessee's municipal system must be met.

- 4. No evaporative losses are deducted from the leased water prior to Las Vegas' taking it for use.
- 5. All of the above recitals are incorporated into this Agreement as fully set forth herein.
- 6. Use by Lessee of leased water will be tracked daily and reported on the monthly log provided to NMOSE.
- 7. Lessor makes no representations or guarantees as to the quality of water being provided to Lessee under this Agreement but agrees to work in good faith with Lessee.
- 8. The contents of this Agreement, including the recitals, constitutes the entire written agreement between the parties and no oral or supplemental agreements may be used to modify its contents without a written agreement signed by both parties.
- 9. Nothing in this Agreement is intended to waive Lessor's claims to compensation for the loss of any quantity of water not diverted due to keeping the canal heading gates closed or operated intermittently to capture higher quality water or all claims associated with damages arising from the watershed fire and resulting flooding that was caused or exacerbated by the United States.
- 10. Nothing in this Agreement is intended to waive Las Vegas' claims to compensation for the loss of any quantity of water not diverted because of the fire or all claims associated with damages arising from the Gallinas watershed fire and resulting flooding that was caused or exacerbated by the United States.
- 11. Nothing in this Agreement will in any way alter or affect the water rights of either party as determined in the Gallinas River decree.
- 12. Nothing in this Agreement is intended to create a precedent for future bulk water purchases and/or use of the Storrie Intake Canal by the City from SPWUA. This Emergency Water Lease is due to the conditions set forth in the recitals above and it is unknown if such conditions will apply in the future.
- 13. This Agreement is contingent upon the State of New Mexico or the United States providing sufficient funding to the City of Las Vegas to cover lease payments prior to lease

payment due dates. Lessee does not agree to be responsible for payment of any amounts due under this Agreement unless the State of New Mexico or the United States has provided funding that may be used for this purpose. In the event the State of New Mexico or the United States has not provided sufficient funding for the City of Las Vegas to make complete payment as set in Paragraphs 2 and 3, the parties must elect jointly to proceed on any provision for which funding has been provided..

- 14. This Agreement is contingent upon confirmation by Lessor that no permits are necessary for Las Vegas to use the bulk water, or issuance of such permits prior to Lessee taking delivery of water.
- 15. This Agreement is contingent upon a resolution from SPWUA Board approving this Agreement.

| Date:   |  |
|---|--|
| THE CITY OF LAS VEGAS, NEW MEXICO   |  |
| By:(Name / title)   |  |
| (Name / title)  |  |
| Michael Quintana individually, and as Personal Representative for the Estate of Robert Quintana, deceased |  |
| Michael Quintana  |  |
| STORRIE PROJECT WATER USERS 'ASSOCIATION  |  |
| By:   |  |
| By:(Name / title)   |  |

### EMERGENCY WATER LEASE CONTRACT FOR BULK PURCHASE OF WATER

WHEREAS, as the result of the catastrophic Hermit's Peak/Calf Canyon fire, admittedly caused by the United States Forest Service, and the resulting flood damages from burn scar runoff in the Gallinas River watershed and other watersheds in the surrounding area, the City of Las Vegas ("Las Vegas") is in jeopardy of exhausting its limited water supply stored in its two existing reservoirs; and

WHEREAS, Las Vegas currently owns 800 acre-feet of storage space in Storrie Lake and is a shareholder member of the Storrie Project Water Users' Association (SPWUA) because of its purchase of the "Franken" water rights; and

WHEREAS, the State of New Mexico procured a temporary, emergency water pretreatment system for Las Vegas that will allow the water utility to directly use its water from Storrie Lake, as well as any additional water from the reservoir if it becomes available, because Storrie Lake is likely the only source of raw water for Las Vegas water users; and

WHEREAS, it is possible that, under current conditions, water diverted into and available from Storrie Lake may be the only source of raw water, able to be treated, for Las Vegas' municipal water supply for its citizens and this fact creates an emergency for Las Vegas should this turn out to be the case; and

WHEREAS, Las Vegas is anticipating that the State of New Mexico or the United States will provide Las Vegas the full payment for this lease of bulk water from Michael Quintana, as defined below, to fully protect its citizens;

WHEREAS, Las Vegas wishes to procure an additional emergency source of water while the Gallinas watershed continues to supply only highly degraded water containing debris that will likely require multiple treatment actions by Las Vegas until the watershed stabilizes which could take many years;

WHEREAS, Las Vegas seeks to procure a two-year emergency lease from Michael Quintana, individually, and as Personal Representative of the Estate of Robert Quintana, deceased, in his interest in 842 shares ("Shares") (such Shares shall entitle shareholder to divert allotted water on no less than 842 acres). Accordingly, each share will yield for Las Vegas approximately one half acre-feet of water for use within the Las Vegas distribution system; provided, however, that the parties acknowledge and understand that the amount of water allotted to the Shares is determined by the SPWUA on an annual basis and that accordingly, no party makes any representation or warranty as to the quantity of water that SPWUA will allocate to the Shares. To the extent Las Vegas needs to identify acreage or Office of State Engineer file information associated with the Shares in order to obtain a permit to use the water from the Shares, it will be provided; and

WHEREAS, this emergency lease is not intended to reduce the quantity of water available to the United States for its wildlife refuge or the amount of water available to any other shareholders of water rights in Storrie Lake.

### AGREEMENT FOR BULK WATER SALE THROUGH TWO YEAR LEASE

Michael Quintana, individually, and as Personal Representative for the Estate of Robert Quintana, deceased (Lessor) and City of Las Vegas (Lessee), collectively "parties," agree as follows:

- 1. Lease Year 1. Lessee leases the allotment for the Shares for the irrigation season of 2023 and such allotment may be used by Lessee at any time from the date of execution of this Agreement through and including December 31, 2023.
- 2. Lease Year 2. Lessee leases the allotment for the Shares for the irrigation season of 2024 and such allotment may be used by City at any time from April 2, 2024, through and including December 31, 2024.
- Lessee shall pay to Lessor an amount that equals \$1,000,000.00 ("Rent") per irrigation season for the right to have access to and use any and all water that is allotted for the Shares subject to the limitations below in this Paragraph. Lessee will make payment to Lessor of the Rent in cash, cash equivalent, or electronic funds transfer in each irrigation season during the term of this lease within 45 days of Lessee first becoming available for delivery of any water allocated for the Shares for such irrigation season. Lessee will take possession of this water at the existing outlet works for Las Vegas at Storrie Lake. Las Vegas shall have the right to release water obtained through this Emergency Water Lease Contract whenever Las Vegas, in its sole discretion, determines that should take place. Las Vegas may order deliveries of its water from the Reservoir at any time by providing SPWUA with written notice at least 2 (two) days prior to the time of the proposed release, and SPWUA shall release said water at the requested time no later than two days after receipt of such written notice. Lessor will not be obligated to deliver the water to any other location. Lessee will have the right to take any of its leased bulk water from Storrie Reservoir at any time after it takes any portion of the leased bulk water during each irrigation season during the term of this lease. While the parties agree to cooperate with one another so that at least a 6 inch allotment will be made in each irrigation season with respect to the Shares, no party makes any representation or warranty of any kind as to the quantity of water that will be allotted to the Shares in any irrigation season, it being understood that the SPWUA determines water allotments on an annual basis based on availability of water in Storrie Lake. On or before March 31 of each year during the term of this lease, Lessor shall be responsible for providing written notice to Lessee of the amount of water allotted for the Shares for that irrigation season. In the event the amount of water allotted per Share is less than six inches in any Lease Year, then the Lessee shall be entitled to a pro-rata reduction in the \$1,000,000 Lease Payment for that Lease Year. The pro-rata reduction will be a credit against the Lease Payment for Lease Year 2 if the reduction is based on Lease Year 1 allotment. If the reduction is based on Lease Year 2 allotment, the reduced amount of Lease Payment calculated shall be reimbursed to Lessee by February 28, 2025. In the event the amount of water allotted per Share is more than six inches in any Lease Year, then such additional amount belongs to Lessor.
- 4. Lessee will only make payments to Lessor, and Lessor will only be obligated to deliver water to Lessee, if water is available for delivery to Lessee in the manner proscribed by

the Office of State Engineer (NMOSE) and if other permitting requirements for use of the water in the Lessee's municipal system are met. Provided, however, Lessee understands that this is "raw" untreated water and Lessee will not impose new or additional water quality standards for water delivered under the lease without approval of Lessor. Moreover, Lessee covenants and agrees to use all water allotted to the Shares by the last day in February following the year in which the SPWUA allotted water for the Shares. As used herein, the term "use" means actual distribution to and consumption of water or storage of the allotted water in any of Las Vegas' storage..

- 5. The parties agree that Lessee will not suffer evaporative losses after its allotment to the Shares unless other SPWUA shareholders also suffer evaporative losses. However, Lessee will not be required to bear any carriage losses that were previously incurred by Lessor for delivery of water to his land.
- 6. All of the above recitals are incorporated into this Agreement as fully set forth herein.
- 7. Use by Lessee of leased water will be tracked daily and reported on the monthly logs provided to NMOSE. Copies of these records will not only be made available to the NMOSE, they will also be available to the Lessor (only to the extent of data that is tracked and reported with respect to water allotted to the Shares) and the Lessee.
- 8. Lessor makes no representations or guarantees as to the quality of water being provided to Lessee under this Agreement but agrees to work in good faith with Lessee. See paragraph 4 above.
- 9. This Lease Agreement including the recitals, constitutes the entire written agreement between the parties and no oral or supplemental agreements may be used to modify its contents without a written agreement signed by both parties.
- 10. Nothing in this Agreement waives Lessor's claims to compensation for the loss of any quantity of water not delivered as the result of the NMOSE keeping the canal heading gates closed or the NMOSE having the gates operated intermittently to capture higher quality water, nor does it waive any and all claims associated with damages arising from the watershed fire and resulting flooding that was caused or exacerbated by the United States.
- 11. Nothing in this Agreement waives Las Vegas' claims to compensation for the loss of any quantity of water not diverted because of the fire or all claims associated with damages arising from the Gallinas watershed fire and resulting flooding that was caused by the United States.
- 12. This Agreement does not alter or affect the water rights of either party as determined in the Gallinas River Decree or as determined in any other legal determination of the rights of either of the parties.

| 13.             | Nothing in    | this Agreement    | creates a   | precedent   | SPWUA      | for futu  | re bulk  | water  |
|-----------------|---------------|-------------------|-------------|-------------|------------|-----------|----------|--------|
| purchases and/o | or use of the | Storrie Intake    | Canal by 1  | Las Vegas.  | This Eme   | ergency ' | Water Le | ase is |
| based upon the  | conditions s  | et forth in the a | above recit | als and nei | ther party | has any   | informat | ion as |
| to whether such | conditions    | will occur in the | e future.   |             |            |           |          |        |

| 14. | This Agreement | is contingent | unon the fo  | llowing. |
|-----|----------------|---------------|--------------|----------|
| 17. | This Agreement | is contingent | upon the ro. | nowing.  |

| A. The parties agree that this lease shall be binding regardless of whether th   |
|--|
| State of New Mexico or the United States provides funding hereunder.   |
|  |
| B. Upon issuance by the OSE to the parties of any permits necessary for  |
| Lessee to use the water allotted to the Shares pursuant to this Lease. No prior permit wantenecessary for Las Vegas to take possession of its prior 800 acre-feet. The Parties presume that will be the case here. If that is not the case, then the parties can make such other arrangement |
| with the NMOSE as are necessary or available.  |
| C. This Agreement is contingent upon a resolution from the SPWUA Boar approving this Agreement and approval by the City Council of Las Vegas.  |
| 15 Lessor may own either directly or indirectly shares in the SPWIIA in addition t   |

15. Lessor may own, either directly or indirectly, shares in the SPWUA in addition to the Shares that are leased hereunder (such additional shares are referred to herein as the "Additional Shares"). The parties acknowledge and agree that nothing in this lease shall grant any rights or privileges to Lessee with respect to the Additional Shares including without limitation the allotment of water for the Additional Shares. Furthermore, nothing in this lease shall grant to Lessee (i) the right to vote, either in person or by proxy, the Shares, or (ii) to otherwise exercise any rights or privileges as a shareholder in the SPWUA with respect to the Shares.

| MEXICO |
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MICHAEL QUINTANA, INDIVIDUALLY, AND AS PERSONAL REPRESENTATIVE FOR THE ESTATE OF ROBERT QUINTANA, DECEASED

| By:_  |                                       |
|-------|---------------------------------------|
| -     | Michael Quintana                      |
|       |                                       |
| STO   | RRIE PROJECT WATER USERS' ASSOCIATION |
|       |                                       |
| By:   |                                       |
| _ , _ | (Name / title)                        |

### EMERGENCY WATER LEASE CONTRACT FOR BULK PURCHASE OF WATER

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- 2. Lease Year 2. Lessee leases the allotment for the Shares for the irrigation season of 2024 and such allotment may be used by City at any time from April 2, 2024, through and including December 31, 2024.
- 3. Lessee shall pay to Lessor an amount that equals \$1,000,000.00 ("Rent") per irrigation season for the right to have access to and use any and all water that is allotted for the Shares subject to the limitations below in this Paragraph. Lessee will make payment to Lessor of the Rent in cash, cash equivalent, or electronic funds transfer in each irrigation season during the term of this lease within 45 days of Lessee first becoming available for delivery of any water allocated for the Shares for such irrigation season. Lessee will take possession of this water at the existing outlet works for Las Vegas at Storrie Lake. Las Vegas shall have the right to release water obtained through this Emergency Water Lease Contract whenever Las Vegas, in its sole discretion, determines that should take place. Las Vegas may order deliveries of its water from the Reservoir at any time by providing SPWUA with written notice at least 2 (two) days prior to the time of the proposed release. and SPWUA shall release said water at the requested time no later than two days after receipt of such written notice. Lessor will not be obligated to deliver the water to any other location. Lessee will have the right to take any of its leased bulk water from Storrie Reservoir at any time after it takes any portion of the leased bulk water during each irrigation season during the term of this lease. While the parties agree to cooperate with one another so that at least a 6 inch allotment will be made in each irrigation season with respect to the Shares, no party makes any representation or warranty of any kind as to the quantity of water that will be allotted to the Shares in any irrigation season, it being understood that the SPWUA determines water allotments on an annual basis based on availability of water in Storrie Lake. On or before March 31 of each year during the term of this lease, Lessor shall be responsible for providing written notice to Lessee of the amount of water allotted for the Shares for that irrigation season. In the event the amount of water allotted per Share is less than six inches in any Lease Year, then the Lessee shall be entitled to a pro-rata reduction in the \$1,000,000 Lease Payment for that Lease Year. The pro-rata reduction will be a credit against the Lease Payment for Lease Year 2 if the reduction is based on Lease Year 1 allotment. If the reduction is based on Lease Year 2 allotment, the reduced amount of Lease Payment calculated shall be reimbursed to Lessee by February 28, 2025. In the event the amount of water allotted per Share is more than six inches in any Lease Year, then such additional amount belongs to Lessor.
- 4. Lessee will only make payments to Lessor, and Lessor will only be obligated to deliver water to Lessee, if water is available for delivery to Lessee in the manner proscribed by the Office of State Engineer (NMOSE) and if other permitting requirements for use of the water in the Lessee's municipal system are met. Provided, however, Lessee understands that this is "raw" untreated water and Lessee will not impose new or additional water quality standards for water delivered under the lease without approval of Lessor. Moreover, Lessee covenants and agrees to use all water allotted to the Shares by the last day in February following the year in which the SPWUA allotted water for the

Shares. As used herein, the term "use" means actual distribution to and consumption of water or storage of the allotted water in any of Las Vegas' storage..

- 5. The parties agree that Lessee will not suffer evaporative losses after its allotment to the Shares unless other SPWUA shareholders also suffer evaporative losses. However, Lessee will not be required to bear any carriage losses that were previously incurred by Lessor for delivery of water to his land.
  - 6. All of the above recitals are incorporated into this Agreement as fully set forth herein.
- 7. Use by Lessee of leased water will be tracked daily and reported on the monthly logs provided to NMOSE. Copies of these records will not only be made available to the NMOSE, they will also be available to the Lessor (only to the extent of data that is tracked and reported with respect to water allotted to the Shares) and the Lessee.
- 8. Lessor makes no representations or guarantees as to the quality of water being provided to Lessee under this Agreement but agrees to work in good faith with Lessee. See paragraph 4 above.
- 9. This Lease Agreement including the recitals, constitutes the entire written agreement between the parties and no oral or supplemental agreements may be used to modify its contents without a written agreement signed by both parties.
- 10. Nothing in this Agreement waives Lessor's claims to compensation for the loss of any quantity of water not delivered as the result of the NMOSE keeping the canal heading gates closed or the NMOSE having the gates operated intermittently to capture higher quality water, nor does it waive any and all claims associated with damages arising from the watershed fire and resulting flooding that was caused or exacerbated by the United States.
- 11. Nothing in this Agreement waives Las Vegas' claims to compensation for the loss of any quantity of water not diverted because of the fire or all claims associated with damages arising from the Gallinas watershed fire and resulting flooding that was caused by the United States.
- 12. This Agreement does not alter or affect the water rights of either party as determined in the Gallinas River Decree or as determined in any other legal determination of the rights of either of the parties.
- 13. Nothing in this Agreement creates a precedent SPWUA for future bulk water purchases and/or use of the Storrie Intake Canal by Las Vegas. This Emergency Water Lease is based upon the conditions set forth in the above recitals and neither party has any information as to whether such conditions will occur in the future.
  - 14. This Agreement is contingent upon the following:
- A. The parties agree that this lease shall be binding regardless of whether the State of New Mexico or the United States provides funding hereunder.

- B. Upon issuance by the OSE to the parties of any permits necessary for Lessee to use the water allotted to the Shares pursuant to this Lease. No prior permit was necessary for Las Vegas to take possession of its prior 800 acre-feet. The Parties presume that will be the case here. If that is not the case, then the parties can make such other arrangements with the NMOSE as are necessary or available.
- C. This Agreement is contingent upon a resolution from the SPWUA Board approving this Agreement and approval by the City Council of Las Vegas.
- 15. Lessor may own, either directly or indirectly, shares in the SPWUA in addition to the Shares that are leased hereunder (such additional shares are referred to herein as the "Additional Shares"). The parties acknowledge and agree that nothing in this lease shall grant any rights or privileges to Lessee with respect to the Additional Shares including without limitation the allotment of water for the Additional Shares. Furthermore, nothing in this lease shall grant to Lessee (i) the right to vote, either in person or by proxy, the Shares, or (ii) to otherwise exercise any rights or privileges as a shareholder in the SPWUA with respect to the Shares.

| Date:  |
|--|
| THE CITY OF LAS VEGAS, NEW MEXICO  |
| By:  |
| By:(Name / title)  |
|  |
| MICHAEL QUINTANA, INDIVIDUALLY,<br>AND AS PERSONAL REPRESENTATIVE FOR THE<br>ESTATE OF ROBERT QUINTANA, DECEASED |
| By:  |
| By: Michael Quintana   |
|  |
| STORRIE PROJECT WATER USERS' ASSOCIATION   |
| Ву:  |
| (Name / title)   |