WATER PLANNING COMMITTEE

9- 1. Resolution approving Valley Center Municipal Water District’s proposed Meadowood Annexation.
Adopt Resolution No. 2013-_____ that resolves that the Final EIR certified by the County of San Diego as Lead Agency complies with CEQA and the State CEQA Guidelines, and adequately addresses the potential environmental effects resulting from annexation, issues findings required by CEQA as a Responsible Agency; and Sets final terms and conditions and approves the concurrent annexation of Valley Center Municipal Water District’s proposed Meadowood annexation to the Water Authority and the Metropolitan Water District conditioned upon the fulfillment of all conditions and final approval by the San Diego Local Agency Formation Commission.

ADMINISTRATIVE AND FINANCE COMMITTEE

9- 2. Treasurer’s report.
Note and file the monthly Treasurer’s report.

9- 3. Establish 2014 Board meeting dates.
Combine the November and December Board meeting dates to November 20, 2014 and approve the 2014 Board meeting dates calendar.

9- 4. Update of the Water Authority’s Statement of Debt Management Policy.
Adopt the updated Statement of Debt Management Policy.

ENGINEERING AND OPERATIONS COMMITTEE

9- 5. Professional services contract with Black & Veatch Corporation; professional services contract with Navigant Consulting, Inc.; and Memorandum of Understanding between the San Diego County Water Authority and City of San Diego for the San Vicente Pumped Storage project.
Authorize the General Manager to award a professional services contract to Black & Veatch Corporation, for $149,920, to perform an economic and financial study for the San Vicente Pumped Storage project. Authorize the General Manager to award a professional services contract to Navigant Consulting, Inc., for $59,667, to provide independent reviews and technical advice for the San Vicente Pumped Storage project. Authorize the General Manager to enter into a Memorandum of Understanding with the City of San Diego for the implementation of the economic and financial study for the San Vicente Pumped Storage project.

9- 6. Construction contract for the San Vicente Marina Facilities project.
Reject Quest Civil Constructors, Inc. bid protest. Authorize the General Manager to award a construction contract to Pulice Construction Inc. in the amount of $22,882,639 for the San Vicente Marina Facilities, Specification 594.
Date: October 23, 2013

To: San Diego County Water Authority Board Members

From Jonathan Clay, Sacramento Representative
Ken Carpi, Washington Representative

Subject: Legislative Update

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Sacramento

2013 Legislative Session

The Legislature completed its business for the 2013 Legislative session in mid-September and the Governor finished signing/vetoing legislation on October 13. According to the Governor's office, during the 2013 legislative session, he signed 800 bills and rejected 96. The Legislature will reconvene on January 7, 2014.

Legislation

SB 322, our sponsored legislation dealing with recycled water, was signed by Governor Brown and will become law on January 1, 2014. In addition to signing the measure, Governor Brown also issued a signing message (few bills got actual signing messages this year) in which he reaffirmed his commitment to water and water recycling in particular (link: http://gov.ca.gov/docs/SB_322_2013_Signing_Message.pdf). This was a great win and helps move key policy forward as it relates to direct potable reuse.

As mentioned previously, the Governor will continue to move forward with the reassignment of the public drinking program from the California Department of Public Health to the State Water Resources Control Board. The Governor mentioned this policy shift in his signing message for SB 322. The Governor appears very committed to this change in program authority and will likely include this change in his January budget rather than a stand-alone piece of legislation similar to AB 145.

Water Bond

Since the September report, not much has occurred on the water bond front in Sacramento. We continue to hear rumors of efforts to consolidate the Senate and...
Assembly bond proposals into a single measure, but there has been no language available to date. In addition, the Administration has remained silent as to their preference for how to handle a water bond in 2014 - is it simply an effort to remove the existing 2014 bond from the ballot or will the Administration support a more scaled back bond proposal to replace the existing 2014 bond.

**Washington, DC**

Federal Government Open Again – For Now

After a 16-day partial shutdown, President Obama signed legislation to fund the government through January 15, 2014 and suspend the debt limit through February 7, 2014. As enacted, the law funds the federal government at the annualized level of $986.3 billion, reflecting spending levels under sequestration.

While not included in the legislation itself, congressional leaders committed to produce a budget resolution by December 13 and House and Senate conferees have already begun meeting. Ideally, a bicameral budget resolution would allow individual appropriations bills to pass before January 15. If President Obama and Congress cannot agree on how to alter the spending levels mandated by the Budget Control Act, then spending for FY2014 would be cut back to $967 billion, with defense programs absorbing most of the cuts, as other discretionary programs have already been cut back.

House to Take Up Water Resources Bill

On October 23, the House is scheduled to begin debate on the Water Resources Reform and Development Act (WRRDA, or H.R. 3080). The bill would authorize projects of the U.S. Army Corps of Engineers for construction and maintenance of dams, locks, levees, harbors, and some ecosystem restoration and water treatment projects. The bill has drawn criticism from some fiscal conservatives and from environmental organizations, but the bill is expected to pass the House. The Senate passed its version of the bill earlier this year.

The House bill does not include a water infrastructure-financing program similar to the pilot program included in the Senate-passed version of the bill. Nonetheless, it will be the subject of negotiations between the House and Senate as they try to reconcile their bills for final passage. A “WIFIA” program has been gaining supporters, who see it as a needed supplement to support larger water projects. Opponents have also been gaining in numbers, arguing that any alternative financing mechanism will undercut the Clean Water and Drinking Water State Revolving Funds in the future. Leaders in the both the House and Senate hope to have a final bill ready for a vote before the end of the year.
October 24, 2013

Attention: Imported Water Committee

Colorado River Board Representative’s Report (Information)

Purpose
The Colorado River Board (CRB) Representative’s Report summarizes monthly activities of the Colorado River Board.

Background
This report covers activities from the October 9, 2013 CRB meeting.

Discussion
The CRB heard informational reports from CRB staff on activities discussed below:

Water Supply and Reservoir Operations
As of October 1, 2013 total system storage was 29.9 million acre-feet (maf), or 50 percent of capacity, which is about 4.1 maf less than a year ago. Lake Mead is at 48 percent capacity, with 12.4 maf and Lake Powell is at 45 percent capacity with 10.9 maf. Recent rain events have increased storage in Lake Powell by approximately 150,000 acre-feet since September 1. These storms benefited the river system through increased inflows in the Upper Basin and decreased water orders in the Lower Basin.

The final consultation associated with the development of the 2014 Annual Operating Plan (AOP) was held on September 5. Based on the August 2013 24-Month Study of proposed hydrology in the Basin, the final draft AOP confirms the Mid-Elevation Release Tier will govern operation of Lake Powell which will result in the significantly lower release from Glen Canyon Dam of 7.48 maf. In the Lower Basin, the AOP confirms that Intentionally Created Surplus Conditions will govern operation of Lake Mead and no unused apportionment is anticipated for 2014.

Minute 319 Bi-national Discussions
Activities to implement Minute 319 continue to progress through several bi-national workgroups. Recent meetings were held for the environmental flows; basin hydrology; and water accounting and operations workgroups. The environmental flows group is working on a flow delivery plan to guide pulse and base flows to improve habitat south of Morelos Dam. Concerns have been raised about potential impacts to Mexican agricultural water orders during pulse flows.

Colorado River Basin Water Supply and Demand Study
The Basin States, Reclamation, and other stakeholder groups continued implementing the “Next Steps” components of the Colorado River Basin Water Supply and Demand Study (Basin Study) through three workgroups: Municipal Conservation and Reuse, Agricultural Conservation and Transfers, and Environmental and Recreational Flows. The three workgroups have each completed scopes of work and begun data collection efforts for Phase I of the process. The
anticipated completion date for workgroup summary reports has been extended from December 2013 to May 2014.

The Department of Interior allocated $100,000 for a supply and demand study on tribal water rights within the basin on September 19, 2013.

**Glen Canyon Dam High Flow Release**

Storms on September 11-12 caused flooding in the Paria River that deposited close to one million tons of sediment into the mainstream Colorado River bed. Based on the High Flow Experimental (HFE) Release Protocol, the Department of Interior has scheduled an HFE release for mid-November which will redistribute the newly acquired sediment into backwaters and onto beaches throughout the Grand Canyon.

**Colorado River Basin Salinity Control Program**

The Colorado River Basin Salinity Control Forum (Forum) met on September 10-12. Discussions continued on the status of insufficient funds for the Salinity Control Program with identification of both short- and long-term options to address potential shortfalls. The Forum is beginning work on the 2014 Triennial Review which will incorporate scenarios modeled with the most up-to-date Colorado River Simulation System (CRSS) Model. A draft Review is expected in spring 2014. The Forum meeting also included updates on the Pah Tempe Springs salinity control experiment and Paradox Valley brine injection well replacement alternatives.

Prepared by: Kara Mathews, Assistant Water Resources Specialist
Reviewed by: Dan Denham, Acting Colorado River Program Director
Approved by: Michael T. Hogan, CRB Representative
Attachment: Summary Water Report, Colorado River Basin
### SUMMARY WATER REPORT
**COLORADO RIVER BASIN**
**October 1, 2013**

<table>
<thead>
<tr>
<th>RESERVOIR STORAGE (as of September 30)</th>
<th>MAF</th>
<th>ELEV. IN FEET</th>
<th>% of Capacity</th>
<th>MAF</th>
<th>ELEV. IN FEET</th>
<th>% of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lake Powell</td>
<td>10.934</td>
<td>3,591.2</td>
<td>45</td>
<td>10.788</td>
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<td>44</td>
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<td>75</td>
<td>2.831</td>
<td>6,015.7</td>
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<td>55</td>
<td>0.865</td>
<td>6,014.9</td>
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<tr>
<td>Lake Mead</td>
<td>12.362</td>
<td>1,106.9</td>
<td>48</td>
<td>12.289</td>
<td>1,106.1</td>
<td>47</td>
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<tr>
<td>Lake Mohave</td>
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<td>640.2</td>
<td>90</td>
<td>1.736</td>
<td>644.4</td>
<td>96</td>
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<tr>
<td>Lake Havasu</td>
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<td>90</td>
<td>0.604</td>
<td>449.2</td>
<td>97</td>
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<tr>
<td><strong>Total System Storage</strong></td>
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<td>50</td>
<td></td>
<td>29.824</td>
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<td><strong>System Storage Last Year</strong></td>
<td>34.023</td>
<td>57</td>
<td></td>
<td>34.691</td>
<td>58</td>
<td></td>
</tr>
</tbody>
</table>

---

**September 3, 2013**

- WY 2013 Precipitation (Basin Weighted Avg) 10/01/12 through 9/30/13 91 percent (28.8"") 83 percent (24.1"")
- WY 2013 Current Basin Snowpack (Basin Weighted Avg) on day of 9/30/13 NA NA

(Above two values based on average of data from 116 sites.)

**September 17, 2013**

- Forecast of Unregulated Lake Powell Inflow MAF MAF % of Normal % of Avg.
- 2013 April through July unregulated inflow 2.559 2.559 36% 36%
- 2013 Water Year 5.001 46% 4.398 41%

### SUMMARY WATER REPORT
**COLORADO RIVER BASIN**
**September 3, 2013**

<table>
<thead>
<tr>
<th>RESERVOIR STORAGE (as of August 31)</th>
<th>MAF</th>
<th>ELEV. IN FEET</th>
<th>% of Capacity</th>
<th>MAF</th>
<th>ELEV. IN FEET</th>
<th>% of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lake Powell</td>
<td>10.788</td>
<td>3,589.6</td>
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<td>11.202</td>
<td>3,594.2</td>
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<tr>
<td>Flaming Gorge</td>
<td>2.831</td>
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<td>2.875</td>
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<tr>
<td>Navajo</td>
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<td>0.869</td>
<td>6,017.5</td>
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<tr>
<td>Lake Mead</td>
<td>12.289</td>
<td>1,106.1</td>
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<td>12.270</td>
<td>1,105.9</td>
<td>47</td>
</tr>
<tr>
<td>Lake Mohave</td>
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<td>644.4</td>
<td>96</td>
<td>1.717</td>
<td>643.7</td>
<td>95</td>
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<tr>
<td>Lake Havasu</td>
<td>0.604</td>
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<td>97</td>
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<tr>
<td><strong>Total System Storage</strong></td>
<td>29.824</td>
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<td></td>
<td>30.304</td>
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</tr>
<tr>
<td><strong>System Storage Last Year</strong></td>
<td>34.691</td>
<td>58</td>
<td></td>
<td>35.336</td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>

---

**September 1, 2013**

- WY 2013 Precipitation (Basin Weighted Avg) 10/01/12 through 9/03/13 83 percent (24.1"") 81 percent (21.4"")
- WY 2013 Current Basin Snowpack (Basin Weighted Avg) on day of 9/03/13 NA NA

(Above two values based on average of data from 116 sites.)

**August 19, 2013**

- Forecast of Unregulated Lake Powell Inflow MAF MAF % of Normal % of Avg.
- 2013 April through July unregulated inflow 2.559 2.559 36% 36%
- 2013 Water Year 4.398 41% 4.328 40%
**ARIZONA, CALIFORNIA, NEVADA, MEXICO**

**FORECAST OF END OF YEAR CONSUMPTIVE USE**

**FORECAST BASED ON USE TO DATE AND APPROVED ANNUAL WATER ORDERS /1**

(ACRE-FEET)

<table>
<thead>
<tr>
<th>Use To Date</th>
<th>Forecast</th>
<th>Approved Use</th>
<th>Excess to Approval</th>
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<tbody>
<tr>
<td>CY2013</td>
<td>CY2013</td>
<td>CY2013</td>
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<tr>
<td>ARIZONA</td>
<td>2,149,999</td>
<td>2,776,990</td>
<td>2,795,604</td>
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<tr>
<td>CALIFORNIA</td>
<td>3,526,347</td>
<td>4,266,533</td>
<td>4,118,207</td>
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<tr>
<td>NEVADA</td>
<td>182,824</td>
<td>256,151</td>
<td>300,000</td>
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<tr>
<td>STATES TOTAL</td>
<td>5,859,170</td>
<td>7,329,676</td>
<td>7,218,811</td>
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</tbody>
</table>

1/ Incorporates Jan-Jul USGS monthly data and 72 daily reporting stations which may be revised after provisional data reports are distributed by the USGS.

Use to date estimated for users reporting monthly and annually.

2/ These values reflect adjusted apportionments. See Adjusted Apportionment calculation on each state page.

3/ Includes unmeasured returns based on estimated consumptive use/dissipation rates by user from studies provided by Arizona Dept of Water Resources, Colorado River Board of California, and Reclamation.

**TOTAL LOWER BASIN & MEXICO**

To Mexico in Excess of Treaty Forecast

- **Lower Basin Forecast**
  - 7,219,893
  - 9,016,376

- **Arizona Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **California Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **Nevada Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **Robert B. Griffith Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **Arizona Others Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **Yuma Mesa Division Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **Las Vegas Wash Return Flow Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **CRIT Arizona Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **Wetlton-Mohawk Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

- **Yuma County Water Users' Forecast**
  - Jan
  - Feb
  - Mar
  - Apr
  - May
  - Jun
  - Jul
  - Aug
  - Sep
  - Oct
  - Nov
  - Dec

Graph notes: Jan-1 forecast use is scheduled use in accordance with the Annual Operating Plan's state entitlements, available unused entitlements, and over-run paybacks. A downward sloping line indicates use at a lower rate than scheduled, upward sloping is above schedule, and a flat line indicates a use rate equal to schedule. Lower priority users such as CAP, MWD, and Robert B. Griffith may adjust use rates to meet state entitlements at higher priority use dictates from schedule. Actual changes in the forecast use line may be due to a diversions schedule change or monthly updating of provisionalazeekine diversions.
CALIFORNIA WATER USERS
FORECAST OF END OF YEAR CONSUMPTIVE USE
FORECAST BASED ON USE TO DATE AND APPROVED ANNUAL WATER ORDERS

California Schedules and Approvals
Historic Use Records (Water Accounting Records)

<table>
<thead>
<tr>
<th>WATER USER</th>
<th>Use To Date CY2013</th>
<th>Forecast Use CY2013</th>
<th>Estimated Use CY2013</th>
<th>Excess To Estimated Use CY2013</th>
<th>Diversion To Date CY2013</th>
<th>Forecast Diversion CY2013</th>
<th>Approved Diversion CY2013</th>
<th>Excess To Approved Diversion CY2013</th>
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<td>2,566</td>
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<td>FORT MOJAVE INDIAN RESERVATION, CA</td>
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<td>12,235</td>
<td>14,285</td>
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<td>731,981</td>
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<td>COLORADO RIVER INDIAN RESERVATION, CA</td>
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<td>802,543</td>
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<td>76,318</td>
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<td>YUMA PROJECT RESERVATION DIVISION - INDIAN UNIT</td>
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<td>69</td>
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<td>---</td>
<td>9,402</td>
<td>11,340</td>
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</tr>
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</table>

TOTAL CALIFORNIA
3,526,347 | 4,296,636 |

FORT YUMA INDIAN RESERVATION
1/ ...

CALIFORNIA ADJUSTED APPORTIONMENT CALCULATION
California Basic Apportionment
Payback of OPP Overrun (IID, Ft Mojave)
Intentionally Created Surplus Water (IID)
Creation of Extraordinary Conservation ICS (MWWD)
Total State Adjusted Apportionment
Excess to Total State Adjusted Apportionment

ISG ANNUAL TARGET COMPARISON CALCULATION
Priorities 1, 2, 3b Use (PVID+YPRD+Island+PVID Mosca)
MWWD Adjustment
Total California Agricultural Use (PVID+YPRD+Island+HD+CVWD)
California Agricultural Paybacks
Misc. PPRs Covered by IID and CVWD
California ICS Creation (IID ICS)
Total Use for Target Comparison
ISG Annual Target (Exhibit B)
Amount over/under ISG Annual Target

NOTES:
Ranch 5
Yuma Island assumed to be included in Priority 2.
Click on California Schedules and Approvals above for incoming diversion schedules and approvals.
1/ Fort Yuma Indian Reservation includes Yuma Project Reservoir Division Indian Unit, Ranch 5, an estimate of domestic use and pumps.
2/ Includes MWWD Adjustment, California Agricultural Use and Paybacks, IID-CVWD covered PPRs, and taking out the MWWD-CVWD Exchange

ID FORECAST

CVWD FORECAST

CALIFORNIA PRIORITIES 1 AND 2 FORECAST

YUMA PROJECT RESERVATION DIVISION FORECAST

PVID FORECAST
Historic Lakes Powell and Mead Surface Water Elevation Levels (End of WY 2013)

Lake Powell Elevation Level
(Feet)

- Maximum (3700 feet)
- Upper Elevation Balancing Tier (3645 feet)
- Mid-Elevation Release Tier (3575 feet)
- Lower Elevation Balancing Tier (3525 feet)

3555.90 ft. in March 2005, lowest since 1969 during the initial filling of Lake Powell.

Lake Mead Elevation Level
(Feet)

- Maximum (1229 feet)
- Surplus (1145 feet)
- Normal Condition
- Shortage (1075 feet)

1081.94 ft. in November 2010, lowest since 1937 during the initial filling of Lake Mead.
October 24, 2013

Attention: Imported Water Committee

Metropolitan Water District Delegates’ Report (Information)

Background
The MWD committees and board met on October 7 and 8. The next regular MWD board and committee meetings are scheduled for November 18 and 19.

Discussion
This section summarizes discussions held and key decisions made at the October MWD committee and board meetings, as reported by the MWD delegates. The Water Authority delegation supported eight of 12 action items approved by the MWD board. Consistent with past actions, the delegates opposed authorizing entering into a Local Resources Program (LRP) funding agreement for a groundwater desalter project because MWD: 1) failed to demonstrate how the project would benefit all member agencies; 2) continues to improperly assign costs of its LRP to the transportation rate; and 3) bars the Water Authority ratepayers from receiving any LRP program benefits, yet continues to require the Water Authority to fund LRP through the Water Stewardship Rate. The delegates also opposed two board items related to amending cyclic storage agreements, following their effort to table the items so additional information could be provided. The delegates opposed the items because a number of policy issues were not addressed in the board memos, including among other things, an analysis of the risks MWD would assume when it agreed to indemnify the Watermaster and the agencies who are parties to the agreements and why the agreements contractually limit MWD deliveries to State Water Project water. Because the Watermaster has total discretion under the court judgment and operating rules, the delegates questioned how agencies other than the contracting parties would benefit from the operational flexibility as a result of the agreements. A compensation recommendation for the General Manager, General Counsel and General Auditor was approved by the board, however due to concerns with the recommendation not following MWD’s administrative code process, Directors Hogan and Steiner abstained, Director Lewinger voted no and Director Mudd was not present. On an item related to pursuing Sacramento Valley water transfer supplies in 2014, the delegates supported the action while reserving the rights to object to the cost allocation associated with meeting peak demand in dry years. The delegates also urged the board to schedule a workshop to review issues relating to MWD’s cost of service methodology. Letters on the LRP, cyclic storage, and water transfer actions were submitted to MWD and copies can be found as Attachments 1, 2 and 3, respectively.

Attachment 4 is a copy of MWD’s October committee and board meeting agendas.

Communications and Legislation Committee
The committee received reports on state and federal legislative activities. General Manager Kightlinger reported on the impacts of the federal government shutdown to water resources. He said that 85 percent of the 5,000 Bureau of Reclamation employees were furloughed; but, since water and power operations were considered essential, day-to-day water operations were not affected. Kightlinger said the biggest impact was on the Bay Delta Conservation Plan (BCDP) schedule; the shutdown equated to “a day for a day” delay of the BDCP documents for official public review, which was scheduled for November 15, meaning if the shutdown’s duration was seven days, it would
postpone the publication and release of the BDCP for seven days. Subsequent to this meeting, the Congress passed a measure reopening the federal government. Interim Deputy General Manager for External Affairs Dee Zinke reported that MWD is assessing the level of support from Southern California for the BDCP goals and is ramping up on BDCP outreach efforts.

**Engineering and Operations Committee**

The committee and board approved two items related to a contract for SCADA (Supervisory Control and Data Acquisition) servers and a reimbursable agreement for relocation of the Santa Monica Feeder. The committee also received a report on the Southern Nevada Water Authority’s (SNWA) Intake No. 3 Project. SNWA currently operates two intakes (No. 1 and No. 2) on the west shore of Lake Mead, which require a minimum lake elevation of 1,060 feet above mean sea level (amsl) and 1,000 feet amsl, respectively. As a result of drought, declining lake levels threaten the operation of the existing intakes. SNWA is currently constructing Intake No. 3 at approximately 860 feet amsl to provide the system additional protection from loss of intake capacity and increase system reliability by providing backup for Intakes No. 1 and No. 2. Intake No. 3 is anticipated to be completed in 2014. The committee also received a report on water system operations.

**Finance and Insurance Committee**

The committee received two reports, which included a report on MWD’s investment activity. Controller Tom DeBacker reported on MWD’s Fiscal Year 2013 financial results. MWD ended the Fiscal Year $251.2 million under budget ($104 million in additional revenues, mainly due to increased water sales, in addition to expenses falling under budget by $147 million, primarily due to costs related to the State Water Contract falling below budget). The water sales and exchange deliveries were 1.857 million acre-feet (MAF) as of June 30, 2013, which was 156,700 acre-feet (AF) over the budgeted 1.7 MAF. DeBacker said that even with a series of board actions that reduced the reserve fund balance the reserve fund balance continues to exceed the maximum reserve target. In April, the MWD Board authorized the use of stabilization reserve funds ($3.3 million) to finance the Foundational Actions Funding Program. In June, it moved $75 million from the stabilization reserve funds to the Water Transfer fund, the Replacement and Refurbishment Fund, and the Other Post-Employment Benefits (OPEB) Trust. In August, the MWD Board authorized the use of stabilization reserve funds ($26.5 million) to pay-off the Hoover Dam Visitor Center. Director Mudd noted that the fund balance based on the June 30, 2013 report is $536.1 million, which was $62 million over the maximum reserve target. Staff’s report showed the fund balance as of September 30, 2013 at $507.2 million, which reflected the use of $29.7 million from reserves since June 30, and exceeded the maximum reserve target by about $33 million. Director Touhy (Upper San Gabriel Municipal Water District) commented that it was “false” to consider MWD’s reserves as above the cap, when MWD still has liabilities and outstanding infrastructure repairs continue to be deferred, which obligate future ratepayers to pay for these costs.

Because the actual State Water Project costs for FY 2013 have been less than budgeted, Director Lewinger questioned if any of the SWP adjustment items could be included in a long-term budget projection. Kightlinger responded that one of the reasons for SWP costs to be lower than budget was because the budget assumed a 50 percent SWP allocation (whereas the actual SWP allocation for CY 2013 is 35 percent). He said that the allocation variance and one-time adjustments, such as the Springing Amendment (related to reducing the amount of reserves DWR is required to maintain), are not recurring and cannot be used for long-term budget projections. In response to Director Wunderlich (Beverly Hills), DeBacker said that by prefunding OPEB with $40 million in Fiscal Year 2014, MWD would receive a benefit by reducing the long-term OPEB liabilities by $82.4 million.
over three years (2014, 2015 and 2016). While DeBacker’s illustration showed benefits of prefunding, Director Edwards (Foothill) commented that there is no requirement for MWD to fully fund the OPEB Annual Required Contribution; DeBacker said without making full ARC contributions, the unfunded liability will grow. Director Barbre (Municipal Water District of Orange County) added that the unfunded liability is shown in MWD’s books as a liability; DeBacker agreed with Barbre.

The committee also heard a report on the financial highlights for the first quarter of Fiscal Year 2014. In DeBacker’s earlier presentation, Lewinger asked if MWD anticipated bringing in even more revenue in FY 2014 since the board took action to not reduce the property tax rate for 2014, while the budget assumed a lower tax rate. DeBacker said his “gut” says yes, because historically, property taxes have always come in higher than budget.

After the financial highlights report, Lewinger pointed out although it is only the first quarter, staff is already projecting Fiscal Year 2014 ending with $120 million ($42 million from water sales and $80 million in decreased expenses) favorable variance as compared with the budget. He said moreover, this variance is based on MWD selling only 61,000 AF over budget (or 1.762 MAF of deliveries), which is low. Considering MWD entered the year with $62 million over the maximum reserve level, even with the unbudgeted use of $29.6 million from reserves thus far, MWD is already exceeding the maximum level by $33 million, and coupled with the $120 million favorable variance, plus the additional income from the board action to suspend the tax rate limitation for FY 2014, Lewinger stated that MWD does not need the 5 percent rate increase scheduled to occur in January 2014. He asked that the item be placed on the November agenda. In response, Touhy said that it is also “false” to consider MWD has a “net gain” this year because MWD is pulling water out of storage and no funds are being set aside for future purchase of water to be placed in storages. Touhy also commented that if MWD were to refund over-collections to member agencies, they would simply keep the funds rather than returning back to the ratepayers, thus it would not be a good idea.

**Legal and Claims Committee**

General Counsel Marcia Scully reported that a court order was issued designating Sacramento Superior Court as the location for the litigation challenging the Delta Stewardship Council’s Delta Plan. In response to Mudd’s inquiry on how MWD’s participation in the litigation was received by the administration, Scully said that the administration would probably have been happier if MWD had not joined the State Water Contractors to jointly file the suit. Deputy General Counsel Sydney Benion gave a presentation on “Closed Session Confidentiality” and cited the Brown Act and MWD’s Administrative Code on Closed Session Procedure and Ethics Policy as the basis for MWD’s confidentiality requirements. In closed session, the committee heard reports on the Consolidated Delta Smelt cases and on the Water Authority rate lawsuits with MWD; in open session, Committee Chair Fleming (Los Angeles) said no actions were taken on the two items. The Water Authority delegates were not present for the discussions related to the rate litigation.

**Organization, Personnel and Technology Committee**

The committee and board approved the purchase and implementation of an Oracle Accounts Payable Automation System. The committee also received reports on Business Outreach 2012/13 efforts and MWD’s Internship Program, which includes 35 Water System Operations and engineering interns from 22 universities.
Real Property and Asset Management Committee
The committee and board approved two items related to permanent easements to Southern California Edison Company on MWD-owned property located in Riverside and San Bernardino Counties. The committee also heard a report on the Real Property Department’s involvement in Delta activities, including the group’s discussions with stakeholders on alignment studies related to the acquisition of land and right-of-way should the BDCP be approved.

Water Planning and Stewardship Committee
The committee and board approved four items, which included an LRP agreement with Eastern Municipal Water District for a groundwater desalter project and the authorization to pursue Sacramento Valley water transfer supplies in 2014. Amendments to two cyclic storage agreements were also approved, with Directors Steiner and Lewinger abstaining during committee, and at the board, the Water Authority delegation opposed the actions.

The committee heard reports on the Water Surplus and Drought Management Plan and Bay-Delta matters. After staff reported that MWD was seeking additional water for 2014, Lewinger referred to an earlier discussion held in the Finance and Insurance Committee, where Touhy stated that funds were not budgeted for additional water supply. In response to Lewinger’s inquiry on what other sources of water is included in the Fiscal Year 2014 budget (in addition to the 100,000 AF of potential Sacramento Valley water transfer), Kightlinger added that 50 percent (of 110,000 AF) of Palo Verde land fallowing program was called for 2014. Lewinger pointed out that funds are included in the budget to purchase alternate water, such as transfer water, and in this year’s budget at least enough is included to replace 150,000 AF of water.

The committee also received an update on the State Water Contract extension negotiations beyond the existing contract termination date of 2035. DWR and the SWP contractors must, among other things, determine a new contract termination date to permit selling bonds with a longer maturity date. The long maturity period helps keep SWP contractors’ costs more affordable.

Board
Directors Russel Lefevre (Torrance) and Donald Dear (West Basin Municipal Water District) were introduced as the newest members of MWD’s board and were assigned to various committees.

The board also approved a 5.75 percent compensation increase for the General Manager, General Counsel and General Auditor. Because the Ethics Officer has not completed a full year at MWD, Chair Foley said discussion on that position was held in “abeyance.” Foley indicated that when developing the recommendation, attempts were made to keep key staff members’ (department heads) compensation at the 75th percentile of comparable positions from a salary survey based on nine agencies. Lewinger requested that the board be provided the nine-agency study data used as the basis of the recommended compensation increase. The nine-agencies compared in the study included the County of Los Angeles, East Bay Municipal Utility District, Los Angeles Department of Water and Power, Los Angeles Metropolitan Transportation Authority, Orange County Water District, San Francisco Public Utility Commission, Sanitation District of Los Angeles, Department of Water Resources, and the Water Authority. Murray commented that the 75th percentile compensation was not an “absolute” requirement. Foley suggested that directors may confer with Human Resources on the study, but then asked that the vote continue. He stated that this compensation discussion has “carried on for months and it was time to face reality, and [have] a little bit of trust on how we
operate the agency.”

Barbre questioned the procedure on how this item is being presented to the board for action; he asked why this action did not follow a board discussion at the Executive Committee, where the data in questioned would have been reviewed, as opposed to the “Senior Members” of the Executive Committee (Vice Chairs) giving a recommendation for the board to consider. Foley said this item was discussed at previous Executive Committee meetings. Barbre clarified that the Executive Committee only discussed the revision procedure for the MWD Administrative code related to the Department Head evaluation process, but the compensation, which is the issue at hand, was not discussed. He moved (which was seconded) to defer the discussion to the next Executive Committee meeting, giving directors time to review the compensation data. Benion added that a joint meeting between the Executive Committee and board could be convened to discuss the compensation and then acted upon; or alternately, the Executive Committee could meet followed by the regularly scheduled board meeting. Barbre added that both alternatives are acceptable because the approved action would be retroactive to July 1, 2013. Several directors, including Director Dick (Municipal Water District of Orange County), Director Griset (Santa Ana), Director Wunderlich (Beverly Hills), Director Peterson (Las Virgenes), and Edwards, expressed support for approving the compensation however, some of these same directors also questioned the procedural course. Dick indicated that if this item was opened to further discussion at the Executive Committee he would opt to increase the compensation based on the fact that MWD needs to retain and compensate the Department Heads for their performance. Edwards asked whether the process of the Board Chair, Secretary and the four Vice Chairs meeting to make the compensation recommendation was a Brown Act violation and questioned if the recommended compensation would further increase the salary difference between staff and the executives. Director De Jesus (Three Valleys) said that the compensation recommendation included input from the directors ranking the Department Heads.

Human Resources Manager Mares, at the request of the Foley, said that the Department Heads are on a “single-rate” position, and have no range. He emphasized that compensation at the 75th percentile is a target, but the actual decision is at the discretion of the board. Mares said the General Manager’s performance was ranked as “outstanding,” the General Counsel and General Auditor were ranked as “exceeds expectations,” and the Ethics Officer was ranked as “meets expectations.” Mares also reminded the board that the Ethics Officer has been on the job for a short period of time. Mares said in developing the compensation recommendation (an increase of 5.75 percent salary adjustment for all except the Ethics Officer), the board leadership factored in the Memorandum of Understanding of the employees, which provided two-step increases for all employees based on performance (equivalent to 5.5 percent) and a cost of living adjustment of 0.25 percent. Based on the survey data of the nine agencies, without the proposed compensation adjustments, the General Manager is 5.5 percent above the 75th percentile, the General Counsel is 1.4 percent above the 75th percentile, and the General Auditor is 6 percent below the 75th percentile. The Ethics Officer was on-target, he noted.

Following the report by Mares, Barbre withdrew his motion. Lewinger observed that this compensation recommendation process did not follow the established Administrative Code; Benion responded that if the board decides to take an action today, it would “effectively waive any contradictory provisions of the Administrative Code.” Lewinger then asked Mares where the Department Heads’ compensation fell after the recommended increases. He said that the General Manager would be about 10-11 percent above the 75th percentile, the General Counsel would be about 7% above the 75th percentile, and the General Auditor would be on target. There would be no change to the Ethics Officers compensation. The compensation adjustments for the Department
Heads (including no change for the Ethics Officer) were approved, with the delegates abstaining. Edwards asked that the Organization, Personnel and Technology Committee review the Administrative Code and possibly make recommendations on the process. Steiner clarified that the Water Authority’s position was in protest of the action not following the Administrative Code’s procedure for Department Head compensation; it was not intended to be misconstrued as an “anti-staff vote.”

Prepared by: Debbie Discar-Espe, Senior Water Resources Specialist
Approved by: Communications and Legislation Committee by Vincent Mudd
Finance and Insurance Committee by Fern Steiner
Engineering and Operations Committee by Fern Steiner
Legal and Claims Committee by Vincent Mudd and Fern Steiner
Organization, Personnel and Technology Committee by Michael Hogan
Real Property and Asset Management Committee by Michael Hogan
Water Planning and Stewardship Committee by Fern Steiner

Attachment 1: Opposition Letter to Board Item 7-4, October 4, 2013
Attachment 2: Request to Table or Opposition Letter to Board Item 8-1, October 8, 2013
Attachment 3: Support with Reservation of Rights on Board Item 8-3, October 4, 2013
Attachment 4: MWD Committee and Board meetings, October 7 and 8, 2013
October 4, 2013

John (Jack) V. Foley and

Members of the Board of Directors

Metropolitan Water District of Southern California

P.O. Box 54153

Los Angeles, CA 90054-0153

RE: Board Item 7-4 – OPPOSE: Authorize entering into a Local Resources Program agreement with Eastern Municipal Water District for the Perris II Brackish Groundwater Desalter

Dear Chair Foley and Members of the Board:

The Water Authority delegates OPPOSE Board Item 7-4, relating to subsidies to be paid by MWD for a groundwater desalter project to be owned and operated by the Eastern Municipal Water District (EMWD), for the reasons stated in this letter.

In general, under California law, including Proposition 26, Metropolitan (MWD) is required to set rates that do not exceed the reasonable costs of providing the service for which the particular rate is charged. MWD must also show that the manner in which costs are allocated bears a reasonable relationship to the payor’s burdens on or benefits received from MWD. MWD is required to make these determinations based on a factual record. MWD has failed to satisfy these requirements in establishing its rates, in Board memo 7-4 or otherwise. Specifically, MWD’s rates and Board Memo 7-4 are flawed for the following reasons.

1) Supply costs are improperly assigned to a transportation rate. MWD assigns 100% of the costs of its Local Resources Program (LRP) to transportation through its Water Stewardship Rate (WSR). However, there is nothing in Board Memo 7-4 to suggest that the subsidies to be paid for the EMWD desalter have anything to do with transportation. To the contrary, the Board Memo is clear that these costs relate to development of a water supply:

The board-approved policy goals of these programs, which benefit all member agencies regardless of individual project location, target increased regional water supply reliability and reduced demands for new sources of imported water supply. (emphasis added)
Chairman Foley and Members of the Board  
October 4, 2013  
Page 2

2) Costs of the EMWD desalter have not been assigned based on benefits received. Board Memo 7-4 attempts to justify the cost allocation based on “board-approved policy goals” and the conclusory statement that these programs “benefit all member agencies regardless of individual project location.” The Memo fails to present any facts to support this statement; indeed, the facts that are provided establish that the only ratepayers that will receive benefits from this project are those located within EMWD’s service area.

3) Water Authority ratepayers cannot receive any program benefits from the WSR. The Water Authority objects to being charged the WSR or having any financial responsibility whatsoever for LRP contracts entered into by MWD because its ratepayers have been barred by the MWD board’s June 2011 action from receiving any WSR benefits. The RSI Clause is unconstitutional. The WSR is discriminatory, violates California law and may not be collected from the Water Authority’s customers. The Water Authority will seek to be relieved of any financial responsibility for this and other WSR projects approved by the MWD board of directors as to which prior objection has been made.

Sincerely,

Michael T. Hogan  
Director

Keith Lewinger  
Director

Vincent Mudd  
Director

Fern Steiner  
Director

cc: Jeff Kightlinger, MWD General Manager  
Marcia Scully, MWD General Counsel  
San Diego County Water Authority Board of Directors
October 8, 2013

John (Jack) V. Foley and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Board Letter 8-1 – Authorize amendment to Metropolitan’s Cyclic Storage Agreement with Upper San Gabriel Valley Municipal Water District and the Main San Gabriel Basin Watermaster – REQUEST TO TABLE OR IN THE ALTERNATIVE TO OPPOSE

Dear Chair Foley and Members of the Board:

We have reviewed Board Letter 8-1 and the attached proposed term sheet; although not provided with the Board Letter, we have also reviewed prior Cyclic Storage Agreements between Metropolitan (MWD), Upper San Gabriel Valley Municipal Water District (Upper District) and Main San Gabriel Basin Watermaster (Watermaster), copies of which are attached to this letter (Agreements).

We are unable to reconcile the term sheet as described in the board attachment with the terms of the existing Agreements. Additional information is also needed in order to assess any benefits to MWD under these agreements (other than to the service area of the agencies with the cyclic storage accounts). Finally, there are a number of important policy issues that are not discussed in the Board Letter.

1. Is MWD contractually limited to delivery of only State Water Project water under the Agreements? What is the purpose of this limitation? And, how is this consistent with the MWD Purchase Orders signed by Upper District and Three Valleys Municipal Water District (Three Valleys)?

2. The Board Letter says that there is no cost to MWD and “no put losses.” However, the Agreements provide that cyclic-stored water floats on top of groundwater supplies. A question is also raised how the loss of natural water that would have replenished the basin but for the cyclic storage water is accounted for. Please provide the Watermaster accounting of MWD losses over the life of the Agreements.

3. MWD has also agreed to indemnify Watermaster and the agencies who are parties to the cyclic agreements; we request the General Counsel provide an analysis of the risks MWD
may be assuming in providing such an indemnification (including any reduced risk associated with later amendments relieving each of the parties from indemnification for negligence).

4. Please explain why the capacity charge would not apply to these water sales. The board presentation states that it is because deliveries are “at MWD’s discretion.” However, it is clear under the Agreements that Watermaster, not MWD, has discretion and control over deliveries under the cyclic storage agreements. Moreover, while MWD states in its cost-of-service that the capacity charge is intended to pay for the cost of peaking capacity on MWD’s system, these pre-deliveries of MWD water allow these agencies to avoid peaking. The capacity charge should apply to these water sales.

6. The Agreements allow for termination in the event that, “water rates, classes of water service or conditions of water service established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform water rates, classes of water service or conditions of water service to all of Metropolitan’s member public agencies.” What is the purpose and meaning of this provision?

7. Please provide data that supports the idea that agencies other than the contracting parties have benefitted from “operational flexibility” as a result of the Agreements? As noted above, it appears from the Agreements that the Watermaster has total discretion under the court judgment and operating Rules.

Based on the information provided in the Board Letter, we do not believe that the Agreements – even with the proposed amendment to require payment of the full service rate for water – meets applicable California law and cost-of-service requirements including but not limited to Proposition 26. We believe the Board would benefit from a full discussion of these issues and recommend this matter be tabled; absent that, we must oppose Board Letter 8-1.

Sincerely,

Michael T. Hogan
Director

Keith Lewinger
Director

Vincent Mudd
Director

Fern Steiner
Director

Attachments

Cyclic Storage Agreements with Three Valleys Municipal Water District:
Attachment 1 Cyclic Storage Agreement dated July 1, 1991
Attachment 2 First Amendment to Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 1996
Attachment 3 Second Amendment to Cyclic Storage Agreement with Three Valleys Municipal Water District and Main San Gabriel Basin dated July 1, 2001
Chairman Foley and Members of the Board  
October 8, 2013  
Page 3

<table>
<thead>
<tr>
<th>Attachment</th>
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<tr>
<td>4</td>
<td>Third Amendment to Cyclic Storage Agreement with Three Valleys Municipal Water District and Main San Gabriel Basin dated July 1, 2004</td>
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<tr>
<td>5</td>
<td>Fourth Amendatory Agreement to Cyclic Storage Agreement Between The Metropolitan Water District of Southern California, Three Valleys Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2009</td>
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<tr>
<td>6</td>
<td>Fifth Amendatory Agreement to Cyclic Storage Agreement Between The Metropolitan Water District of Southern California, Three Valleys Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2011</td>
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<td>7</td>
<td>Sixth Amendatory Agreement to Cyclic Storage Agreement Between The Metropolitan Water District of Southern California, Three Valleys Municipal Water District and Main San Gabriel Basin Watermaster dated June 30, 2013</td>
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<td>8</td>
<td>Cyclic Storage Agreement Main San Gabriel Basin dated January 17, 1975</td>
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<td>9</td>
<td>Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 1985</td>
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<td>10</td>
<td>Amendment to Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 1990</td>
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<td>11</td>
<td>Second Amendment to Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 1995</td>
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<td>12</td>
<td>June 21, 2000 letter from MWD’s General Manager to Upper San Gabriel Municipal Water District’s General Manager RE Second Amendatory Agreement – 60 Day Extension</td>
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<td>13</td>
<td>August 2000 letter from MWD’s General Manager to Upper San Gabriel Municipal Water District’s General Manager RE Second Amendatory Agreement – Three Month Extension</td>
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<td>Third Amendatory Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 2000</td>
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<td>15</td>
<td>Fourth Amendatory Cyclic Storage Agreement Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2001</td>
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<td>16</td>
<td>Fifth Amendatory Cyclic Storage Agreement Metropolitan Water District of Southern California Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2004</td>
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<td>17</td>
<td>Sixth Amendatory Cyclic Storage Agreement Metropolitan Water District of Southern California, Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2009</td>
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<tr>
<td>18</td>
<td>Seventh Amendatory Agreement to Cyclic Storage Agreement between Metropolitan Water District of Southern California, Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2011</td>
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<tr>
<td>19</td>
<td>Eighth Amendatory Agreement to Cyclic Storage Agreement between Metropolitan Water District of Southern California, Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated June 30, 2013</td>
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</table>
CYCLIC STORAGE AGREEMENT

THIS AGREEMENT, entered into as of this 1st day of JULY, 1991, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California (herein referred to as "Metropolitan"); the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, (herein referred to as "Three Valleys"); and the MAIN SAN GABRIEL BASIN WATERMASTER, a regulatory agency appointed by the Superior Court of the State of California in and for the County of Los Angeles, (herein referred to as "Watermaster").

RECITALS

A. Water rights have been adjudicated in the Main San Gabriel Basin (herein referred to as "the Basin") according to the Judgment in Los Angeles County Superior Court, Civil Action No. 924128 entitled "Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al." Said Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase supplemental water for replenishment of the Basin (herein referred to as "supplemental water"). Such purchase of supplemental water is confined to three Responsible Agencies, as defined in the Judgment, which have a source of supplemental water to the Basin.

B. Three Valleys is named as one of the Responsible Parties, and is a public agency member of Metropolitan which has necessary distribution facilities to provide supplemental water to Three Valleys, on an interruptible basis, for use in the Basin. Three Valleys has entered into an agreement with Metropolitan (Agreement 2106) to provide for groundwater storage accounts in Three Valleys to be used by Metropolitan to store, either...
directly or indirectly, imported water. Said agreement provides that the storage accounts may be established in the name of either Metropolitan, Three Valleys, or a member agency of Three Valleys.

C. Metropolitan, which also is a party to said Judgment, has contracted with the California State Department of Water Resources for a water supply from the California State Water Project, hereafter referred to as "State Project Water." A portion of this water supply will be used to meet supplemental water requirements placed on Three Valleys by Watermaster; however, it may not always be possible to correlate Watermaster's requirements with the availability of such water from Metropolitan. At times, Metropolitan may have quantities of State Project Water in excess of Watermaster's immediate supplemental water requirements while on other occasions Metropolitan may have no State Project Water to deliver into the Basin. Furthermore, Watermaster's projected need for water is subject to significant change annually, depending on hydrologic conditions, while Metropolitan's six-year advance forecast for State Project Water is not as readily adjustable without possible adverse financial consequences.

D. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 25 of the Amended Judgment; however, pursuant to Section 34(n) of said Amended Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage
capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accord with Uniform Rules and Conditions adopted by Watermaster.

E. To provide for the spreading of water for cyclic storage, Watermaster and the Los Angeles County Flood Control District have heretofore entered into an agreement whereby the Flood Control District will undertake the responsibilities associated with actual spreading operations in the Basin.

F. The following cyclic storage agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

COVENANTS

NOW THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth, the parties hereto do hereby agree as follows:

1. Definitions

The definitions contained in the above-mentioned Judgment are hereby incorporated by this reference and made a part hereof.

2. Agreement Status

Since Three Valleys is a Responsible Agency, as defined in the Judgment, and since Metropolitan is the sole supplier of State Project Water to Three Valleys and will be providing such water when available to enable Three Valleys to satisfy supplemental water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other
cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and Conditions of Cyclic Storage Agreements.

3. Delivery, Amount, and Ownership of Stored Water

Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, State Project Water which will be stored for Metropolitan's purposes and credited by Watermaster to Metropolitan's account until such time as needed by Three Valleys to meet supplemental water requirements placed on it by Watermaster. The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 25,000 acre-feet at any point in time. In the event this Agreement is terminated for any reason whatsoever, Metropolitan shall retain ownership of all water stored for its account and the terms and conditions of this Agreement affecting disposition of said stored water is to continue until such time as ownership of said water or any portion thereof is transferred by Metropolitan to Three Valleys and such transfer is recorded by Watermaster.

4. Watermaster Control of Spreading, Storage, and Use of Stored Water

All water stored for Metropolitan's account pursuant to this Agreement shall be spread by the Los Angeles County Flood Control District in accordance with its said agreement with Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster
provided that when the water level of the Baldwin Park Key Well is at or above elevation 250, Watermaster shall direct Metropolitan not to spread in the Basin unless otherwise approved by the Court; or to limit its spreading activities to such spreading grounds as directed by Watermaster.

4.1. Controls by Watermaster

Notwithstanding any other provisions of this Agreement, Watermaster reserves the right to order the cessation or reduction in delivery rate of water being spread for cyclic storage if, in its judgment, Watermaster determines:

(a) that water previously authorized to be stored under this Cyclic Storage Agreement would cause the elevation of the groundwater in the Basin to adversely affect the Basin's highest utilitarian operations; or

(b) that such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or

(c) that the spreading of supplemental water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well.

4.2. Reports of spreading

Metropolitan shall issue a quarterly report to Three Valleys and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan's account. Such reports shall be
due on the last day of the month next succeeding the end of
the relevant quarter, i.e., April 30, July 31, October 31, and
January 31, and shall be subject to Watermaster's
verification.

5. Metropolitan's Delivery Prerogative
Subject to the provisions of Sections 4.0 and 4.1 above,
Metropolitan retains the prerogative to meet supplemental
water requirements within the Basin either from water stored
for its account in the Basin or from surplus water that may be
available to its distribution system.
If Metropolitan provides the supplemental water from its
storage account it reserves the right to transfer only an
amount equal to what could be delivered from its surface
distribution system for spreading purposes in the Basin under
Metropolitan's Administrative Code, during the monthly billing
period for which the water is requested.

6. Loss of Water
Watermaster shall determine and assign losses in water stored
for Metropolitan's account in the Basin, assuming that cyclic
stored water floats on top of the groundwater supplies. Such
losses shall be determined by accounting for all losses of
natural water which would have replenished the Basin had water
not been in cyclic storage, and Watermaster shall apportion
such losses among all storing entities pursuant to and in
accordance with Watermaster's Uniform Rules and Conditions
governing cyclic storage by Responsible Agencies.
7.0. Obligation for Payment by Watermaster

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, State Project Water, which may subsequently be purchased by Watermaster from Three Valleys to meet the supplemental water requirements of Three Valleys producers within the Basin. Watermaster shall pay to Three Valleys its charges for such supplemental water when the same has actually been transferred or delivered by Metropolitan and spread in the Basin and Watermaster has received payment of its assessments therefor and does, under the terms of said Judgment, order such supplemental water transfer or delivery.

7.1. Obligations for Payment by Three Valleys

Three Valleys shall be billed by and shall pay to Metropolitan for all such water which has been so delivered or whose ownership is so transferred from Metropolitan to Three Valleys in accordance with the billing and payment provisions in Metropolitan's Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment in effect at the time of such transfer or delivery.

8. Rent, or Offset Credit

It is hereby agreed that there is no charge, rent assessment
or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services utilized in connection with the storage rights granted herein.

9. Indemnity Clause
Metropolitan shall save and hold harmless Watermaster and Three Valleys, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Agreement and shall provide Watermaster and Three Valleys with the defense or costs of defense of any action brought against Watermaster and/or Three Valleys, their officers, agents, or employees arising or alleged to arise by reasons of the storage of water in the Basin for Metropolitan's account.

10. Term
The term of this Agreement shall commence on the day, month, and year first above written and shall terminate five years thereafter unless previously terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Agreement may be extended for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider an extension of this Agreement in its minutes of a meeting held prior to its meeting when any such extension request shall be acted upon.
11. Effective Date of Agreement

This Agreement shall become effective only upon Court approval hereof and Watermaster shall petition the Court for such approval.

12. Termination

For a material breach hereunder, any party hereto may terminate this Agreement upon thirty (30) days' written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty (60) days' written notice, if the conditions of water services established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform conditions of water service and water sales to all of Metropolitan's member public agencies; and in the event this contract must be so amended, it shall be amended to provide conditions of water service and water sales which correspond to the uniform conditions applicable to all of Metropolitan's member public agencies; and in the event such an amendment to this contract may be terminated by Metropolitan upon sixty (60) days' written notice to the other parties hereto.

13. Notices

Any notice require hereunder may be given by mail, postage prepaid, addressed as follows:

TO: Watermaster
    11310 East Valley Boulevard
    El Monte, CA 91731
TO: Three Valleys Municipal Water District  
P.O. Box 1300  
Claremont, CA 91711  

TO: Metropolitan Water District of Southern California  
1111 Sunset Boulevard  
P.O. Box 54153  
Los Angeles, CA 90054  

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER  
By: [Signature]  
Chairman  

APPROVED AS TO FORM AND EXECUTION:  

O)ape 5, 1992  
Attorney for Watermaster  

THREE VALLEYS MUNICIPAL WATER DISTRICT  
By: [Signature]  
President  

APPROVED AS TO FORM AND EXECUTION:  

Attorney for District  

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA  
By: [Signature]  
General Manager  

APPROVED AS TO FORM AND EXECUTION:  

General Counsel  

10
FIRST AMENDMENT TO
CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS FIRST AMENDATORY AGREEMENT ("Amendatory Agreement"), is made as of the 1st day of July 1996, by and between
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as “Metropolitan”, the
THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as “Three Valleys”, and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.”, herein referred to as “Watermaster”.

RECITALS

A. The Parties to this Amendatory Agreement entered into an agreement titled Cyclic Storage Agreement (“Agreement”), dated July 1, 1991, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project (“SWP”) water in the Main San Gabriel Basin.

B. Water stored under this Amendatory Agreement will be used to meet Three Valleys' groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.
C. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

D. The Parties to this Amendatory Agreement desire to extend the term of the Agreement because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue the benefits that the Agreement provides.

COVENANTS

1. Paragraph 18 is amended by extending the term of the Agreement an additional five years to June 30, 2001.

2. Paragraph 7.1 of the Agreement is amended by eliminating the last sentence of said paragraph and replacing it with the following two sentences:

   "Payments to Metropolitan for such transfers of water from its Cyclic Storage Account shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment. For purposes of this Agreement, said rate shall be Metropolitan's lowest rate for water sold for groundwater replenishment in effect at any time during the fiscal year in which such transfers occur."

3. Except as hereby amended, the Agreement shall remain in full force and effect.

4. Upon execution, this Amendatory Agreement shall be effective as of July 1, 1996.
IN WITNESS THEREOF, the Parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By

Chairman

APPROVED AS TO FORM AND EXECUTION:

By

Attorney for Watermaster

ATTEST:

THREE VALLEYS MUNICIPAL WATER DISTRICT

By

Secretary

APPROVED AS TO FORM AND EXECUTION:

By

Attorney for Three Valleys
ATTEST:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By

N. Gregory Taylor
General Counsel

By

Jeffrey Kightlinger
Deputy General Counsel

APPROVED AS TO FORM AND EXECUTION:

Executive Secretary
SECOND AMENDMENT TO
CYCLIC STORAGE AGREEMENT WITH
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN

This SECOND AMENDATORY AGREEMENT ("Second Amendment"), is made as of the 1st day of July 2001, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Second Amendment entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement expired June 30, 1996.

B. The Agreement has been extended by a FIRST AMENDATORY AGREEMENT ("First Amendment") to June 30, 2001.

C. Water stored under this Second Amendment will be used to meet Three Valleys' groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.
D. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

E. The Parties to this Second Amendment desire to extend the term of the Agreement because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

1. Paragraph 18 is amended by extending the term of the Agreement an additional three years to June 30, 2004.

2. Paragraph 3 is amended by increasing the maximum amount of water stored in the account to 40,000 acre-feet.

3. Paragraph 7.1 is amended to read in its entirety:

   7.1 Obligations for Payment by Three Valleys
   
   Three Valleys shall be billed by and shall pay to Metropolitan for all such water which has been so delivered or whose ownership is so transferred from Metropolitan to Three Valleys in accordance with the billing and payment provisions in Metropolitan’s Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan for such transfers of water from its Cyclic Storage Account shall be calculated by using Metropolitan’s rate for water sold for groundwater replenishment. For purposes of this Agreement, said rate shall be Metropolitan’s lowest rate for water sold for groundwater replenishment in effect at any time during the fiscal year in which such transfers occur. Should Metropolitan’s Board of Directors not adopt a
replenishment rate, the rate shall be the most recent replenishment rate adopted by the Board.

4. Paragraph 9 is amended to read as follows:

9. Indemnity Clause
As to negligent actions, if any, arising under this Agreement, Three Valleys shall indemnify and hold harmless Metropolitan, its officers, agents and employees from any and all costs, damages or liability resulting or alleged to result from such actions of Three Valleys and Watermaster, and shall provide Metropolitan with the defense or pay the cost of defense of any action brought against Metropolitan or its officers, agents or employees arising or alleged to arise by reason of negligent actions of Three Valleys and Watermaster.

As to negligent actions, if any, arising under this Agreement, Metropolitan shall indemnify and hold harmless Three Valleys or Watermaster, their officers, agents and employees, from any and all costs, damages or liability resulting or alleged to result from such actions of Metropolitan and shall provide Three Valleys or Watermaster with the defense or pay the cost of defense of any action brought against Three Valleys or Watermaster, or their officers, agents or employees arising or alleged to arise by reason of negligent actions of Metropolitan.

5. Paragraph 12.1 is added as follows:

12.1 Purchase of Water after Termination
Upon termination, Three Valleys shall continue to purchase supplemental water from the account until the account is depleted. During this period, Three Valleys shall not obtain supplemental water from sources other than Metropolitan with the exception of local resource projects developed to offset supplemental imported water requirement.
6. Except as thereby amended, the Agreement shall remain in full force and effect.

7. Upon execution, this Second Amendment shall be effective as of July 1, 2001.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature] Secretary

By: [Signature] Chairman

APPROVED AS TO FORM AND EXECUTION:

[Seal]
Attorney for Watermaster

ATTEST:

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: [Signature] President

[Seal]
Attorney for District

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THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

ATTEST:

By: Otis Pope
   Executive Secretary

By: Robert L. Grudzien
    General Manager

APPROVED AS TO FORM:

For General Counsel

(SEAL)
THIRD AMENDMENT TO
CYCLIC STORAGE AGREEMENT WITH
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN

This THIRD AMENDATORY AGREEMENT ("Third Amendment"), is made as of the 1st day of July 2004, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Third Amendment entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin ("Main Basin"). The Agreement expired June 30, 1996.

B. The Agreement has been extended by a FIRST AMENDATORY AGREEMENT ("First Amendment") to June 30, 2001.

C. A SECOND AMENDATORY AGREEMENT ("Second Amendment") increased Metropolitan’s storage right in the Main Basin to 40,000 acre-feet, adopted provisions for the purchase of supplemental water following the Agreement’s termination, specified a rate for replenishment water in absence of a Board adopted
replenishment rate, incorporated an indemnity provision to hold Metropolitan and Three Valleys harmless from each others’ negligent actions arising under this Agreement, and extended the term of the Agreement thru June 30, 2004.

D. Water stored under this Third Amendment will be used to meet Three Valleys’ groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.

E. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

F. The Parties to this Third Amendment desire to extend the term of the Agreement because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

1. Paragraph 10 is amended by extending the term of the Agreement for an additional five years through June 30, 2009.

2. Except as thereby amended, the Agreement shall remain in full force and effect.

3. Upon execution, this Third Amendment shall be effective as of July 1, 2004.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]
Secretary

By: [Signature]
Chairman

APPROVED AS TO FORM
AND EXECUTION:

Attorney for Watermaster

(SEAL)

ATTEST:

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: [Signature]
General Manager

APPROVED AS TO FORM
AND EXECUTION:

Attorney for District

(SEAL)

ATTEST:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: [Signature]
Executive Secretary

By: [Signature]
Chief Executive Officer

APPROVED AS TO FORM:
General Counsel

(SEAL)
FOURTH AMENDATORY AGREEMENT TO
CYCLIC STORAGE AGREEMENT BETWEEN
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER

This FOURTH AMENDATORY AGREEMENT ("Fourth Amendment"), is made as of the 1st day of July 2009, to the Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, including all subsequent amendments thereto (collectively, "Agreement"), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Fourth Amendment entered into the Agreement, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin ("Main Basin"). The Agreement was originally set to expire June 30, 1996.

B. The Agreement was extended by a First Amendatory Agreement to June 30, 2001.

C. A Second Amendatory Agreement increased Metropolitan's storage right in the Main Basin to 40,000 acre-feet, adopted provisions for the purchase of supplemental water, specified a rate for replenishment water in absence of a Board adopted
replenishment rate, incorporated an indemnity provision to hold Metropolitan and Three Valleys harmless from each others’ negligent actions arising under this Agreement, and extended the term of the Agreement thru June 30, 2004.

D. Water stored under the Third Amendatory Agreement will be used to meet Three Valleys’ groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.

E. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

F. The Parties to this Fourth Amendment desire to extend the term of the Agreement for two years because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in this Fourth Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended by extending the term of the Agreement for an additional two years through June 30, 2011.

2. Except as expressly modified in this Amendment, the Agreement shall remain in full force and effect, and this Fourth Amendment shall be subject to all provisions of the Agreement.

3. Upon execution, this Fourth Amendment shall be effective as of July 1, 2009.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]

Secretary

By: [Signature]

Chairman

APPROVED AS TO FORM AND EXECUTION:

(SEAL)

Attorney for Watermaster

ATTEST:

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: [Signature]

General Manager

APPROVED AS TO FORM AND EXECUTION:

(SEAL)

Attorney for District

ATTEST:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: [Signature]

General Manager

APPROVED AS TO FORM:

(SEAL)

General Counsel
FIFTH AMENDATORY AGREEMENT TO
CYCLIC STORAGE AGREEMENT BETWEEN
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER

This FIFTH AMENDATORY AGREEMENT ("Fifth Amendment"), is made as of the 1st day of July 2011, to the Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, including all subsequent amendments thereto (collectively, "Agreement"), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Fifth Amendment entered into the Agreement, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin ("Main Basin"). The Agreement was originally set to expire June 30, 1996.

B. The Agreement was extended by a First Amendatory Agreement to June 30, 2001.

C. A Second Amendatory Agreement increased Metropolitan’s storage right in the Main Basin to 40,000 acre-feet, adopted provisions for the purchase of supplemental water, specified a rate for replenishment water in absence of a Board adopted
replenishment rate, incorporated an indemnity provision to hold Metropolitan and Three Valleys harmless from each others’ negligent actions arising under this Agreement, and extended the term of the Agreement thru June 30, 2004.

D. Water stored under the Third Amendatory Agreement will be used to meet Three Valleys’ groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.

E. The Fourth Amendment extended the Agreement for two years to June 30, 2011.

F. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto. The Parties to this Fifth Amendment desire to extend the term of the Agreement for two years because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

**COVENANTS**

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in this Fifth Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended by extending the term of the Agreement for an additional two years through June 30, 2013.

2. Except as expressly modified in this Amendment, the Agreement shall remain in full force and effect, and this Fifth Amendment shall be subject to all provisions of the Agreement.

3. Upon execution, this Fifth Amendment shall be effective as of July 1, 2011.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER
By: [Signature]
Secretary

By: [Signature]
Chairman

APPROVED AS TO FORM AND EXECUTION:

Attorney for Watermaster

ATTEST:

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: [Signature]
General Manager

Secretary

APPROVED AS TO FORM AND EXECUTION:

Attorney for District

APPROVED AS TO FORM:
General Counsel
Sr. Deputy General Counsel

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: [Signature]
General Manager

(SEAL)
SIXTH AMENDATORY AGREEMENT TO
CYCLIC STORAGE AGREEMENT BETWEEN
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER

This SIXTH AMENDATORY AGREEMENT ("Sixth Amendment"), is made as of the 30th day of June 2013, to the Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, including all subsequent amendments thereto (collectively, "Agreement"), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Sixth Amendment entered into the Agreement, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin ("Main Basin"). The Agreement was originally set to expire June 30, 1996.

B. The Agreement was extended by a First Amendatory Agreement to June 30, 2001.

C. A Second Amendatory Agreement increased Metropolitan’s storage right in the Main Basin to 40,000 acre-feet, adopted provisions for the purchase of supplemental water, specified a rate for replenishment water in absence of a Board adopted replenishment rate, incorporated an indemnity provision to hold Metropolitan and
Three Valleys harmless from each others’ negligent actions arising under this Agreement, and extended the term of the Agreement thru June 30, 2004.

D. Water stored under the Third Amendatory Agreement will be used to meet Three Valleys’ groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.

E. The Fourth Amendment extended the Agreement for two years to June 30, 2011.

F. The Fifth Amendment extended the Agreement for two years to June 30, 2013.

G. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto. The Parties to this Sixth Amendment desire to extend the term of the Agreement for one year because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in this Sixth Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended by extending the term of the Agreement for an additional one year through June 30, 2014.

2. Except as expressly modified in this Amendment, the Agreement shall remain in full force and effect, and this Sixth Amendment shall be subject to all provisions of the Agreement.

3. This Sixth Amendment shall be effective as of June 30, 2013.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

By: __________________________
    Secretary

MAIN SAN GABRIEL BASIN WATERMASTER

By: __________________________
    Chairman

Date: __________________________

APPROVED AS TO FORM
AND EXECUTION:

(SEAL)

Attorney for Watermaster

Date: __________________________

ATTEST:

By: __________________________
    Secretary

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: __________________________
    General Manager

Date: 6/18/13

APPROVED AS TO FORM
AND EXECUTION:

(SEAL)

Attorney for District

Date: 6/19/13

APPROVED AS TO FORM:

General Counsel

(SR. DEPUTY GENERAL COUNSEL)

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: __________________________
    General Manager

Date: 5/18/13

(SEAL)

Date: 5/13/13

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CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS AGREEMENT, is made this 17th day of February, 1975, between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan"; the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District"; and the MAIN SAN GABRIEL BASIN WATERMASTER, a regulatory agency appointed by the Superior Court of the State of California in and for the County of Los Angeles, herein referred to as "Watermaster."

EXPLANATORY RECITALS

1. Water rights have been adjudicated in the Main San Gabriel Basin (hereinafter referred to as "the Basin") according to the Judgment in Los Angeles County Superior Court Civil Action No. 924128 entitled "Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al." Said Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase replacement water when production in the Basin exceeds operating safe yield. Such purchase of replacement water is confined to three Responsible Agencies, as defined in the Judgment, which have a source of supplemental water to the Basin.
2. Upper District presently has no water distribution system; however, it is a party to the Judgment and is a member public agency of Metropolitan which has the necessary distribution facilities to provide water to Upper District, on an interruptible basis, for use in the Basin. With this source of supplemental water, Upper District has been classified as a "Responsible Agency" in the Judgment and as such may be requested by the Watermaster to furnish water imported by Metropolitan for replacement purposes.

3. Metropolitan, which also is a party to said Judgment, has contracted with the California State Department of Water Resources for a water supply from the California State Water Project (hereinafter referred to as "State project water"). A portion of this water supply will be used to meet water requirements placed on Upper District by Watermaster; however, it may not always be possible to correlate Watermaster's requirements with the availability of such water from Metropolitan. At times Metropolitan may have quantities of State project water in excess of Watermaster's immediate water requirements while on other occasions Metropolitan may have no surplus water to deliver into the Basin. Furthermore, Watermaster's projected need for water
is subject to significant change annually, depending on hydrologic conditions, while Metropolitan's six-year advance forecast for State project water is not as readily adjustable without possible adverse financial consequence.

4. The Southern California Water Conference, Metropolitan, the California State Department of Water Resources, and other public entities have strongly encouraged implementation of cyclic storage agreements to provide for utilization of available storage capacity in Southern California groundwater basins in conjunction with the operation of the State Water Project during its early years of operation, to take advantage of relatively low energy costs, and to reduce future State Water Project construction burdens to the extent reasonably practicable.

5. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 17 of the Judgment; however, pursuant to Section 26(n) of said Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accord with Uniform Rules and Conditions adopted by Watermaster.
6. To provide for the spreading of water for cyclic storage, Watermaster and the Los Angeles County Flood Control District have heretofore entered into an agreement whereby said District will undertake the responsibilities associated with actual spreading operations in the Basin.

7. It is the intent and desire of the parties hereto to enter into such a cyclic storage agreement so that State project water may be spread and stored within the Basin for Metropolitan for subsequent use by Upper District for Watermaster credit.

8. The following cyclic storage agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS HEREINAFTER SET FORTH, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

AGREEMENTS

9. Definitions

The definitions contained in the above-mentioned Judgment are hereby incorporated by reference and made a part hereof.
10. **Agreement Status**

Since Upper District is a Responsible Agency, as defined in the Judgment, and since Metropolitan is the sole supplier of supplemental water to Upper District and will be providing such water when available to enable Upper District to satisfy replacement water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and Conditions of Cyclic Storage Agreements.

11. **Delivery, Amount, and Ownership of Stored Water**

Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, State project water which will be stored for Metropolitan's purposes and credited by Watermaster to Metropolitan's account until such time as needed by Upper District to meet replacement water requirements as established by Watermaster. The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 85,000 acre-feet at any point in time. Metropolitan shall retain ownership of all water stored for its account until such time as said water or any portion thereof is ordered
by Upper District hereunder. Should this Agreement be terminated for any reason by any party, Metropolitan shall retain continuing ownership of water stored for its account in the amount that existed at the time of such termination, subject to subsequent losses as may be determined by Watermaster, until such time as the water is purchased by Upper District to meet replacement water requirements as established by Watermaster.

12. **Watermaster Control of Spreading, Storage, and Use of Stored Water**

All water stored for Metropolitan's account pursuant to this Agreement shall be spread by the Los Angeles County Flood Control in accordance with its said agreement with Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster provided that at no time shall any spreading in the Basin be authorized when the water level of the Baldwin Park Key Well is at or above elevation 250 unless otherwise approved by the Court. The ultimate disposition of water stored for Metropolitan's account shall be to Upper District on behalf of its producers, pursuant to replacement water requirements established by Watermaster.
Notwithstanding any other provisions of this Agreement, Watermaster reserves the right to order the cessation or reduction in delivery rate of water being spread for cyclic storage if, in its judgment, Watermaster determines:

(a) that water previously authorized to be stored under this Cyclic Storage Agreement would cause the elevation of the Baldwin Park Key Well to exceed elevation 250; or

(b) that such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or

(c) that the spreading of replacement water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well.

Metropolitan shall issue a quarterly report to Upper District and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan's account. Such reports shall be due on the last day of the month next succeeding the end of the relevant quarter, i.e., April 30, July 31, October 31, and January 31, and shall be subject to Watermaster's verification.
13. **Metropolitan's Delivery Prerogative**

Subject to the provisions of Paragraph 12 above, Metropolitan retains the prerogative to meet supplemental water requirements within the Basin either from water stored for its account in the Basin or from surplus water that may be available in its distribution system.

14. **Loss of Water**

Watermaster shall determine and assign losses in water stored for Metropolitan's account in the basin, assuming that cyclic-stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster's Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.

15. **Obligation for Payment**

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, State project water, which may subsequently be purchased by Watermaster from Upper District to meet the replacement water requirements of Upper District's producers. By reason of such proposed operations, there may be times when Metropolitan
will have caused to be spread more supplemental water than required on behalf of Upper District's producers, and there may be other times when Metropolitan will not have caused to be spread sufficient quantities of such water. In any event, Watermaster shall pay to Upper District its charges for such supplemental water when the same has actually been delivered by Metropolitan and spread in the Basin and Watermaster has received payment of its assessments therefore and does, under the terms of said Judgment, order such supplemental water delivery. Upper District shall pay Metropolitan its charges for such water according to the payment provisions contained in Metropolitan's water service resolution (Resolution 3896, as amended). Payments to Metropolitan shall be based on whatever Metropolitan's rate is for State project water used for groundwater replenishment purposes at the time the water stored under this Agreement is ordered by Upper District pursuant to direction from Watermaster.

16. **Rent, or Offset Credit**

It is hereby agreed that there is no charge, rent assessment or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services utilized in connection with the storage rights granted herein.
17. **Indemnity Clause**

   Metropolitan shall save and hold harmless Watermaster and Upper District, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Agreement and shall provide Watermaster and Upper District with the defense or costs of defense of any action brought against Watermaster and/or Upper District, their officers, agents or employees arising or alleged to arise by reason of the storage of water in the Basin for Metropolitan's account.

18. **Term**

   The term of this Agreement shall commence on the day, month, and year first above written and shall terminate five years thereafter unless terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Agreement may be extended for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider an extension of this Agreement in minutes of its meetings at least sixty days prior to any such extension.

19. **Effective Date of Agreement**

   This Agreement shall become effective only upon Court approval hereof and Watermaster shall petition the Court for such approval.
20. **Termination**

For a material breach hereunder, any party hereto may terminate this Agreement upon thirty days' written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty days' written notice, if the conditions established in its water rate resolution, Resolution 5170, as amended, or in its water service resolution, Resolution 3896, as amended, are further amended in a manner which requires amendment of this contract so as to provide uniform conditions of water service and water sale to all of Metropolitan's member public agencies; and in the event this contract must be so amended, it shall be amended to provide conditions of water service and water sale which correspond to the uniform conditions applicable to all of Metropolitan's member public agencies; and in the event such an amendment to this contract cannot be obtained, this contract may be terminated by Metropolitan upon sixty days' written notice to the other parties hereto.

21. **Notices**

Any notice required hereunder may be given by mail, postage prepaid, addressed as follows:

To Watermaster at 11310 East Valley Boulevard,
El Monte, California 91731 and
To Upper District at 11310 East Valley Boulevard, El Monte, California 91731 and
To Metropolitan at 1111 Sunset Boulevard, Box 54153
Los Angeles, California 90054

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

Richard J. Bond
Secretary

MAINT SAN GABRIEL BASIN WATERMASTER

By Cyril J. Bolch
Chairman

(SEAL)

APPROVED AS TO FORM AND EXECUTION:

Attorney for Watermaster

ATTEST:

_UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

By
President

(SEAL)

APPROVED AS TO FORM AND EXECUTION:

Attorney for District

ATTEST:

J. Turner Powell
Executive Secretary

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By General Manager

(SEAL)
CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS AGREEMENT, is made as of the 1st day of July, 1985, by
and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN
CALIFORNIA, a public corporation of the State of California,
herein referred to as "Metropolitan"; the UPPER SAN GABRIEL
VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the
State of California, herein referred to as "Upper District"; and
the MAIN SAN GABRIEL BASIN WATERMASTER, a regulatory agency
appointed by the Superior Court of the State of California in and
for the County of Los Angeles, herein referred to as
"Watermaster".

EXPLANATORY RECITALS

1. Water rights have been adjudicated in the Main San Gabriel
Basin (hereinafter referred to as "the Basin") according to
the Judgment in Los Angeles County Superior Court Civil
Action No. 924128 entitled, "Upper San Gabriel Valley
Municipal Water District vs. City of Alhambra, et al." Said
Judgment established Watermaster as the regulatory agency
responsible for managing the Basin and authorized
Watermaster to purchase supplemental water when an
individual producer defendant's production in the Basin
exceeds his share of the operating safe yield, and for other
purposes, hereafter referred to as "supplemental water
requirements". Such purchase of supplemental water is
confined to three Responsible Agencies, as defined in the
Judgment, which have a source of supplemental water to the Basin.

2. Upper District presently has no water distribution system; however, it is a party to the Judgment and is a member public agency of Metropolitan which has the necessary distribution facilities to provide water to Upper District, on an interruptible basis, for use in the Basin. With this source of supplemental water, Upper District has been classified as a "Responsible Agency" in the Judgment and as such may be requested by Watermaster to furnish water imported by Metropolitan for supplemental water purposes.

3. Metropolitan, which also is a party to said Judgment, has contracted with the California State Department of Water Resources for a water supply from the California State Water Project, hereafter referred to as "State Project Water". A portion of this water supply will be used to meet supplemental water requirements placed on Upper District by Watermaster; however, it may not always be possible to correlate Watermaster's requirements with the availability of such water from Metropolitan. At times, Metropolitan may have quantities of State Project Water in excess of Watermaster's immediate supplemental water requirements while on other occasions Metropolitan may have no surplus water to deliver into the Basin. Furthermore, Watermaster's projected need for water is subject to significant change annually, depending on hydrologic conditions, while Metropolitan's six-year advance forecast for State Project
Water is not as readily adjustable without possible adverse financial consequence.

4. The Southern California Water Conference, Metropolitan, the California State Department of Water Resources, and other public entities have strongly encouraged implementation of cyclic storage agreements to provide for utilization of available storage capacity in Southern California groundwater basins in conjunction with the operation of the State Water Project during its early years of operation, to take advantage of relatively low energy costs, and to reduce future State Water Project construction burdens to the extent reasonably practicable.

5. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 17 of the Judgment; however, pursuant to Section 26(n) of said Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accord with Uniform Rules and Conditions adopted by Watermaster.

6. To provide for the spreading of water for cyclic storage, Watermaster and the Los Angeles County Flood Control District have heretofore entered into an agreement whereby said District will undertake the responsibilities associated with actual spreading operations in the Basin.
7. Metropolitan entered into an Agreement titled, "Cyclic Storage Agreement - Main San Gabriel Basin," on January 17, 1975, with Upper District and Watermaster. The Agreement granted Metropolitan the right to store 85,000 acre-feet of State Project Water in the Main San Gabriel Basin. That amount was increased to 142,000 acre-feet in 1980 when the Agreement was extended for a second five-year term. The Agreement expired on January 16, 1985. During the past ten years, the Agreement provided Metropolitan with increased operating flexibility at minimum cost, the ability to store water in the Basin during years of abundant water supply, and made such stored water available for transfer and sale to Upper District when Metropolitan could not make, or it was operationally inconvenient to make, deliveries to meet replenishment water requirements. All parties have benefited from the cyclic storage program during the past ten years, therefore, it is the intent and desire of the parties hereto to enter into another five year cyclic storage agreement so that State Project Water may be spread and stored within the Basin for Metropolitan for subsequent use by Upper District for Watermaster credit.

8. The following cyclic storage agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS HEREINAFTER SET FORTH, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:
9. Definitions

The definitions contained in the above-mentioned Judgment are hereby incorporated by this reference and made a part hereof.

10. Agreement Status

Since Upper District is a Responsible Agency, as defined in the Judgment, and since Metropolitan is the sole supplier of supplemental water to Upper District and will be providing such water when available to enable Upper District to satisfy supplemental water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and Conditions of Cyclic Storage Agreements.

11. Delivery, Amount, and Ownership of Stored Water

Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, State project water which will be stored for Metropolitan's purposes and credited by Watermaster to Metropolitan's account until such time as needed by Upper District to meet supplemental water requirements placed on it by Watermaster. The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 142,000 acre-feet at any point in time.
On January 16, 1985, there was 4,862.4 acre-feet of cyclic stored water that remained in Metropolitan's storage account in the Basin at the time the January 17, 1975, cyclic storage agreement was terminated. That amount shall be transferred to Metropolitan's cyclic storage account under this Agreement on the effective date described under Paragraph 19. In the event this Agreement is terminated for any reason whatsoever, Metropolitan shall retain ownership of all water stored for its account and the terms and conditions of this Agreement affecting disposition of said stored water is to continue until such time as ownership of said water or any portion thereof is transferred by Metropolitan to Upper District and such transfer is recorded by Watermaster.

12. Watermaster Control of Spreading, Storage, and Use of Stored Water

All water stored for Metropolitan's account pursuant to this Agreement shall be spread by the Los Angeles County Flood Control District in accordance with its said agreement with Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster provided that when the water level of the Baldwin Park Key Well is at or above elevation 250 Watermaster shall direct Metropolitan not to spread in the Basin; or to limit its spreading activities to the Ben Lomond, Citrus, Forbes, Irwindale, Live Oak, San Dimas and Walnut Creek Spreading Grounds, or any one of them, as directed by Watermaster, unless otherwise approved by the Court.
Notwithstanding any other provisions of this Agreement, Watermaster reserves the right to order the cessation or reduction in delivery rate of water being spread for cyclic storage if, in its judgment, Watermaster determines:

(a) that water previously authorized to be stored under this Cyclic Storage Agreement would cause the elevation of the groundwater in the Basin to adversely affect the Basin's highest utilitarian operation; or
(b) that such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or
(c) that the spreading of supplemental water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well.

Metropolitan shall issue a quarterly report to Upper District and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan's account. Such reports shall be due on the last day of the month next succeeding the end of the relevant quarter, i.e., April 30, July 31, October 31, and January 31, and shall be subject to Watermaster's verification.

13. Metropolitan's Delivery Prerogative

Subject to the provisions of Paragraph 12 above, Metropolitan retains the prerogative to meet supplemental water requirements within the Basin either from water stored
for its account in the Basin or from surplus water that may be available in its distribution system. If Metropolitan provides the supplemental water from its storage account it reserves the right to transfer only an amount equal to what could be delivered from its surface distribution system for spreading purposes in the Basin under Metropolitan's Administrative Code, during the monthly billing period for which the water is requested.

14. **Loss of Water**

Watermaster shall determine and assign losses in water stored for Metropolitan's account in the Basin, assuming that cyclic-stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster's Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.

15. **Obligation for Payment**

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, State Project Water, which may subsequently be purchased by Watermaster from Upper District to meet the supplemental water requirements of Upper District's producers. By reason of such proposed operations, there may be times when Metropolitan will have caused to be spread more supplemental
water than required on behalf of Upper District's producers, and there may be other times when Metropolitan will not have caused to be spread sufficient quantities of such water. In any event, Watermaster shall pay to Upper District its charges for such supplemental water when the same has actually been transferred or delivered by Metropolitan and spread in the Basin and Watermaster has received payment of its assessments therefor and does, under the terms of said Judgment, order such supplemental water transfer or delivery. Upper District shall be billed by and shall pay to Metropolitan for all such water which has been so delivered or whose ownership is so transferred from Metropolitan to Upper District in accordance with the billing and payment provisions in Metropolitan's Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment in effect at the time of such transfer or delivery.

16. Rent, or Offset Credit

It is hereby agreed that there is no charge, rent assessment or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services
utilized in connection with the storage rights granted herein.

17. **Indemnity Clause**
Metropolitan shall save and hold harmless Watermaster and Upper District, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Agreement and shall provide Watermaster and Upper District with the defense or costs of defense of any action brought against Watermaster and/or Upper District, their officers, agents or employees arising or alleged to arise by reason of the storage of water in the Basin for Metropolitan's account.

18. **Term**
The term of this Agreement shall commence on the day, month, and year first above written and shall terminate five years thereafter unless previously terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Agreement may be extended for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider an extension of this Agreement in its minutes of a meeting held prior to its meeting when any such extension request shall be acted upon.
19. **Effective Date of Agreement**

This Agreement shall become effective only upon Court approval hereof and Watermaster shall petition the Court for such approval.

20. **Termination**

For a material breach hereunder, any party hereto may terminate this Agreement upon thirty days' written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty days' written notice, if the conditions of water service established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform conditions of water service and water sales to all of Metropolitan's member public agencies; and in the event this contract must be so amended, it shall be amended to provide conditions of water service and water sales which correspond to the uniform conditions applicable to all of Metropolitan's member public agencies; and in the event such an amendment to this contract cannot be obtained from Watermaster, this contract may be terminated by Metropolitan upon sixty days' written notice to the other parties hereto.

21. **Notices**

Any notice required hereunder may be given by mail, postage prepaid, addressed as follows:

To: Watermaster
    11310 E. Valley Boulevard
    El Monte, CA 91731

To: Upper San Gabriel Valley Municipal Water District
    11310 E. Valley Boulevard
    El Monte, CA 91731
To: Metropolitan
1111 Sunset Boulevard
P.O. Box 54153
Los Angeles, CA 90054

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

MAIN SAN GABRIEL BASIN WATERMASTER

ATTEST:

By Robert G. Butler
Secretary

By
Chairman

APPROVED AS TO FORM AND EXECUTION:

Josef P. Ahl
Attorney for Watermaster

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

ATTEST:

By
President

APPROVED AS TO FORM AND EXECUTION:

Arthur J. Kimura
Attorney for District

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

APPROVED AS TO FORM:
Warren J. Abbott
General Counsel

By
(SEAL)

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AMENDMENT TO 
CYCLIC STORAGE AGREEMENT 
MAIN SAN GABRIEL BASIN

THIS AMENDATORY AGREEMENT, is made as of the 
1st day of July 1990, by and between THE METROPOLITAN WATER 
DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the 
State of California, herein referred to as "Metropolitan"; 
the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a 
public corporation of the State of California, herein 
referred to as "Upper District"; and the MAIN SAN GABRIEL 
BASIN WATERMASTER, a regulatory agency appointed by the 
Superior Court of the State of California in and for the 
County of Los Angeles, herein referred to as "Watermaster".

RECATIALS

A. The parties to this Amendatory Agreement entered 
into an agreement titled Cyclic Storage Agreement 
Main San Gabriel Basin ("Agreement"), dated July 1, 
1985, for the purpose of giving Metropolitan the 
right to store up to 142,000 acre-feet of State 
project water in the Main San Gabriel Basin.

B. Water stored under this Amendatory Agreement 
will be used to meet Upper District's groundwater 
replenishment demands pursuant to specific criteria
set forth in Article 13 of the Cyclic Storage Agreement.

C. Under its terms the Agreement expires on June 30, 1990, five years after its effective date of July 1, 1985. The Agreement further provides that it may be extended for additional terms, not to exceed five years each, by mutual agreement of the parties thereto.

D. The parties to this Amendatory Agreement desire to extend the term of the Cyclic Storage Agreement because from time to time there may be State project water available for storage under the Cyclic Storage Agreement and in addition desire to continue the benefits that the Cyclic Storage Agreement provides.

COVENANTS

1. Extension of Term. Article 18 is amended by extending the term of the Agreement an additional five years to June 30, 1995.

2. Remaining Provisions. Except as hereby amended, the Agreement shall remain in full force and effect.
3. This Amendatory Agreement shall become effective July 1, 1990 and Watermaster shall petition the Court for ratification of such approval.

IN WITNESS WHEREOF, the parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

Secretary

By

Chairman

APPROVED AS TO FORM AND EXECUTION:

Attorney for Watermaster

(SEAL)

ATTEST:

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

Secretary

By

President

APPROVED AS TO FORM AND EXECUTION:

Attorney for District

(SEAL)
ATTEST:

By [Signature]

Executive Secretary

APPROVED AS TO FORM:
F. Vendig
General Counsel

By [Signature]

(SEAL)
SECOND AMENDMENT TO
CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS SECOND AMENDATORY AGREEMENT ("Amendatory Agreement"), is made as of the 1st day of July 1995, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Amendatory Agreement entered into an agreement titled Cyclic Storage Agreement Main San Gabriel Basin ("Agreement"), dated July 1, 1985, for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project (SWP) water in the Main San Gabriel Basin.

B. Water stored under this Amendatory Agreement will be used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in Paragraph 13 of the Agreement.
C. The Agreement has been extended by a previous amendment to June 30, 1995. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

D. The Parties to this Amendatory Agreement desire to extend the term of the Agreement because from time to time there may be SWP water available for storage under the Agreement and in addition desire to continue the benefits that the Agreement provides.

**COVENANTS**

1. Paragraph 18 is amended by extending the term of the Agreement an additional five years to June 30, 2000.

2. Paragraph 11 is amended by deleting the portion of said paragraph that reads “The amount of water . . . date described under Paragraph 19.” and inserting in its place:

   “The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 100,000 acre-feet at any point in time including the quantity of water in storage on the date of execution of this Agreement.”

3. Paragraph 15 of the Agreement is amended by eliminating the last sentence of said paragraph and replacing it with the following two sentences:

   “Payments to Metropolitan for such transfers of water from its Cyclic Storage Account shall be calculated by using Metropolitan’s rate for water sold for groundwater replenishment. For purposes of this Agreement said rate shall be Metropolitan’s lowest rate for water sold for
groundwater replenishment in effect at any time during the fiscal year in which such transfers occur."

4. Except as hereby amended, the Agreement shall remain in full force and effect.

5. Upon execution, this Amendatory Agreement shall be effective as of July 1, 1995.

IN WITNESS THEREOF, the Parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

ATTEST: MAIN SAN GABRIEL BASIN WATERMASTER

Secretary

By: Reginald A. Stone Chairman

APPROVED AS TO FORM AND EXECUTION:

By: [Signature] Attorney for Watermaster

ATTEST: UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

Secretary

By: [Signature] Attorney for Upper District

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ATTEST:

[Signature]
Executive Secretary

APPROVED AS TO FORM AND EXECUTION:

N. Gregory Taylor
General Counsel

By
Jeffrey Kightlinger
Deputy General Counsel

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By
[Signature]
General Manager
June 21, 2000

Mr. Robert G. Berlien
General Manager
Upper San Gabriel Municipal Water District
11310 East Valley Boulevard
El Monte, CA 91731

Dear Mr. Berlien:

Second Amendatory Agreement – 60 Day Extension

The Metropolitan Water District of Southern California (Metropolitan) appreciated the opportunity to meet with you and Ms. Carol Williams of the Main San Gabriel Basin Watermaster (Watermaster) on May 24, 2000 regarding a Third Amendatory Agreement (Third Amendment) for cyclic storage in the Main San Gabriel Basin. As discussed in the meeting, the Second Amendatory Agreement (Second Amendment) between Upper San Gabriel Municipal Water District (Upper District), Watermaster and Metropolitan expires June 30, 2000, before a Third Amendment is likely to be executed.

To avoid a lapse in the cyclic storage agreement, we agreed that a 60-day extension of the Second Amendment is necessary. Please confirm your concurrence with the 60-day extension by signing these three final letter agreements below. After you have signed the letters, please forward them to Watermaster for its signature. Please have Watermaster return the signed letter agreements to Metropolitan for distribution. If you have any questions in regard to this matter, please do not hesitate to call Cindi La Camera at (213) 217-7221 or Nina Jazmadarian at (213) 217-6583.

Paragraph 1 of the Second Amendatory Agreement – Main San Gabriel Basin is amended as follows:

1. Paragraph 18 is amended by extending the term of the Agreement an additional 60 days to August 30, 2000.

Very truly yours,

Ronald Gastelu, Jr.
General Manager

CL/ms

cc: Mr. Anthony R. Fellows
    Mr. Frank F. Forbes
IN WITNESS THEREOF, the parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By

By

APPROVED AS TO FORM AND EXECUTION:

ATTORNEY FOR WATERMASTER

ATTORNEY FOR UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

Secretary

Secretary

APPROVED TO AS TO FORM AND EXECUTION:

ATTORNEY FOR UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

ATTORNEY FOR THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

APPROVED AS TO FORM AND EXECUTION:

N. Gregory Taylor
General Counsel

By

Jeffrey Kightlinger
Senior Deputy General Counsel
Second Amendatory Agreement – Three Month Extension

The Metropolitan Water District of Southern California (Metropolitan) has been negotiating with your agency, Upper San Gabriel Municipal Water District (Upper District), and the Main San Gabriel Basin Watermaster (Watermaster), a Third Amendatory Agreement to the Main San Gabriel Basin Cyclic Storage Agreement (Third Amendment). The Second Amendatory Agreement to the Cyclic Storage Agreement (Second Amendment) expired June 30, 2000. To avoid a lapse in the cyclic storage agreement, Upper District, Watermaster and Metropolitan extended the Second Amendment for 60 days, to August 30, 2000.

Although negotiations on the Third Amendment are progressing, it will not be executed by August 30, 2000, as originally anticipated. Therefore a second extension of the Second Amendment is necessary. The attached letter agreements will extend the Second Amendment for an additional three months, through November 30, 2000.

Please confirm your concurrence with the three-month extension by signing the three final letter agreements enclosed. After you have signed the letters, please forward them to Watermaster for its signature. Please have Watermaster return the signed letter agreements to Metropolitan for distribution. If you have any questions in regard to this matter, please do not hesitate to call Cindi La Camera at (213) 217-7221 or Nina Jazmadarian at (213) 217-6583.

Very truly yours,

Ronald R. Gastelum
General Manager

cc: Director Anthony R. Fellow
    Director Frank F. Forbes
Paragraph 1 of the Second Amendatory Agreement – Main San Gabriel Basin is amended as follows:

1. Paragraph 18 is amended by extending the term of the Agreement an additional 152 days to November 30, 2000.

IN WITNESS THEREOF, the parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

ATTEST:

MASS SAN GABRIEL BASIN WATERMASTER

By: Reginald A. Stone
Chairman

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for Watermaster

ATTEST:

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

By: [Signature]
Secretary

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for Upper District

ATTEST:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: [Signature]
General Manager

APPROVED AS TO FORM AND EXECUTION:

Roderick E. Walston
General Counsel

By: [Signature]
Assistant General Counsel
THIRD AMENDATORY CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

This THIRD AMENDATORY AGREEMENT, is made as of the 1st day of July, 2000, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, ("Metropolitan"); the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, ("Upper District"); and the MAIN SAN GABRIEL BASIN WATERMASTER, a court-empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, ("Watermaster").

RECITALS

A. Water rights have been adjudicated in the Main San Gabriel Basin ("the Basin") according to the Judgment in Los Angeles County Superior Court Civil Action No. 924128 entitled, "Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al." The Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase supplemental water when an individual producer defendant’s production in the Basin exceeds his share of the operating safe yield, and for other purposes, hereafter referred to as “supplemental water requirements”. Watermaster may purchase supplemental water from any and all sources permitted by the Judgment. In particular but without limitation, Watermaster may purchase reclaimed water from Upper District, in accordance with its existing commitments and the provisions of the Judgment, to meet any portion of its supplemental water requirements.

B. Upper District presently has no water distribution system; however, it is a party to the Judgment and is a member public agency of Metropolitan which has the necessary distribution facilities to provide water to Upper District on an interruptible basis for use in the Basin. With this source of supplemental water, Upper District has been classified as a “Responsible Agency” in the Judgment and as such may be requested by Watermaster to furnish water imported by Metropolitan for supplemental water purposes.

C. Metropolitan, which also is a party to the Judgment, imports water from the California State Water Project. A portion of this State Water Project (SWP) will be used to meet supplemental water requirements placed on Upper District by Watermaster; however, it
may not always be possible to correlate Watermaster’s requirements with the availability of such SWP surplus water from Metropolitan. At times, Metropolitan may have quantities of SWP water in excess of Watermaster’s immediate supplemental water requirements while on other occasions Metropolitan may have no surplus water to deliver into the Basin. Furthermore, Watermaster’s projected need for the water is subject to significant change annually, depending on hydrologic conditions, as is the availability of replenishment water from Metropolitan, particularly Metropolitan’s SWP supplies.

D. The Southern California Water Conference, Metropolitan, the California State Department of Water Resources, and other public entities have strongly encouraged implementation of conjunctive-use and groundwater storage programs to provide for utilization of available storage capacity in Southern California groundwater basins to the advantage of sound water management practices.

E. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 25 of the Judgment; however, pursuant to Section 34(n) of said Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accordance with Uniform Rules and Conditions adopted by Watermaster.

F. The parties to this Third Amendatory Agreement first entered into an agreement titled “Cyclic Storage Agreement – Main San Gabriel Basin” on January 17, 1975. That agreement gave Metropolitan the right to store 85,000 acre-feet of SWP water in the Basin. That amount increased to 142,000 acre-feet in 1980 when the agreement was extended for a second five-year term. This agreement expired on January 16, 1985.

G. The parties to this Third Amendatory Agreement entered into another agreement titled “Cyclic Storage Agreement Main San Gabriel Basin” (“Agreement”) on July 1, 1985. That Agreement gave Metropolitan the right to store up to 142,000 acre-feet of SWP water in the Basin. The Agreement provided for its extension for additional terms, not to exceed five years each, by mutual consent of the parties thereto.

I. A Second Amendatory Agreement, dated July 1, 1995, extended the Agreement to June 30, 2000, and reduced Metropolitan’s right to store water to a maximum of 100,000 acre-feet in the Basin.

J. The Agreement has provided Metropolitan with increased operating flexibility at minimum cost, enabled Metropolitan to store water in the Basin during years of abundant water supply and made stored water available for transfer and sale to the Upper District when Metropolitan could not make, or it was operationally inconvenient to make, deliveries to meet supplemental water requirements.

K. The parties hereto desire to continue the benefits provided by the Agreement by entering into a Third Amendatory Agreement which will extend the term of the Agreement for an additional twelve months. Benefits will include continued spreading and storage of SWP water within the Basin by and for Metropolitan and its subsequent use by Upper District for Watermaster credit.

L. The following Third Amendatory Agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

COVENANTS

1. Definitions
   The definitions contained in the above-mentioned Judgment are hereby incorporated by this reference and made a part hereof.

2. Agreements Status
   Since Upper District is a Responsible Agency, as defined in the Judgment, and since Metropolitan is a supplier of supplemental water to Upper District and will be providing
such water when available to enable Upper District to satisfy supplemental water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and conditions of Cyclic Storage Agreements.

3. **Delivery, Amount, and Ownership of Stored Water**

   Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, SWP water for replenishment purposes. This water will be stored for Metropolitan’s purposes and credited by Watermaster to Metropolitan’s account until such time as needed by Upper District to meet supplemental water requirements placed on it by Watermaster. The amount of water to be stored in the Basin for Metropolitan shall not exceed 100,000 acre-feet at any point in time. In the event this Agreement is terminated for any reason whatsoever, Upper District shall continue to meet an appropriate portion of its supplemental water needs through the purchase of water in the account until the account is depleted. Until such water is purchased, Metropolitan shall retain ownership of all water stored in this account and the terms and conditions of this Third Amendatory Agreement affecting disposition of said stored water shall continue until water is transferred to Upper District and the transfer is recorded by Watermaster.

4. **Watermaster Control of Spreading, Storage, and Use of Stored Water**

   All water stored for Metropolitan’s account pursuant to this Third Amendatory Agreement shall be spread by the Los Angeles County Flood Control District in accordance with its agreement with Watermaster or pursuant to other arrangements approved by Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster provided that when the water level of the Baldwin Park Key Well is at or above elevation 250 feet mean sea level Watermaster shall direct Metropolitan not to spread in the Basin; or to limit its spreading activities to the Ben Lomond, Citrus, Forbes, Irwindale, Live Oak, San Dimas and Walnut Creek Spreading Grounds, or any one of them, as directed by Watermaster, unless otherwise approved by Court. Notwithstanding any other provisions of the Third Amendatory Agreement, Watermaster reserves the right to order the
cessation or reduction in delivery rate of water being spread for cyclic storage if, in its Judgment, Watermaster determines:

a) That water previously authorized to be stored under this Third Amendatory Agreement would cause the elevation of the groundwater in the Basin to adversely affect the Basin’s highest utilitarian operation; or

b) That such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or

c) That the spreading of supplemental water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well or to protect basin water quality.

Metropolitan shall issue a monthly report to Upper District and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan’s account. Such report shall be included with the monthly billing package distributed to Upper District and shall be subject to Watermaster’s verification.

5. Metropolitan’s Delivery Prerogative
Subject to the provisions of Paragraph 4 above, Metropolitan retains the prerogative to meet supplemental water requirements within the Basin either from water stored in its account in the Basin or from surplus water that may be available in its distribution system. If Metropolitan provides the supplemental water from its storage account it reserves the right to transfer only an amount equal to what could be delivered from its surface distribution system for spreading purposes in the Basin under Metropolitan’s Administrative Code, during the monthly billing period for which the water is requested.

6. Loss of Water
Watermaster shall determine and assign losses in water stored for Metropolitan’s account in the Basin, assuming that cyclic-stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster’s Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.
7. **Obligation for Payment**

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, SWP water, which may subsequently be purchased by Watermaster from Upper District to meet the supplemental water requirements of Upper District’s producers. By reason of such proposed operations, there may be times when Metropolitan will have caused to be spread more supplemental water than required by Upper District’s producers, and there may be other times when Metropolitan will not have caused to be spread sufficient quantities of such water. In any event, Watermaster shall pay to Upper District its charges for such supplemental water when the same has actually been transferred or delivered by Metropolitan and spread in the Basin and, under the terms of the Judgment, Watermaster has received payment of its assessments and has ordered the transfer or delivery of such supplemental water.

Upper District shall be billed by and shall pay to Metropolitan for all such water which has been delivered or whose ownership has been transferred from Metropolitan to Upper District in accordance with the billing and payment provisions in Metropolitan’s Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan for such transfer of water from its cyclic storage account shall be calculated using Metropolitan’s rate for water sold for groundwater replenishment. For purposes of this Agreement this rate shall be Metropolitan’s lowest rate of water for groundwater replenishment in effect any time during the fiscal year in which such transfers occur. Should Metropolitan’s Board not adopt a replenishment rate, the rate shall be the last replenishment rate adopted by the Board.

8. **Rent, or Offset Credit**

It is hereby agreed that there is no charge, rent assessment or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services utilized in connection with the storage rights granted herein.
9. **Indemnity Clause**

   Metropolitan shall save and hold harmless Watermaster and Upper District, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Amendatory Agreement and shall provide Watermaster and Upper District with the defense or costs of defense of any action brought against Watermaster and/or Upper District, their officers, agents or employees arising or alleged to arise by reason of the storage of water in the Basin for Metropolitan’s account.

10. **Term**

    The term of this Amendatory Agreement shall commence on the day, month, and year first above written and shall terminate twelve months thereafter unless previously terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Amendatory Agreement may be renewed for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider a renewal of this Amendatory Agreement in its minutes of a meeting held prior to its meeting when any such extension request shall be acted upon.

    Upon execution and subsequent court approval, this Third Amendatory Agreement shall be effective as of July 1, 2000.

11. **Termination**

    For a material breach hereunder, any party hereto may terminate this Third Amendatory Agreement upon thirty days written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty days’ written notice if water rates, classes of water service or conditions of water service established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform water rates, classes of water service or conditions of water service to all of Metropolitan’s member public agencies. In the event this contract must be so amended, it shall be amended to provide water rates, classes of water service or conditions of water service which correspond to the uniform conditions applicable to all of Metropolitan’s member public agencies. In the event such an amendment to this contract cannot be obtained from Watermaster, this Third Amendatory Agreement may be terminated by Metropolitan upon sixty days’ written notice to the other parties hereto.
12. **Purchase of Water After Termination**

Upon termination, Upper District shall continue to purchase supplemental water from the account until the account is depleted. During this period, Upper District shall not obtain supplemental water from sources other than Metropolitan with the exception of local resource projects developed to offset supplemental imported water requirements.

13. **Notices**

Any notice required hereunder may be given by mail, postage prepaid, addressed as follows:

To: Main San Gabriel Basin Watermaster  
725 N. Azusa Ave.  
Azusa, CA 91702

Attention: Carol Williams

To: Upper San Gabriel Valley Municipal Water District  
11310 E. Valley Boulevard  
El Monte, CA 91731

Attention: Timothy C. Jochem

To: Metropolitan Water District  
700 N. Alameda Street  
Los Angeles, CA 90012

Attention: Jill T. Wicke

14. **Termination of Pre-existing Provisions**

All pre-existing provisions of the Agreement and first and second amendments are terminated.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

By: 
Secretary

MAIN SAN GABRIEL BASIN WATERMASTER

By: 
Chairman

APPROVED AS TO FORM AND EXECUTION:

(Seal)

Attorney for Watermaster

ATTEST:

Secretary

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

By: 
President

APPROVED AS TO FORM AND EXECUTION:

(Seal)

Attorney for District

ATTEST:

By: 
Executive Secretary

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: 
General Manager

APPROVED AS TO FORM:

General Counsel

APPROVED AS TO FORM:

Roderick E. Walston
General Counsel

(Seal)

MARLATH OLEY
L.T.Y. GENERAL COUNSEL
FOURTH AMENDATORY
CYCLIC STORAGE AGREEMENT WITH
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER

This FOURTH AMENDATORY AGREEMENT ("Fourth Amendment"), is made as of the 1st day of July 2001, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Fourth Amendment entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1985, for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement expired June 30, 1996.

B. A FIRST AMENDATORY AGREEMENT ("First Amendment") dated July 1, 1990, extended the Agreement to June 30 1995.

C. A SECOND AMENDATORY AGREEMENT ("Second Amendment") dated July 1, 1995, extended the Agreement to June 30 2000, and reduced Metropolitan’s right to store water to a maximum of 100,000 acre-feet.
D. A THIRD AMENDATORY AGREEMENT ("Third Amendment") dated July 1, 2000 amended and restated the Agreement. The Third Amendment incorporated provisions of the First and Second Amendments, adopted provisions for the purchase of supplemental water following the Third Amendment’s termination, and specified a rate for replenishment water in absence of a Board adopted replenishment rate. The Third Amendment terminated all pre-existing provisions of the Agreement, First Amendment, and Second Amendment. The Third Amendment will expire on June 30, 2001.

E. Water stored under this Fourth Amendment will be used to meet Upper Districts’ groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

F. The Third Amendment provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

G. The Parties to this Fourth Amendment desire to extend the term of the Third Amendment because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

1. Paragraph 10 is amended by extending the term of the Agreement an additional three years to June 30, 2004.

2. Paragraph 9 is amended to read as follows:

   9. Indemnity Clause

   As to negligent actions, if any, arising under this Agreement, Upper District shall indemnify and hold harmless Metropolitan, its officers, agents and employees from any and all costs, damages or liability resulting or alleged to result from such actions of Upper District and Watermaster, and shall provide Metropolitan with the defense or pay the cost of defense of any action brought against Metropolitan or its officers, agents or employees arising or alleged to arise by reason of negligent actions of Upper District and Watermaster.
As to negligent actions, if any, arising under this Agreement, Metropolitan shall indemnify and hold harmless Upper District and Watermaster, their officers, agents and employees, from any and all costs, damages or liability resulting or alleged to result from such actions of Metropolitan and shall provide Upper District and Watermaster with the defense or pay the cost of defense of any action brought against Upper District and Watermaster, or their officers, agents or employees arising or alleged to arise by reason of negligent actions of Metropolitan.

3. Except as thereby amended, the Third Amendment shall remain in full force and effect.

4. Upon execution, this Fourth Amendment shall be effective as of July 1, 2001.

5. IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.
ATTEST:

By: [Signature]
Secretary

APPROVED AS TO FORM AND EXECUTION:

Attorney for Watermaster

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ATTEST:

By: [Signature]
Secretary

APPROVED AS TO FORM AND EXECUTION:

Attorney for District

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ATTEST:

By: [Signature]
Executive Secretary

APPROVED AS TO FORM:

General Counsel

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MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]
Chairman

(SEAL)

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

By: [Signature]
President

(SEAL)

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: [Signature]
General Manager

(SEAL)
FIFTH AMENDATORY
CYCLIC STORAGE AGREEMENT BETWEEN
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER

This FIFTH AMENDATORY AGREEMENT ("Fifth Amendment") is made as of the 1st day of July, 2004, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan," the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District," and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster."

RECITALS

A. The parties to this Fifth Amendment entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1985, for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement expired June 30, 1990, and was extended by First Amendatory Agreement ("First Amendment") and Second Amendatory Agreement ("Second Amendment") through June 30, 1995 and June 30, 2000, respectively. The Second Amendment also reduced Metropolitan's maximum storage right from 142,000 acre-feet to 100,000 acre-feet.

B. A Third Amendatory Agreement ("Third Amendment") dated July 1, 2000, amended and restated the Agreement. The Third Amendment incorporated
provisions of the First and Second Amendment, adopted provisions for the purchase of supplemental water following the Third Amendment’s termination, and specified a rate for replenishment water in absence of a Board adopted replenishment rate. The Third Amendment terminated all preexisting provisions of the Agreement, First Amendment, and Second Amendment. The Third Amendment expired on June 30, 2001.

C. The Third Amendment provides for its extension for additional terms, not to exceed five years each, by mutual consent of the Parties hereto. A Fourth Amendatory Agreement ("Fourth Amendment") extended the Third Amendment to June 30, 2004.

D. The Third Amendment provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties. The Parties to this Fifth Amendment desire to extend the term of the Third Amendment because from time to time there may be SWP water available for storage under the Third Amendment, and in addition the Parties desire to continue benefits that the Third Amendment provides. Stored water will be used to meet Upper District’s groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

COVENANTS

1. Paragraph 10 is amended to extend the term of the Third Amendment an additional five years to June 30, 2009.

2. Except as thereby amended, the Third Amendment shall remain in full force and effect.

3. Upon execution, this Fifth Amendment shall be effective as of July 1, 2004.

4. IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.
ATTEST:

By: 

Secretary:

MAIN SAN GABRIEL BASIN WATERMASTER

By: 

Chairman

APPROVED AS TO FORM AND EXECUTION:

Attorney for Watermaster

ATTEST:

By: 

Secretary

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

By: 

President

APPROVED AS TO FORM AND EXECUTION:

Attorney for Upper District

ATTEST:

By: 

Secretary

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: 

Interim Chief Executive Officer

APPROVED AS TO FORM AND EXECUTION:

Attorney for Metropolitan
SIXTH AMENDATORY
CYCLIC STORAGE AGREEMENT BETWEEN
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER

This SIXTH AMENDATORY AGREEMENT ("Sixth Amendment"), is made as of the 1st day of July, 2009, to the Cyclic Storage Agreement ("Agreement"), dated July 1, 1985, including all subsequent amendments thereto (collectively, "Agreement"), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECOLALS

A. The parties to this Sixth Amendment entered into the Agreement for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement was originally set to expire June 30, 1990.

B. The Agreement was extended by a First Amendatory Agreement to June 30, 1995.

C. The Second Amendatory Agreement reduced Metropolitan’s maximum storage right from 142,000 acre-feet to 100,000 acre-feet and extended the term of the Agreement thru June 30, 2000.

D. A Third Amendatory Agreement ("Third Amendment") dated July 1, 2000, amended and restated the Agreement. The Third Amendment incorporated provisions of the First and Second Amendatory Agreements, adopted provisions for the purchase of supplemental water following the termination of the Third
Amendment, and specified a rate for replenishment water in the absence of a Board adopted replenishment rate. The Third Amendment terminated all pre-existing provisions of the Agreement, First Amendatory Agreement, and Second Amendatory Agreement. The Third Amendment extended the term for 12 months and expired on June 30, 2001.

E. Water stored under the Fourth Amendatory Agreement was used to meet Upper District’s groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment; the indemnity clause was also modified to incorporate changes to provide for mutual indemnification and extended the Third Amendment to June 30, 2004.

F. A Fifth Amendatory Agreement extended the Third Amendment to June 30, 2009.

G. The Third Amendment provides for its extension for additional terms, not to exceed five years each, by mutual consent of the Parties hereto. The Parties to this Sixth Amendment desire to extend the term of the Third Amendment for two years because from time to time there may be SWP water available for storage under the Third Amendment, and in addition the Parties desire to continue benefits that the Third Amendment provides. Stored water will be used to meet Upper District’s groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

**COVENANTS**

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in the Third Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended to extend the term of the Third Amendment an additional two years to June 30, 2011.
2. Except as expressly modified in this Amendment, the Third Amendment shall remain in full force and effect, and this Sixth Amendment shall be subject to all provisions of the Third Amendment.

3. Upon execution, this Sixth Amendment shall be effective as of July 1, 2009.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST: MAIN SAN GABRIEL BASIN WATERMASTER
By: Secretary By: Chairman

APPROVED AS TO FORM AND EXECUTION:
By: Attorney for Watermaster

ATTEST: UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
By: Secretary By: General Manager
By: President

APPROVED AS TO FORM AND EXECUTION:
By: Attorney for USGBVMWD

ATTEST: THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
By: Executive Secretary By: General Manager

APPROVED AS TO FORM AND EXECUTION:
By: Attorney for Metropolitan

-4-
SEVENTH AMENDATORY AGREEMENT TO CYCLIC STORAGE AGREEMENT BETWEEN METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT AND MAIN SAN GABRIEL BASIN WATERMASTER

This SEVENTH AMENDATORY AGREEMENT ("Seventh Amendment"), is made as of the 1st day of July, 2011, to the Cyclic Storage Agreement ("Agreement"), dated July 1, 1985, including all subsequent amendments thereto (collectively, "Agreement"), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles in connection with Civil Action No. 924128 “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.”, herein referred to as "Watermaster".

RECITALS

A. The parties to this Seventh Amendment entered into the Agreement for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement was originally set to expire June 30, 1990.

B. The Agreement was extended by a First Amendatory Agreement to June 30, 1995.

C. The Second Amendatory Agreement reduced Metropolitan’s maximum storage right from 142,000 acre-feet to 100,000 acre-feet and extended the term of the Agreement thru June 30, 2000.

D. A Third Amendatory Agreement ("Third Amendment") dated July 1, 2000, amended and restated the Agreement. The Third Amendment incorporated provisions of the First and Second Amendatory Agreements, adopted provisions for
the purchase of supplemental water following the termination of the Third Amendment, and specified a rate for replenishment water in the absence of a Board adopted replenishment rate. The Third Amendment terminated all pre-existing provisions of the Agreement, First Amendatory Agreement, and Second Amendatory Agreement. The Third Amendment extended the term for 12 months and expired on June 30, 2001.

E. Water stored under the Fourth Amendatory Agreement was used to meet Upper District’s groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment; the indemnity clause was also modified to incorporate changes to provide for mutual indemnification and extended the Third Amendment to June 30, 2004.

F. A Fifth Amendatory Agreement extended the Third Amendment to June 30, 2009.

G. The Sixth Amendatory Agreement extended the Third Amendment for two years to June 30, 2011.

H. The Third Amendment provides for its extension for additional terms, not to exceed five years each, by mutual consent of the Parties hereto. The Parties to this Seventh Amendment desire to extend the term of the Third Amendment for two years because from time to time there may be SWP water available for storage under the Third Amendment, and in addition the Parties desire to continue benefits that the Third Amendment provides. Stored water will be used to meet Upper District’s groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in the Seventh Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:
1. Paragraph 10 is amended to extend the term of the Third Amendment an additional two years to June 30, 2013.

2. Except as expressly modified in this Amendment, the Agreement and the Third Amendment, both shall remain in effect to the extent not revised by the Seventh Amendment.

3. Upon execution, this Seventh Amendment shall be effective as of July 1, 2011.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST: MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature] By: [Signature]
Secretary Chairman

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for Watermaster

ATTEST: UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

By: [Signature] By: [Signature]
Secretary General Manager

By: [Signature]
President

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for USGVMWD

APPROVED AS TO FORM:

General Counsel

By: [Signature] By: [Signature]
Sr. Deputy General Counsel General Manager

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

-4-
EIGHTH AMENDATORY AGREEMENT TO CYCLIC STORAGE AGREEMENT BETWEEN METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT AND MAIN SAN GABRIEL BASIN WATERMASTER

This EIGHTH AMENDATORY AGREEMENT ("Eighth Amendment"), is made as of the 30th day of June, 2013, to the Cyclic Storage Agreement ("Agreement"), dated July 1, 1985, including all subsequent amendments thereto (collectively, "Agreement"), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles in connection with Civil Action No. 924128 “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.”, herein referred to as "Watermaster".

RECITALS

A. The parties to this Eighth Amendment entered into the Agreement for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement was originally set to expire June 30, 1990.

B. The Agreement was extended by a First Amendatory Agreement to June 30, 1995.

C. The Second Amendatory Agreement reduced Metropolitan’s maximum storage right from 142,000 acre-feet to 100,000 acre-feet and extended the term of the Agreement thru June 30, 2000.

D. A Third Amendatory Agreement ("Third Amendment") dated July 1, 2000, amended and restated the Agreement. The Third Amendment incorporated provisions of the First and Second Amendatory Agreements, adopted provisions for the purchase of supplemental water following the termination of the Third
Amendment, and specified a rate for replenishment water in the absence of a Board adopted replenishment rate. The Third Amendment terminated all pre-existing provisions of the Agreement, First Amendatory Agreement, and Second Amendatory Agreement. The Third Amendment extended the term for 12 months and expired on June 30, 2001.

E. Water stored under the Fourth Amendatory Agreement was used to meet Upper District’s groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment; the indemnity clause was also modified to incorporate changes to provide for mutual indemnification and extended the Third Amendment to June 30, 2004.

F. A Fifth Amendatory Agreement extended the Third Amendment to June 30, 2009.

G. The Sixth Amendatory Agreement extended the Third Amendment for two years to June 30, 2011.

H. The Seventh Amendatory Agreement extended the Third Amendment to June 30, 2013.

I. The Third Amendment provides for its extension for additional terms, not to exceed five years each, by mutual consent of the Parties hereto. The Parties to this Eighth Amendment desire to extend the term of the Third Amendment for one year because from time to time there may be SWP water available for storage under the Third Amendment, and in addition the Parties desire to continue benefits that the Third Amendment provides. Stored water will be used to meet Upper District’s groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in the Eighth Amendment and for good and valuable
consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended to extend the term of the Third Amendment an additional one year through June 30, 2014.

2. Except as expressly modified in this Amendment, the Agreement and the Third Amendment, both shall remain in effect to the extent not revised by the Eighth Amendment.

3. This Eighth Amendment shall be effective as of June 30, 2013.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]
   Secretary

By: [Signature]
   Chairman
   Date: [Date]

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
   Attorney for Watermaster

ATTEST:

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

By: [Signature]
   Secretary

By: [Signature]
   General Manager
   Date: 6/25/13

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
   Attorney for USGVMWD

APPROVED AS TO FORM:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: [Signature]
   Sr. Deputy General Counsel
   Date: 5/13/13

By: [Signature]
   General Manager
   Date: 5/15/13
October 4, 2013

John (Jack) V. Foley and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

RE: Board Memo 8-3 – Authorize (1) agreement with the State Water Contractors, Inc. to pursue 2014 Sacramento Valley water transfer supplies; and (2) $5 per acre-foot initial administrative deposit not to exceed $500,000 – SUPPORT WITH RESERVATION OF RIGHTS to object to cost allocation

Dear Chairman Foley and Members of the Board,

We do not object to the staff recommendation in Board Memo 8-3 to secure water transfer supplies in 2014; however, we have a continuing objection to MWD’s allocation of costs associated with meeting peak demand in dry years.

Although MWD denies that it provides “peaking service,” there is no question that MWD incurs considerable costs – including the costs represented by this month’s Board Item 8-3 – to meet the peak demand of its member agencies. Despite known differences in the demand characteristics of the MWD member agencies – differences that the California Constitution and law require be accounted for in MWD’s cost allocation and rate-setting – MWD fails to acknowledge these differences in its rates in order to ensure appropriate and proportionate distribution of cost responsibilities through its rates.

Under MWD’s cost allocation and rates, MWD customers that exhibit substantial variation in water purchases from MWD (“rolling on and off the system”) are excused from paying the costs associated with having the water supplies, storage and conveyance, and distribution capacity available to meet peak demands. Instead, MWD’s rates force MWD water purchasers with more constant demand to pay these costs. There is no nexus between the MWD customers who cause MWD to incur these costs and those who pay the costs through MWD’s water rates.

If the costs MWD incurs were properly allocated according to cost causation – the single most fundamental principle of rate-setting – each agency would be required to pay its proportionate share of the costs MWD incurs to meet diurnal and seasonal variations in demand.

We urge the board to schedule a workshop at the earliest opportunity to review this and other issues relating to MWD’s flawed cost of service methodology. MWD’s failure to properly allocate...
its costs results in millions of ratepayers across the MWD service territory paying rates that are substantially in excess of the costs of the services MWD is providing.

Sincerely,

[Signatures]

Michael T. Hogan  
Keith Lewinger  
Vincent Mudd  
Fern Steiner  

Director  
Director  
Director  
Director

cc: Jeffrey Kightlinger, MWD General Manager  
Marcia Scully, MWD General Counsel  
San Diego County Water Authority Board of Directors

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1 In discovery, MWD was asked to describe its allocation of any costs related to dry-year peaking services to its rates. It answered that, “[n]o such information exists as MWD did not engage in the stated activity, nor was it required to do so. MWD did not separately allocate costs related to dry-year peaking to its rates. Costs related to peaking generally, calculated without regard to wet, average, or dry years, are allocated as described in the Cost of Service report.” (emphasis added) MWD’s Responses to SDCWA’s Second Set of Interrogatories, Response to Interrogatory No. 10 (July 24, 2013).

2 MWD’s Capacity Charge only takes into account distribution-system-related costs. And, its Readiness-to-Serve charge by “averaging” fails to acknowledge that costs are being incurred to meet peak demands, not simply average demand levels.
Finance and Insurance Committee

Meeting with Board of Directors*

October 7, 2013

9:00 a.m. -- Room 2-145

Monday, October 7, 2013

Meeting Schedule

<table>
<thead>
<tr>
<th>Time</th>
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<th>Activity</th>
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<td>F&amp;I</td>
</tr>
<tr>
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<td>Rm. 2-456</td>
<td>WP&amp;S</td>
</tr>
<tr>
<td>12:00 p.m.</td>
<td>Rm. 2-145</td>
<td>E&amp;O</td>
</tr>
<tr>
<td>1:00 p.m.</td>
<td>Rm. 2-456</td>
<td>OP&amp;T</td>
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</tbody>
</table>

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

* The Metropolitan Water District’s Finance and Insurance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Finance and Insurance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Finance and Insurance Committee will not vote on matters before the Finance and Insurance Committee.

1. Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Finance and Insurance Committee held September 9, 2013

3. MANAGEMENT REPORTS

   a. Report on investment activity

   b. Financial highlights

4. CONSENT CALENDAR ITEMS — ACTION

   None

Date of Notice: September 25, 2013
5. OTHER BOARD ITEMS — ACTION

None

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

None

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site http://www.mwdh2o.com.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

Date of Notice: September 25, 2013
Date of Notice: September 25, 2013

Water Planning and Stewardship Committee
Meeting with Board of Directors*

October 7, 2013

10:00 a.m. – Room 2-456

* The Metropolitan Water District’s Water Planning and Stewardship Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Water Planning and Stewardship Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Water Planning and Stewardship Committee will not vote on matters before the Water Planning and Stewardship Committee.

1. Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Water Planning and Stewardship Committee held September 9, 2013

3. CONSENT CALENDAR ITEMS — ACTION

    7-4 Authorize entering into a Local Resources Program Agreement with Eastern Municipal Water District for the Perris II Brackish Groundwater Desalter. (WP&S)
Recommendation:

Option #1:

Adopt the CEQA determination, and review and consider the adopted 2006 EA/FONSI and MMRP, the adopted 2009 Subsequent MND and MMRP, and the 2010 Addendum prepared by MWD as Lead Agency, adopt the Lead Agency’s findings, and authorize the General Manager to enter into a Local Resources Program agreement for the Perris II Brackish Groundwater Desalter with EMWD for up to 6,000 AFY of recovered groundwater under included the board letter.

4. OTHER BOARD ITEMS — ACTION

8-1 Authorize amendment to Metropolitan’s Cyclic Storage Agreement with Upper San Gabriel Valley Municipal Water District and the Main San Gabriel Basin Watermaster. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the program is not subject to CEQA and authorize the General Manager to enter into an amendment to Metropolitan’s Cyclic Storage Agreement with the Upper San Gabriel Valley Municipal Water District and the Main San Gabriel Basin Watermaster consistent with the terms in Attachment 1 to the board letter.

8-2 Authorize amendment to Metropolitan’s Cyclic Storage Agreement with Three Valleys Municipal Water District and the Main San Gabriel Basin Watermaster. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the program is not subject to CEQA and authorize the General Manager to enter into an amendment to Metropolitan’s Cyclic Storage Agreement with Three Valleys Municipal Water District and the Main San Gabriel Basin Watermaster consistent with terms in Attachment 1 to the board letter.

8-3 Authorize (1) agreement with the State Water Contractors, Inc. to pursue 2014 Sacramento Valley water transfer supplies; and (2) $5 per acre-foot initial administrative deposit not to exceed $500,000. (WP&S)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and there is no possibility that it may have a significant effect on the environment and

a. Authorize the General Manager to enter into an agreement with the State Water Contractors, Inc. to pursue 2014 Sacramento Valley water transfer supplies, in a form approved by the General Counsel; and

b. Authorize making a $5 per acre-foot initial administrative deposit and disbursements from that deposit consistent with the agreement not to exceed $500,000.

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral report on Water Surplus and Drought Management Plan

b. Update on State Water Contract extension negotiations

7. MANAGEMENT REPORTS

a. Bay-Delta Matters

b. Colorado River Matters

c. Water Resource Management Manager's report

8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT
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E&O Committee
T. Evans, Chair
G. Brown, V. Chair
T. Babcock
B. Barbre
M. Camacho
D. De Jesus
A. Grunfeld
S. Lowenthal
J. Morris
G. Peterson
R. Record
D. Sanchez
F. Steiner

Engineering and Operations Committee
Meeting with Board of Directors*

October 7, 2013
12:00 p.m. -- Room 2-145

* The Metropolitan Water District’s Engineering and Operations Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Engineering and Operations Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Engineering and Operations Committee will not vote on matters before the Engineering and Operations Committee.

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<table>
<thead>
<tr>
<th>MWD Headquarters Building</th>
<th>700 N. Alameda Street</th>
<th>Los Angeles, CA 90012</th>
</tr>
</thead>
</table>

**Action Items:**

1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Engineering and Operations Committee held September 9, 2013

3. CONSENT CALENDAR ITEMS — ACTION

   7-2 Appropriate $1.70 million; and award $1,028,180.65 contract to Nth Generation Computing, Inc. for SCADA servers (Approp. 15467). (E&O)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and

a. Appropriate $1.70 million; and

b. Award $1,028,180.65 contract to Nth Generation Computing, Inc. for procurement of control system servers.

7-3 Authorize reimbursable agreement for relocation of the Santa Monica Feeder within the city of Beverly Hills. (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed in the Lead Agency's certified Final EIR, Findings, SOC, and MMRP; that Metropolitan has previously adopted the Findings, SOC, and MMRP; and that no further environmental analysis or documentation is required, and authorize the General Manager to execute an agreement with BH Wilshire International, LLC for relocation of the Santa Monica Feeder.

4. OTHER BOARD ITEMS — ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Southern Nevada Water Authority’s Intake No. 3 Project

7. MANAGEMENT REPORTS

a. Water System Operations Manager’s report

b. Engineering Services Manager’s report
8. FOLLOW-UP ITEMS

None

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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Organization, Personnel and Technology Committee

Meeting with Board of Directors*

October 7, 2013

1:00 p.m. -- Room 2-456

1. **Opportunity for members of the public to address the committee on matters within the committees’ jurisdiction** (As required by Gov. Code Section 54954.3(a))

2. **Approval of the Minutes of the meeting of the Organization, Personnel and Technology Committee held September 9, 2013**

3. **CONSENT CALENDAR ITEMS — ACTION**

   7-5  Appropriately $1.180 million to purchase and implement Oracle Accounts Payable Automation System; and (a) enter into an agreement with Oracle Corporation in an amount not to exceed $390,000 to provide all software components for Oracle’s Accounts Payable Automation System; and (b) enter into an agreement with Application Software Technology Corporation not to exceed $447,000 to provide implementation services for the system (Approp. 15484). (OP&T)
Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not subject to CEQA and
   a. Appropriate $1.180 million;
   b. Authorize entering into an agreement with Oracle Corporation, in an amount not to exceed $390,000, for the purchase of scanning, OCR processing, Oracle E-Business Suite integration, and data storage software for Oracle’s AP Automation System; and
   c. Authorize entering into an agreement with Applications Software Technology Corporation, in an amount not to exceed $447,000, to provide implementation services for Oracle’s AP Automation System.

4. OTHER BOARD ITEMS — ACTION

   None

5. BOARD INFORMATION ITEMS

   None

6. COMMITTEE ITEMS

   a. Business Outreach 2012/13 Annual Report
   b. Report on Internship Program

7. FOLLOW-UP ITEMS

   None

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT
NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

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Date of Notice: September 25, 2013
Legal and Claims Committee
Meeting with Board of Directors*
October 8, 2013

9:00 a.m. -- Room 2-145

Meeting Schedule

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<th>Time</th>
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<td>10:00 a.m.</td>
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<td>C&amp;L</td>
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<tr>
<td>10:30 a.m.</td>
<td>Rm. 2-145</td>
<td>RP&amp;AM</td>
</tr>
<tr>
<td>12:00 p.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
</tr>
</tbody>
</table>

Tuesday, October 8, 2013

* The Metropolitan Water District’s Legal and Claims Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Legal and Claims Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Legal and Claims Committee will not vote on matters before the Legal and Claims Committee.

1. Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meeting of the Legal and Claims Committee held September 10, 2013

3. CONSENT CALENDAR ITEMS — ACTION

   None

4. OTHER BOARD ITEMS — ACTION

   None

5. BOARD INFORMATION ITEMS

   None

Date of Notice: September 25, 2013
6. COMMITTEE ITEMS

   a. General Counsel's report of monthly activities

   b. Brown Act report

   c. Report on Consolidated Delta Smelt Cases, USDC Case No. 1:09-CV-407 LJO-DLB; and Consolidated Salmonid Cases, USDC Case No. 1:09-CV-1053 LJO-DLB.
      [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

   d. Report on San Diego County Water Authority v. Metropolitan Water District of Southern California, et al., San Francisco County Superior Court Case No. CPF-10-510830 and No. CPF-12-512466.
      [Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(1)]

7. FOLLOW-UP ITEMS

   None

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

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Date of Notice: September 25, 2013
Communications and Legislation Committee
Meeting with Board of Directors*

October 8, 2013
10:00 a.m. -- Room 2-456

Tuesday, October 8, 2013
Meeting Schedule

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<td>Rm. 2-456</td>
<td>C&amp;L</td>
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<tr>
<td>10:30 a.m.</td>
<td>Rm. 2-145</td>
<td>RP&amp;AM</td>
</tr>
<tr>
<td>12:00 p.m.</td>
<td>Board Room</td>
<td>Board Meeting</td>
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</table>

* The Metropolitan Water District’s Communications and Legislation Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Communications and Legislation Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Communications and Legislation Committee will not vote on matters before the Communications and Legislation Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee’s jurisdiction** (As required by Gov. Code Section 54954.3(a))

2. **Approval of the Minutes of the meeting of the Communications and Legislation Committee held September 10, 2013**

3. **CONSENT CALENDAR ITEMS — ACTION**
   None

4. **OTHER BOARD ITEMS — ACTION**
   None

Date of Notice: September 25, 2013
5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Report on activities from Washington, D.C.

b. Report on activities from Sacramento

7. MANAGEMENT REPORT

a. External Affairs Management report

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site http://www.mwdh2o.com.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

Date of Notice: September 25, 2013
Real Property and Asset Management Committee

Meeting with Board of Directors*

October 8, 2013

10:30 a.m. -- Room 2-145

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

* The Metropolitan Water District's Real Property and Asset Management Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Real Property and Asset Management Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Real Property and Asset Management Committee will not vote on matters before the Real Property and Asset Management Committee.

1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))

2. Approval of the Minutes of the meetings of the Real Property and Asset Management Committee held July 23 and September 9, 2013

3. CONSENT CALENDAR ITEMS -- ACTION

7-6 Authorize granting of one permanent easement to Southern California Edison Company on Metropolitan-owned property located in Riverside County. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and authorize the General Manager to grant a permanent easement to SCE in Riverside County.
Authorize granting of one permanent easement to Southern California Edison Company on Metropolitan-owned property located in San Bernardino County. (RP&AM)

**Recommendation:**

**Option #1:**

Adopt the CEQA determination that Metropolitan previously adopted the Lead Agency's findings and mitigation measures, and authorize the General Manager to grant a permanent easement to SCE in San Bernardino County.

4. OTHER BOARD ITEMS -- ACTION

None

5. BOARD INFORMATION ITEMS

None

6. COMMITTEE ITEMS

a. Oral report on Real Property Development and Management Bay-Delta activities

7. MANAGEMENT REPORT

a. Real Property Development and Management Manager's Report

8. FUTURE AGENDA ITEMS

9. ADJOURNMENT

**NOTE:**

At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Board Executive Secretary. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

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Date of Notice: September 25, 2013
Regular Board Meeting

October 8, 2013

12:00 p.m. -- Board Room

<table>
<thead>
<tr>
<th>Meeting Schedule</th>
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<tbody>
<tr>
<td>7:00-8:00 a.m.</td>
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<tr>
<td>9:00 a.m.</td>
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<tr>
<td>10:00 a.m.</td>
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<tr>
<td>12:00 p.m.</td>
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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

1. Call to Order
   (a) Invocation: Manuelle Charbonneau, Principal Human Resources Training Specialist, Human Resources Division
   (b) Pledge of Allegiance: Director Thomas Babcock

2. Roll Call

3. Determination of a Quorum

4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code § 54954.3(a))

5. OTHER MATTERS
   A. Approval of the Minutes of the Meeting for September 10, 2013. (A copy has been mailed to each Director) Any additions, corrections, or omissions
   B. Report on Directors' meetings attended at Metropolitan expense for month of September

Date of Notice: September 25, 2013
C. Introduction of new Director, Russell Lefevre, from city of Torrance
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

D. Introduction of new Director, Donald Dear, from West Basin Municipal Water District
   (a) Receive credentials
   (b) Report on credentials by General Counsel
   (c) File credentials
   (d) Administer Oath of Office
   (e) File Oath

E. Presentation of Commendatory Resolution to Bill Wright, former Director from city of Torrance

F. Approve committee assignments

G. Report on committee and Board meeting dates in November

H. Chairman’s Monthly Activity Report

6. DEPARTMENT HEADS’ REPORTS

A. General Manager's summary of Metropolitan's activities for the month of September

B. General Counsel’s summary of Legal Department activities for the month of September

C. General Auditor’s summary of activities for the month of September

D. Ethics Officer's summary of activities for the month of September

Date of Notice: September 25, 2013
7. CONSENT CALENDAR ITEMS — ACTION

7-1 Approve amendments to the Metropolitan Water District Administrative Code to clarify the Department Head evaluation process. (Exec.)

Recommendation:

Option #1:

Adopt the CEQA determination that the project is not subject to CEQA and approve amendments to the Administrative Code set forth in Attachment 2 to the board letter to reflect the changes recommended in the letter.

7-2 Appropriate $1.70 million; and award $1,028,180.65 contract to N\textsuperscript{th} Generation Computing, Inc. for SCADA servers (Approp. 15467). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and
   a. Appropriate $1.70 million; and
   b. Award $1,028,180.65 contract to N\textsuperscript{th} Generation Computing, Inc. for procurement of control system servers.

7-3 Authorize reimbursable agreement for relocation of the Santa Monica Feeder within the city of Beverly Hills. (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action has been previously addressed in the Lead Agency’s certified Final EIR, Findings, SOC, and MMRP; that Metropolitan has previously adopted the Findings, SOC, and MMRP; and that no further environmental analysis or documentation is required, and authorize the General Manager to execute an agreement with BH Wilshire International, LLC for relocation of the Santa Monica Feeder.

7-4 Authorize entering into a Local Resources Program Agreement with Eastern Municipal Water District for the Perris II Brackish Groundwater Desalter. (WP&S)
Recommendation:

Option #1:

Adopt the CEQA determination, and review and consider the adopted 2006 EA/FONSI and MMRP, the adopted 2009 Subsequent MND and MMRP, and the 2010 Addendum prepared by MWD as Lead Agency, adopt the Lead Agency’s findings, and authorize the General Manager to enter into a Local Resources Program agreement for the Perris II Brackish Groundwater Desalter with EMWD for up to 6,000 AFY of recovered groundwater under included the board letter.

7-5 Appropriate $1.180 million to purchase and implement Oracle Accounts Payable Automation System; and (a) enter into an agreement with Oracle Corporation in an amount not to exceed $390,000 to provide all software components for Oracle’s Accounts Payable Automation System; and (b) enter into an agreement with Application Software Technology Corporation not to exceed $447,000 to provide implementation services for the system (Approp. 15484). (OP&T)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed actions are not subject to CEQA and

a. Appropriate $1.180 million;

b. Authorize entering into an agreement with Oracle Corporation, in an amount not to exceed $390,000, for the purchase of scanning, OCR processing, Oracle E-Business Suite integration, and data storage software for Oracle’s AP Automation System; and

c. Authorize entering into an agreement with Applications Software Technology Corporation, in an amount not to exceed $447,000, to provide implementation services for Oracle’s AP Automation System.

7-6 Authorize granting of one permanent easement to Southern California Edison Company on Metropolitan-owned property located in Riverside County. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is categorically exempt and authorize the General Manager to grant a permanent easement to SCE in Riverside County.
7-7 Authorize granting of one permanent easement to Southern California Edison Company on Metropolitan-owned property located in San Bernardino County. (RP&AM)

Recommendation:

Option #1:

Adopt the CEQA determination that Metropolitan previously adopted the Lead Agency's findings and mitigation measures, and authorize the General Manager to grant a permanent easement to SCE in San Bernardino County.

(END OF CONSENT CALENDAR)

8. OTHER BOARD ITEMS — ACTION

8-1 Authorize amendment to Metropolitan’s Cyclic Storage Agreement with Upper San Gabriel Valley Municipal Water District and the Main San Gabriel Basin Watermaster. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the program is not subject to CEQA and authorize the General Manager to enter into an amendment to Metropolitan's Cyclic Storage Agreement with the Upper San Gabriel Valley Municipal Water District and the Main San Gabriel Basin Watermaster consistent with the terms in Attachment 1 to the board letter.

8-2 Authorize amendment to Metropolitan’s Cyclic Storage Agreement with Three Valleys Municipal Water District and the Main San Gabriel Basin Watermaster. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the program is not subject to CEQA and authorize the General Manager to enter into an amendment to Metropolitan's Cyclic Storage Agreement with Three Valleys Municipal Water District and the Main San Gabriel Basin Watermaster consistent with terms in Attachment 1 to the board letter.
8-3 Authorize (1) agreement with the State Water Contractors, Inc. to pursue 2014 Sacramento Valley water transfer supplies; and (2) $5 per acre-foot initial administrative deposit not to exceed $500,000. (WP&S)

Recommendation:

Option #1:

Adopt the CEQA determination that the proposed action is not defined as a project and there is no possibility that it may have a significant effect on the environment and

a. Authorize the General Manager to enter into an agreement with the State Water Contractors, Inc. to pursue 2014 Sacramento Valley water transfer supplies, in a form approved by the General Counsel; and

b. Authorize making a $5 per acre-foot initial administrative deposit and disbursements from that deposit consistent with the agreement not to exceed $500,000.

9. BOARD INFORMATION ITEMS

None

10. DEPARTMENT HEADS PERFORMANCE EVALUATIONS

10-1 Approve compensation recommendation for General Manager, General Counsel, General Auditor, and Ethics Officer. (To be mailed separately)

11. FUTURE AGENDA ITEMS

12. ADJOURNMENT

Date of Notice: September 25, 2013
NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parentheses at the end of the description of the agenda item e.g. (E&O, F&I). Committee agendas may be obtained from the Board Executive Secretary.

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