

AGENDA
IRVINE RANCH WATER DISTRICT
SUPPLY RELIABILITY PROGRAMS COMMITTEE
TUESDAY, AUGUST 18, 2026

This meeting will be held in-person at the District’s headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will be held on the second floor in the Committee room, please check in with the receptionist for access. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Web: <https://irwd.webex.com/irwd/j.php?MTID= m8cd5aa1ef1e7dff9cd60eb1916187575>

Meeting Number (Access Code): 2485 517 4801

Meeting Password: xyDbpAED322

As courtesy to the other participants, please mute your device when you are not speaking.

PLEASE NOTE: Participants joining the meeting will be placed into the Webex lobby when (if) the Committee enters Closed Session. Participants who remain in the “lobby” will automatically be returned to the open session of the Committee once the closed session has concluded. Participants who join the meeting while the Committee is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the Closed Session has concluded.

CALL TO ORDER 9:30 a.m.

<u>ATTENDANCE</u>	Committee Chair:	Peer Swan	_____
	Alt. Committee Member:	Doug Reinhart	_____

<u>ALSO PRESENT</u>	Paul Cook	_____	Paul Weghorst	_____
	Neveen Adly	_____	Fiona Nye	_____
	Natalie Palacio	_____	Robert Huang	_____
	Melody Seesangrit	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

PUBLIC COMMENT NOTICE

If you wish to address the Committee on any item, you may attend the meeting in person and submit a “speaker slip” to the Committee Chair. Forms are provided at the front of the Committee Room. Public comments are limited to three minutes per speaker on each subject. If you wish to submit written comments to the Committee, please submit your public comment in advance of the meeting by emailing comments@irwd.com before 5:00 p.m. on Monday, August 17, 2026, and your remarks will be added to the record at the meeting.

COMMUNICATIONS

1. Notes: Weghorst
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

INFORMATION

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| 5. <u>WATER BANKING PROJECT FACILITIES, CAPACITIES, OPERATIONS, AND PROGRAMS – PALACIO / NYE / WEGHORST</u> | |
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Recommendation: Receive and file.

ACTION

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| 6. <u>PRINCIPLES FOR AMENDING THE COORDINATED OPERATING AGREEMENT WITH METROPOLITAN WATER DISTRICT – PALACIO / NYE / WEGHORST</u> | |
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Recommendation: That the Board authorize the General Manager to execute an amended Coordinated Operating, Water Storage, Exchange and Delivery Agreement between IRWD, Metropolitan Water District, and Municipal Water District of Orange County consistent with the principles presented at the meeting.

OTHER BUSINESS

7. Receive Oral Updates from District's liaison to Dudley Ridge Water District and provide information on relevant activities.
8. Directors' Comments
9. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Committee in connection with a matter subject to discussion or consideration at an open meeting of the Committee are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Committee less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to Committee Members, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to comments@irwd.com. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

August 18, 2026
Prepared by: N. Palacio
Submitted by: F. Nye / P. Weghorst
Approved by: Paul A. Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

WATER BANKING PROJECT FACILITIES, CAPACITIES, OPERATIONS, AND PROGRAMS

SUMMARY:

Staff has prepared information related to IRWD's water banking facilities, capacities, operations, and exchange programs. The information is regularly updated to reflect changes in the status of IRWD's projects, programs, and operations. At the Committee meeting, staff will review this information, provide an overview and status of IRWD's exchange programs and discuss forecasted monthly recharge operations for 2026. Staff will also provide an update on water supply conditions in California.

BACKGROUND:

Staff has prepared reference materials in tabular, map, and schematic formats to describe IRWD's water banking facilities, capacities, operations, storage, and exchange programs. These reference materials are updated regularly to reflect changes in the status of the projects, programs, and operations. The following is an overview of the reference materials, the status of IRWD's exchange programs and forecasted recharge operations for calendar year 2026 at the IRWD Water Bank.

Capacity and Operations Tables:

A table presenting storage, recharge, and recovery capacities of existing IRWD water banking projects, including capacities available to IRWD in the Kern Water Bank, is provided as Exhibit "A". Exhibits "B" and "C" provide an update on water banking recovery and recharge operations as well as the balance of the water stored in the Kern Water Bank. Exhibit "B" provides before-loss estimates of water recharged and stored at the water banking projects. Exhibit "C" shows after-loss estimates of water recharged and stored at the projects. There are no changes to Exhibits "B" and "C" this month.

Summary of Programs:

A table summarizing IRWD's water purchase and exchange programs is presented as Exhibit "D". This table lists each water purchase and exchange program IRWD has entered into, and presents information related to the type of exchange, year executed, agreement type, and water type. IRWD and partner shares are listed, and the table shows the accumulated total amount of water secured by each program. The balances listed for IRWD and its partners show the amount of water remaining in storage with IRWD's balances specifying whether the water is stored in the Metropolitan Water District system, Kern County, or owed to IRWD by Dudley Ridge.

Exhibit “E” graphically depicts how storage of State Water Project (SWP) and non-SWP water has changed annually in the Strand and Stockdale Integrated Banking Projects. Exhibit “E” also depicts the balance of water owed to IRWD by Dudley Ridge shown as credits, which are now zero acre-feet. The tables provided as Exhibit “F” show how capacities in the water banking projects have been dedicated to IRWD’s existing and proposed exchange programs.

Project Maps:

To support the tables and figures provided as Exhibits “A”, “B”, “C”, “D”, “E”, and “F”, staff has prepared maps depicting project wells, pipelines, recharge basins, and Cross Valley Canal turnout locations, along with the most current recharge rates. These maps are provided as Exhibits “G”, “H”, and “I”, respectively. Exhibit “I” includes the most recent sustained recharge rates at the IRWD Water Bank. The facilities shown on the maps are associated with the Strand Ranch, Stockdale West, Stockdale East, and Drought Relief Projects. Staff will update these maps to include Kern Fan Project facilities as they come available for operations.

Program Agreement Diagrams:

Schematic diagrams have been prepared that depict IRWD water banking and exchange programs with Rosedale-Rio Bravo Water Storage District, Buena Vista Water Storage District, Dudley Ridge, Metropolitan, Antelope Valley-East Kern Water Agency, and Santa Clara Valley Water District (Valley Water). These diagrams are provided as Exhibits “J”, “K”, “L”, “M”, “N”, “O”, “P”, and “Q” as described in the List of Exhibits.

Cost of Water Tables:

A summary of the costs of water from each of IRWD’s unbalanced exchange partnerships through the year 2023 is provided as Exhibit “R”. Exhibit “R” provides a summary of the cost to recover exportable water from the IRWD Water Bank and deliver it to IRWD’s service area. The table lists each of IRWD’s unbalanced exchange partnerships and presents information related to the period over which water was acquired, water type, IRWD’s share of water, various cost components, and the total cost of water delivered to IRWD’s service area. Cost components include a *Cost of Water* made up of fixed and variable operating costs plus a capital cost of water, estimated future IRWD recovery costs, and the 2026 Metropolitan Full Service Untreated Tier-1 Rate. The costs of water are presented on a dollar per acre-foot basis. Exhibit “R” will be updated periodically as invoices are received from Rosedale.

Status of Programs and Forecasted 2026 Recharge Activities:

Exhibit “S” provides a summary of anticipated recharge operations for 2026. Currently, staff expect deliveries from Dudley Ridge, Valley Water, Homer, and Metropolitan towards the end of the year.

Water Supply Conditions:

At the meeting, staff will update the Committee on California water supply conditions and how conditions might affect recharge operations at IRWD's Water Bank.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

RECOMMENDATION:

Receive and file.

LIST OF EXHIBITS:

- Exhibit "A" – Recharge, Storage, and Recovery Capacities of Current and Anticipated Water Banking Projects
- Exhibit "B" – Water Banking Storage, Recharge, and Recovery Operations before Losses
- Exhibit "C" – Water Banking Storage, Recharge, and Recovery Operations after Losses
- Exhibit "D" – Status of IRWD Purchase and Exchange Programs
- Exhibit "E" – Historic Water Storage in Strand and Stockdale Projects
- Exhibit "F" – Dedicated Capacities of Current Water Banking Projects
- Exhibit "G" – Map of Water Banking Project Wells and Pipelines
- Exhibit "H" – Map of Water Banking Recharge Basins and Turnout Facilities
- Exhibit "I" – Map of Water Banking Recharge Rates
- Exhibit "J" – Diagram of IRWD-Rosedale Water Banking and Exchange Program Agreements
- Exhibit "K" – Diagram of Long-term Water Exchange Program with Buena Vista Water Storage District and Diagram of One-year Program to Augment Recharge Using Stockdale West Recharge Facilities with Buena Vista Water Storage District
- Exhibit "L" – Diagram of Unbalanced Exchange Program Diagram with Dudley Ridge
- Exhibit "M" – Diagram of Coordinated Operating, Water Storage, Exchange, and Delivery Agreement with Metropolitan
- Exhibit "N" – Diagram of Template Wheeling Agreement with Metropolitan
- Exhibit "O" – Diagram of Dudley Ridge One-for-One Exchange
- Exhibit "P" – Diagram of Long-term Water Exchange Program with Antelope Valley-East Kern
- Exhibit "Q" – Diagram of Long-term Water Exchange Program with Valley Water
- Exhibit "R" – Water Banking Estimated Cost of Water Exportable to IRWD Service Area
- Exhibit "S" – Forecasted 2026 Recharge Operations

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TABLE 1
Current and Anticipated Water Banking Projects
Recharge, Storage and Recovery Capacities
August 18, 2026

WATER BANKING PROJECT	OWNERSHIP AND WELL INFO		ALLOCATED CAPACITY (AF)					1 st PRIORITY RECOVERY CONDITIONS (CFS)		2 nd PRIORITY RECOVERY CONDITIONS (CFS)	
	IRWD OWNED	WELLS EXISTING	TOTAL STORAGE CAPACITY	ANNUAL RECHARGE 1 ST PRIORITY	ANNUAL RECHARGE 2 ND PRIORITY	ANNUAL RECOVERY 1 ST PRIORITY	ANNUAL RECOVERY 2 ND PRIORITY	RECOVERY CAPACITY AS PLANNED ¹	RECOVERY CAPACITY (Average Daily Production 1/1/2021 - 7/31/2022)	RECOVERY CAPACITY AS PLANNED	RECOVERY CAPACITY CURRENT CONDITIONS
Strand Ranch	Yes	7	50,000	17,500	-	17,500	-	40.0	20.5	-	-
Stockdale West	Yes	3	26,000	27,100	-	11,250	-	15.0	11.6	-	-
Stockdale East	No	2	-	-	19,000	-	7,500	-	-	10.0	9.0
IRWD Acquired Storage Account ²	No	-	50,000	-	-	-	-	-	-	-	-
Drought Relief Project Wells ²	No	3	-	-	-	-	-	15.0	16.5	-	-
Kern Water Bank Storage Account ⁴	No	-	9,495	3,200	-	1,520	>5,000	-	-	-	-
TOTALS		15	135,495	47,800	19,000	30,270	12,500	70.0	48.6	10.0	9.0
Partner Capacities ³			38,000	22,300	9,500	10,850	0	35.5	25.0	-	-
IRWD Capacities (does not include Kern Water Bank capacities)			88,000	22,300	9,500	17,900	7,500	34.5	25.0	-	-
IRWD's recovery <i>during</i> 6 month partner recovery period (AF)								12,420	9,000	-	-
IRWD's recovery <i>after</i> 6 month partner recovery period (AF)								5,480	6,733	-	-
TOTALS (AF)								17,900	15,733	-	-
Number of months needed to recover IRWD's total AF after partners' recovery (Assumes IRWD has use of total recovery capacity after partners' recovery)								8.6	10.2	-	-
Strand Ranch monthly recharge amount assuming 0.3 ft/day average recharge rate (AF)										4,518	
Stockdale West monthly recharge amount assuming 0.3 ft/day average recharge rate (AF)										2,331	

¹ Based on designed Strand recovery capacity assuming 370' bgs. Assumes 5 cfs for each of the Stockdale West and Drought Relief wells in order to meet IRWD's Water Banking, Transfers, and Wheeling policy position. Assumes partners' water is recovered over 6 months.

² IRWD has use of Acquired Storage and Drought Relief Project wells until January 12, 2039, unless the term of the agreement is extended.

³ One half of storage capacity at Stockdale West and Strand Ranch will be allocated for partners.

⁴ Kern Water Bank capacities based on 6.58% of Dudley Ridge Water District's 9.62% share of the Kern Water Bank. Annual recharge amount is based on an average of recharge rates for high and low groundwater level conditions. 5,000 AF of recovery capacity may be available for second priority use.

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Exhibit "B"

TABLE 2
IRWD's Water Banking Storage, Recharge and Recovery Operations - BEFORE LOSSES
August 18, 2026

TRANSACTIONS	WATER BANKING ENTITY								TOTAL BY WATER TYPE AND STORAGE LOCATION
	IRWD		BUENA VISTA (BVWSD)	CENTRAL COAST (CCWA)	ANTELOPE VALLEY- EAST KERN (AVEK)	VALLEY WATER	LAS VIRGENES	DUDLEY RIDGE WATER DISTRICT (DRWD) ³	
	SWP ¹	NON-SWP ²	NON-SWP	SWP	SWP	SWP	SWP	SWP	
BEGINNING WATER IN STORAGE 2025 (AF)									
Total Kern Water Bank ⁴	-	5,482	-	-	-	-	-	-	5,482
Total MWD System	12,033	-	-	-	-	-	-	43	12,076
Total Kern County	17,547	20,598	11,181	225	3,536	-	-	1,218	54,305
Total DRWD 1-for-1 Long Term Exchange Credit ⁵	5,330	-	-	-	-	-	-	-	5,330
TOTAL STORED WATER (1/1/2025)	34,910	26,080	11,181	225	3,536	-	-	1,261	77,193
(RECOVERY) AND RECHARGE IN 2025 (AF)									
DRWD Supplemental Water ⁶	-	235	-	-	-	-	-	-	235
KWB Recovery for use on Jackson Ranch ⁷	-	(232)	-	-	-	-	-	-	(232)
2025 SWP Allocation (50%) Est.	439	-	-	-	-	-	-	438	877
DRWD 1-for-1 Long Term Exchange- Predelivery Est. ^{9, 10}	3,000	-	-	-	-	-	3,000	-	6,000
DRWD 1-for-1 Long Term Exchange (Recharge) Est. ¹¹	4,689	-	-	-	-	-	-	-	4,689
Buena Vista Recovery	-	-	(10,112)	-	-	-	-	-	(10,112)
TOTAL 2025 TRANSACTIONS ⁸	8,128	3	(10,112)	-	-	-	3,000	438	1,457
Total Kern Water Bank ⁴	-	5,485	-	-	-	-	-	-	5,485
Total MWD System	12,033	-	-	-	-	-	-	43	12,076
Total Kern County	25,675	20,598	1,069	225	3,536	-	3,000	1,656	55,759
Total DRWD 1-for-1 Long Term Exchange Credit ^{9,11}	-	(6,000)	-	-	-	-	-	-	(6,000)
TOTAL STORED WATER (1/1/2026)	37,708	20,083	1,069	225	3,536	-	3,000	1,699	67,320
(RECOVERY) AND RECHARGE IN 2026 (AF)									
KWB Recovery for use on Jackson Ranch ⁷	-	-	-	-	-	-	-	-	-
2026 SWP Allocation (45%) Est.	-	-	-	-	-	-	-	-	-
TOTAL ESTIMATED 2026 TRANSACTIONS	-	-	-	-	-	-	-	-	-
ESTIMATED WATER IN STORAGE 2026 (AF)									
Total Kern Water Bank ⁴	-	5,485	-	-	-	-	-	-	5,485
Total MWD System	12,033	-	-	-	-	-	-	43	12,076
Total Kern County	25,675	20,598	1,069	225	3,536	-	3,000	1,656	55,759
Total DRWD 1-for-1 Long Term Exchange Credit ^{9,11}	-	(6,000)	-	-	-	-	-	-	(6,000)
TOTAL ESTIMATED STORED WATER TO DATE	37,708	20,083	1,069	225	3,536	-	3,000	1,699	67,320

NOTES: MWD = Metropolitan Water District of Southern California.

¹ IRWD's SWP includes 295 AF from CVWD that stays in Kern County.

² IRWD's Non-SWP total includes 2,403 AF, net of losses, of Kern County Water Agency Article 21 Water.

³ DRWD water supply will be returned by MWD or IRWD's Strand Ranch to IRWD's Jackson Ranch.

⁴ IRWD's KWB Account balance includes SWP, Friant and Kern River water. The KWB account balance is included in the Non-SWP column because it is not exportable to IRWD's service area.

⁵ Per the DRWD Long-Term 1-for-1 Exchange Program, Non-SWP water delivered to DRWD landowners will be returned to IRWD as SWP water at a later date. To account for the SWP water that will be returned at a later date, the amount of water owed will be shown as a credit. Total assumes all water is returned to IRWD Water Bank which adds in a 10% loss factor.

⁶ In 2025, IRWD purchased supplemental water from DRWD on behalf of its lessee for use on Jackson Ranch.

⁷ Water recovered from IRWD's Kern Water Bank account for use on Jackson Ranch.

⁸ Total banking losses for 2025 deliveries to the IRWD bank are estimated to be 762 AF.

⁹ DRWD pre-delivered 6,000 AF of SWP Table A on behalf of landowner Wonderful Orchards under the 1-for-1 long-term exchange program. This water will be exchanged with 6,000 AF of Kern River Water stored in the IRWD Water Bank for use by Wonderful at a later date.

¹⁰ Water stored in the IRWD Water Bank on behalf of Las Virgenes until called upon by Las Virgenes per the Exchange Program Agreement with Las Virgenes. Las Virgenes' call for the water is subject to an amendment to the Coordinated Operating, Water Storage, Exchange, and Delivery Agreement with MWD.

¹¹ The 4,689 AF delivered by DRWD in 2025 fulfills DRWD's remaining obligation associated with deliveries of Kern River Water to DRWD in 2021 and 2022. The difference between the 5,330 AF credit balance shown in 2024

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Exhibit "C"

TABLE 3
IRWD's Water Banking Storage, Recharge and Recovery Operations - AFTER LOSSES
August 18, 2026

TRANSACTIONS	WATER BANKING ENTITY								TOTAL BY WATER TYPE AND STORAGE LOCATION
	IRWD		BUENA VISTA (BVWSD)	CENTRAL COAST (CCWA)	ANTELOPE VALLEY- EAST KERN (AVEK)	VALLEY WATER	LAS VIRGENES	DUDLEY RIDGE WATER DISTRICT (DRWD) ³	
	SWP ¹	NON-SWP ²	NON-SWP	SWP	SWP	SWP	SWP	SWP	
BEGINNING WATER IN STORAGE 2025 (AF)									
Total Kern Water Bank ⁴	-	4,934	-	-	-	-	-	-	4,934
Total MWD System	12,033	-	-	-	-	-	-	43	12,076
Total Kern County	14,202	15,098	10,112	193	3,032	-	-	1,045	43,682
Total DRWD 1-for-1 Long Term Exchange Credit ⁵	5,424	-	-	-	-	-	-	-	5,424
TOTAL STORED WATER (1/1/2025)	31,659	20,032	10,112	193	3,032	-	-	1,088	66,116
(RECOVERY) AND RECHARGE IN 2025 (AF)									
DRWD Supplemental Water ⁶	-	235	-	-	-	-	-	-	235
KWB Recovery for use on Jackson Ranch ⁷	-	(232)	-	-	-	-	-	-	(232)
2025 SWP Allocation (50%) Est. ⁸	417	-	-	-	-	-	-	416	833
DRWD 1-for-1 Long Term Exchange- Predelivery Est. ^{8,9,10}	2,850	-	-	-	-	-	2,850	-	5,700
DRWD 1-for-1 Long Term Exchange Est. ^{8, 11}	4,271	-	-	-	-	-	-	-	4,271
Buena Vista Recovery	-	-	(10,112)	-	-	-	-	-	(10,112)
TOTAL 2025 TRANSACTIONS	7,538	3	(10,112)	-	-	-	2,850	416	695
Total Kern Water Bank ⁴	-	4,937	-	-	-	-	-	-	4,937
Total MWD System	12,033	-	-	-	-	-	-	43	12,076
Total Kern County	21,740	15,098	-	193	3,032	-	2,850	1,461	44,374
Total DRWD 1-for-1 Long Term Exchange Credit ^{9,11}	-	(5,455)	-	-	-	-	-	-	(5,455)
TOTAL STORED WATER (1/1/2026)	33,773	14,580	-	193	3,032	-	2,850	1,504	55,932
(RECOVERY) AND RECHARGE IN 2026 (AF)									
KWB Recovery for use on Jackson Ranch ⁷	-	-	-	-	-	-	-	-	-
2026 SWP Allocation (30%) Est.	-	-	-	-	-	-	-	-	-
TOTAL ESTIMATED 2026 TRANSACTIONS	-	-	-	-	-	-	-	-	-
ESTIMATED WATER IN STORAGE 2026 (AF)									
Total Kern Water Bank ⁴	-	4,937	-	-	-	-	-	-	4,937
Total MWD System	12,033	-	-	-	-	-	-	43	12,076
Total Kern County	21,740	15,098	-	193	3,032	-	2,850	1,461	44,374
Total DRWD 1-for-1 Long Term Exchange Credit ^{9, 11}	-	(5,455)	-	-	-	-	-	-	(5,455)
TOTAL ESTIMATED STORED WATER TO DATE	33,773	14,580	-	193	3,032	-	2,850	1,504	55,932

NOTES: Water in storage has been adjusted to account for losses. IRWD's water stored in Kern County is adjusted 15% for losses (5% for out of county loss, 6% surface loss, and 4% reserve loss); Water stored for-BVWSD in Kern County is adjusted 10% (6% for surface loss and 4% for reserve loss); no losses for water directly delivered to MWD system.

¹ IRWD's SWP includes 251 AF from CVWD that stays in Kern County.

² IRWD's Non-SWP total includes 2,403 AF of Kern County Water Agency Article 21 Water.

³ DRWD water will be returned by MWD or IRWD's Strand Ranch to IRWD's Jackson Ranch.

⁴ IRWD's KWB Account balance includes SWP, Friant and Kern River water. The KWB account balance is included in the Non-SWP column because it is not exportable to IRWD's service area.

⁵ Per the DRWD Long-Term 1-for-1 Exchange Program, Non-SWP water delivered to DRWD landowners will be returned to IRWD as SWP water at a later date. To account for the SWP water that will be returned at a later date, the amount of water owed will be shown as a credit. Total assumes all water is returned to IRWD Water Bank which adds in a 10% loss factor. Final amounts may be subject to additional CVC losses.

⁶ In 2025, IRWD purchased supplemental water from DRWD on behalf of its lessee for use on Jackson Ranch.

⁷ Water recovered from IRWD's Kern Water Bank account for use on Jackson Ranch.

⁸ The water recharged in July through an in-lieu exchange of water being recovered for Buena Vista is not subject to surface (6%) and reserve (4%) losses.

⁹ DRWD pre-delivered 6,000 AF of SWP Table A on behalf of landowner Wonderful Orchards under the 1-for-1 long-term exchange program. This water will be exchanged with 6,000 AF of Kern River Water stored in the IRWD Water Bank for use by Wonderful at a later date.

¹⁰ Water stored in the IRWD Water Bank on behalf of Las Virgenes until called upon by Las Virgenes per the Exchange Program Agreement with Las Virgenes. Las Virgenes' call for the water is subject to an amendment to the Coordinated Operating, Water Storage, Exchange, and Delivery Agreement with MWD.

¹¹ The 4,271 AF delivered by DRWD in 2025 fulfills DRWD's remaining obligation associated with deliveries of Kern River Water to DRWD in 2021 and 2022. The difference between the 5,424 AF credit balance shown in 2024 and the 4,271 AF delivered in 2025

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Exhibit "D"

TABLE 4
Status of IRWD Purchase and Exchange Programs (AFTER LOSSES)
August 18, 2026

PARTNER	EXCHANGE RATIO	YEAR EXECUTED	AGREEMENT TYPE	WATER TYPE	PARTNER WATER		IRWD WATER									
					PARTNER SHARE (AF)	PARTNER BALANCE (AF)	IRWD SHARE (AF)	IRWD BALANCE				EXPORTABILITY				SELLABLE (Y/N)
								IN MWD SYSTEM (AF)	STORED IN KERN (AF)		1-for-1 EXCH CREDITS	TOTAL (AF)	EXPORTABLE TO IRWD (AF)	NON-EXPORTABLE (AF)	FOR USE ON JACKSON RANCH (DRWD)	
Semitropic Water Storage District	NA	2008	Purchase	SWP Article 21	NA	NA	2,842		2,403			2,403		2,403		Yes
Carpinteria Valley Water District ⁴	2-for-1	2008	Short-Term	SWP Table A	277		250		250			250		250		Yes
Buena Vista Water Storage District ¹	2-for-1	2010	Pilot	Kern River	4,108		3,903									Yes
	2-for-1	2011	Long-Term	Kern River	29,336	0	27,869		10,772		-5,455	5,317		5,317		
Antelope Valley East Kern Water Agency	2-for-1	2011	Pilot	SWP Table A	2,229		2,337	2,337				2,337	2,337			No
Carpinteria Valley Water District	2-for-1	2011	Pilot	SWP Table A	624		655	655				655	655			No
Dudley Ridge Water District (SWPAO #13012)	2-for-1	2013	SWPAO	SWP Table A	1,876		1,876	1,876				1,876	1,876			Yes
				SWP Article 21	1,553		1,554	1,554				1,554	1,554			Yes
Metropolitan Water District ²	1-for-1	2014	Short-Term	SWP Table A	NA	NA	4,000	4,000				4,000	4,000			No
Dudley Ridge Water District (SWPAO #17030)	2-for-1	2018	SWPAO	SWP Table A	2,516	1,505	2,598	1,055	1,542			2,598	2,598		1,505	Yes
Central Coast Water Authority (SWPAO #17001)	2-for-1	2017	Short-Term	SWP Table A	258		258	258				258	258			No
Dudley Ridge Water District ³ (SWPAO #19001)	1-for-1	2017	Long-Term	SWP Table A	NA	NA	16,697		16,697			16,697	16,697			No
				Credit	NA	NA	0				0	0				No
Central Coast Water Authority (SWPAO #19031)	2-for-1	2019	Short-Term	SWP Table A	298		323	298	25			323	323			No
Buena Vista Water Storage District ¹	2-for-1	2023	Short-Term	Kern River	2,025	0	1,923		1,183	741		1,923		1,923		Yes
Central Coast Water Authority (SWPAO #23012)	2-for-1	2023	Short-Term	SWP Table A	193	193	193			193		193	193			No
Antelope Valley East Kern Water Agency	2-for-1	2018	Long-Term	SWP Table A	3,032	3,032	3,032		2,461	571		3,032	3,032			No
Santa Clara Valley Water District	2-for-1	2024	Long-Term	SWP Table A												No
Las Virgenes Municipal Water District	na	2026	Long-Term	SWP Table A	2,850	2,850	na									
				Total:	48,324	4,729	70,309	12,033	35,332	1,504	(5,455)	43,415	33,522	9,893	1,505	NA

¹ Water acquired through BVWSD will be exportable after it is exchanged for SWP Table A through 1-for-1 exchange with Dudley Ridge Water District.

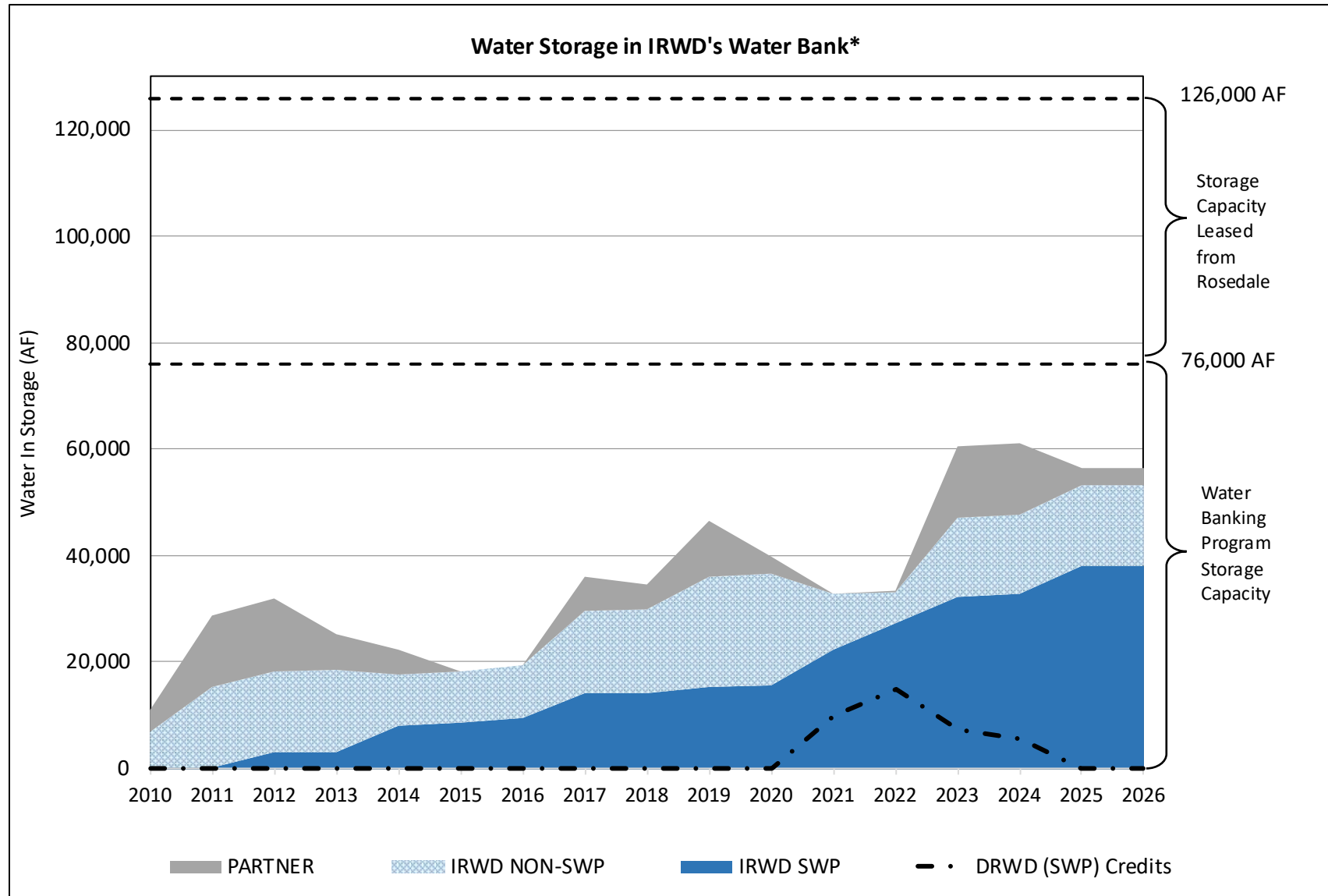
² Source of water was Buena Vista Water Storage District Kern River high flow water.

³ In July 2025, DRWD fulfilled its remaining obligation associated with deliveries of Kern River Water to DRWD in 2021 and 2022 therefore all remaining credits are shown as 0. DRWD also pre-delivered 5,700 AF, net of banking losses, of SWP Table A to the IRWD Water Bank. The water will be exchanged with Kern River Water stored in the IRWD Water Bank for use by DRWD at a later date.

⁴ Water acquired through Carpinteria is not exportable but can be exchanged for an exportable water supply.

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Exhibit "E"



*After losses

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Exhibit "F"

TABLE 5

IRWD Dedicated Water Banking Capacities for Existing and Proposed Exchange Programs

August 18, 2026

STORAGE CAPACITY

Program	Dedicated Storage Capacity Strand Ranch (AF)	Dedicated Storage Capacity Stockdale West (AF)	Dedicated Storage Capacity Leased Storage Account (AF)	Kern Water Bank Storage Capacity (AF)
Total Capacity	50,000	26,000	50,000	9,495
BVWSD	40,000	-	-	-
IRWD/DRWD	10,000	6,000	-	-
AVEK	-	20,000	-	-
Valley Water	-	-	20,000	-
Homer LLC	-	-	8,000	-
Total Dedicated	50,000	26,000	28,000	-
Total Remaining	-	-	22,000	9,495

FIRST-PRIORITY RECHARGE CAPACITY

Program	Dedicated Recharge Capacity Strand Ranch (AF)	Dedicated Recharge Capacity Stockdale West (AF)	Dedicated Recharge Capacity Leased Storage Account (AF)	Kern Water Bank Recharge Capacity (AF)
Total Capacity	17,500	27,100	-	3,200
BVWSD	17,500	-	-	-
IRWD/DRWD	-	7,100	-	-
AVEK	-	20,000	-	-
Total Dedicated	17,500	27,100	-	-
Total Remaining	-	-	-	3,200

FIRST-PRIORITY RECOVERY CAPACITY

Program Partner	Dedicated Recovery Capacity Strand Ranch (AF)	Dedicated Recovery Capacity Stockdale West (AF)	Dedicated Recovery Capacity Leased Storage Account (AF)	Kern Water Bank Recovery Capacity (AF)
Total Capacity	17,500	11,250	-	1,520
BVWSD	6,667	-	-	-
DRWD	-	-	-	-
AVEK	-	3,333	-	-
IRWD	10,833	7,917	-	1,520
Total Dedicated	17,500	11,250	-	1,520
Total Remaining	-	-	-	-

TABLE 6
Second-Priority Recharge and Recovery Capacity Available after Annual Scheduling of Dedicated First-Priority
Recharge and Recovery Allocated to Existing Programs
July 16, 2026

SECOND-PRIORITY RECHARGE CAPACITY

Program	Dedicated Recharge Capacity Strand Ranch and Stockdale West (AF)	Minimum Program Share for Second- Priority ¹	Available Minimum Recharge Capacity if not used by Existing Programs (AF)	Total Program Recharge Capacity (AF)
Total Capacity	44,600		44,600	
First Priority Programs	44,600		-	44,600
Valley Water	-	40%	17,840	20,000
Homer LLC	-	16%	7,136	8,000
Total Dedicated	44,600	56%	24,976	
Total Remaining	-		19,624	

SECOND-PRIORITY RECOVERY CAPACITY

Program Partner	Dedicated Recovery Capacity Strand Ranch and Stockdale West (AF)	Minimum Program Share for Second Priority ¹	Minimum Available Recovery Capacity if not used by Existing Programs (AF)	Total Program Recovery Capacity (AF)
Total Capacity	28,750		28,750	
First Priority Programs	28,750		-	28,750
Valley Water	-	40%	3,333	3,333
Homer LLC	-	16%	1,333	1,333
Total Dedicated	28,750	56%	4,666	
Total Remaining	-		24,084	

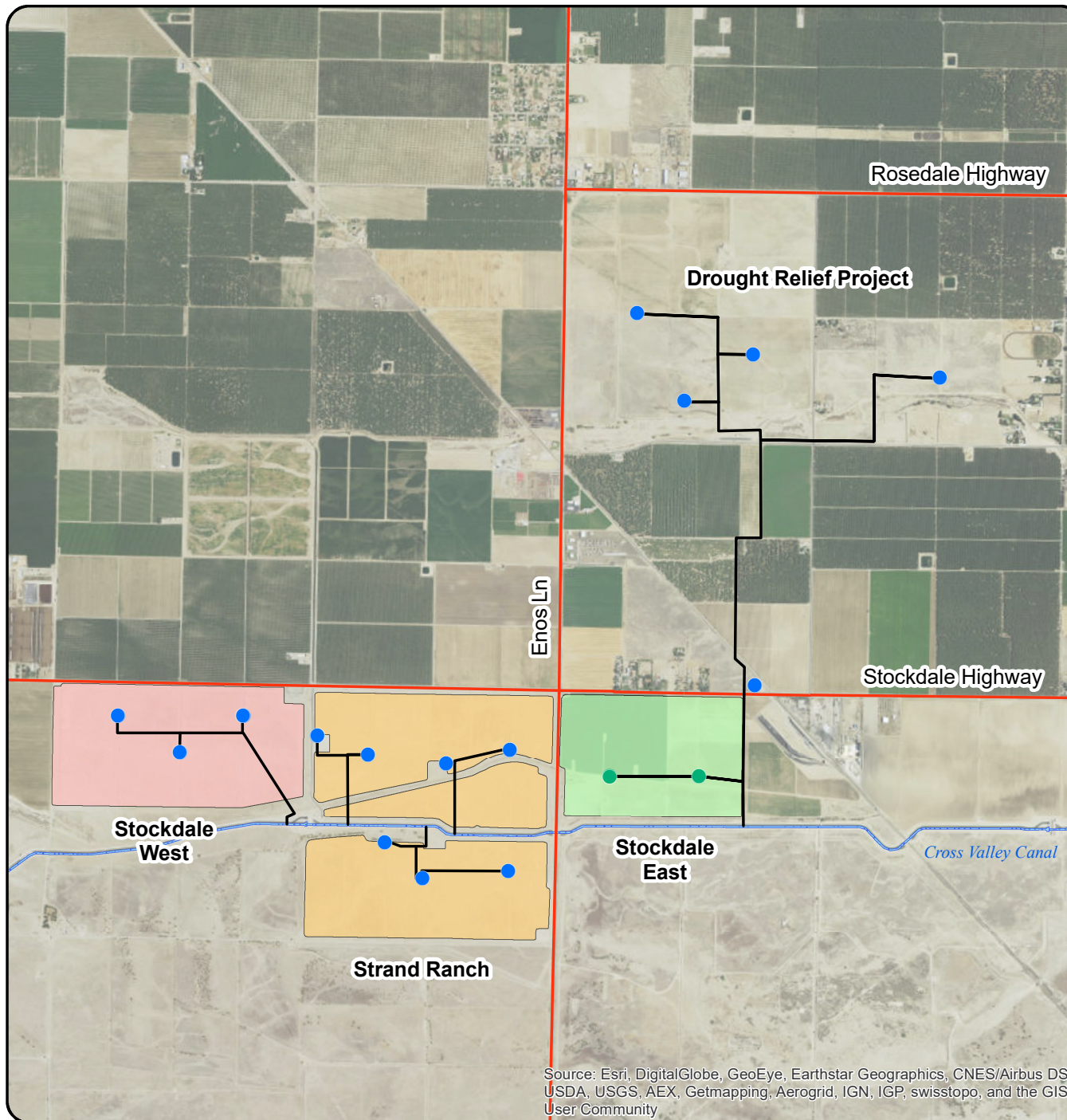
¹ Second-priority recharge and recovery capacity allocated to programs on a pro-rata share based on share of leased storage capacity.

For example:

Valley Water Share: 20,000 AF of 50,000 AF leased storage (40%)

Homer LLC Share: 8,000 AF of 50,000 AF leased storage (16%)

Exhibit "G"

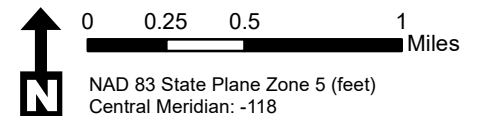


**Location Map:
IRWD Water Banking Projects
Wells and Turnin Pipelines**

MAP FEATURES

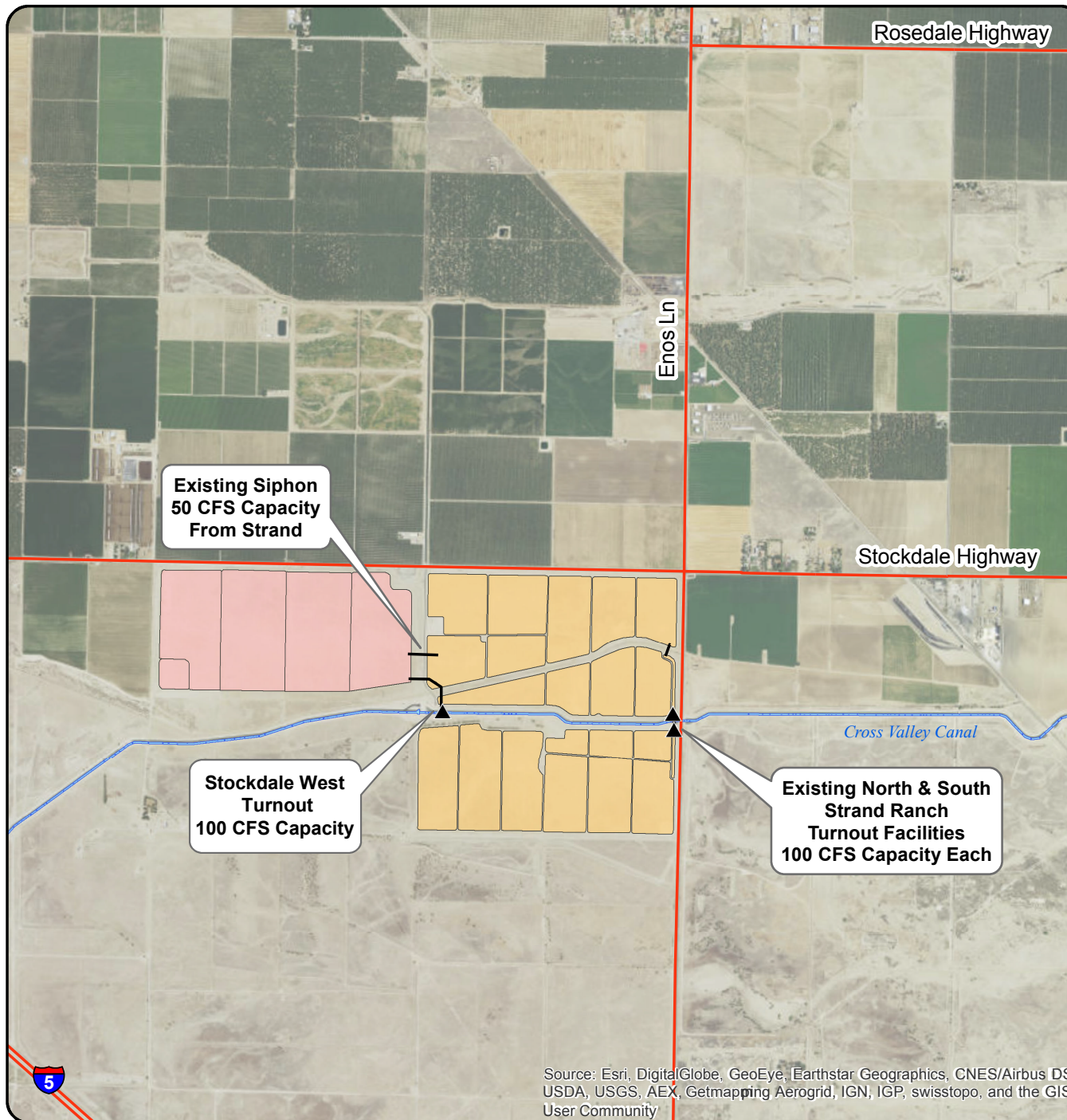
- Extraction Well
- Extraction Well
- Well Discharge Pipelines
- Stockdale East
- Stockdale West
- Strand Ranch

This figure shows the location of IRWD's water banking project sites and extraction wells.



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Exhibit "H"

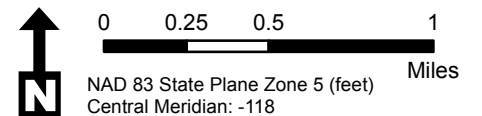


Location Map: IRWD Water Banking Projects Recharge Basins & Turnout Facilities

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

This figure shows the location of recharge basins, pipelines and turnout facilities.



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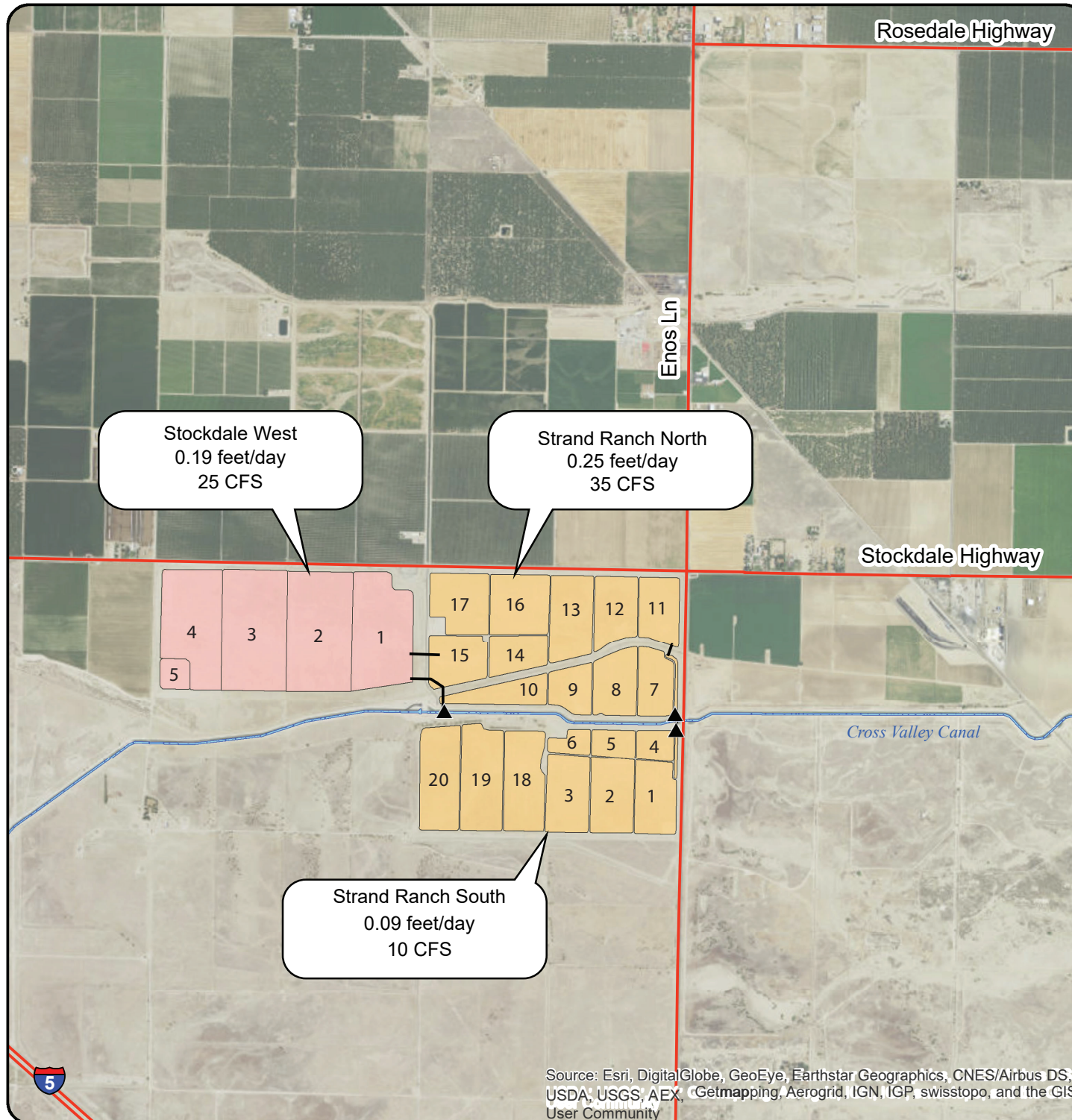


Location Map: IRWD Water Banking Projects Recharge Rates

MAP FEATURES

- ▲ Turnouts
- Stockdale West
- Strand Ranch

This figure shows the location of recharge basins and their associated recharge rates as of January 4, 2024



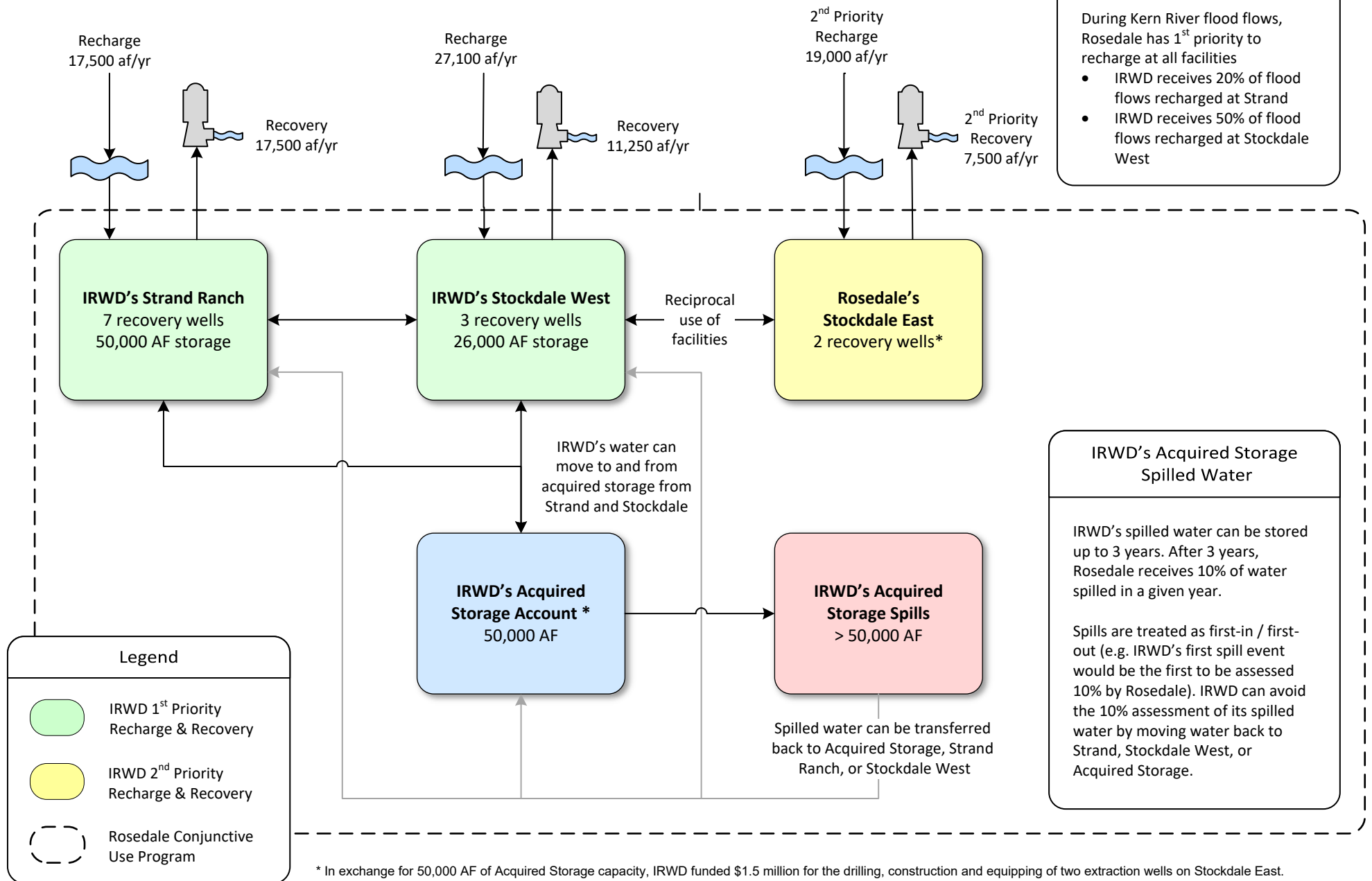
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Exhibit "J"

IRWD-Rosedale Water Banking and Exchange Program Agreements

Effective 1/12/2009 through 1/12/2039 (Strand Ranch)

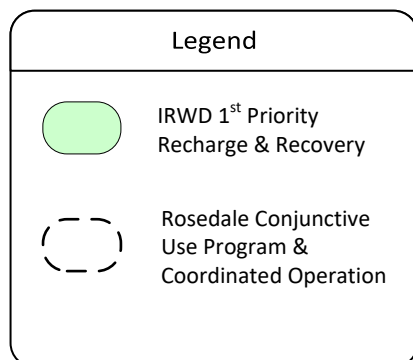
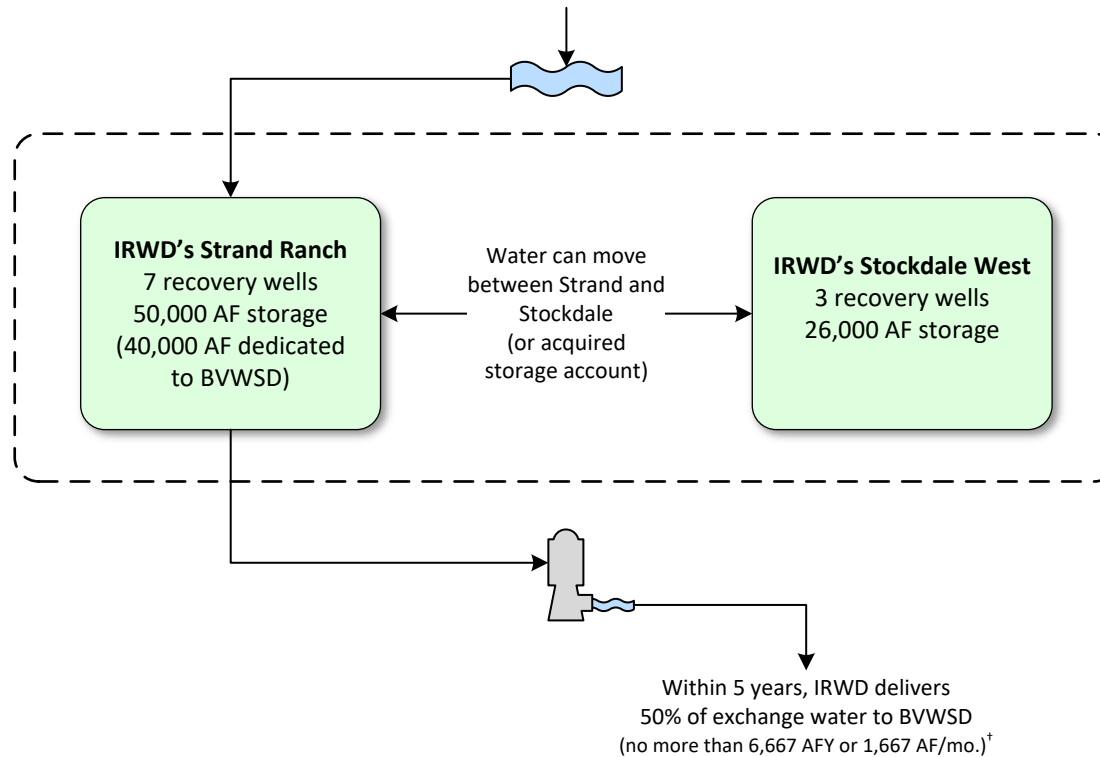
2/4/2016 through 1/12/2039 (Stockdale West)



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Buena Vista Water Storage District Long Term Water Exchange Program Effective 1/1/2011 through 1/12/2039

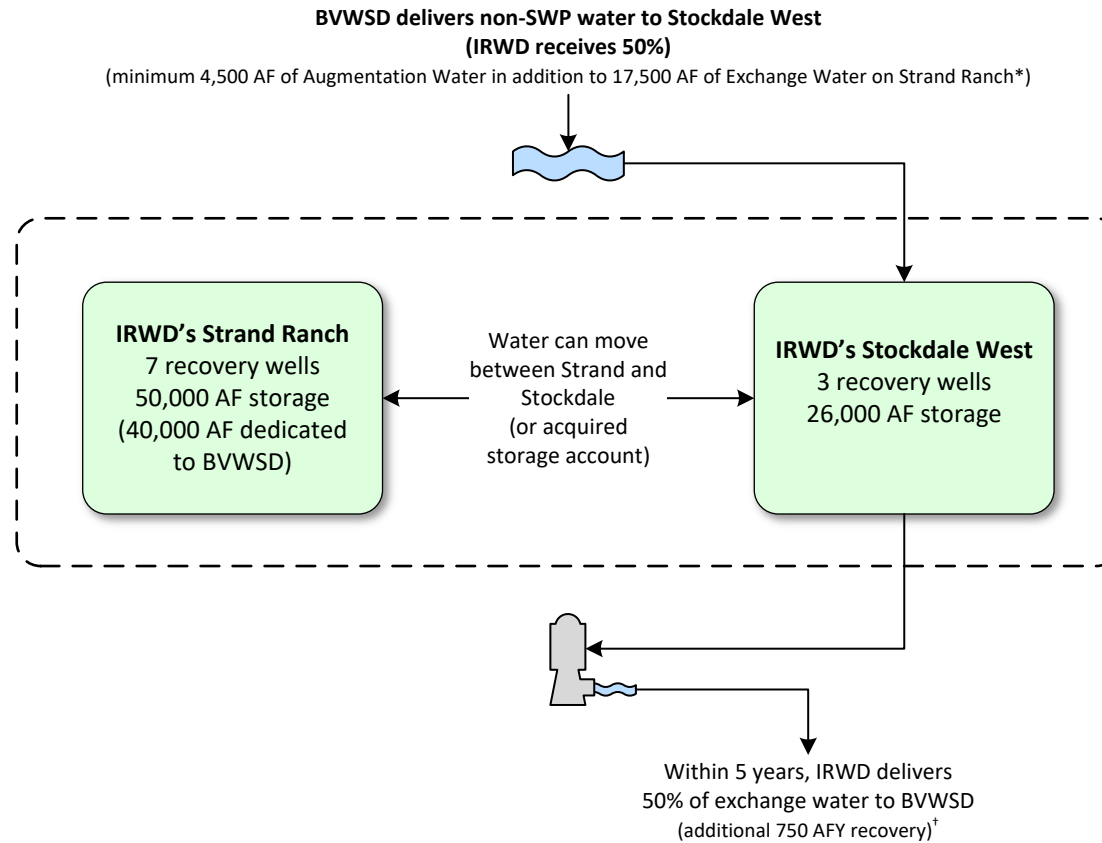
BVWSD delivers non-SWP water to Strand Ranch
(IRWD receives 50%)
(Up to 17,500 AFY or 4,375 AF/mo.)



†IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 4th year following the associated recharge event. IRWD pays for recovery of water returned to BV. Water to be remitted back to BV may remain in storage at Strand Ranch beyond the 4th year, in exchange for a greater percent being transferred to IRWD as compensation per the table shown to the right:

Year Following Recharge Event	Percent Transferred to IRWD	Percent Returned to BV During or Before Indicated Year
1	50%	50%
2	50%	50%
3	50%	50%
4	50%	50%
5	60%	40%
6	70%	30%
7	80%	20%
8	90%	10%
9	100%	0%

Buena Vista Water Storage District One-Year Program to Augment Recharge Using Stockdale West Recharge Facilities Effective 6/28/2023 through 12/31/2023



Legend	
	IRWD 1 st Priority Recharge & Recovery
	Rosedale Conjunctive Use Program & Coordinated Operation

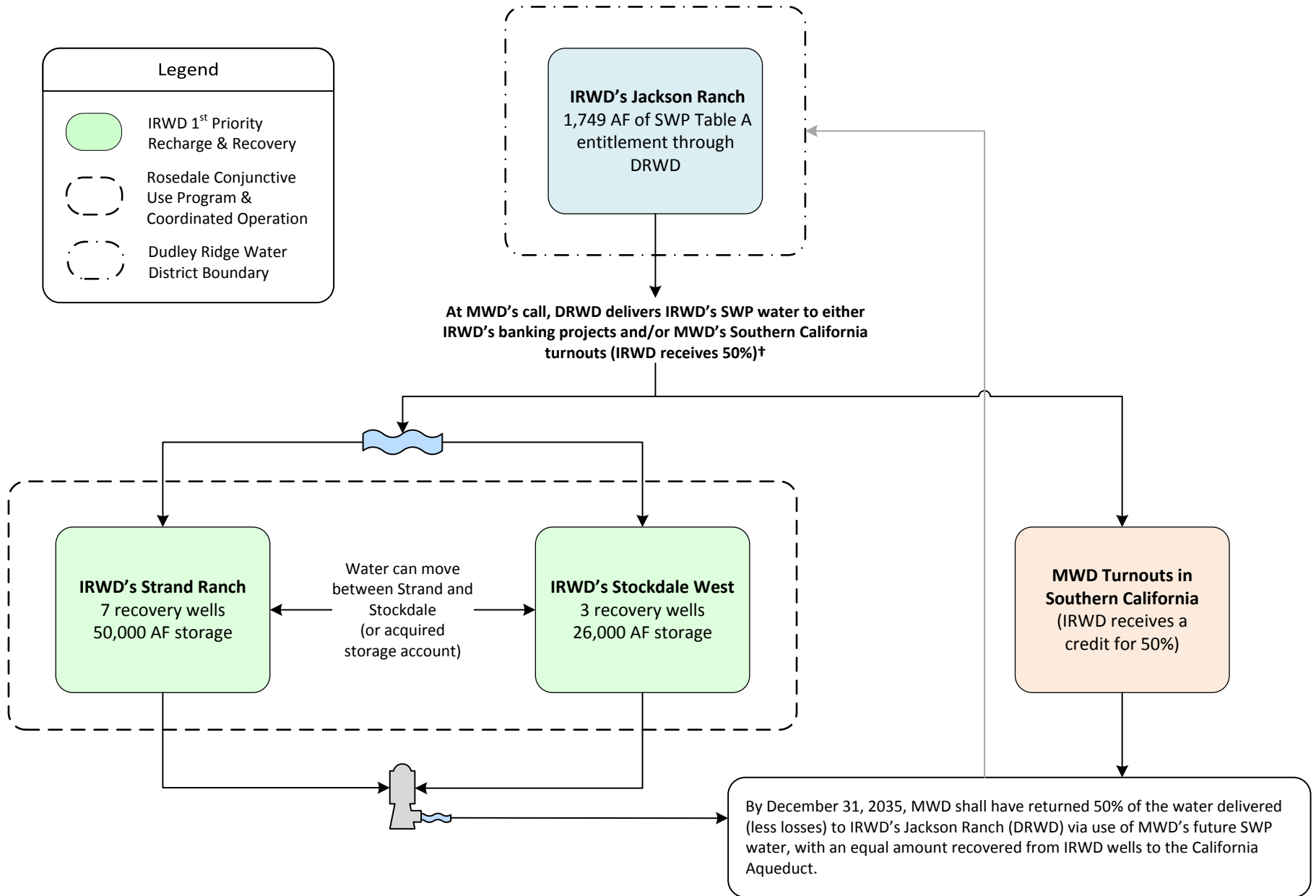
* IRWD agrees to pay BV \$25 per AF for IRWD's share of the Augmentation Water and Exchange Water

[†]IRWD shall remit one-half of the exchanged supply less one-half of reasonable losses back to BV no later than December 31st of the 4th year following the associated recharge event. BV pays for recovery of its share of Augmentation Water. Water to be remitted back to BV may remain in storage at Strand Ranch beyond the 4th year, in exchange for a greater percent being transferred to IRWD as compensation per the table shown to the right:

Year Following Recharge Event	Percent Transferred to IRWD	Percent Returned to BV During or Before Indicated Year
1	50%	50%
2	50%	50%
3	50%	50%
4	50%	50%
5	60%	40%
6	70%	30%
7	80%	20%
8	90%	10%
9	100%	0%

Exhibit "L"

**Dudley Ridge Water District (DRWD) Unbalanced Exchange
Program Up to 12,240 AF delivered from 6/7/2018 through 12/31/2027**



†Consistent with IRWD-MWD coordinated operating agreement.

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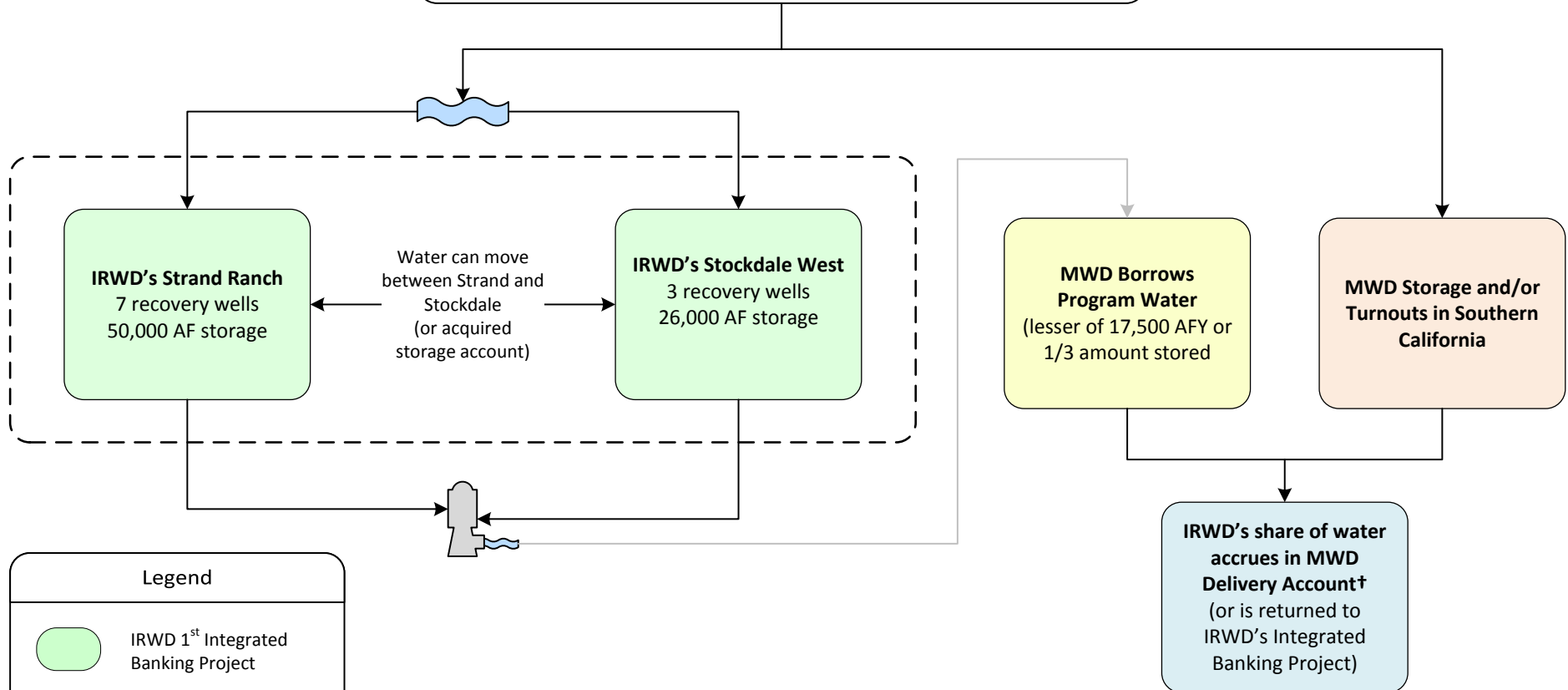
Exhibit "M"

Coordinated Operating, Water Storage, Exchange and Delivery Agreement Between MWD, MWDOC and IRWD
Effective 5/1/2011 through 11/4/2035

With MWD's consent, IRWD secures SWP water (Program Water) through exchanges with IRWD Banking Partners for use as extraordinary supply under MWD Water Supply Allocation Plan

MWD has three options for the use and storage of Program Water:

- Storage of water in IRWD's Integrated Banking Project
- Delivery to Southern California for immediate use and/or storage in MWD system
- Borrow a portion of Program water, with accrual in MWD Delivery Account



Legend



IRWD 1st Integrated Banking Project



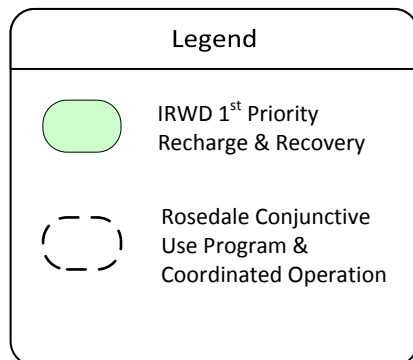
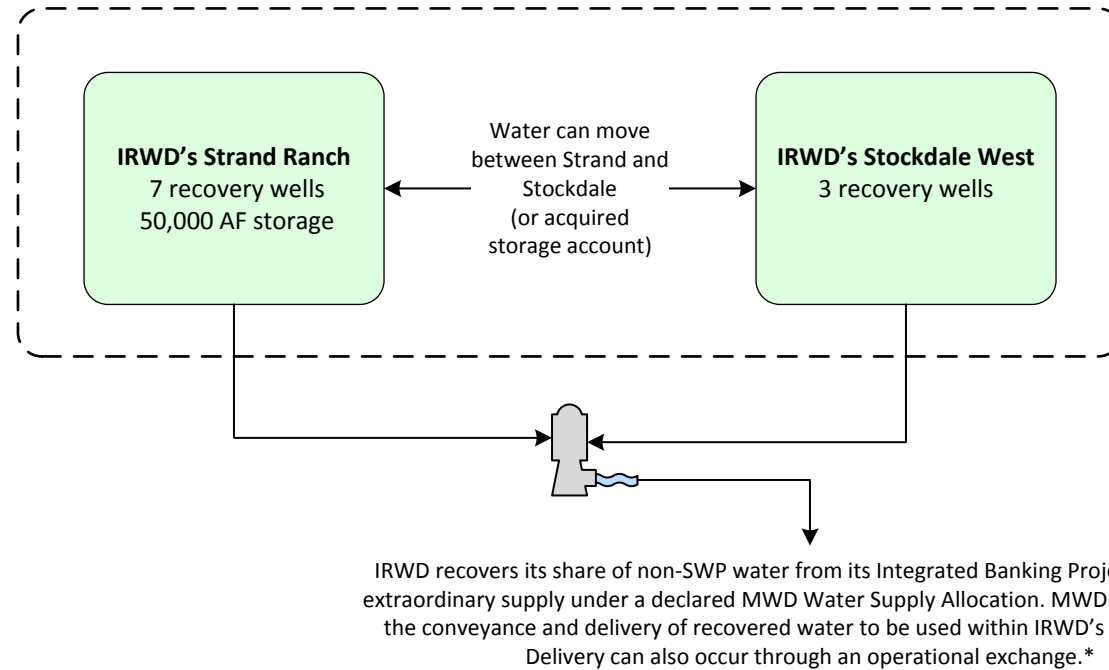
Rosedale Conjunctive Use Program & Coordinated Operation

- Under an MWD Allocation, when IRWD calls for water, IRWD must first recover Program Water from the Integrated Banking Project before receiving water from the MWD Delivery Account.
- MWDOC shall pass through extraordinary supply credits for IRWD's benefit.
- † IRWD's banking partner share of Program Water to be returned by MWD.

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Exhibit "N"

Agreement for Conveyance of Water Between MWD, MWDOC, and IRWD (Wheeling Agreement)
Template for future agreements



*The recovered water must be used within IRWD's service area. IRWD to pay MWD wheeling charges, including system access rate, water stewardship rate, and treatment surcharge (if applicable), for each acre foot of recovered water wheeled by MWD. IRWD will pay the actual costs of power incurred by MWD to convey recovered water in the California Aqueduct to IRWD delivery points.

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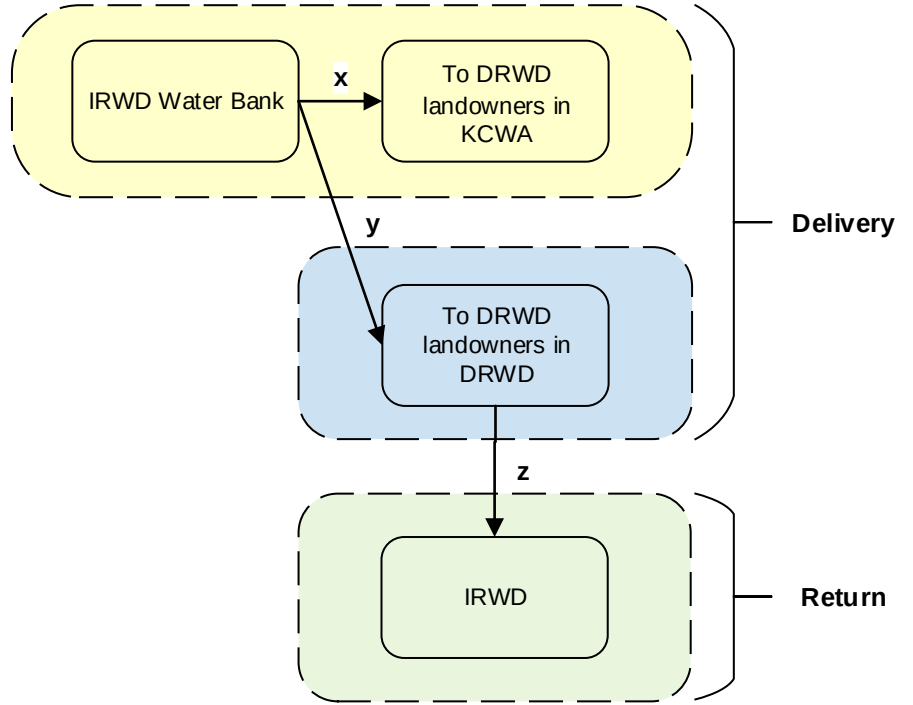
Exhibit "O"
Dudley Ridge Water District Long Term 1-for-1 Water Exchange Program
 Effective 5/31/2017 through 11/4/2035

Scenario A

(Per Sections 2, 3, 4.1.1, and 4.1.3)

x= Non-Project Water required to stay in Kern County
 y= Non-Project Water allowed to leave Kern County
 z= DRWD Table A Water equal to x+y less applicable losses, if any

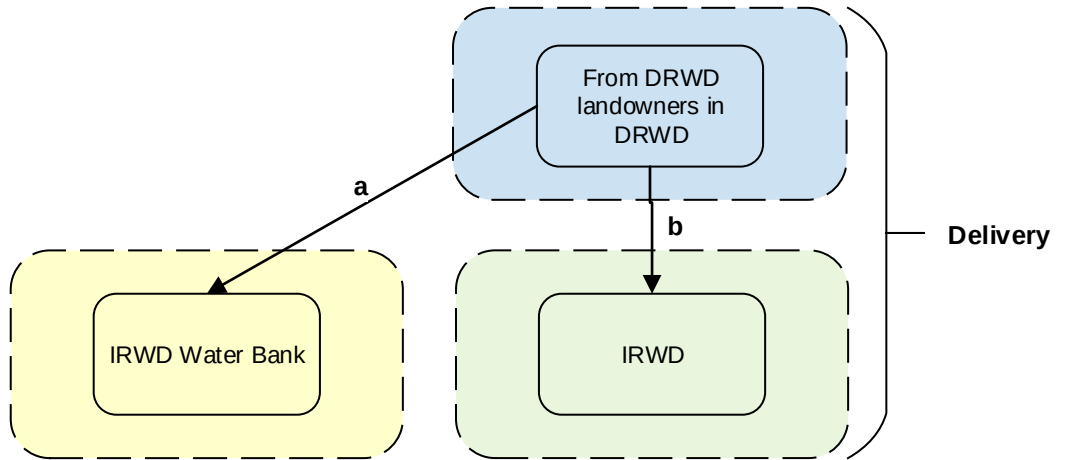
Per Section 4.1.3, z can be delivered to IRWD via in-ground transfer to IRWD, SWP delivery to IRWD banking facilities, or SWP delivery to MWDSC



Scenario B

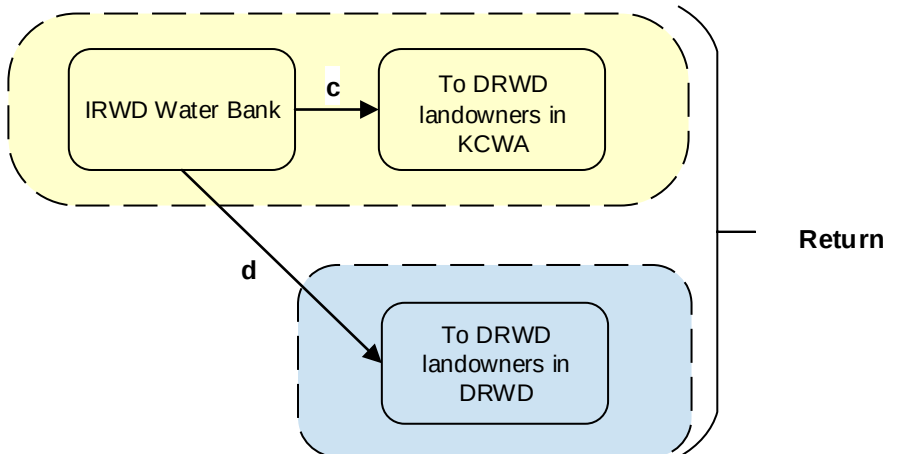
(Per Sections 2, 3, and 4.1.2)

$a + b = c + d$
 (less applicable losses, if any)



Legend

- KCWA Service Area
- DRWD Service Area
- IRWD Service Area

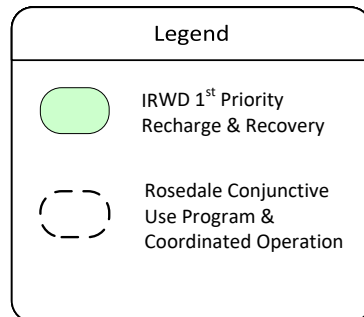
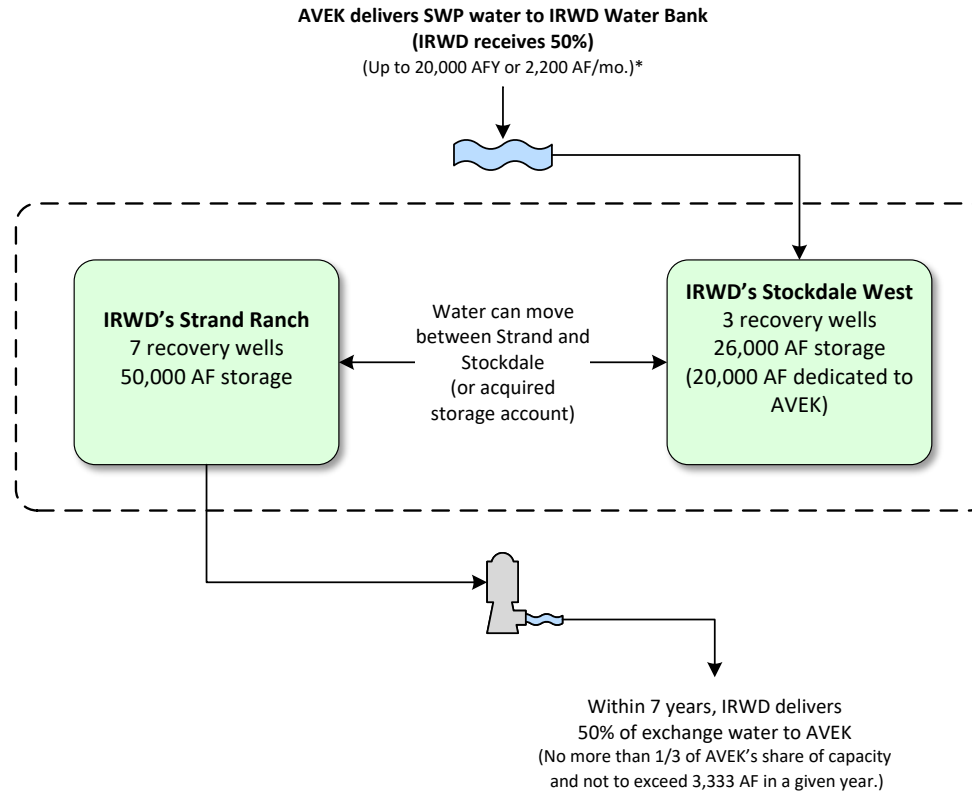


†The cost of water exchanged between IRWD and DRWD will be equalized

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Exhibit "P"

Antelope Valle-East Kern Water Agency (AVEK) Long Term Water Exchange Program Effective 12/21/2018 through 12/31/2035



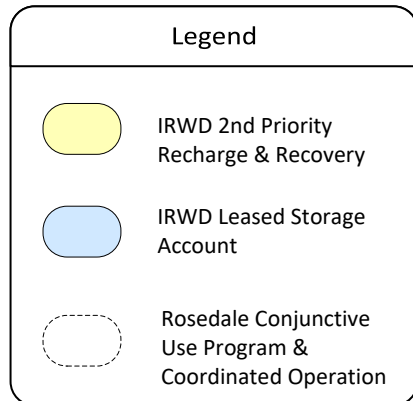
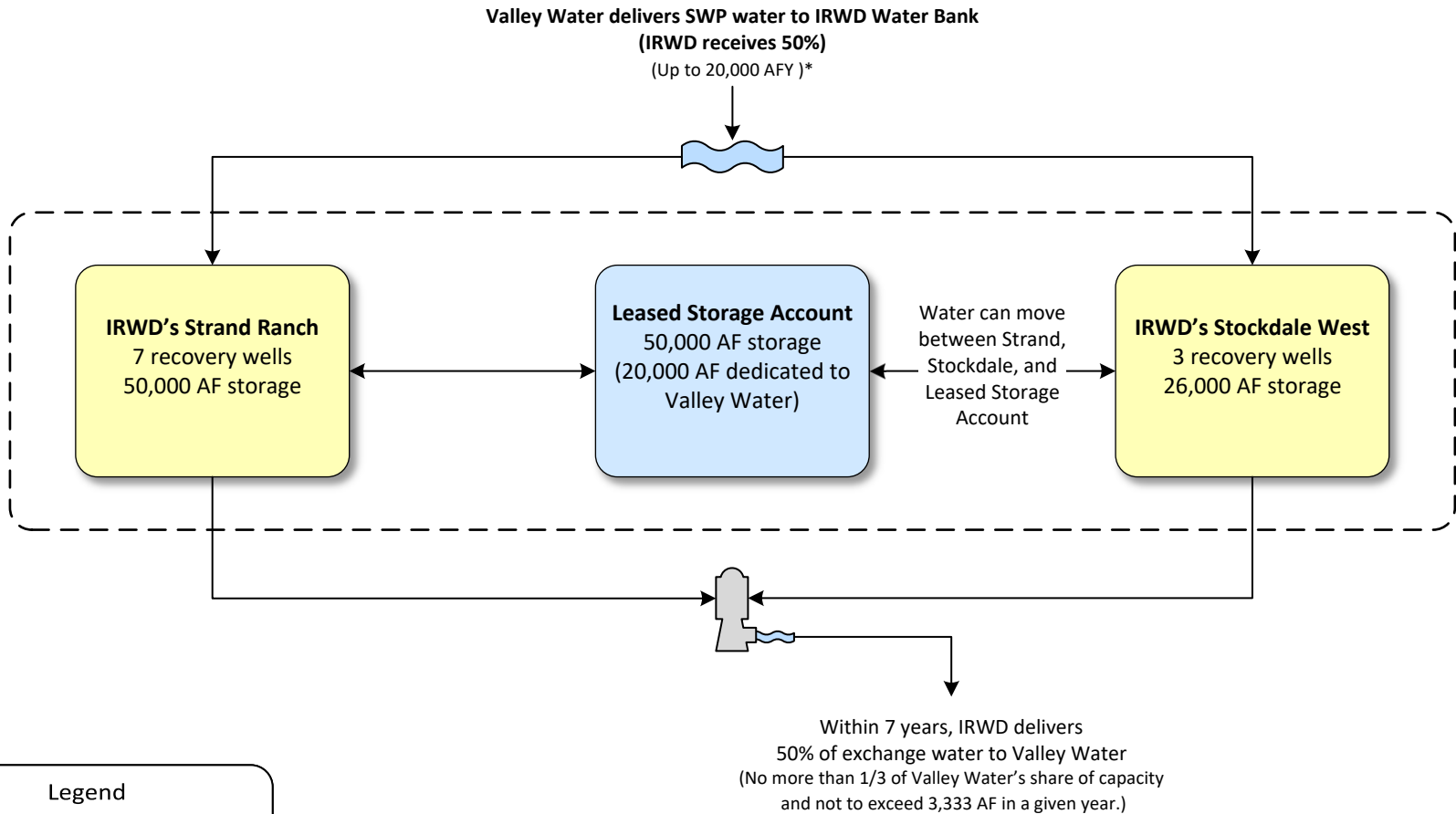
*Up to 20,000 AF per year of AVEK Exchange Water may be delivered to IRWD for recharge using recharge facilities at the Strand Ranch and Stockdale West for storage in the Stockdale West Bank. IRWD shall remit one-half of stored supplies less one half of losses back to AVEK no later than December 31st of the 7th year, following the associated recharge event.

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Exhibit "Q"

Santa Clara Valley Water District (Valley Water) Long Term Water Exchange Program

Effective 9/4/2024 through 12/31/2035



*Up to 20,000 AF per year of Valley Water Exchange Water may be delivered to IRWD for recharge using recharge facilities at the Strand Ranch and Stockdale West for storage in IRWD's Leased Storage Account. IRWD shall remit one-half of stored supplies less one half of losses back to Valley Water no later than December 31st of the 7th year, following the associated recharge event.

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Exhibit "R"

TABLE 6
Cost of Water Exportable to IRWD Service Area
August 18, 2026

Program Partner	Agreement	Water Type	IRWD Exportable Water Stored in Kern County ^{1,4} (AF)	Cost of Water (\$/AF) ⁵	Estimated Recovery of Water ² (\$/AF)	2026 MWD Tier 1 Untreated Rate and SAC Surcharge ³ (\$/AF)	Total Cost of Water to IRWD Service Area (\$/AF)
Carpinteria	2008 Short Term	Table A	250	\$223	\$130	\$ 985	\$1,338
	2011 Short Term	Table A	-	\$219	\$130	\$ 985	\$1,334
Buena Vista	2010 Short Term	Kern River	-	\$225	\$130	\$ 985	\$1,340
	2011 Long Term	Kern River	10,772	\$230	\$130	\$ 985	\$1,345
	2023 Short Term	Kern River	1,923	<i>Pending</i>	\$130	\$ 985	<i>Pending</i>
AVEK	2011 Short Term	Table A	-	\$220	\$130	\$ 985	\$1,335
	2023 Long Term	Table A	3,032	<i>Pending</i>	\$130	\$ 985	<i>Pending</i>
Metropolitan	2014 Short Term	Table A	-	\$227	\$130	\$ 985	\$1,342
Central Coast	2017 Short Term	Table A	-	\$249	\$130	\$ 985	\$1,364
	2019 Short Term	Table A	25	\$239	\$130	\$ 985	\$1,354
	2023 Short Term	Table A	193	<i>Pending</i>	\$130	\$ 985	<i>Pending</i>
DRWD	2013 Long Term	Table A, Article 21	-	<i>Pending</i>	\$130	\$ 985	<i>Pending</i>
	2018 Long Term	Table A	1,542				
Total			17,737				

¹ Water banking data from 2010 to 2023. Buena Vista water and Carpinteria 2008 water is not exportable but can be exchanged for an exportable water supply.

² Recovery costs include estimated PG&E power for pumping, CVC charges, Recovery O&M, and Rosedale administrative charges to deliver to MWD service area.

³ Assumes IRWD would take delivery as extraordinary supply through Irvine Lake to the Baker Water Treatment Plant. The SAC surcharge rate is estimated at \$1/AF.

⁴ Exhibit R takes the IRWD balance stored in Kern minus the following non-exportable supplies: Semitropic, Dudley Ridge (SWPAO #19001), and Buena Vista 2023.

⁵ Cost of Water = Capital Component (\$190) + Fixed Costs (\$21) + Variable Recharge Costs

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Exhibit "S"

TABLE 8
IRWD 2026 Recharge Operations- BEFORE LOSSES
August 18, 2026

Forecasted Amounts:

Month	IRWD Table A (AF)	DRWD 1:1 (AF)	DRWD 1:1 Pre-delivery (AF)	MWD (AF)	Homer (AF)	Valley Water (AF)	Total (AF)	Status	Expected Recharge ¹ (AF)	Expected Recharge Rate (CFS)
January	-	-	-	-	-	-	-	prelim	-	130
February	-	-	-	-	-	-	-	prelim	-	130
March	-	-	-	-	-	-	-	prelim	-	130
April	-	-	-	-	-	-	-	prelim	-	130
May	-	-	-	-	-	-	-	prelim	-	130
June	-	-	-	-	-	-	-	prelim	-	130
July	-	-	-	-	-	-	-	prelim	-	130
August	-	-	-	-	-	-	-	prelim	-	130
	-	-	-	-	-	-	-		-	
September	-	-	-	-	-	-	-		-	130
October	789	-	-	-	-	3,000	3,789		3,789	130
November	-	-	-	79	1,854	2,000	3,933		3,933	100
December	-	-	-	-	-	-	-		-	80
Total	789	-	-	79	1,854	5,000	7,722		7,722	
Recharge goal:	789	-	-	79	1,854	5,000	7,722			

¹ The expected recharge is based on the expected recharge rate and remaining recharge capacity.

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August 18, 2026
Prepared by: N. Palacio
Submitted by: F. Nye / P. Weghorst
Approved by: Paul A. Cook 

SUPPLY RELIABILITY PROGRAMS COMMITTEE

PRINCIPLES FOR AMENDING THE COORDINATED OPERATING AGREEMENT WITH METROPOLITAN WATER DISTRICT

SUMMARY:

The Coordinated Operating, Water Storage, Exchange and Delivery Agreement between IRWD, Metropolitan Water District, and Municipal Water District of Orange County (MWDOC) allows IRWD to secure State Water Project (SWP) water supplies with the consent of Metropolitan. The agreement also facilitates the delivery of these supplies to and from IRWD's Strand Ranch Water Bank. Principles for amending the Coordinated Operating Agreement have been proposed that would formally incorporate use of facilities at IRWD's Stockdale West and Kern Fan Projects. Amendments would also clarify agreement provisions related to sources of water, financial responsibility, and the repayment of borrowed water. Staff recommends that the Board authorize the General Manager to execute an amended Coordinated Operating, Water Storage, Exchange and Delivery Agreement between IRWD, Metropolitan, and MWDOC consistent with the principles presented at the meeting.

BACKGROUND:

In 2011, IRWD entered into the Coordinated Operating Agreement with Metropolitan and MWDOC. The agreement, provided as Exhibit "A", allows IRWD to acquire SWP water supplies through unbalanced exchanges with State Water Contractors and to bank the water in IRWD's Strand Ranch Water Bank in Kern County. The SWP supplies acquired by IRWD are described as "Program Water" in the agreement. Exhibit "B" provides an overview of the benefits of the agreement to both IRWD and Metropolitan.

The Coordinated Operating Agreement, which has an expiration term of November 4, 2035, allows IRWD to retain half of the Program Water secured by IRWD for delivery into its service area. Metropolitan incurs an obligation to return the remainder of the water to IRWD's exchange partners. Metropolitan facilitates the delivery and recovery of Program Water at the Strand Ranch using Metropolitan's capacity in the California Aqueduct in coordination with the California Department of Water Resources (DWR). Through this coordination, Metropolitan enters into agreements with DWR and IRWD's exchange partners. These agreements give Metropolitan control over whether Program Water is delivered into the Strand Ranch Water Bank or into Metropolitan's service area.

When Metropolitan declares a Water Supply Allocation, IRWD can recover and request delivery of its share of the Program Water into its service area as Extraordinary Supply. The deliveries to IRWD qualify as Extraordinary Supplies as long as the Program Water is managed consistent with Metropolitan Board Policy Principles. Metropolitan can borrow IRWD's banked SWP supplies by taking delivery of the supplies into Metropolitan's service area and returning the supplies to IRWD's bank.

Principles for Amending Coordinated Operating Agreement:

IRWD is developing new unbalanced exchange programs to implement in conjunction with the Kern Fan Project. For Kern Fan Project facilities to be eligible for storage under the Coordinated Operating Agreement, an amendment is needed and Metropolitan's Board of Directors must adopt a California Environmental Quality Act (CEQA) determination for the project. An amendment is also proposed to formally incorporate IRWD's Stockdale Integrated Banking Project into the agreement. Amendments consistent with the following principles would also be incorporated into the Coordinated Operating Agreement:

Source of Program Water: Currently, Program Water is specified only as SWP water obtained through unbalanced exchanges. The proposed amendment would expand the definition of Program Water to include water obtained through purchases, transfers, and exchanges of any return ratio.

DWR Fees associated with Delivery of Program Water: The existing Coordinated Operating Agreement requires that IRWD pay DWR for SWP variable costs associated with the delivery of Program Water. However, in practice DWR has historically billed Metropolitan directly for these charges. The proposed amendment will clarify that Metropolitan will directly pay the DWR charges moving forward.

Repayment of Borrowed Water: Metropolitan is currently required to return borrowed water to the IRWD Water Bank or incur a future obligation to deliver the water to IRWD (through MWDOC) when the water is called upon by IRWD. During a Metropolitan Water Supply Allocation, only water stored consistent with Metropolitan's Board Policy Principles regarding Extraordinary Supply can qualify as Extraordinary Supply. If IRWD requests delivery of borrowed water through MWDOC during a Water Supply Allocation, the delivered water would not qualify as an Extraordinary Supply because it is not held in storage by IRWD. An amendment to the Coordinate Operating Agreement is proposed that would remove the option for Metropolitan to incur a future obligation to deliver water to IRWD through MWDOC. Moving forward, Metropolitan would be required to return the borrowed water to the IRWD Water Bank within three years, unless otherwise approved by the Parties. IRWD would maintain water supply reliability by physically storing water in the Strand Ranch and Stockdale West Water Banks as well as the Kern Fan Project, which does qualify as Extraordinary Supply.

Transfers of Program Water: An amendment is proposed that would allow Program Water to be transferred from IRWD to other Metropolitan Member Agencies with Metropolitan's consent. The inclusion of this new provision would facilitate Las Virgenes Municipal Water District (LVMWD) being able to call upon water stored in the IRWD Water Bank, as Extraordinary Supply, per the terms of the Water Storage and Exchange Program Agreement between IRWD and LVMWD.

Benefits to IRWD from Amending Agreement:

Amendments to the Coordinated Operating Agreement, consistent with the principles described above, would benefit IRWD as follows:

- Expand the storage of Program Water beyond IRWD's Strand Ranch to be inclusive of the Stockdale West and Kern Fan Projects (currently, IRWD is restricted to the 50,000 AF of storage on the Strand Ranch);
- Allow IRWD to secure Program Water through water purchases, transfers and exchanges involving any return ratio;
- Ensure that all Program Water secured by IRWD would be available as Extraordinary Supply, subject to the management of the water consistent with Metropolitan policy;
- Facilitate the Water Storage and Exchange Program with Las Virgenes and allow for the development of new shared reliability programs with other Metropolitan Member Agencies; and
- Relieve IRWD of the obligation to pay DWR variable charges on the delivery of Program Water into storage and from the subsequent need to invoice to Metropolitan.

Next Steps:

On August 18, Metropolitan staff will present the above principles for amending the Coordinated Operating Agreement to Metropolitan Board as an informational item. The Metropolitan Board is expected to consider this item for action in September. Staff recommends that the IRWD Board authorize the General Manager to execute an amended Coordinated Operating, Water Storage, Exchange and Delivery Agreement between IRWD, Metropolitan and MWDOC consistent with the principles presented at the meeting.

FISCAL IMPACTS:

Upon the execution of an amended Coordinate Operating Agreement, IRWD would continue to pay Metropolitan its Full-Service Tier 1 Rate for water recovered and delivered to IRWD. IRWD would not be paying twice for the water because Metropolitan will continue paying for DWR variable costs associated with the delivery of Program Water into IRWD's water banking projects. Furthermore, IRWD exchange partners are responsible for paying all the fixed SWP costs associated with Program Water delivered into storage.

ENVIRONMENTAL COMPLIANCE:

Final Environmental Impact Reports for the Strand Ranch, Stockdale Integrated Banking Project, and Kern Fan Project were prepared, certified, and approved in compliance with the California Environmental Quality Act (CEQA) of 1970 as amended, codified at California Public Resources Code Sections 21000 et. seq., and the State CEQA Guidelines in the Code of Regulations, Title 14, Division 6, Chapter 3. Rosedale-Rio Bravo Water Storage District, as lead agency, filed Notices of Determination for both the Strand Ranch and Stockdale Integrated

Banking Projects with the County of Kern. IRWD, as a responsible agency, filed Notices of Determination with the County of Orange and with the County of Kern. The Groundwater Banking Joint Powers Authority, as a lead agency, filed a Notice of Determination for the Kern Fan Project with the County of Kern. Rosedale, as a responsible agency, filed Notices of Determination with the Counties of Kern and Orange, and IRWD, as a responsible agency, filed Notices of Determination with the Counties of Kern and Orange.

RECOMMENDATION:

That the Board authorize the General Manager to execute an amended Coordinated Operating, Water Storage, Exchange and Delivery Agreement between IRWD, Metropolitan Water District, and Municipal Water District of Orange County consistent with the principles presented at the meeting.

LIST OF EXHIBITS:

- Exhibit “A” – Existing Coordinated Operating, Water Storage, Exchange and Delivery Agreement
- Exhibit “B” – Summary of Benefits Coordinated Operating, Water Storage, Exchange and Delivery Agreement

**COORDINATED OPERATING,
WATER STORAGE, EXCHANGE
AND DELIVERY AGREEMENT**

THIS COORDINATED OPERATING, WATER STORAGE, EXCHANGE AND DELIVERY AGREEMENT ("Agreement") is made and entered into as of April 21, 2011, by and between The Metropolitan Water District of Southern California (hereinafter, "Metropolitan"), the Municipal Water District of Orange County (hereinafter, "MWDOC") and the Irvine Ranch Water District (hereinafter, "IRWD"). Metropolitan, MWDOC, and IRWD are sometimes referred to collectively as the "Parties" and each, individually, as a "Party."

RECITALS

A. IRWD is a California water district formed and existing under the California Water District Law, Sections 34000 *et seq.* of the California Water Code, for the purpose of providing water services and certain other services. IRWD's powers and purposes include the acquisition within or without the district in the State of all necessary property or rights in property necessary or proper for the production, storage, transmission and distribution of water for irrigation, domestic, industrial and municipal purposes and the power to contract with one or more public agencies in carrying out any of its powers.

B. Metropolitan is a public agency of the State of California incorporated under the Metropolitan Water District Act, Stats. 1969, ch. 209, as amended, codified at Section 109.1 *et seq.* of Appendix to the California Water Code, engaged in transporting, storing and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura, within the State of California. Metropolitan is an SWP Contractor, as defined below.

C. MWDOC is a municipal water district formed and existing under the California Water District Law, Sections 71000 *et seq.* of the California Water Code, for purposes that include providing its member agencies in Orange County with a safe, reliable and sufficient supply of imported water.

D. MWDOC is a member agency of Metropolitan.

E. IRWD is within the service areas of Metropolitan and MWDOC and is a member agency of MWDOC.

F. IRWD has entered into an agreement with the Rosedale-Rio Bravo Water Storage District ("RRBWSD") for the development and operation of a water banking project (the "Integrated Banking Project"), consisting of recharge, storage and recovery facilities that are located on IRWD property in Kern County known as "Strand Ranch" and on other property and integrated into RRBWSD's water banking program, thereby allowing for the use of such recharge, storage and recovery facilities, together with available RRBWSD facilities, to provide IRWD with a means for acquiring, including through exchange, and regulating, through basin storage, water supplies to help meet its dry year and other water requirements.

G. IRWD's contemplated sources of water for banking in the Integrated Banking Project include State Water Project water and non-State Water Project water, such as high-flow Kern River Water and other exportable supplies.

H. IRWD desires to have a means of securing, exchanging and moving water supplies, including supplies stored in the Integrated Banking Project, to its service area.

I. Metropolitan desires to augment its water supplies and regulatory storage capacity and to ensure financial integrity and equity in the use of its delivery system.

J. The coordinated operating and exchange program implemented through this Agreement will facilitate the use of the Integrated Banking Project for storage, recovery, exchange and delivery of water in a manner that satisfies the objectives of, and provides joint benefits of increased water supply reliability and diversification to, IRWD and Metropolitan.

K. MWDOC is willing and able to provide administrative services to assist with payment, crediting and other tracking as provided herein for water delivered by means of this Agreement. This includes the transfer and pass through of water deliveries and financial considerations between IRWD and Metropolitan relative to the rights and obligations set forth in this Agreement.

L. On July 13, 2010, Metropolitan's board authorized execution of an agreement with MWDOC and IRWD for the management and use of SWP Water acquired by IRWD for the benefit of IRWD and Metropolitan.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the representations, warranties, covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereby agree to the following terms and conditions of this Agreement.

I.

DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Definitions. As used in this Agreement, these terms, including any grammatical variations thereof, have the following meanings:

“Administrative Code” means the Metropolitan Water District Administrative Code in existence on the date of this Agreement, subject to modification to the extent provided in Paragraph 12.12 of this Agreement.

“Bank Operator” means RRBWSD and any successor thereto and any other entities that may perform a comparable function with respect to the Integrated Banking Project.

“Banking Agreement” means collectively the Agreement between RRBWSD and IRWD dated as of January 13, 2009, together with such amendments, supplements and exhibits thereto, and any replacements thereof and other agreements with a Bank Operator or participating interests therein as may become effective from time to time.

“Banking Delivery Point” means any point where water being delivered by or on behalf of IRWD or Metropolitan for recharge and banking in the Integrated Banking Project enters transportation facilities owned or operated by Bank Operator, including the Tupman Turnout (Reach 13B) on the easterly side

of the SWP facilities, the Strand Ranch Turnouts in Reach 2 of the CVC, or other points as may be designated under the Banking Agreement, or, in the case of water delivered to IRWD's banked water account in the Integrated Banking Project by exchange, the record transfer of water to such account.

"Borrowed Water" means water borrowed as described in Paragraph 3.4(e).

"Call Notice" means a notice given by IRWD pursuant to Paragraph 3.7 of its election to take a Delivery of Program Water from its storage account in the Integrated Banking Project or by redeeming accumulated Credits from the Metropolitan Delivery Account, or by a combination thereof.

"Credit" means a credit issued to MWDOC for IRWD's benefit in the Metropolitan Delivery Account pursuant to Paragraph 3.5.

"CVC" means the Cross Valley Canal facilities and appurtenances.

"Delivery of Program Water" means the delivery by Metropolitan of water to IRWD Delivery Point(s) pursuant to a Call Notice.

"DWR" means the Department of Water Resources of the State of California, or its successor agency.

"Effective Date" means the date identified in the preamble clause of this Agreement.

"Extraordinary Supply" means a supply qualifying as an extraordinary supply under the Water Supply Allocation Plan. If Metropolitan shall no longer have a Water Supply Allocation Plan, the Parties shall meet and confer in good faith to amend this definition and the provisions of this Agreement in which it is used, in order to preserve the intent of such provisions and provide an equivalent benefit to IRWD.

"Integrated Banking Project" means the project described in the Banking Agreement and such other banking assets or components or interests as IRWD may determine to operate in conjunction with the Strand Ranch recharge, storage and recovery facilities.

"IRWD Delivery Point" means any of the Metropolitan and MWDOC service connections known as CM-01A and OC-7 (from the Orange County

Feeder); CM-10, CM-12, OC-38, OC-39, OC-58 and OC-63 (from East Orange County Feeder No. 2); OC-68, OC-70 (through East Orange County Water District), OC-71, OC-72, OC73/73A, OC-74, OC-75, OC-83, OC-84 and OC-87 (from the Allen-McColloch Pipeline), OC-13/13A and OC-33/33A (from the Baker Pipeline) and any other service connection selected and operated in accordance with applicable operating rules and protocols in effect from time to time with respect to such pipelines, and any service connection used for delivery to any IRWD local storage reservoir or any other storage facility or capacity in which IRWD has a contractual or other legal right to store water.

“Local Delivery Rate” means the prevailing full-service treated volumetric charge set by Metropolitan’s Board of Directors from time to time pursuant to applicable law and regulation, generally applicable to the delivery of water by Metropolitan to its member agencies, excluding any above-allocation penalties but including any applicable pricing tier for purchases by MWDOC in effect during the month in which the relevant Delivery of Program Water is made, or if a rate designated as “Full-Service” is no longer set, the equivalent rate set by Metropolitan. If the Delivery of Program Water is untreated, the applicable full-service untreated volumetric charge would apply.

“Metropolitan Delivery Account” means an account that tracks the Credits and debits of Metropolitan Delivery.

“Metropolitan Delivery” means delivery of Program Water to Metropolitan within the Metropolitan Service Area pursuant to Paragraph 3.4(a).

“Metropolitan Delivery Notice” means a notice given by Metropolitan pursuant to Paragraph 3.5 of a Metropolitan Delivery.

“Non-SWP Water” means water other than SWP Water.

“OMP&R” means operation, maintenance, power and replacement.

“Program Water” means SWP Water placed under the right and authority of Metropolitan under Paragraph 3.1.

“RRBWSD” means the Rosedale-Rio Bravo Water Storage District, or if applicable, other Bank Operator.

“SWP” means the State Water Project.

“SWP Contractor” means any entity that has executed or is an assignee of a contract (“SWP Contract”) with DWR.

“SWP Water” means any Table A Water or Unallocated Article 21 Water.

“Table A Water” means water allocated to an SWP Contractor that is within its “Annual Table A Amount” or “annual entitlement” as those terms are defined in such SWP Contract.

“Termination Date” means November 4, 2035.

“Unallocated Article 21 Water” means water that is determined by DWR to be available and not needed to fulfill required deliveries of Table A Water to SWP Contractors, and that exceeds requests by participating SWP Contractors for allocation thereof and is offered by DWR to SWP Contractors on an unallocated basis.

“Water Supply Allocation Plan” means Metropolitan’s Water Supply Allocation Plan and exhibits thereto, as originally adopted by Metropolitan on February 12, 2008 and as amended from time to time or any equivalent plan that may be adopted by Metropolitan as a replacement thereof.

“Year” means the period commencing on the Effective Date and ending on the immediately following December 31 (the first (1st) year) and each consecutive calendar year thereafter during the term of this Agreement.

1.2 Rules of Construction.

(a) Unless the context clearly requires otherwise:

- (i) Each of the plural and singular forms includes the other;
- (ii) “Shall,” “will,” “must,” and “agrees” are each mandatory;
- (iii) “May” is permissive;
- (iv) “Or” is not exclusive;
- (v) “Includes” and “including” are not limiting;
- (vi) “Between” includes the ends of the identified range.

(b) Headings in the beginning of Articles, Paragraphs and subparagraphs are solely for the convenience of the Parties, are not a part of this Agreement and shall not be used in construing it.

(c) The masculine gender shall include the feminine and neuter genders and vice versa.

(d) The word “person” shall include individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, water district and other entity of whatever nature, except either Metropolitan, MWDOC or IRWD or an officer or employee of any of them.

(e) Reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms thereof.

(f) Except as specifically provided herein, reference to any law, statute, regulation or the like means such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, including any rules and regulations promulgated thereunder.

II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Metropolitan. As a material inducement to IRWD and MWDOC to enter into this Agreement, Metropolitan represents and warrants as follows:

(a) Metropolitan is a metropolitan water district, duly organized, validly existing and in good standing under the laws of the State of California, and Metropolitan has all necessary power and authority to perform its obligations hereunder on the terms set forth in this Agreement, and the execution and delivery hereof by Metropolitan and the performance by Metropolitan of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which Metropolitan is a party or by which Metropolitan is bound.

(b) This Agreement is a valid and binding agreement of Metropolitan, enforceable in accordance with its terms.

2.2 Representations and Warranties of MWDOC. As a material inducement to Metropolitan and IRWD to enter into this Agreement, MWDOC represents and warrants as follows:

(a) MWDOC is a municipal water district, duly organized, validly existing and in good standing under the laws of the State of California, and MWDOC has all necessary power and authority to perform its obligations hereunder on the terms set forth in this Agreement, and the execution and delivery hereof by MWDOC and the performance by MWDOC of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which MWDOC is a party or by which MWDOC is bound.

(b) This Agreement is a valid and binding agreement of MWDOC, enforceable in accordance with its terms.

2.3 Representations and Warranties of IRWD. As a material inducement to Metropolitan and MWDOC to enter into this Agreement, IRWD represents and warrants as follows:

(a) IRWD is a California water district, duly organized, validly existing and in good standing under the laws of the State of California, and IRWD has all necessary power and authority to perform its obligations hereunder on the terms set forth in this Agreement, and the execution and delivery hereof by IRWD and the performance by IRWD of its obligations hereunder will not violate or constitute an event of default under the terms or provisions of any agreement, document or instrument to which IRWD is a party or by which IRWD is bound.

(b) This Agreement is a valid and binding agreement of IRWD, enforceable in accordance with its terms.

2.4 Notification Concerning Representations. After the Effective Date, each Party agrees to notify the other Parties if it discovers that any of its own representations and warranties herein were untrue when made or determines that any of its own

representations and warranties will be untrue as of any date during the term of this Agreement.

III

COORDINATED PROGRAM; PROGRAM WATER CREDITS

3.1 Program Water. IRWD may secure Program Water in accordance with the provisions of this Paragraph 3.1.

(a) Sources of Program Water. Program Water shall be SWP Water obtained through unbalanced exchanges by parties participating in IRWD water banking programs, or, subject to Metropolitan's and IRWD's mutual agreement, other exchange transactions. SWP Water shall be deemed to be Program Water whenever IRWD causes such water to be placed under the valid and continuing right and authority of Metropolitan, as transferee or exchangee, to control and/or use such water, with all necessary legal rights, entitlements, approvals and permissions under Metropolitan's SWP Contract and the laws of the State of California, if any, in full force and effect. Anything in this Paragraph to the contrary notwithstanding, no water shall be deemed to constitute Program Water as long as any person or entity other than Metropolitan holds the entitlement to such water as an exchangee or otherwise.

(b) Coordination. IRWD agrees to coordinate with Metropolitan and not to seek SWP Water that Metropolitan is actively attempting to secure on its own behalf.

(c) Available Recharge and Storage Capacity. Absent the prior written consent of Metropolitan, IRWD agrees not to obtain Program Water for delivery at any time in an amount in excess of the unused recharge or storage capacity available for recharge and/or storage of such water under Paragraph 3.4(b). The foregoing does not require the reservation by IRWD of any specific amount of recharge or storage capacity for Program Water, except as necessary to receive a delivery of Program Water when it has been obtained by IRWD and Metropolitan has not provided a written consent under the preceding sentence or provided a Metropolitan Delivery Notice for such Program Water.

3.2 Metropolitan Consent Required to Move Program Water To Its Service Area. Any agreement with another SWP Contractor that contains provisions for Program Water to be moved to Metropolitan's service area as described in Paragraph 3.11 shall require Metropolitan's prior consent. Nothing in this Agreement shall require IRWD to obtain Metropolitan's consent to obtain non-SWP Water. Nothing in this Agreement shall require IRWD to obtain Metropolitan's consent to obtain SWP Water that is not being moved to the Metropolitan service area, but if IRWD subsequently determines to enter into any transfer, exchange or other transaction to convert such SWP Water to Program Water or to move such water to the Metropolitan service area, Metropolitan's consent to such subsequent transaction shall be required.

3.3 MWDOC Participation. Whenever this Agreement refers to a transaction that requires the execution of a document, to the extent such document is legally required to be executed by a Metropolitan member agency in addition to or on behalf of IRWD, each such reference shall be deemed to refer to MWDOC acting jointly with IRWD or MWDOC acting on behalf of IRWD or for IRWD's account, and MWDOC agrees to be a named participant in such a transaction on behalf of or in addition to IRWD and to cooperate with Metropolitan and IRWD in processing any documentation in good faith and in a timely fashion so as to accomplish the purposes of this Agreement.

3.4 Metropolitan Options For Use of Program Water. Metropolitan shall be entitled to use or cause Program Water to be used in accordance with the following provisions:

(a) Metropolitan Delivery. Metropolitan may take delivery or cause the delivery of Program Water for immediate use in its service area or to store the Program Water in any water storage reservoir or storage program or capacity therein within the Metropolitan service area. Such delivery shall constitute a Metropolitan Delivery. Metropolitan shall not be required to reserve or make available storage capacity in Metropolitan's distribution system for the storage of Program Water.

(b) Banking. Subject to the limitations of Paragraph 4.1, Metropolitan may take delivery of Program Water to storage in the Integrated Banking Project, by delivering the same to a Banking Delivery Point.

(c) Other Use. Metropolitan may deliver or dispose of Program Water in a manner other than as described in clauses (a) and (b) of this Paragraph subject to the prior mutual agreement of Metropolitan and IRWD.

(d) Limitations and Priorities. IRWD's call for Program Water shall have priority over a Metropolitan Delivery or a Metropolitan delivery to storage in the Integrated Banking Project if IRWD delivers a Call Notice specifying such water on or before the thirtieth (30th) calendar day prior to the transfer of the water into Metropolitan's control within the meaning of Paragraph 3.1(a). IRWD's call for Program Water in storage in the Integrated Banking Project pursuant to a Call Notice delivered on or before June 1 of any Year shall have priority over a Metropolitan Delivery Notice for that Program Water in the same Year to the extent there is insufficient Program Water in storage in the Integrated Banking Project and Metropolitan Delivery Account to satisfy both the Call Notice and the Metropolitan Delivery Notice. The foregoing priority limitations are in addition to the priority limitations on use of recovery facilities and scheduling set forth in Paragraph 4.2.

(e) Metropolitan Borrowing of Water; Borrowing. Any time Metropolitan receives a Metropolitan Delivery, Metropolitan may designate a portion of the water delivered to be borrowed by Metropolitan pursuant to the limitations in this Paragraph. Any Borrowed Water will accrue to the Metropolitan Delivery Account, but delivery of the Borrowed Water to IRWD through a Delivery of Program Water may be deferred until the Borrowed Water is replaced pursuant to Paragraph 3.6, but not longer than three years. In any Year, Metropolitan shall not borrow more than the lesser of 17,500 acre feet or one-third (1/3) of the aggregate amount at the beginning of the Year of Program Water stored in the Integrated Banking Project and Program Water held in the Metropolitan Delivery Account, and shall be subject to the following further limitations: (i) the borrowing of Program Water shall at any time be permitted only to the extent it would not reduce the combined amount of Program Water and Non-SWP Water then remaining in storage in the Integrated Banking Project and Metropolitan Delivery Account to below the amount of IRWD's maximum

annual recovery right from the Integrated Banking Project under the Banking Agreement; and (ii) no borrowing of additional Program Water by Metropolitan shall occur in the third Year after borrowing the Program Water.

3.5 Accrual of Program Water in Metropolitan Delivery Account.

MWDOC shall receive, solely and exclusively for IRWD's benefit, Credits to the Metropolitan Delivery Account at the time that Metropolitan opts to take delivery of Program Water under Paragraph 3.4(a). Such Credits shall be stated in an acre-foot amount as determined by DWR and/or by other accounting methods as mutually determined by the Parties. Upon each Metropolitan Delivery, Metropolitan shall promptly issue a Metropolitan Delivery Notice in writing to MWDOC, with a copy to IRWD, identifying the following determined in the manner specified in this Paragraph: (i) the quantity in acre-feet of Program Water delivered as a Metropolitan Delivery, (ii) whether such Program Water is from the Integrated Banking Project, and (iii) the quantity of Program Water, if any, that is Borrowed Water and the date that it is borrowed pursuant to Paragraph 3.4(e). A Metropolitan Delivery Notice shall be effective as provided in Paragraph 12.5.

3.6 Reduction of Metropolitan Delivery Account Balance by Delivery of Program Water to Integrated Banking Project. Metropolitan may deliver SWP Water to the Integrated Banking Project to replace Borrowed Water or debit the balance of the Metropolitan Delivery Account to the extent that the Integrated Banking Project storage capacity is available. Any water so delivered shall be applied first, to replace any Borrowed Water by debiting the balance of the Metropolitan Delivery Account that constitutes Borrowed Water and second, to debit the balance of the Metropolitan Delivery Account that does not constitute Borrowed Water.

3.7 Use of Program Water By IRWD – Call. IRWD shall be entitled to obtain Delivery of Program Water at IRWD Delivery Point(s) in accordance with the following provisions:

(a) Maximum Use. During any Year, subject to the limitations specified herein, IRWD may call for delivery of Program Water stored in the Integrated Banking Project, from the Metropolitan Delivery Account, or any combination thereof. A call by IRWD for Delivery of Program Water may be

made up to the amount of IRWD's then unused annual recovery right (in AFY) for that Year in the Integrated Banking Project, not including Borrowed Water during the period for which delivery to IRWD is deferred pursuant to Paragraph 3.4(e) following the date that it was borrowed.

(b) Call Notice. To exercise its rights under this Paragraph, IRWD shall issue a Call Notice in writing to Metropolitan, with a copy to MWDOC, (i) identifying in acre-feet the quantity of Program Water to be delivered, (ii) specifying the delivery schedule for the called amount and the IRWD Delivery Points, and (iii) if applicable, identifying another MWDOC member agency to which that Program Water is to be delivered with the approval of MWDOC; provided, IRWD shall have no obligation to deliver Program Water to another MWDOC member agency. A Call Notice shall be effective as provided in Paragraph 12.5. Unless Metropolitan determines otherwise, called Program Water shall be taken first from the Integrated Banking Project and, to the extent additional Program Water is needed, then from the Metropolitan Delivery Account. Metropolitan shall not be required to provide any Program Water from the Metropolitan Delivery Account to satisfy a Call Notice unless all of Program Water in the Integrated Banking Project has been called by IRWD and/or taken as Metropolitan Deliveries.

(c) Time Limit on Recovery. If and to the extent a Call Notice is issued by IRWD for delivery of Program Water stored in the Integrated Banking Project, IRWD shall complete the recovery of such water from the Integrated Banking Project within the same Year or as otherwise mutually agreed by Metropolitan and IRWD. IRWD shall be entitled to receive the Delivery of Program Water upon giving the Call Notice, subject only to the timing provisions as set forth in Section 5.1. The Delivery of Program Water shall not be delayed or otherwise affected by the timing of such recovery within the same Year or as otherwise mutually agreed by Metropolitan and IRWD.

3.8 Metropolitan Conveyance System Capacity. To the extent necessary to deliver Program Water into or out of the Integrated Banking Project and to make a Program Water Delivery, Metropolitan will use its unused capacity in SWP and Kern

County conveyance facilities as well as Metropolitan's transportation system as determined by Metropolitan's General Manager.

3.9 Use of Integrated Banking Project for Storage of Non-SWP Water -- Wheeling The Parties understand that IRWD anticipates storing Non-SWP Water for later delivery and use. The Parties agree that nothing in this Agreement shall interfere with IRWD's use of the Integrated Banking Project unless it would conflict with the terms of this Agreement. The Parties also agree that the use of Metropolitan's transportation system to wheel any Non-SWP water stored by IRWD in the Integrated Banking Project shall be governed by the California Water Code provisions dealing with wheeling, Metropolitan's Administrative Code and Metropolitan's wheeling policies in effect at the time the water is wheeled.

3.10 Program Water Receipt Account Balance. MWDOC shall keep books and records sufficient to track the Delivery of the Program Water to the IRWD Delivery Point, which books and records shall be open to inspection by IRWD and Metropolitan at any time upon reasonable notice. Metropolitan shall keep books and records sufficient to track Metropolitan Deliveries, Program Water in the Metropolitan Delivery Account and Borrowed Water, which books and records shall be open to inspection by IRWD and MWDOC at any time upon reasonable notice. The accounting for the Metropolitan Delivery Account will be on a first-in, first-out basis.

IRWD shall keep books and records sufficient to track the storage of Program Water in and recovery of Program Water from the Integrated Banking Project, which books and records shall be open to inspection by MWDOC and Metropolitan at any time upon reasonable notice. The accounting for the Integrated Banking Project will be on a first-in, first-out basis.

Program Water shall be stated in acre feet (AF). The Parties agree to cooperate in developing coordinated administrative procedures for the tracking required in this Paragraph and such other recordkeeping and accounting procedures as may be necessary or desirable to implement this Agreement. The Parties agree to exchange such tracking records at the end of each Year.

3.11 Metropolitan Control of Service Area Supplies. Program Water that is delivered to the Metropolitan service area shall be under the control of Metropolitan.

Nothing herein shall authorize or entitle Metropolitan to control any Non-SWP Water or any water owned by an IRWD exchange and/or water banking partner.

IV

USE OF PROGRAM STORAGE

4.1 Storage of Water In the Integrated Banking Project. Storage of water in the Integrated Banking Project shall be in accordance with (a), (b), (c) or (d) of this Paragraph and in each case shall also be subject to (e) and (f) of this Paragraph.

(a) On Behalf of Metropolitan – Program Water. Program Water obtained by IRWD on behalf of Metropolitan may be stored in accordance with Paragraph 3.4(b). Program Water may be made available through exchanges or other transactions that facilitate recharge and/or exportability of water.

(b) By Metropolitan – Reduction of Metropolitan Delivery Account Balance. Metropolitan may place water into IRWD's storage account in the Integrated Banking Project for the purpose of reducing the amount in the Metropolitan Delivery Account, in accordance with Paragraph 3.6.

(c) By IRWD – SWP Water. IRWD may store SWP Water on behalf of IRWD's exchange and/or water banking partners, including water stored on behalf of other SWP Contractors serving as transferee or exchangee.

(d) By IRWD – Non-SWP Water. IRWD may store Non-SWP Water secured by IRWD on its own behalf, on behalf of assignees permitted under the Banking Agreement, or on behalf of exchange and/or water banking partners, or in any other manner not inconsistent with this Agreement or the Banking Agreement.

(e) Limitation. Storage in the Integrated Banking Project shall be subject to RRBWSD's rights and IRWD's obligations under the Banking Agreement, and shall be limited at any given time to the then-available unused recharge and storage capacity in IRWD's account in the Integrated Banking Project, as determined by IRWD. At no time, shall more than 50,000 acre-feet of Program Water be stored in the Integrated Banking Project without the prior written consent of Metropolitan. Subject to Paragraph 3.1(c), IRWD is not

required to reserve or make available any unused recharge or storage capacity for recharge and/or storage under (a) or (b) of this Paragraph, and nothing herein shall preclude or limit IRWD's or its assignees' use of its Integrated Banking Project rights and the then-available capacity to recharge, store and recover water, or for the benefit of any persons with whom IRWD may transact exchanges and/or water banking partnerships.

(f) Losses. IRWD shall bear the one-time 11% - 15 % storage losses assessed in the Integrated Banking Project, and IRWD shall retain all rights associated with the losses under the Banking Agreement. To the extent not included within the losses described in the preceding sentence, IRWD shall bear conveyance losses with respect to water conveyed to the Integrated Banking Project for recharge. No storage or other losses shall be applied to Program Water in Metropolitan's distribution system. Metropolitan shall be responsible for any conveyance or storage losses associated with the Integrated Banking Project if Metropolitan's cumulative Metropolitan Deliveries cycle the Program Water more than one time through the Integrated Banking Project.

4.2 Recovery of Water From the Integrated Banking Project. Recovery of water from the Integrated Banking Project shall be in accordance with (a), (b) or (c), and in each case shall also be subject to (d), (e) and (f) of this Paragraph.

(a) By Metropolitan. Metropolitan shall have the right to recover only Program Water from the Integrated Banking Project. IRWD shall provide any consents and approvals as may be necessary to facilitate such recovery pursuant to IRWD's recovery rights set forth in the Banking Agreement.

(b) By IRWD – SWP Water. IRWD shall have right to recover any Program Water from the Integrated Banking Project. IRWD may make Program Water available through exchanges or other transactions that facilitate recovery and/or export of water. In addition, IRWD shall have the right to recover SWP Water that was stored in the Integrated Banking Project on behalf of its exchange partners and/or other water banking partners.

(c) By IRWD – Non-SWP Water. IRWD shall retain the sole and exclusive right to recover water from the Integrated Banking Project that constitutes Non-SWP Water under Paragraph 4.1(d).

(d) Preference For Recovery By Exchange. Metropolitan and IRWD agree that in recovering SWP Water pursuant to this Paragraph, each shall give preference to making such recoveries by in-lieu exchange rather than by extraction.

(e) Limitations. Metropolitan's recovery under (a) and IRWD's recovery under (b) or (c) of this Paragraph shall be subject to RRBWSD's rights and IRWD's obligations under the Banking Agreement, and shall be limited at any given time to the then-available unused recovery capacity in the Integrated Banking Project, as determined by IRWD. Recovery by delivery under (a), (b) and (c) of this Paragraph shall be further limited by any requirements established by DWR for the introduction of such water into the California Aqueduct.

(f) Priority In Use of Integrated Banking Project Recovery Facilities. Metropolitan's use of the Integrated Banking Project recovery facilities shall be subject to IRWD's first priority use of such recovery facilities on behalf of itself and on behalf of IRWD's exchange and/or water banking partners. Such priority shall be implemented on a coordinated basis in conjunction with IRWD's annual scheduling as required under the Banking Agreement. For such purpose, Metropolitan shall submit to IRWD its desired recovery amount and timing for each Year by March 1 of that Year, in order to permit IRWD to develop and timely submit a preliminary recovery and delivery schedule to RRBWSD. IRWD shall incorporate and reconcile Metropolitan's submittal with IRWD's planned recovery amount and timing for such Year on behalf of itself and its exchange and/or water banking partners, and in such reconciliation IRWD shall resolve any conflicts in accordance with the priority stated in this Paragraph. IRWD shall notify Metropolitan of the resulting coordinated and reconciled recovery schedule upon IRWD's receipt of confirmation of the schedule from RRBWSD. The Parties acknowledge that RRBWSD's obligation under the Banking Agreement to meet such schedules is on a best efforts basis.

V

DELIVERED WATER

5.1 Delivery. Metropolitan shall implement the Delivery of Program Water pursuant to a Call Notice subject to the provisions of this Paragraph.

(a) Manner of Delivery. Except as may otherwise be provided in this Agreement, Delivery of Program Water shall be governed by Metropolitan's rules and regulations for delivery of water set forth in Chapter 5 of Division IV of the Administrative Code in the same manner as other water delivered by Metropolitan to the IRWD Delivery Points.

(b) Delivery Facilities. Delivery of Program Water shall be made at IRWD Delivery Points. Subject to clause (d) below, Metropolitan is not required to use any particular facilities for the Delivery of Program Water. Delivery of Program Water is further subject to Paragraph 3.8 in regard to availability of Metropolitan transportation system capacity.

(c) Temporary Interruption. Metropolitan's Chief Executive Officer shall have the right to control, curtail, interrupt or suspend the Delivery of Program Water in accordance with the Administrative Code. IRWD understands that any number of factors, including emergencies, inspection, maintenance or repair of Metropolitan facilities or State Water Project facilities, may result in a temporary and incidental modification of scheduled Delivery of Program Water. Metropolitan shall notify IRWD through MWDOC of any control, curtailment, interruption, or suspension of Delivery of Program Water in accordance with and to the same extent and manner set forth in the Administrative Code for other water served by Metropolitan to the IRWD Delivery Points. Metropolitan agrees that Delivery of Program Water shall be resumed as soon as possible following any such curtailment, interruption or suspension of delivery. Unless Metropolitan is otherwise relieved of its obligations under the provisions of this Agreement, a curtailment, interruption or suspension of the Delivery of Program Water pursuant to this clause shall not discharge any unperformed obligation for the Delivery of Program Water.

(d) Scheduling. IRWD, in coordination with MWDOC as applicable, shall have the same rights and obligations with respect to ordering, scheduling, curtailing, interrupting, or suspending the Delivery of Program Water as it has with respect to any other water delivered by Metropolitan at the IRWD Delivery Points.

(e) Measurement of Quantity. Delivery of Program Water shall be deemed to be completed by Metropolitan when the quantity delivered, as metered at the requested IRWD Delivery Points as provided in the Administrative Code, is equal to the quantity specified in the applicable Call Notice. If during any Metropolitan billing period, IRWD receives deliveries of water at the IRWD Delivery Points in an aggregate amount greater than the amount of the Delivery of Program Water to be made pursuant to an outstanding Call Notice, then for billing purposes, the water delivered during such billing period shall be allocated first, to the Call Notice, and second, to Metropolitan/MWDOC deliveries other than under this Agreement.

(f) Quality. Delivery of Program Water shall be governed by the same quality requirements that apply to the quality of any other water that may be delivered by Metropolitan to the IRWD Point(s) of Delivery.

5.2 Independent Local Supply. Irrespective of any Metropolitan pricing tier which may be in effect and applicable to the Local Delivery Rate paid for any Delivery of Program Water, Delivery of Program Water shall not be counted as water delivered by Metropolitan for purposes of aggregating the total of Metropolitan water delivered to MWDOC under a pricing tier.

5.3 Extraordinary Supply; Water Supply Allocation Plan. The Delivery of Program Water shall qualify as Extraordinary Supply provided the Integrated Banking Project is operated consistent with the Water Supply Allocation Plan principles governing Extraordinary Supply. Nothing in this Agreement precludes Non-SWP Water from qualifying as Extraordinary Supply under the Water Supply Allocation Plan if the Non-SWP Water otherwise would qualify absent this Agreement.

5.4 Delivery to Extraordinary Supply Programs. If IRWD takes a Delivery of Program Water and directs such water to an Extraordinary Supply program consistent

with the principles in the Water Supply Allocation Plan, such as a qualified Extraordinary Supply program using IRWD storage facilities, a consumptive use of that Delivery of Program Water shall not be deemed to occur until such water is withdrawn by IRWD from the Extraordinary Supply program.

5.5 MWDOC To Pass Through Extraordinary Supply Benefits. MWDOC shall pass through to IRWD the applications of Extraordinary Supply under Paragraph 5.3, without alteration or limitation, except for any retail impact adjustments and adjustments for conservation hardening credits relating to Extraordinary Supply that are generally applicable and computed in a manner consistent with such adjustments applied to Extraordinary Supply of other MWDOC member agencies, pursuant to the Water Supply Allocation Plan and any MWDOC water supply allocation plan as amended from time to time.

VI

WATER STORAGE, RECOVERY AND DELIVERY COSTS

6.1 Costs For Conveyance of Program Water. The costs associated with conveyance of water under this Agreement shall be allocated and paid as provided in this Paragraph.

(a) Delivery to Metropolitan Service Area. All DWR Variable OMP&R charges associated with delivery of Program Water to Metropolitan's service area shall be paid by Metropolitan.

(b) Delivery to Integrated Banking Project. IRWD shall pay all the costs, including DWR administrative charges, DWR Variable OMP&R charges and CVC power charges associated with delivery of any Program Water to a Banking Delivery Point for storage in the Integrated Banking Project. IRWD shall also pay RRBWSD's applicable charges, including administrative charges, for such delivery. After a Delivery of Program Water is made, IRWD shall be reimbursed by Metropolitan for the actual DWR Variable OMP&R charges that were paid by IRWD for delivery of that Program Water to the Integrated Banking Project. Metropolitan shall be responsible for all conveyance charges, including DWR Variable OMP&R charges, CVC power charges, and RRBWSD's applicable

charges, associated with delivery of Program Water to the Integrated Banking Project, if Metropolitan's cumulative Metropolitan Deliveries cycle Program Water more than one time through the Integrated Banking Project.

(c) Recovery From Integrated Banking Project. The Party recovering water from the Integrated Banking Project (Metropolitan under Paragraph 4.2(a) or IRWD under Paragraph 4.2(b) or 4.2(c), as the case may be) shall pay the applicable costs charged by RRBWSD pursuant to the Banking Agreement for recovery by in-lieu exchange or by extraction, including Administrative Charges as specified therein. IRWD shall reimburse Metropolitan for the applicable costs incurred by Metropolitan to recover the Program Water, should Metropolitan complete the Delivery of Program Water without the same Program Water being returned to the Integrated Banking Project.

(d) Metropolitan's Kern County Conveyance. For purposes of obtaining delivery of Program Water into or out of the Integrated Banking Project, IRWD shall reimburse Metropolitan for the marginal costs to transport Program Water using Metropolitan's rights to Kern County conveyance facilities.

6.4 Capital Costs. Metropolitan and MWDOC shall have no responsibility for the payment of capital costs incurred with respect to the development of the Integrating Banking Project facilities.

VII

PAYMENTS FOR WATER DELIVERED TO IRWD

7.1 Local Delivery Rate. MWDOC shall pay Metropolitan the Local Delivery Rate for each acre-foot of Delivery of Program Water. IRWD shall pay MWDOC the Local Delivery Rate for each acre-foot of Delivery of Program Water, plus MWDOC's current or future customary charges used to recover administrative costs incurred by MWDOC in connection with delivering water to its member agencies, which is currently a surcharge of \$6.75 per acre-foot.

7.2 Metropolitan and MWDOC Invoicing and Payment. Metropolitan shall mail monthly invoices to MWDOC in accordance with the Administrative Code, and MWDOC shall make monthly payments of amounts due pursuant to Paragraph 7.1 in

accordance with the Administrative Code. In its invoicing to MWDOC for deliveries of water, Metropolitan shall separately identify any quantities of delivered water constituting Delivery of Program Water, determined as provided in Paragraph 5.1(e). MWDOC shall mail monthly invoices to IRWD in accordance with its generally applicable invoicing procedures, and IRWD shall make monthly payments of amounts due pursuant to Paragraph 7.1 in accordance with MWDOC's generally-applicable procedures. In its invoicing to IRWD for water deliveries, MWDOC shall separately identify any quantities of delivered water constituting Delivery of Program Water, as indicated on Metropolitan's invoice. MWDOC shall pass through the Local Delivery Rate, as indicated on Metropolitan's invoice, and shall not increase such rates or assess any additional charges except for the applicable MWDOC administrative charges specified in Paragraph 7.1.

7.3 Applicable Procedures. Unless otherwise provided for in this Agreement, all Metropolitan invoicing, billing and crediting processes shall be in accordance with generally applicable rules and regulations established from time to time by Metropolitan as reflected in the Administrative Code, and all MWDOC invoicing, billing and crediting processes shall be in accordance with the generally applicable rules and regulations established from time to time by MWDOC.

7.4 Reimbursement of Costs Between IRWD and Metropolitan.
The Parties may mutually agree to a method for direct reimbursement, without using pass-through invoicing by Metropolitan and MWDOC.

VIII TERM

8.1 Commencement and Expiration. This Agreement shall become effective on the Effective Date and shall expire on the Termination Date.

8.2 Early Termination. This Agreement may be terminated with the mutual written agreement of the Parties.

8.3 Force Majeure.

(a) If the performance, in whole or in part, of the obligations of the respective Parties, or any of them, to make any Delivery of Program Water under

this Agreement is prevented by acts or failures to act of any agency, court or other government authority (other than the Parties), or any other person; by natural disaster (such as earthquake, fire, drought or flood), contamination or outbreak of a water borne disease, war, strike, lockout, act of God, act of civil or military authority; by the operation of applicable law; or by any other cause beyond the control of the affected Party or Parties, whether similar to the causes specified herein or not, then, in any such circumstances, the obligation of the affected Party or Parties to make such Delivery of Program Water under this Agreement shall be suspended from the time and to the extent that the performance thereof is prevented, but reasonable diligence shall be observed by the affected Party or Parties, so far as it lies in their power, in performing such respective obligations in whole or in part under this Agreement. In the event such performance of any of the Parties under this Agreement is prevented as described above, then during the period of such prevention, performance by the non-affected Party under this Agreement shall be excused until such prevention ceases, at which time all the Parties shall become obligated to resume and continue performance of their respective obligations hereunder during the term of this Agreement. Notwithstanding the foregoing, no such prevention shall suspend or otherwise affect any payment obligations for Delivery of Program Water actually completed or any obligation of any Party to indemnify the other Parties pursuant to Paragraph 12.10, or shall extend the term of this Agreement beyond the Termination Date, except as provided in clause (b) of this Paragraph.

(b) In the event that the Delivery of Program Water is prevented as described in clause (a) of this Paragraph, the term of this Agreement shall be extended, for a period not to exceed five Years, without the necessity for further action on the part of any Party, unless the Parties mutually agree to a longer period, if and to the extent necessary to permit Metropolitan to return Program Water that was taken as a Metropolitan Delivery pursuant to Paragraph 3.6 or to complete the Delivery of Program Water pursuant to a Call Notice in the quantity required to discharge all Program Water remaining in the Metropolitan Delivery Account balance.

8.4 Survival. Notwithstanding the foregoing or anything to the contrary in this Agreement, any outstanding payment obligation under Articles VI and VII, and the provisions in Paragraphs 11.6, 12.2, 12.3, 12.8, 12.10 and 12.15 and Articles IX and X shall survive the expiration or termination of this Agreement.

IX

ADDITIONAL COVENANTS AND CONDITIONS

9.1 Applicable Laws. This Agreement and the actions described herein are contingent upon and subject to compliance with all applicable laws.

9.2 No Effect on Ownership of Facilities or Capacity in Facilities. Neither IRWD nor MWDOC shall acquire or be deemed to have acquired any ownership, capacity rights, security interest or any dedicated interest in any Metropolitan storage, transmission or other facilities as a result of any provision of this Agreement. Neither Metropolitan nor MWDOC shall acquire or be deemed to have acquired any ownership, capacity rights, security interest or any dedicated interest in any IRWD or RRBWSD water banking or other facilities as a result of any provision of this Agreement.

9.3 Covenants of Good Faith. This Agreement is subject to reciprocal obligations of good faith and fair dealing.

9.4 CEQA Compliance. On May 27, 2008, RRBWSD certified an environmental impact report ("Project EIR") for the Integrated Banking Project and subsequently on said date IRWD approved the Project EIR as a responsible agency. The Project EIR evaluated the delivery of water from the Integrated Banking Project to IRWD for use in the IRWD service area. The Parties agree to cooperate in obtaining further CEQA compliance or any permits, regulatory approvals or agreements to the extent required for the implementation of this Agreement.

9.5 Costs and Expenses. Except as provided in Articles VI and VII, each Party shall bear its own costs and expenses incurred in connection with the negotiation, execution and implementation of this Agreement and in obtaining related agreements, permits and regulatory approvals.

9.6 No Impact on Banking Agreement. Nothing in this Agreement shall be construed to amend the Banking Agreement.

9.7 Mutual Agreements In Writing. The terms of all mutual agreements reached between two or all of the Parties, as contemplated in this Agreement, shall be reduced to writing, and copies of each such mutual agreement shall be provided to all of the Parties prior to the commencement of the actions provided for in such mutual agreement.

X

DISPUTE RESOLUTION

10.1 Reasonable Best Efforts to Resolve by Negotiation. The Parties shall exercise reasonable best efforts to resolve all disputes arising under this Agreement through negotiation. In the event negotiation is unsuccessful, then the Parties reserve their respective rights to all legal and equitable remedies.

XI

EVENTS OF DEFAULT; REMEDIES

11.1 Events of Default by IRWD. Each of the following constitutes an Event of Default by IRWD if not cured within 30 days of receiving notice from Metropolitan or MWDOC of such matter:

- (a) IRWD fails to perform or observe any term, covenant or undertaking that it is to perform or observe under this Agreement.
- (c) Any representation or warranty made by IRWD and contained in this Agreement or in any exhibit, certificate or other document furnished pursuant to this Agreement is on the date made or later proves to be false, misleading or untrue in any material respect.

11.2 Events of Default by Metropolitan. Each of the following constitutes an Event of Default by Metropolitan if not cured within 30 days of receiving notice from IRWD or MWDOC of such matter:

- (a) Subject to Paragraphs 8.3 and 9.1, Metropolitan fails to complete a Delivery of Program Water as required under this Agreement.
- (b) Metropolitan fails to perform or observe any other term, covenant or undertaking that it is to perform or observe under this Agreement.

(c) Any representation or warranty made by Metropolitan and contained in this Agreement or in any exhibit, certificate or other document furnished pursuant to this Agreement is on the date made or later proves to be false, misleading or untrue in any material respect.

11.3 Events of Default by MWDOC. Each of the following constitutes an Event of Default by MWDOC if not cured within 30 days of receiving notice from IRWD or Metropolitan of such matter:

(a) MWDOC fails to pass through a consideration from Metropolitan to IRWD or from IRWD to Metropolitan as required in this Agreement.

(b) MWDOC fails to perform or observe any other term, covenant or undertaking that it is to perform or observe under this Agreement.

(c) Any representation or warranty made by MWDOC and contained in this Agreement or in any exhibit, certificate or other document furnished pursuant to this Agreement is on the date made or later proves to be false, misleading or untrue in any material respect.

11.4 Remedies Generally. If an Event of Default occurs, a non-breaching Party will have all rights and remedies provided at law or in equity against the breaching Party.

11.5 Specific Performance. Any Event of Default as defined in Paragraph 11.2(a) may be remedied by an order of specific performance.

11.6 Cumulative Rights and Remedies. The Parties do not intend that any right or remedy given to a Party on the breach of any provision of this Agreement be exclusive; each such right or remedy is cumulative and in addition to any other right or remedy provided in this Agreement or otherwise available at law or in equity. If the non-breaching Party fails to exercise or delays in exercising any such right or remedy, the non-breaching Party does not thereby waive that right or remedy. In addition, no single or partial exercise of any right, power or privilege precludes any other or further exercise of a right, power or privilege granted by this Agreement or otherwise.

11.7 Action or Proceeding Among the Parties. Each Party acknowledges that it is a "local agency" within the meaning of Section 394(c) of the California Code of Civil Procedure ("CCP"). Each Party further acknowledges that any action or proceeding commenced by one Party against another Party would, as a matter of law, be subject to

- (a) transfer to a “neutral county,” or instead
- (b) assignment of a disinterested judge from a “neutral county” by the Chairman of the Judicial Council to hear the action or proceeding.
- (c) A “neutral county” is any county other than Kern, Kings, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara and Ventura.

In the event an action is filed by any Party against another Party to enforce this Agreement and to obtain damages for its alleged breach, each Party hereby:

- (d) Stipulates to the transfer of the action or proceeding to a “neutral county” or to assignment of a disinterested judge from a “neutral county” to hear the action or proceeding;
- (e) Waives the usual notice required under the law-and-motion provisions of Rule 3.1300 of the California Rules of Court;
- (f) Consents to having any motion under CCP Section 394(c) heard with notice as an *ex parte* matter under Rule 3.1200-1207 of the California Rules of Court; and
- (g) Acknowledges that this Agreement, and in particular this Paragraph, may be submitted to the court as part of the moving papers.
- (h) Nothing in this Paragraph, however, shall impair or limit the right of a Party to contest the suitability of any particular county to serve as a “neutral county” or operate as a waiver by a Party of any other right.

XII

GENERAL PROVISIONS

12.1 No Third-Party Rights. This Agreement is made solely for the benefit of the Parties and their respective permitted successors and assigns (if any). Except for such a permitted successor or assign, no other person or entity may have or acquire any right by virtue of this Agreement.

12.2 Ambiguities. Each Party and its counsel have participated fully in the drafting, review and revision of this Agreement. No rule of construction to the effect that

ambiguities are to be resolved against the drafting Party shall be applied in the interpretation of this Agreement or any amendments or modifications thereof.

12.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflict of laws provisions.

12.4 Binding Effect; No Assignment. This Agreement is and will be binding upon and will inure to the benefit of the Parties and the legal successors and assigns of their assets and liabilities by operation of law. Other than as contemplated in the preceding sentence, no Party may assign any of its rights or delegate any of its duties under this Agreement. Any assignment or delegation made in violation of this Agreement is void and of no force and effect.

12.5 Notices. All notices, requests, demands, or other communications under this Agreement must be in writing and sent to each Party. Notice will be sufficiently given for all purposes as follows:

- *Personal Delivery*. When personally delivered to the recipient. Notice is effective on delivery.
- *First-Class Mail*. When mailed first-class, postage prepaid, to the last address of the recipient known to the Party giving notice. Notice is effective three days after the postmark date.
- *Certified Mail*. When mailed certified mail, return receipt requested. Notice is effective on receipt, if a return receipt confirms delivery.
- *Overnight Delivery*. When delivered by an overnight delivery service such as Federal Express, charges prepaid or charged to the sender's account. Notice is effective on delivery, if delivery is confirmed by the delivery service.
- *Facsimile Transmission*. Notice is effective on receipt, provided that a copy is mailed by first-class mail on the facsimile transmission date.
- *Electronic Mail*. Notice is effective on receipt, provided that a copy is mailed by first-class mail on the electronic mail date.

Addresses for purposes of giving notice are as follows:

To Metropolitan:	Metropolitan Water District of Southern California Attn: General Manager
Address for U.S. Mail	P.O. Box 54153 Los Angeles, CA 90054-0153
Address for personal or overnight delivery	700 North Alameda Street Los Angeles, CA 90012-2944 Telephone: 213-217-6950
With a copy delivered by the same means and at the same address to	Metropolitan Water District of Southern California Attn: General Counsel
Address for facsimile	213-217-6890
Address for e-mail	jroberts@mwdh2o.com

To MWDOC:	Municipal Water District of Orange County Attn: General Manager
Address for U.S. Mail	18700 Ward Street Fountain Valley, CA 92708
Address for personal or overnight delivery	18700 Ward Street Fountain Valley, CA 92708 Telephone:
With a copy delivered by the same means to	McCormick, Kidman & Behrens 650 Town Center Drive, Suite 100 Costa Mesa, CA 92626-1989 Attn: Russell G. Behrens
Address for facsimile	714-964-9389
Address for e-mail	khunt@mwdoc.com , with a copy to rbehrens@mkblawyers.com

To IRWD:	Irvine Ranch Water District Attn: General Manager
Address for U.S. Mail	P.O. Box 57000 Irvine, CA 92619-7000
Address for personal or overnight delivery	15600 Sand Canyon Avenue Irvine, CA 92618
With a copy delivered by the same means to	Bowie, Arneson, Wiles & Giannone 4920 Campus Drive Newport Beach, CA 92660 Attn: Joan Arneson
Address for facsimile	949-453-1228
Address for e-mail	JONES@irwd.com , with a copy to WEGHORST@irwd.com

(a) A correctly addressed notice that is refused, unclaimed or undeliverable because of an act or omission by the Party to be notified will be

deemed effective as of the first date that notice was refused, unclaimed or undeliverable by the postal authorities, messenger, or overnight delivery service.

(b) A Party may change its address by giving the other Parties notice of the change in any manner permitted by this Agreement.

12.6 Entire Agreement. This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement among the Parties pertaining to its subject matter and supersedes all prior and contemporaneous understandings or agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty outside those expressly set forth in this Agreement.

12.7 Time of the Essence. If the day on which performance of any act or the occurrence of any event hereunder is due is not a business day, the time when such performance or occurrence shall be due shall be the first business day (as defined in Section 4507 of the Administrative Code) occurring after the day on which performance or occurrence would otherwise be due hereunder. All times provided in this Agreement for the performance of any act will be strictly construed, time being of the essence of this Agreement.

12.8 Modification.

(a) Written Agreement Required. This Agreement may be supplemented, amended or modified only by the written agreement of the Parties. No supplement, amendment or modification will be binding unless it is in writing and signed by all of the Parties.

(b) Reopening of Agreement. The Parties agree to meet and confer in good faith to negotiate amendments to preserve the intent of this Agreement in the event that a change to the Administrative Code, Metropolitan's rate structure design, Water Supply Allocation Plan, legislative change or other change of an institutional nature materially alters the consideration for this Agreement.

(c) Conformance to Other Agreement. If concurrent with or after the execution of this Agreement by Metropolitan, Metropolitan shall execute any other agreement, with a counterparty who is a Metropolitan member agency and/or an agency providing water service within the service area of Metropolitan

and that, on the whole, contains terms more favorable to the counterparty agency than this Agreement, then at IRWD's election, terms comparable to those in the other agreement's more favorable terms shall be deemed to be automatically inserted or substituted, as the case may be, into this Agreement, including elimination of unfavorable terms that are absent from the other agreement.

12.9 Waiver. No waiver of a breach, failure of condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the Party waiving the breach, failure, right or remedy. No waiver of a breach, failure of condition, right or remedy is or may be deemed a waiver of any other breach, failure, right or remedy, whether similar or not. In addition, no waiver will constitute a continuing waiver unless the writing so specifies.

12.10 Indemnification.

(a) Metropolitan shall indemnify IRWD and MWDOC pursuant to Section 4502 of the Administrative Code against liability in connection with Metropolitan's Delivery of Program Water to the same extent as is required with respect to water supplied by Metropolitan to a member public agency. Such indemnification shall be in addition to any indemnification rights available under applicable law and to any other remedy provided under this Agreement. Notwithstanding anything to the contrary in Section 4502 of the Administrative Code, Metropolitan's obligations pursuant to Section 4502 of the Administrative Code shall not be deemed to apply prior to the point where Metropolitan's control of the delivery of Program Water commences under Paragraph 3.11.

(b) IRWD shall indemnify Metropolitan and MWDOC pursuant to Section 4502 of the Administrative Code against liability in connection with acts of IRWD after Metropolitan's Delivery of Program Water to the same extent as is required with respect to water supplied by Metropolitan to a member public agency. Such indemnification shall be in addition to any indemnification rights available under applicable law and to any other remedy provided under this Agreement. In addition to the liability indemnification provisions of the preceding sentence, IRWD shall defend, indemnify and hold harmless Metropolitan and MWDOC against claims and liabilities that arise from

implementation of this Agreement, including liabilities arising from obligations to DWR assumed by Metropolitan, prior to the point where Metropolitan's control of the delivery of Program Water commences under Paragraph 3.11.

(c) MWDOC shall indemnify Metropolitan pursuant to Section 4502 of the Administrative Code against liability in connection with acts of MWDOC after Metropolitan's Delivery of Program Water to the same extent as is required with respect to water supplied by Metropolitan to a member public agency. Such indemnification shall be in addition to any indemnification rights available under applicable law and to any other remedy provided under this Agreement.

(d) Notwithstanding anything in this Agreement to the contrary, each Party agrees to proceed with reasonable diligence and use reasonable good faith efforts to jointly defend any lawsuit or administrative proceeding by any person other than the Parties challenging the legality, validity or enforceability of this Agreement.

12.11 Authority of the Legislature. Nothing in this Agreement will limit any authority of the Legislature of the State of California to allocate or reallocate water.

12.12 Right to Amend the Administrative Code. Notwithstanding anything in this Agreement to the contrary, express or implied, Metropolitan shall have the right to amend the Administrative Code at its sole discretion, except that, for purposes of this Agreement, no such amendment shall result in a materially adverse change or modification of IRWD's rights to obtain Program Water from the Integrated Banking Project or Metropolitan's Delivery Account, obtain Delivery of Program Water by Call Notice, or the obligations of Metropolitan hereunder, or be binding on IRWD unless such effect is first approved by the Board of Directors of IRWD.

12.13 Right to Amend Banking Agreement. Notwithstanding anything in this Agreement to the contrary, express or implied, IRWD shall have the right to amend the Banking Agreement at its sole discretion, except that, for purposes of this Agreement, no such amendment shall result in a materially adverse change or modification of Metropolitan's rights with respect to the recharge, storage or recovery of water in the Integrated Banking Project as contemplated hereunder, or be binding on Metropolitan, unless such effect is first approved by the Board of Directors of Metropolitan. The

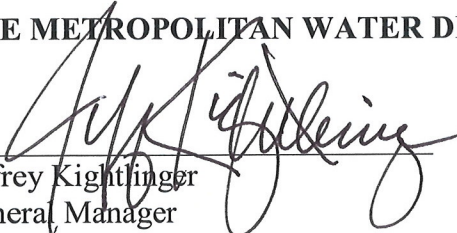
preceding sentence notwithstanding, an amendment of the Banking Agreement to expand the Integrated Banking Project shall not, by itself, be considered to result in a materially adverse change or modification of Metropolitan's rights hereunder.

12.14 Counterparts. This Agreement may be executed in two or more counterparts, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document.

12.15 Audit. Each Party shall be responsible for assuring the accuracy of its books, records and accounts of billings, payments, metering of water and other records (whether on paper or in electronic or other format) evidencing the performance of its obligations pursuant to this Agreement and shall maintain all such records for not less than three years. Each Party will have the right to audit the other Parties' books and records relating to this Agreement for purposes of determining compliance with this Agreement during the term hereof and for a period of three years following termination of this Agreement. Upon reasonable notice, each Party shall cooperate fully with any such audit and shall permit access to its books, records and accounts as may be necessary to conduct such audit.

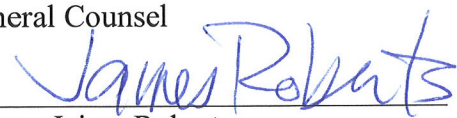
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

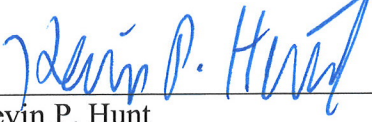

Jeffrey Kightlinger
General Manager

APPROVED AS TO FORM:

Karen L. Tachiki
General Counsel

By 
Jaime Roberts
Senior Deputy General Counsel

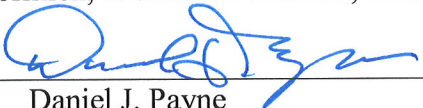
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY



Kevin P. Hunt
General Manager

APPROVED AS TO FORM:

McCormick, Kidman & Behrens, LLP

By 

Daniel J. Payne

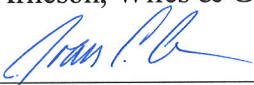
IRVINE RANCH WATER DISTRICT



Paul D. Jones II
General Manager

APPROVED AS TO FORM:

Bowie, Arneson, Wiles & Giannone

By 

Joan C. Arneson

Exhibit “B”

Summary of Benefits in the Current Coordinated Operating, Water Storage, Exchange and Delivery Agreement with Metropolitan Water District and Municipal Water District of Orange County (MWDOC)

Summary of Benefits to IRWD:

1. IRWD benefits from all State Water Project (SWP) water IRWD secures; Metropolitan’s borrowing of this water is temporary.
2. On behalf of IRWD, Metropolitan uses its SWP exchange and conveyance capacities to move IRWD’s water for banking.
3. IRWD can “store” water in Metropolitan’s system as a credit, freeing up space in IRWD’s Water Bank with the water stored closer to the IRWD service area. (Note: The stored water does not qualify as Extraordinary Supply.)
4. IRWD does not incur conveyance or evaporation losses on its water that is conveyed in Metropolitan’s system and stored in Metropolitan’s reservoirs.
5. IRWD avoids groundwater recovery (pumping) costs when Metropolitan issues a credit for IRWD’s SWP supplies in Southern California (estimated \$130/AF¹).
6. IRWD pays Metropolitan’s melded system power rate – currently \$179/AF, not DWR’s current power costs of \$223/AF² (\$44/AF savings).
7. Deliveries are on-demand to IRWD at its service connections in Orange County, which are not subject to lower priorities for wheeling.
8. Metropolitan pays all SWP costs, including variable OMP&R supply costs, associated with SWP water secured by IRWD³.
9. IRWD pays Metropolitan’s Full-Service Tier-1 Untreated Rate, which is currently \$984/AF, for deliveries at its service connections allowing IRWD to avoid higher Metropolitan wheeling charges.
10. IRWD only pays once for supply at the current Tier-1 Supply Rate of \$313/AF.
11. Water Bank deliveries to IRWD’s service area qualify as Extraordinary Supply during a Water Supply Allocation, allowing IRWD to avoid Metropolitan’s Allocation Surcharge of between \$1,480/AF and \$2,960/AF.
12. IRWD increases local water supply reliability for its ratepayers.

¹ Estimated from IRWD’s current groundwater pumping costs and Water Bank related operations costs. Metropolitan has the option to extinguish credits by returning water to the IRWD Water Bank. In recent borrowing letter agreement, Metropolitan agreed to waive its ability to return borrowed water to the Water Bank.

² Melded system and actual power costs were taken from Metropolitan’s Fiscal Years 2024-25 and 2025-26 Biennial Budget Report and Cost of Service Study.

³ Does not include fixed costs paid by IRWD’s unbalanced exchange partners.

Summary of Benefits to MWD:

1. Metropolitan maintains control of all SWP supplies entering its service area as required by its SWP Contract with California Department of Water Resources (DWR).
2. Metropolitan's investments in the SWP are protected by not causing a reduction in revenue received by Metropolitan for payment of SWP fixed charge obligations.
3. Metropolitan can temporarily borrow SWP water secured by IRWD.
4. Metropolitan is assured that IRWD is not competing for water supplies.
5. Increased regional water supply reliability.