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MEMORANDUM

TO: Dirk Marks, Water Resources Manager
Castaic Lake Water Agency

FROM: Marsha Payne
Executive Secretary

DATE: May 14, 2015

SUBJECT: Agreement Between Castaic Lake Water Agency and Semitropic Water Storage District for Participation in the Stored Water Recovery Unit of the Semitropic Water Banking and Exchange Program

MESSAGE: Dirk, enclosed is your original copy of the above referenced document which was accepted and executed by the Board at yesterday's meeting. As always, it has been a pleasure working with you in this joint effort for a Banking Project.

**AGREEMENT BETWEEN
CASTAIC LAKE WATER AGENCY AND
SEMITROPIC WATER STORAGE DISTRICT AND ITS
IMPROVEMENT DISTRICTS FOR PARTICIPATION IN THE
STORED WATER RECOVERY UNIT OF THE
SEMITROPIC WATER BANKING AND EXCHANGE PROGRAM**

THIS AGREEMENT (this “**Agreement**”), dated as of May 13, 2015, (Effective Date) is entered into by and between **CASTAIC LAKE WATER AGENCY** (“Participant”) and the **SEMITROPIC WATER STORAGE DISTRICT** and **SEMITROPIC IMPROVEMENT DISTRICT**, **BUTTONWILLOW IMPROVEMENT DISTRICT** and **POND-POSO IMPROVEMENT DISTRICT** of the **SEMITROPIC WATER STORAGE DISTRICT** (collectively called “**Semitropic**”). Participant and Semitropic may be referred to individually as Party or collectively as Parties.

RECITALS

A. Participant is a public agency organized in accordance with California Water code Appendix, Chapter 103, for the purpose of acquiring water and water rights and to provide and sell such water at wholesale and retail to customers in the Santa Clarita Valley in Los Angeles and Ventura Counties, California.

B. Semitropic Water Storage District and its improvement districts are organized under the laws of the State of California under the Water Storage District Law at Division 14 of the California Water Code. As more particularly described below, Semitropic, among other things, supplies imported supplemental surface water to certain of its landowners and water users and has ongoing groundwater banking programs with other entities.

C. Semitropic obtains water from the SWP through its contracts with the Kern County Water Agency (“**Agency**”) under the Agency’s master contract with DWR, executed on November 15, 1963, and presently providing for a total contract entitlement of 998,730 AF. Semitropic’s contracts with the Agency were originally executed December 9, 1976 (Buttonwillow

Improvement District), December 9, 1976 (Pond-Poso Improvement District), and January 9, 1969 (Semitropic Water Storage District) and provided for a combined contract entitlement of 158,000 AF per year. This later amount was reduced to 155,000 AF by the contract amendments required to implement the Kern Water Bank exchange under the Monterey Agreement. Semitropic Improvement District was formed in 1991, and its boundaries are coterminous with the boundaries of Buttonwillow Improvement District and Pond Poso Improvement District and, among other things, it serves as agent for Buttonwillow Improvement District and Pond-Poso Improvement District. A total of approximately 149,200 acres of land within Semitropic are irrigated with a total annual demand of approximately 522,000 AF based on current cropping patterns and irrigation practices. Semitropic has entered into contracts with individual landowners comprising 42,328 acres of land, which is designated as the Surface Water Service Area (“**SWSA**”). Semitropic has commitments to deliver 145,240 AF per year to the SWSA. Additional lands outside the SWSA, in the amount of approximately 24,500 acres, have also been connected to Semitropic’s distribution system so such lands may receive surface water when available. These additional lands are designated as the Temporary Water Service Area (“**TWSA**”), and may sometimes be referred to as the Non-Contract Service Area. Total landowner demand within the SWSA and TWSA for surface water supplies is greater than water available under Semitropic’s entitlement for Agency SWP water and other surface water supplies.

D. Consistent with the California Environmental Quality Act (“**CEQA**”), Semitropic, acting as lead agency completed an environmental impact report (the “**EIR**”) concerning a water banking and exchange program (the “**Original Banking Program**”). Semitropic’s Board of Directors, on July 13, 1994, certified the EIR as being in compliance with CEQA. Semitropic is also responsible for implementing and monitoring the mitigation measures defined in “Findings and Mitigation Monitoring Plan” dated July 1994, adopted as part of the EIR.

E. Semitropic also entered into a Memorandum of Understanding (“**MOU**”) with neighboring districts, dated September 14, 1994, to implement in part said monitoring and mitigation measures, which this Agreement is subject to. The MOU is on file with Semitropic and is available to Participant upon request.

F. The Original Banking Program has a defined total storage capacity of 1,000,000 AF. As part of the Original Banking Program, Semitropic entered into water banking and exchange Agreements with certain parties (the “**Original Banking Partners**”) as amended, under which, when and if fully vested, the Original Banking Partners shall have the amounts as reflected in Recital K.

G. After the implementation of the Original Banking Program, certain of the Original Banking Partners requested that Semitropic investigate the possibility of increasing the recovery or withdrawal capacity of the Original Banking Program. Following review of various alternatives, Semitropic concluded that the withdrawal capacity increase could best be accomplished in a reliable and efficient manner by pumping Stored Water (as defined below) directly from groundwater storage into the California Aqueduct. After considering various pumping locations, pipeline alignments, and the need to minimize pumping impacts on existing groundwater users, the area in the northwest part of Semitropic was selected as a potential well field. The identified project, known as the Stored Water Recovery Unit (“**SWRU**”) and described further below, is based on additional pumpback capacity of up to 200,000 AF per year, 150,000 AF of which is to be pumped from the Well Field (as defined below), known as Area B, and 50,000 AF per year from other parts of the Semitropic Improvement District, known as Area A, both as shown on Exhibit A.

H. Semitropic prepared a Draft Supplemental Environmental Impact Report (DEIR) on the SWRU. The Final Supplemental EIR was certified on January 19, 2000. Semitropic also prepared Addenda to the Final Supplemental EIR dated February 2002, (clarifying the overall storage capacity of the Original Banking Program with the SWRU to be 1,650,000 AF) July 2004 (regarding the size and configuration of certain SWRU facilities) and March 2005 (concerning the delivery point of water delivered for banking). Semitropic initially offered the additional recovery capacity of the SWRU to the Original Banking Partners, but they declined to participate, except for Zone 7 Water Agency and Vidler Water Company whose contractual rights were acquired by San Diego Co. Water Authority in July 2008. As a result of Semitropic’s proposal to undertake the SWRU, Semitropic and the Original Banking Partners did enter into an amendment to the Original Banking Partner agreements to confirm and clarify the rights of the Original Banking Partners established under the Original Banking Partner Agreements. The Original Banking Partner

Agreements, as amended, among other provisions, provide that Semitropic shall operate the SWRU in a manner designed so that its operation does not cause the Original Banking Program to be impaired in its ability to meet DWR water quality standards for return of Stored Water to the California Aqueduct (*First Amendment, Section 14.2.3*); provided that the Original Banking Partners shall have no responsibility and/or obligation to compensate or otherwise provide mitigation to Semitropic or SWRU participants as a result of any adverse impacts of the Original Banking Program or the SWRU, including but not limited to the “15 foot/3 year Rule” contained in the MOU referenced in Recital E above (*First Amendment, Section 14.3.1*) and also otherwise provide the Original Banking Partners specified rights in regard to the unused capacities of SWRU facilities.

I. The facilities planned to be constructed for the SWRU (“**SWRU Facilities**”) generally include a well field with approximately 65 wells with a planned capacity to pump 150,000 AF per year (“**Well Field**”) (in which Participant will only have secondary rights, as herein provided), a collection system for transporting Stored Water to a reservoir and pumping plant, a 96” diameter pipeline to a second reservoir that will be constructed adjacent to the Pond Poso Canal (with appropriate interconnections), and a second pumping plant and 420 cfs of two-way conveyance capacity in a 120 inch diameter pipeline to the California Aqueduct. These facilities provide a dual-purpose, bi-directional, connection from the Well Field and from landowner wells within Area B shown on Exhibit A serving each well site, to the California Aqueduct. The SWRU Facilities also include well connections and conveyance facility improvements to increase the existing Semitropic pumpback capacity to the Aqueduct by an additional 50,000 AF per year (which, as described below, will be the principal source of recovery for Participant). The SWRU will also require auxiliary features including power distribution lines and operation and maintenance roads. Costs to mitigate impacts may be included with the SWRU Facilities as herein provided. The parties recognize that water quality standards may result in a requirement that water from the SWRU, and in particular the Well Field, be treated before being returned to the California Aqueduct. The general location of SWRU Facilities is shown as Area B on Exhibit A hereto.

J. Semitropic as part of the Original Banking Program has constructed facilities to provide Program Delivery Capacity consisting of 23,000 acres of In-Lieu Service Area providing, in combination with delivering capabilities in the SWSA and TWSA, approximately 90,500 AF per year of delivery capacity within a portion of Area A on Exhibit A. Since initiating, the Original Banking Program Semitropic has also increased its recharge capabilities beyond that required by the Original Banking Program through construction of additional In-Lieu Service areas, participation in the Kern Water Bank and additional direct recharge facilities within the District. These additional facilities including proposed future improvements are generally shown on Exhibit A. An additional In-Lieu Service Area as generally shown within Area B of Exhibit A (shown as “In-Lieu Recharge and Recovery Area”) will also be constructed as part of the SWRU Facilities. This In-Lieu Service Area and additional facilities within Area B will increase the “put” capacity of the SWRU and may also be used to mitigate potential pumping impacts on landowners adjoining the Well Field.

K. The respective Banking Partners in the Original Banking Program and the SWRU and a summary of their respective interests are as follows:

Original Banking Partners (OBP)	Effective Date Of Agreement/Amendment	Amount of Storage (AF)	Recovery ⁽¹⁾ AF/Yr
Metropolitan Water District of Southern California	December 12, 1994 May 6, 2003	350,000	48,213
Santa Clara Valley Water District	June 1, 1997 April 24, 2003	350,000	48,213
Alameda County Water District	July 1, 1997 Sept. 28, 2001 April 24, 2003	50,000 100,000	20,662
Zone 7 Water Agency	January 28, 1998 February 26, 2003 January 12, 2005	65,000	12,204 ⁽¹⁾ (3250-SWRU)
San Diego Co. Water Authority	October 8, 1998; May 21, 2001; Sept. 28, 2001 February 26, 2003 July 1, 2005 July 1, 2008	30,000	5,632 ⁽¹⁾ (1500-SWRU)

The Newhall Land and Farming Company	May 21, 2001 February 26, 2003	55,000	7,576
TOTAL (Original Program)		1,000,000	142,500⁽¹⁾
Stored Water Recovery Unit (SWRU) Banking Partners	Effective Date of Agreement/Amendment	Amount of Storage AF⁽⁵⁾	Recovery AF/Yr (Shares)
Poso Creek Water Company, LLC	April 23, 2007	60,000 ^(A)	20,000 ^(A)
⁽²⁾ San Diego Co. Water Authority	August 20, 2008	15,000 ^{(B)(2)}	5,000 ^{(B)(2)}
⁽³⁾ City of Tracy	November 16, 2010	10,500 ^(A)	3,500 ^(A)
Homer, LLC	October 1,2012	15,000 ^(A)	5,000 ^(A)
Harris Farms, Inc.	November 15, 2013	10,500 ^(A)	3,500 ^(A)
Shows Family Farms ,LP	Sept.10,2014	300 ^(A)	100 ^(A)
⁽⁷⁾ Mid Valley Ranch, LLC	April 30, 2015	3,600 ^(A)	1,200 ^(A)
Castaic Lake Water Agency	May 13, 2015	15,000 ^(A)	5,000 ^(A)
⁽⁸⁾ Metropolitan Water District (Ref.Section O)	Interim Recovery Agreement-Dec18, 2014	-0-	<8,200> ^{(A)(8)}
COMMITTED CAPACITY-Area A	As of-April 2015	129,900	43,050
Uncommitted Capacity	Summer 2015	20,850 ^(A) 435,000 ^(B)	6,950 ^{(A)(4)(2)} 145,000 ^(B)
TOTAL (SWRU)-(Excl.Orig.Prog)		600,000	200,000
Unallocated Storage		64,250 ⁽⁶⁾	----0----
TOTAL (Program)		1,650,000	342,500 ⁽¹⁾

Note: This chart is only a summary of the Banking Partners' respective interests and does not in any manner supersede or modify the respective contracts. Superscripts (A) & (B) are areas shown on Exhibit "A" where primary facilities to serve this agreement are located. With respect to the Original Banking Partners, all first priority capacity is within Area A.

⁽¹⁾ Includes (i) 90,000 AF per year of Program Pumpback Capacity (ii) Program Entitlement Exchange Rights assuming a reasonably reliable SWP average allocation of 45% and (iii) additional pumpback capacity of 4,750 AF per year acquired by Zone 7 (3,250 AF per year) and SDCWA (1,500 AF per year) from the 50,000 AF per year of SWRU Pumpback Capacity but did not include additional storage capacity. (Ref. Footnote ⁽⁶⁾)

⁽²⁾This Agreement was executed under the Semitropic-Rosamond Water Bank Authority (for 5,000 acre feet of the 150,000 AF per year of SWRU Pumpback Capacity from Area B) but is administered, managed, and operated under Semitropic's SWRU temporarily within Area "A" and ultimately to be within Area "B" shown on Exhibit A.

⁽³⁾ Per Section 1.14 of Tracy Agreement, $\frac{1}{2}$ storage is in Area "A" and $\frac{1}{2}$ in Area "B" shown on Exhibit A. This provision in the Tracy Agreement is to be amended to show all capacity is to be in Area A.

⁽⁴⁾ Of the 50,000 AF per year SWRU Pumpback Capacity that is originating from Area "A" (170 cfs for 5 months) as noted by footnote (1) above, 4,750 AF per year has been contracted for by certain Original Banking Partners and 38,300 AF per year has been contracted for by SWRU Participants, including Participant's share but excluding 5,000 AF per year temporarily included in the Area "A" (Ref. footnote ⁽²⁾), leaving 6,950 AF per year currently available.

⁽⁵⁾ Except for the interim agreement referenced in footnote ⁽⁸⁾, are all based on a 3:1 ratio of storage to recovery capacity.

⁽⁶⁾ This includes 50,000 AF in excess of the 3:1 ratio cited in footnote ⁽⁵⁾ above plus, the 14,250 AF of storage not included in the pumpback capacity cited in footnote ⁽¹⁾ above.

⁽⁷⁾ Mid Valley Ranch, LLC represents itself for 1000 shares and Lazy Dog Orchards, LLC for 200 Shares.

⁽⁸⁾ This Third Amendment to Metropolitan Water District's agreement dated December 18, 2014 provides for interim recovery capacity of 13,200 AF prior to February 1, 2016 thereafter interim recovery capacity is reduced to 8,200 AF per year of which 6,950 AF per year (i.e. Shares) all or some of which could be committed to a long-term Banking Partner within Area A.

L. Participant and Semitropic find that it will be mutually advantageous to enter into a groundwater banking and exchange program utilizing the SWRU whereby Semitropic will hold for Participant the water deposited by Participant hereunder. This Agreement will provide groundwater storage for Participant resulting in better utilization of its water supplies, and will provide improved reliability of supplies and overall higher groundwater levels for Semitropic.

M. This Agreement is consistent with the goal of making optimum use of water and facilities and is consistent with conservation objectives of Participant, Semitropic, Agency and DWR.

N. Semitropic will provide such water resource management services as are necessary to implement and operate the Program, including the construction of facilities, securing agreements and entering into operational arrangements, as are necessary to receive from Participant water delivered by Participant for storage hereunder and to return equivalent water to Participant in accordance with the terms of the Agreement. The Program, as implemented with respect to Participant by this Agreement, when combined with other necessary actions undertaken by Participant will thus allow the delivery of Stored Water to Participant. These actions will include obtaining any necessary agreements between agencies responsible for transferring water to and from Semitropic California Aqueduct Turnouts (Delivery Agreement as provided in Article 9). When such services are provided by Semitropic, Participant will make payments to Semitropic, as provided for in this Agreement, to compensate Semitropic for its services and expenses.

O. Semitropic has entered into an agreement with the Metropolitan Water District of Southern California (MWD), dated December 12, 2014 whereby MWD will pay for the costs

associated with completing the construction of the Area A recovery facilities as necessary to increase the recovery capacity by 13,200 AF. The construction of the Area A recovery facilities is to be completed in 2015. Pursuant to such agreement, MWD will have the right to use such Area A recovery facilities until the end of January of 2016. After January 31, 2016, MWD's recovery rights of 13,200 AF by virtue of this agreement will be reduced by 5,000 AF per year, leaving MWD 8,200 AF per year of recovery right until which time Semitropic commits additional Shares to other Participants under Area A or Semitropic acquires the remaining recovery right from MWD. Ultimately, MWD will no longer have the right to use such Area A recovery facilities, except by virtue of its status as an Original Banking Partner, and Participant will have access to such facilities sufficient to recover under a first priority basis 5,000 AF per year.

ARTICLE 1. DEFINITIONS

As used in this Agreement, each of the following terms shall have the respective meaning given to it in this Article 1 unless expressly stated to the contrary where such term is used. Further, each provision in this Article or in the Recitals which is stated in declarative form (for example, "will be adjusted") or is otherwise stated as an agreement between the Parties, rather than as a statement of their intent or purpose, shall be construed to be an operative part of this Agreement and shall be enforceable.

1.1 **"Agreement"** means, as of any particular time, this Agreement as amended or supplemented by the Parties through that time.

1.2 **"Banking Partner"** means, as of any particular time, Participant and any other entity which is then a party to a water banking and exchange agreement with Semitropic and shall include Original Banking Partners and SWRU Banking Partners. The term "Banking Partner" does not include a Lower Priority Banking Partner.

1.3 **"In-Lieu Service Area"** means lands which have at least a five year history of cultivation and continuous use of groundwater, the owners of which have executed surface water service contracts with Semitropic acknowledging and agreeing to cooperate with Semitropic in

fulfilling its obligation to carry out the Program, that provide for the reasonable and beneficial use of water made available to Semitropic for banking and other purposes on that land in lieu of pumping groundwater, and whose on-farm systems have been connected to Semitropic's surface water distribution system to receive water delivered to Semitropic for storage purposes. These lands also have a contractual responsibility to use existing wells to recover Stored Water.

1.4 **“Lower Priority Banking Partner”** means an entity which enters into an agreement with Semitropic to utilize all or part of the capacity during such time period when not required to be available for use by Semitropic or Banking Partners.

1.5 **“Original Banking Partners”** means the parties to the Original Banking Program that are those listed in Recital F, and which may change from time to time in event of assignments in accordance with Section 14.1 (Successors and Assigns).

1.6 **“Original Banking Program”** means the original one million AF (MAF) banking program developed by Semitropic within the Semitropic Bank, referred to as “Program” in Section 1.8 of the Original Banking Program Agreements.

1.7 **“Original Banking Program Agreements”** means the agreement (or agreements) that each Original Banking Partner has entered into with Semitropic containing rights and obligations related to the Original Banking Program.

1.8 **“Original Banking Program Facilities”** means the water facilities, consisting of canals, pipelines, associated pumping plants and recovery wells all as required to recharge a minimum of 90,500 AF per year, to recover a minimum of 90,000 AF per year at a maximum instantaneous flow rate of 300 cfs (Program Pumpback Capacity), and to recover up to 133,000 AF per year to return water under Program Entitlement Exchange Rights provisions, the locations and description of which are shown on Exhibit A within Area A.

1.9 **“Participant's Delivery Capacity”** means the capability granted to Participant under this Agreement to deliver water for storage, consistent with Article 7 hereof. Participant's Delivery Capacity shall be provided to Participant from the following facilities, as Semitropic shall

determine: (a) in-lieu delivery recharge not part of the Original Banking Program, (b) direct recharge facilities within Semitropic not part of the Original Banking Program, (c) recharge on the Kern Water Bank, (d) unused SWRU Delivery Capacity and (d) unused capacity of the Original Banking Program. Participant's Delivery Capacity shall be 5,000 AF annually.

1.10 **“Program” or “Semitropic Bank”** means the entire groundwater-banking program developed, operated, and maintained by Semitropic, including both the Original Banking Program and the SWRU. The Semitropic Bank is to be expanded to a 1.65 million AF (MAF) banking program, consisting of the existing 1.0 MAF Original Banking Program and the additional 650,000 AF Stored Water Recovery Unit. Current capacities are as shown in Recital K.

1.11 **“Program Entitlement Exchange Rights”** means the rights of Banking Partners to exchange an amount of Stored Water through entitlement exchange for an equal amount of Semitropic's allocation of Agency's SWP Entitlement Water (also referred to as Table A Amounts) from the California Aqueduct pursuant to this Agreement or other similar agreements between Semitropic and other Banking Partners, which right shall be first available to the Original Banking Partners as provided further in Article 7. The total amount of Program Entitlement Exchange Rights available to Banking Partners each year will be equal to Semitropic's SWP Entitlement allocation less the first 22,000 AF (was 25,000 AF prior to the implementation of Monterey Amendments). If the nature or description of Semitropic's allocation of the Agency's SWP Entitlement Water is modified, such alternative supply from the SWP shall to such extent be substituted for Semitropic's allocation of Agency's SWP Entitlement Water. Alternative supplies shall include water purchases by the SWP or from sources generally available to State water contractors, as well as water from facilities in which participation is generally made available to State water contractors. Nothing in the preceding sentence shall obligate Semitropic to participate in such programs. The maximum Program Entitlement Exchange Rights of all the Banking Partners at any time will be 133,000 AF per year (derived from 158,000 AF minus 25,000 AF or after implementation of the Monterey Amendments derived from 155,000 AF minus 22,000 AF).

1.12 **“Original Program Pumpback Capacity”** means the capacity, measured in AF per year and CFS, to return Stored Water to the California Aqueduct via the 78” pumpback

pipeline constructed for the Original Banking Program, which capacity is first available to the Original Banking Partners as provided further in Article 7. The minimum annual Original Program Pumpback Capacity shall be 90,000 AF per year at a maximum instantaneous flow rate of 300 CFS.

1.13 **“Share of SWRU”** means the percentage of the annual SWRU Pumpback Capacity assigned to a SWRU Banking Partner. Semitropic shall assign a percentage of SWRU to each SWRU Banking Partner. Participant is acquiring 5,000 AF of annual SWRU Pumpback Capacity (as part of the 50,000 AF SWRU Pumpback Capacity), and Participant therefore has a 10 % of annual SWRU Pumpback Capacity provided in Article 1.21.

1.14 **“Storage Account Balance”** means, with respect to a particular Banking Partner, that Banking Partner’s accumulated total Stored Water less the accumulated withdrawals of Stored Water by that Banking Partner. Records of these accounts shall be maintained by Semitropic and they shall be subject to audit, review and approval by the Banking Partners, at the expense of the auditing or reviewing Banking Partner, on an annual basis.

1.15 **“Stored Water”** means, with respect to any particular Banking Partner, water delivered for storage by that Banking Partner as measured at Semitropic’s turnouts in Reach 10A of the California Aqueduct or at other locations approved by the Delivery Agreement referred to in Article 9, less losses deducted in accordance with Article 4, which losses shall be accounted for concurrently with the delivery of water to Semitropic for storage. Participant acknowledges that Participant’s Stored Water may be commingled with other water. At all times during the term of this Agreement, an amount of water available to Semitropic in the Semitropic Basin equal to the amount of the Participant’s Storage Account Balance shall be deemed to be Participant’s Stored Water. So long as water in the amount of Participant’s Storage Account Balance remains in the Semitropic Basin, Semitropic shall be deemed to remove Participant’s Stored Water from storage only as and when requested by Participant pursuant to the terms of this Agreement and any other removal of water by Semitropic from the Semitropic Basin shall be deemed to be the removal of water that is not Participant’s Stored Water. If at any time the amount of water in the Semitropic Basin is less than the sum of the Storage Account Balances of the Banking Partners (an event which the parties believe is extremely unlikely), any additional water subsequently available to Semitropic from the

Semitropic Basin without interfering with the rights of landowners or other public agencies, shall be shared by the Banking Partners in proportion to their respective Storage Account Balances, until such time as the amount of water so available to Semitropic from the Semitropic Basin equals or exceeds the total of the Storage Account Balances of the Banking Partners.

1.16 **“Stored Water Recovery Unit”** (or **“SWRU”**) means the program within the Semitropic Bank, developed by Semitropic to create, in addition to the Original Banking Program, an additional 650,000 AF of storage as further described at Recital I and elsewhere in this Agreement.

1.17 **“Stored Water Recovery Unit Facilities”** (or **“SWRU Facilities”**) means the proposed recovery facilities for up to 150,000 AF per year shown and described on Exhibit A within Area B and recovery facilities for up to 50,000 AF per year within Area A and additional well connections and conveyance facility improvements not part of the Original Banking Program Facilities.

1.18 **“SWP Entitlement Water”** means entitlement water (also known as Table A Amounts) as provided for in the state water contracts, as well as the alternative supplies provided for in the definition of Program Entitlement Exchange Rights.

1.19 **“SWRU Banking Partners”** means, as of any particular time, Participant and any other entity, which is party to a water banking and exchange agreement with Semitropic to participate in the Stored Water Recovery Unit.

1.20 **“SWRU Delivery Capacity”** means the capability to deliver water for storage made available as a result of the construction of SWRU Facilities. The program delivery capability of the proposed In-Lieu Service Area within Area B is estimated to be 47,000 AF per year plus an estimated 100,000 AF per year from Area A, based on current cropping patterns and irrigation efficiencies on an irrigation schedule plus direct recharge facilities all as generally shown on Exhibits B and A. Additional delivery capacity may be available from time to time, consistent with Article 7 hereof.

1.21 **“SWRU Pumpback Capacity”** means the annual, first priority capacity, measured in AF per year and CFS, to return Stored Water to the California Aqueduct under the SWRU element of the Program. Upon completion of all necessary SWRU Facilities, the annual SWRU Pumpback Capacity shall be 200,000 AF per year, comprised of (i) 150,000 AF per year at an instantaneous flow rate of approximately 250 CFS for a period of approximately 10 months from the Well Field and from within the additional in-lieu service area described in Recital J shall be available to other SWRU Banking Partners on a first priority basis (**“150,000 AF SWRU Pumpback Capacity”**) and (ii) 50,000 AF per year at an instantaneous flow rate of 170 CFS for a period of approximately 5 months during the off-peak irrigation season from recovery facilities within Area A shown on the attached Exhibit A and utilizing additional well connections and conveyance facility improvements not part of the Original Banking Program Facilities (**“50,000 AF SWRU Pumpback Capacity”**). The 50,000 AF SWRU Pumpback Capacity is distinct from and over and above the 90,000 AF of pumpback capacity allocated to the Original Banking Partners through the Original Banking Program. As described in Section 2.1, 5,000 AF per year of the 50,000 AF per year of SWRU Pumpback Capacity shall be available to Participant on a first priority basis as of the effective date of this Agreement provided at least 5,000 acre-feet of Stored Water is in Participant’s account. Semitropic shall not commit more than 50,000 AF of the 50,000 AF portion of the SWRU Pumpback Capacity to Banking Partners on a first priority basis.

1.22 **“SWRU Storage Capacity”** means the storage capability of the Program, which has been allocated, to the SWRU, totaling 650,000 AF.

1.23 **“Technical Advisory Committee”** means the Committee established pursuant to Section 7.4 hereof.

1.24 **“Unused Program Entitlement Exchange Rights”** means those exchange rights referenced at Section 1.10 of this Agreement that are not used by the Original Banking Partners.

1.25 **“Unused Original Program Pumpback Capacity”** refers to that minimum pumpback capacity referenced at Section 1.11 that is not used by Semitropic or by the Original Banking Partners.

1.26 **“Unused Semitropic Delivery Capacity”** means in any year, Semitropic total in District delivery capability, currently about 400,000 AF per year (which ultimately could be equal to its total irrigation demand of about 475,000 AF per year) plus direct recharge capability which is not used for delivery of Semitropic’s SWP Entitlement Water, Agency Pool Water, Shafter-Wasco Irrigation District deliveries pursuant to Section 5.8 or other water available to be used by Semitropic for non-banking purposes and the Original Banking Partners and SWRU Banking Partners under their respective first priority delivery capabilities.

ARTICLE 2.
ALLOCATION AMONG BANKING PARTNERS

2.1 Under terms and conditions of this Agreement, subject to provisions of Sections 1.21, 5.2.1 and 5.3, Participant shall have the first priority to Participant’s Delivery Capacity, 5,000 AF per year of the 50,000 AF SWRU Pumpback Capacity commencing February 1, 2016, 15,000 AF of SWRU Storage Capacity and any available unused capacities as herein provided (herein collectively called “Participant’s Rights”). SWRU Banking Partners, including Participant, in all cases shall also have the first priority to use any SWRU Delivery Capacity, and SWRU Pumpback Capacity not used by other SWRU Banking Partners as provided in Sections 3.3 and 5.2.2.1. Semitropic shall notify each SWRU Banking Partner not using its respective share of said SWRU capability, capacity or right, when other entities including Banking Partners desire to utilize it and of any use made of it.

2.2 Semitropic shall not enter into any other water banking programs or other agreements, which would interfere with the Program benefits and rights of Participant or the other SWRU Banking Partners.

2.3 Then existing SWRU Banking Partners will be given an opportunity to review the terms and conditions of proposed agreements with potential Banking Partners and Lower Priority

Banking Partners and to review Semitropic's records regarding administration of the Program. Such Lower Priority Banking Partners' agreements and activities shall not adversely impact any Banking Partners' ability to utilize any benefits under their respective agreements with Semitropic. If Semitropic or one or more then existing SWRU Banking Partners believe that other potential Banking Partners' proposed agreements or potential Lower Priority Banking Partners' proposed agreements violate any of the provisions of this Agreement or other such Agreement, any Party may seek dispute resolution pursuant to Article 10 concerning such matter. In this event, Semitropic shall only enter into agreements in conformity with the result of the dispute resolution.

ARTICLE 3.
DELIVERY OF WATER BY BANKING PARTNERS
TO SEMITROPIC

3.1 Under the terms of the Delivery Agreement referred to in Article 9, Participant, at its sole cost and expense, may deliver water to Semitropic at the location in the California Aqueduct specified in the Delivery Agreement or to other agreed upon locations provided, however, such water shall not place institutional burdens on Semitropic beyond that applicable under Delivery Agreements and Point of Delivery Agreements with other Banking Partners. Participant shall notify Semitropic of its intent as early in the year as possible, preferably no later than April 15. Such water will be scheduled and delivered to Semitropic at times and rates of delivery reasonably acceptable to Semitropic, the Agency and Participant, and shall not exceed the sum of (i) Participant's Delivery Capacity and (ii) any Unused Semitropic Delivery Capacity available to Participant (to the extent available consistent with Article 7), nor shall it exceed the available capacity of Semitropic's distribution system. To the extent practical Participant shall schedule such water at a time to coincide with Semitropic's in-lieu delivery demands.

3.2 Semitropic will take control and possession of water delivered to Semitropic by any Banking Partner for storage from the State Water Project or from the Friant Kern Canal, at the locations specified in their respective Delivery Agreements, which will define any applicable wheeling fees and will credit the Storage Account Balance of that Banking Partner with Stored Water in an amount equal to the water so delivered less the deduction for losses provided for in

Article 4 with respect to such water. Participant may also convey water to storage from the end of the Friant Kern Canal to the Kern Water Bank, where Semitropic as Member Entity has vested storage rights, at the sole discretion of Semitropic.

At the time Semitropic takes control and possession of water delivered by Participant, legal title to Participant's water, together with the right to withdraw from the Semitropic Basin an amount sufficient to return to Participant the Stored Water, shall vest in Semitropic for the benefit of Participant. Upon taking control and possession of water delivered hereunder for storage by Participant, Semitropic, at its sole cost and expense, will do either of the following: (i) transport and store such water by direct percolation; or (ii) exchange that water for an interest in and right to withdraw from the Semitropic Basin an amount of water sufficient to return to Participant the Stored Water. In either case, Semitropic shall thereafter hold and return or otherwise dispose of the Stored Water as provided for in this Agreement. Upon crediting Participant's Storage Account Balance for the amount of any water exchanged as described in clause (ii) above, Semitropic may deliver the exchanged water to water users for surface water service in lieu of pumping groundwater. Semitropic shall retain the right to use its facilities to deliver water supplies made available to it by Banking Partners and acquired by Semitropic by exchange pursuant to clause (ii) above, as it deems appropriate.

3.3 Each SWRU Banking Partner shall have a right to any then existing SWRU Delivery Capacity not used by other SWRU Banking Partners. If requests by SWRU Banking Partners for unused SWRU Delivery Capacity exceed such unused SWRU Delivery Capacity, then the unused SWRU Delivery Capacity shall be allocated to each SWRU Banking Partner according to the ratio of its Share of SWRU, divided by the sum of the Share of SWRU of all SWRU Banking Partners wishing to use unused Capacity, times the amount of unused SWRU Delivery Capacity.

3.4 If, due to hydrologic conditions, changes in cropping patterns or other reasons, Participant's Delivery Capacity is reduced, Participant may request, and Semitropic shall provide, information accounting for such reduction. If such reduction is not due to temporary conditions, Semitropic shall take all actions necessary to provide Participant's Delivery Capacity.

3.5 Unused Semitropic Delivery Capacity, which may be available to SWRU Banking Partners consistent with Article 7 (including Section 7.1.4), shall be allocated among the SWRU Banking Partners requesting the use of such Unused Semitropic Delivery Capacity according to their Share of SWRU.

3.6 If, after reasonable efforts by Semitropic to accommodate the Banking Partners' storage scheduling requests, such requests nevertheless exceed the instantaneously available SWRU Delivery Capacity and available Unused Semitropic Delivery Capacity, Semitropic shall allocate available capacities in proportion to the total of each SWRU Banking Partner's Share of SWRU.

3.7 Participant shall have the responsibility to obtain water supplies that it elects to store pursuant to this Agreement and to deliver same to the Point(s) of Delivery identified pursuant to Delivery Agreements; provided, however, Semitropic shall use reasonable good faith efforts to assist in securing such arrangements.

3.8 By letter agreement dated October 9, 2002 Semitropic entered into an agreement with the Participant "Establishing Right to Store Water in Semitropic on an Interim Basis" between Semitropic and Participant. This agreement was subsequently extended by letter agreement dated January 15, 2004. In addition, the Participant entered into a 2002 Point of Delivery Agreements dated December 19, 2002 and February 13, 2004 with the State of California and the Kern County Water Agency, which were subsequently amended by Amendment No.1 extending the term to March 31, 2024. (Collectively these agreements are referred to as the "Interim Agreements").

Under provisions of these Interim Agreements, Participant conveyed water into storage and recovered water on a lower priority basis leaving on January 1, 2014 a balance of approximately 45,920 acre-feet of Stored Water. On May 20, 2014, the Participant and Newhall Land and Farming Company entered into an agreement to facilitate the recovery of a portion of the Participant's water under the above agreements the transfer of 9,950 acre-feet of the Participant's water to the Newhall Land and Farming Agreement, 4,950 of which was recovered under the Newhall agreement in 2014 leaving 5,000 acre-feet in the Newhall account and a

balance of 35,970 acre-feet under this agreement. For purposes of this Agreement all amounts remaining in storage for the benefit of Participant from the Interim Agreements will be considered as recoverable Stored Water on a first priority basis pursuant to Article 5 (“Previously Stored Water”) and all other applicable provisions of this agreement shall apply to the Previously Stored Water as well as to any future additions to the Stored Water account. This Previously Stored Water must be the first to be recovered under this Agreement. However, notwithstanding any other provision of this Agreement, the Previously Stored Water is separate and apart from Participant’s maximum SWRU Storage Capacity of 15,000 AF provided pursuant to this Agreement and Participant is therefore entitled to store 15,000 AF of SWRU Storage Capacity independent of and in addition to the Previously Stored Water. In addition, Article 4 of this Agreement does not apply to the Previously Stored Water because any and all losses have already been taken into account by Semitropic and therefore, Semitropic acknowledges that Participant is entitled to extract the entire amount of Previously Stored Water. All provisions of the interim agreement, except for any applicable Point of Delivery agreement (s) are considered terminated as of the effective date of this agreement.

ARTICLE 4

LOSSES AND STORED WATER

Semitropic’s distribution system, evaporative and aquifer losses, for purposes of this Agreement and similar agreements between Semitropic and other Banking Partners, are collectively assumed to be ten percent (10%) of the amount of water furnished by Banking Partners for storage as measured at Semitropic’s turnout in Reach 10 A of the California Aqueduct and at other turnouts as provided in the Delivery Agreement referred to in Article 9. However, this amount and the Storage Account Balance shall be modified in the future, if the results of studies to be conducted jointly by Participant, other Banking Partners and Semitropic under a mutually agreeable procedure establish the actual loss to be different than the assumed ten percent (10%) losses. The Storage Account Balance shall be adjusted accordingly and resulting adjustments in compensation payments shall be in accordance with Section 6.8.

ARTICLE 5

RETURN OF WATER BY SEMITROPIC TO PARTICIPANT

5.1 In any year, upon request by Participant, Semitropic shall return Stored Water to Participant by the method set forth in Section 5.1.1 or the method set forth in Section 5.1.2 or both. If both methods are available to Semitropic without adversely affecting Semitropic or its water users, it shall utilize the method that results in the lowest cost to Participant.

5.1.1 To the extent there are Unused Program Entitlement Exchange Rights available, Semitropic may exchange an amount of Participant's Stored Water for an equal amount of Semitropic's SWP Entitlement Water. Participant hereby consents to such an exchange and Semitropic will be deemed to have affected such an exchange by delivering a portion of its SWP Entitlement Water to Participant in compliance with the Delivery Agreement(s). Upon completion of such an exchange, Participant's beneficial interest in the Stored Water that was the subject of the exchange and the right to withdraw such water shall be vested in Semitropic in its individual capacity, and Semitropic may thereafter deliver such water to its water users who would otherwise have received the portion of Semitropic's SWP Entitlement Water that was delivered to Participant as a result of the exchange.

5.1.2 Semitropic may return Participant's Stored Water to Participant by pumping water from the groundwater basin back to the California Aqueduct for delivery to Participant as specified in the Delivery Agreement referenced Article 9. Semitropic may in its discretion, in addition to utilizing pumpback pipelines within Semitropic, utilize capacity available to it in the Kern Water Bank and operational exchanges with third parties to return Participant's Stored Water.

5.2 The return of Stored Water by Semitropic to Participant shall be subject to the following terms and conditions:

5.2.1 Subject to the provisions of this Agreement, for each acre-foot of Stored Water held by Semitropic for Participant, Semitropic shall ultimately return one acre-foot of water to Participant.

5.2.2 Subject to the provisions of this Agreement, when Participant requests the return of Stored Water, Semitropic shall return at a minimum the quantities of water calculated in accordance with the following, using its reasonable efforts to accommodate Participant's delivery schedule:

5.2.2.1 5,000 AF per year of the 50,000 AF of SWRU Pumpback Capacity (through the 170 cfs described at Section 1.21, not utilizing the Well Field). Participant shall also have a right to any other then existing SWRU Pumpback Capacity (the 150,000 AF per year and 50,000 AF SWRU Pumpback Capacities) not used by other SWRU Banking Partners if Participant elects to utilize same, subject to mitigation of impacts to other Banking Partners pursuant to Section 5.6 and if originating from the Well Field payment of additional water treatment costs paid by other SWRU Banking Partners for use of same. If requests by SWRU Banking Partners for unused SWRU Pumpback Capacity exceed such capacity, then the unused SWRU Pumpback Capacity shall be allocated to each SWRU Banking Partner according to the ratio of its Share of SWRU, divided by the sum of the Share of SWRU of all SWRU Banking Partners wishing to use the unused capacity times the amount of unused SWRU Pumpback Capacity.

5.2.2.2 Semitropic may also elect to return Stored Water which Participant requests return of through available Unused Original Program Pumpback Capacity, which shall be subject to first being available for use by the Original Banking Partners, as provided by Article 7.

5.2.2.3 Any available Unused Program Entitlement Exchange Rights shall be allocated to each SWRU Banking Partner according to its Share of SWRU. Each SWRU Banking Partner shall have a right to any Unused Program Entitlement Exchange Rights not required for use by other SWRU Banking Partners, subject to mitigation of impacts to other Banking Partners pursuant to Section 5.6. If requests by SWRU Banking Partners for Unused Program Entitlement Exchange Rights exceed such rights, then the Unused Program Entitlement Exchange Rights shall be allocated to each SWRU Banking Partner according to the ratio of its Share of SWRU divided by the sum of the combined Share of SWRU of all SWRU Banking

Partners wishing to use the Unused Program Entitlement Exchange Rights times available Unused Program Entitlement Exchange Rights.

5.3 Participant shall notify Semitropic of its intent to take delivery of Stored Water as early in the year as possible, but no later than May 1 of the same year. If such notification is provided after May 1, Semitropic, at its sole discretion, may make reasonable efforts to comply with Participant's request. In the event of an emergency need for water by Participant, Semitropic shall endeavor to return Stored Water to Participant to the maximum extent feasible considering the capacity rights of other Banking Partners.

5.4 Semitropic will obtain approval from DWR to deliver Stored Water by pumpback to the California Aqueduct. In addition, it shall be Semitropic's responsibility to notify the Agency, each Banking Partner, and DWR, as to the amount of Original Program Entitlement Exchange Rights and SWRU and Original Pumpback Capacities for that year. When Stored Water is returned by pumpback, it shall be returned to the best of Semitropic's ability, on a schedule acceptable to the respective SWRU Banking Partner, Agency and DWR and at varying rates of delivery. If Stored Water is returned by use of 50,000 AF per year of SWRU Pumpback Capacity, generally it will be returned over a 5-month period during the off-peak irrigation season. SWRU Banking Partner shall be responsible for all necessary approvals and costs to transport such water in the California Aqueduct once the Stored Water is returned to Participant by either pumpback or entitlement exchange.

5.5 Notwithstanding any other provision of this Agreement, Semitropic will temporarily reduce or terminate Stored Water pumping from Storage for the purpose of returning Stored Water to Banking Partners to the extent required pursuant to the MOU referenced above in Recital E. However, to the extent possible, Semitropic shall change the timing and location of pumping to avoid reduction or termination in the return of Stored Water pursuant to the MOU. Semitropic shall construct adequate facilities and/or secure agreements and/or operational arrangements to obtain the long-term levels of service provided for in this Agreement. Such long-term levels of service may only be reduced to the extent required by the MOU referenced above in Recital E.

5.6 Subject to Article 7, if the use by other Banking Partners, Lower Priority Banking Partners or Semitropic of Participant's Rights to 5,000 AF annually of the 50,000 AF SWRU Pumpback Capacity (when not being used by Participant) referenced in Section 5.2.2.1 interferes with the recovery of Participant's Stored Water by causing a reduction or termination of pumping pursuant to the MOU, the Party or Parties responsible for the action(s) which impacts Participant shall reduce its withdrawal of Stored Water to make up Participant's loss and, to the extent reductions in the withdrawal of Stored Water are insufficient, shall provide, at the election of the Participant, an equivalent water supply in that year or cash in the amount of the replacement cost of such water, such water or cash to be for the benefit of and to be immediately distributed to the Participant. Semitropic shall adjust the Banking Partners', Lower Priority Banking Partners', or Semitropic's accounts to reflect any such water exchange.

Participant recognizes that it may also be required to reduce its withdrawal of Stored Water or furnish equivalent water or cash to another Banking Partner under circumstances similar to those described above, if its own use of another SWRU Banking Partner's share of SWRU Pumpback Capacity, Unused Program Pumpback Capacity or Unused Original Program Entitlement Exchange rights, interferes with other Banking Partner's recovery of Stored Water, all as described in Article 7. Semitropic shall ensure that each Banking Partner is subject to the restrictions substantially similar to those set forth in this Section 5.6.

5.7 Wells within Semitropic can produce water that will meet DWR's water quality standards to return water to the California Aqueduct in effect in December, 2005. DWR is currently establishing long-term criteria for introducing non-Project Water into the California Aqueduct and Semitropic will operate the pumpback facilities in accordance with such long-term criteria. Semitropic shall take no direct action, which would knowingly cause the quality of recovered Stored Water to not meet such water quality standards in effect. The preceding sentence shall not apply to delivery of water under non-banking programs or otherwise operating under this Program.

In the event that future water quality standards change, or the quality of groundwater from Semitropic wells is such that Semitropic cannot meet acceptable DWR water quality requirements for pumping into the California Aqueduct, Stored Water shall be returned to SWRU

Banking Partners by Program Entitlement Exchange or alternative methods satisfactory to the affected SWRU Banking Partners. Such alternative methods may include, but are not necessarily limited to: purchases, exchanges with others, and/or by improving Stored Water quality to acceptable standards for direct pumpback, with the additional costs of any such methods being paid by SWRU Banking Partners accepting such alternative methods. Semitropic's operations and financial situation shall not be adversely impacted as a result of these alternative methods. Notwithstanding the foregoing, it is recognized that if Participant's Stored Water is returned to the California Aqueduct from the Area B Well Field, treatment may be required and additional costs shall be applicable as provided at Section 6.5.3 for operation of same.

5.8 Participant also recognizes that Semitropic has entered into an "Agreement between Shafter-Wasco Irrigation District and Semitropic Improvement District of Semitropic Water Storage District Providing for Construction and Operation of an Intertie Pipeline," dated December 6, 1993, and a subsequent agreement dated December 12, 2006, pursuant to which Semitropic has committed to return Stored Water to Shafter-Wasco by delivery of either surface water in excess of its needs from any available source or by pumping Stored Water. The agreement with Shafter-Wasco is based on the use of Semitropic pre-Original Banking Program facilities for the delivery of water to storage and for the withdrawal or return of water. Shafter-Wasco, therefore, has priority over all Banking Partners in the use of existing facilities. Semitropic's obligation under said agreement does not require commitment of Program Entitlement Exchange Rights nor the use of pumpback facilities required for the return of Banking Partners' Stored Water.

5.9 Participant further recognizes that return of Stored Water is subject to certain priorities and conditions for the benefit of the Original Banking Partners, as hereinafter provided.

5.10 Semitropic shall have the responsibility to return water which has been stored pursuant to this Agreement to Participant at the Point(s) of Delivery in a manner consistent with the Delivery Agreement(s) and this Agreement, and Participant shall have the responsibility to provide for the return of Stored Water from the Point(s) of Delivery to Participant; provided, however, Semitropic shall use reasonable good faith efforts to assist in securing such arrangements.

ARTICLE 6.
COMPENSATION

Participant shall make the payments set forth below to compensate Semitropic for (i) its services under this Agreement, (ii) costs and expenses incurred by Semitropic in connection with its obligations under this Agreement.

6.1 General. Semitropic commits to utilize Participant's payments and other Semitropic funds, and to maintain such adequate financial flexibility, as it reasonably determines to be necessary to construct facilities needed to provide Participant with capacities herein provided.

Participant shall pay the following for services provided by Semitropic for storage and withdrawal of water. Semitropic shall pay all other costs not specified herein, and Semitropic shall not create and impose any other charges or fees upon Participant.

6.2 Capital Payments.

6.2.1 Participant shall pay to Semitropic \$8,450,000 for Participant's Rights for recharge, storage and recovery rights being acquired under this Agreement ("Capital Payment"). Participant shall deliver to Semitropic \$422,500 of the Capital Payment within 45 days of this Agreement. The payment of the remainder of the Capital Payment shall be made consistent with the terms and conditions of the Subgrantee Agreement between Semitropic and Participant in connection with Proposition 84 grant funding. Semitropic agrees that the execution of the Subgrant Agreement is a condition precedent to the implementation of this Agreement and Semitropic agrees to abide by the terms and conditions in the Subgrantee Agreement.

6.3 Annual Payments. Participants shall pay annually to Semitropic the following sums:

6.3.1 A Management Fee of \$30,850.00 per year (i.e. \$6.17 per share in 2014 dollars).

6.3.2 A Maintenance Fee of \$40,000 per year (i.e. \$8.00 per share in 2014 dollars).

6.4 Usage Fees. Participant shall pay (i) a one-time fee of \$12.33 per acre-foot for each acre-foot of Stored Water credited to its Storage Account, except for Previously Stored Water described in section 3.8, after the date of this Agreement and (ii) a one-time fee of \$86.33 per acre-foot for each acre-foot withdrawn from its Storage Account after the date of this Agreement. All fees are in 2014 dollars.

6.4.1 The amounts provided for in Sections 6.3.1 and 6.4 are in 2014 dollars which shall be adjusted at the beginning of each year, and the adjusted amount shall apply to all Stored Water credited to or withdrawn from Participant's Storage Account Balance for that year. The adjusted amount for any particular calendar year shall be the amount equal to the amount provided in Section 6.3.1 and 6.4 (i.e. \$30,850/YR, \$12.33 or \$86.33/AF whichever is applicable) multiplied by a fraction, the numerator of which is the Consumer Price Index, All Urban Consumers, All Items Index, Western Cities with populations between 50,000 and 1,500,000 (the "CPI-U") for November of the calendar year immediately preceding the calendar year with respect to which the adjusted amount is being determined (that is, for November 2014 with respect to the adjusted amount for 2015; November 2015 for 2016; and so on), and the denominator of which shall be the CPI-U for November 2013 (which, the Parties agree, is 141.736). If publication of this index herein referred ceases or if the basis for such index is substantially modified, the Parties shall negotiate and mutually agree on an alternative but equivalent index or, in the absence of agreement, the matter shall be resolved pursuant to Article 10.

6.4.2 The amount provided for in Section 6.3.2 shall be adjusted annually based upon a maintenance plan and budget developed by Semitropic in consultation with the SWRU Banking Partners, which plan and budget shall include a reasonable reserve for maintenance, repair and replacement of SWRU facilities. SWRU Facilities shall be maintained consistent with SWRU "Project Facilities Maintenance Guidelines" attached as Exhibit C.

6.5 Pumping and Treatment Costs

6.5.1 In addition to payment under Section 6.4, when water is returned, Participant shall pay the average unit power costs then actually incurred by Semitropic to pump such Stored Water from the groundwater basin for either direct delivery to the California Aqueduct or for entitlement exchange. In the case of direct delivery to the California Aqueduct, Participant also shall pay the average unit power cost then actually incurred by Semitropic to convey the returned water through the distribution system and to pump such water into the California Aqueduct at the Semitropic turnout(s) in Reach 10A. (In the event Stored Water is returned by exchange from the Kern Water Bank, the power costs shall be deemed to be same as pumping to Semitropic turnouts in Reach 10A.) Said power costs shall be computed based on the amount of energy consumed to withdraw and when applicable to convey to the California Aqueduct Participant's Stored Water in a given month times Semitropic's average actual unit power cost for the same pumping period. For ease in billing, Semitropic shall establish an estimated power rate for each calendar year with respect to which Participant requests such information and shall provide Participant with such estimate, including back-up documentation to justify the rate, within fourteen (14) days of the request. Such estimated rate shall be used for billing purposes for the following year and then the billing will be adjusted to actual by March 1 of the year following the estimated rate year, or as soon as possible thereafter. Once the variance amount has been agreed to by the Parties, any amount due by either Party shall be billed immediately and paid in accordance with Section 6.7. Semitropic has its own power production and distribution facilities and the unit cost of power shall be based upon the cost of Semitropic's energy project including, but not limited to, debt service for the energy project, fuel, operation and maintenance for the energy project, replacements, reserve deposit for the energy project, utility billings, and the cost of production and distribution of such power. The Parties agree that the initial calculation shall be consistent with the calculation in Exhibit D.

6.5.2 Exhibit D may be revised from time to time by written consent of the Parties, which consent shall not be unreasonably withheld. The intent of Exhibit D is to provide Semitropic with sufficient revenue to recover the power costs incurred by Semitropic for

Participant's withdrawal of Stored Water and to allow Semitropic flexibility to change the calculation based on experience and the changing electric utility industry.

6.5.3 If and when Stored Water from the Well Field must be treated to meet applicable DWR water quality requirements for pumping into the California Aqueduct (if Participant elects to utilize unused 150,000 AF SWRU Pumpback Capacity as provided at Section 5.2.2.1), there shall be an additional cost for operation and maintenance of such facility. Semitropic shall annually estimate such cost and bill the applicable SWRU Banking Partners such amount to the extent the withdrawal Stored Water and such treatment facility is utilized. The actual costs shall be computed after the end of each Year and the billings for treatment costs adjusted accordingly.

6.6 If Semitropic or other Banking Partners use SWRU Facilities, Participant may be entitled to payment based on Participant's Share of SWRU as more particularly described in Article 7.

If Participant uses an Original Banking Partner's Unused Program Delivery Capacity, Unused Original Program Pumpback Capacity or Unused Program Entitlement Exchange Rights, Participant shall pay the share of the other Banking Partner's O&M Fee as further provided at Section 7.1.5.

6.7 In addition to payments under Section 6.2, Semitropic may bill Participant no more than monthly for payments under Sections 6.4 and 6.5 hereof and annually for payments under Section 6.3, which payments shall be due Semitropic and shall become delinquent forty-five (45) days after Participant receives the invoice under the terms of this Agreement under Section 14.9. In addition to other remedies available, delinquent payments shall bear interest at the rate of one percent (1%) per month. Data supporting the amounts invoiced shall be provided upon the reasonable request of Participant. Semitropic shall correct any erroneous billing promptly upon discovery of the error. If Participant has been under-billed, payment of the under-billed amount shall be due and become delinquent forty-five (45) days after Participant receives the corrective invoice and data justifying the change. Overpayments by Participant shall be

refunded to Participant within forty-five days of discovery, together with interest thereon at the prime interest rate published by the Wall Street Journal as of the date of discovery.

6.8 In the event there is an adjustment in Participant's Storage Account Balance as provided at Article 4, applying the first-in-first-out method of accounting for water in the Storage Account Balance, previous payments shall be adjusted based on the payment charged in the year the quantity of water to be adjusted was delivered with no further adjustments using the applicable indexes cited in Section 6.4.1. In addition no interest shall be payable on the amount of money required for said adjustment. Financial obligations shall occur as follows:

6.8.1 To the extent the Storage Account Balance is reduced (i.e., losses are determined to exceed ten percent (10%)), Semitropic shall reimburse Participant for the charges paid under 6.4 within one year of such determination.

6.8.2 To the extent the Storage Account Balance is increased (i.e., losses are determined to be less than ten percent (10%)), Participant shall pay Semitropic for charges that would have been paid under 6.4 for such additional water determined to be in the Participant Storage Account Balance within one year of such determination.

6.9 It is recognized that changes in Semitropic's actual costs of operating the SWRU may occur on or after the date this Agreement is executed as a result of enactments, amendments, changes in implementation or interpretation, or repeal of any federal, state or local law, rule, regulation or ordinance (each, a "**Regulatory Change**"). If either Party determines that a Regulatory Change has occurred that would result in a material change (upward or downward) in Semitropic's costs for storing, recovering or transporting water pursuant to the terms of this Agreement, which change in Semitropic's costs is not reflected in the adjustments in the payments due from Participant to Semitropic pursuant to Article 6 or other provision of this Agreement (including, but not limited to, this Section 6.9), such Party shall promptly inform the other Party of the nature and extent of such alleged Regulatory Change and of the reason why that party believes an adjustment pursuant to this Section 6.9 is warranted in the payments due from Participant to Semitropic. Promptly thereafter, Semitropic shall provide Participant with its

calculation of the costs or cost savings associated with such Regulatory Change and the facts and assumptions underlying that calculation. Upon agreement by the parties hereto (i) that a charge or credit affecting any payment due from Participant to Semitropic should be made as a result of a Regulatory Change, (ii) of the amount of such charge or credit, (iii) as to whether such charge or credit is to affect the basic payment amount or is to be separately accounted for (and, if so, in what manner), and (iv) as to the period during which such charge or credit is to apply, such charge or credit shall be incorporated into an amendment to this Agreement setting forth the foregoing and other particulars necessary to implement that adjustment. If such agreement cannot be reached within forty-five (45) days after Semitropic has provided the required notice and information to Participant, the matter shall be resolved pursuant to Article 10, the qualified third party or arbitration panel being charged with determining (v) whether a Regulatory Change has occurred (if that is in dispute), (vi) the amount of change, if any, in Semitropic's costs resulting from the Regulatory Change, and (vii) the manner in which the payments due from Participant to Semitropic are to be adjusted to fairly and equitably reflect that change in Semitropic's costs (it being the intent of the parties that no windfall or unwarranted compensation or benefit should result to any party as a result of any adjustment made pursuant to this Section 6.9). Any adjustment to the payments due from Participant to Semitropic made pursuant to this Section 6.9 shall be effective as of the first day such Regulatory Change affects Semitropic's operations hereunder unless the parties otherwise agree and may be reconsidered thereafter at any time, at the request of any party, if the adjustment is unjustly under-compensating or over-compensating any party.

ARTICLE 7.

INTERRELATIONSHIP OF ORIGINAL BANKING PROGRAM AND STORED WATER RECOVERY UNIT (SWRU)

7.1 General Provisions

7.1.1 Semitropic shall use, on a first priority basis, Original Banking Program Facilities and any additional capacity available in those facilities annually, to meet its obligations under the Original Banking Program Agreements to convey water to storage and to

recover stored water on behalf of the Original Banking Partners. Any unused capacity in Original Banking Program Facilities shall be available to Participant and other SWRU Banking Partners as herein provided.

In addition, Semitropic shall make Program Entitlement Exchange Rights available first to the Original Banking Partners. The Original Banking Partners also have priority to SWP Entitlement Water or non-project water needed for exchange to accomplish the delivery of up to 90,000 AF annually using the Original Program Pumpback Capacity. Semitropic shall not operate the SWRU pumpback facility in a manner that adversely impacts the return of Original Banking Partner's Stored Water using the Original Program Pumpback Capacity.

7.1.2 The SWRU Facilities are planned to provide SWRU Delivery Capacity and SWRU Pumpback Capacity to recharge, recover, and convey to the California Aqueduct, up to 150,000 AF per year of Stored Water from Area B as shown in Exhibit A. In addition, the SWRU may recover up to 50,000 AF per year of Stored Water from Area A as shown in Exhibit A, which capability is being enhanced through the SWRU with additional well connections and conveyance facility improvements not part of the Original Banking Program Facility, and convey it to the California Aqueduct for the benefit of the SWRU. The Original Banking Partners will have access to such recovery Capacity in Area A on a first priority basis, to the extent required to satisfy the Program Pumpback Capacity and Program Entitlement Exchange Rights of the respective Original Banking Program Agreements. Whenever Original Program Pumpback Capacity is available from the Original Banking Program Facilities during Semitropic's off-peak irrigation season and other times Semitropic determines to be operationally feasible (as provided at Section 5.4), it shall be offered to the Original Banking Partners (on a first priority basis) and the SWRU (on a second priority basis). Semitropic shall be entitled in its discretion to allow Lower Priority Banking Partners use any Program capacity as long as such use (i) is at all times subordinate to the use thereof by Banking Partners and (ii) does not result in any expense to Original Banking Partners or SWRU Banking Partners.

7.1.3 Subject to Section 7.1.5, the Original Banking Partners shall have second priority use of SWRU facilities, provided that (i) the rights of Participant and other SWRU Banking Partners to use unused capacities within the SWRU have been met and (ii) such Original Banking Partner's use shall not reduce the SWRU's expected returns or cause water quality to be unacceptable for return to the California Aqueduct.

7.1.4 Subject to Sections 5.6 and 7.1.5, the SWRU will have second priority use of Original Banking Program facilities provided that: (i) all rights of the Original Banking Partners to use unused capacity have been met, and (ii) such SWRU use shall not reduce the Original Banking Partners' expected returns or cause water quality to be unacceptable for return to the California Aqueduct.

7.1.5 If Semitropic utilizes the SWRU facilities in accordance with Section 7.1.3, on behalf of and with the consent of, an Original Banking Partner, then the Original Banking Partner shall pay a share of the fee determined pursuant to Section 14.1.5 of the Original Banking Partner's Agreement. If a SWRU Banking Partner utilizes Original Banking Program Facilities, the Operations and Maintenance fee shall be paid in accordance with Section 6.7.2 or 6.5.2 as applicable, of the Original Banking Program Agreements. The Original Banking Partners shall not be obligated to pay any additional fees for usage of the SWRU, nor shall SWRU Banking Partners be obligated to pay any additional fees for usage of Original Program Banking Facilities, other than as detailed in this section.

7.1.6 The Original Banking Partners' second priority rights specified in Sections 7.1.2 through 7.1.5 and Participant's right to use unused SWRU Pumpback Capacity of recovered stored water originating from the Well Field as specified in Section 5.2.2.1, shall not apply to water treatment facilities which may be constructed.

7.1.7 There shall be no increase in costs to the Original Banking Partners for modeling, monitoring, and any other activities resulting from the SWRU or any future expansion of the Semitropic Bank.

7.1.8 Nothing in this Agreement affects, acknowledges or establishes (i) rights as to use of any facilities other than the Original Banking Program Facilities and the Stored Water Recovery Unit Facilities, or (ii) rights as to the manner in which Stored Water, once recovered, is to be utilized; provided, however, that such use is consistent with the terms and conditions of and the Original Banking Program Agreements.

7.2 Water Quality

7.2.1 Semitropic shall not operate the SWRU to cause Stored Water recovered for the benefit of the Original Banking Partners, which would otherwise meet applicable water quality standards for delivery into the California Aqueduct, to exceed such standards. Semitropic shall design and construct all Stored Water recovery components of the SWRU to allow the SWRU Well Field and operations of the Original Banking Program (including the facilities for recovery of 50,000 AF annually from Area A as described in attached Exhibit A) to be operated in complete physical isolation from each other.

7.2.2 Inasmuch as the SWRU will also rely on Unused Program Entitlement Exchange Rights, the Original Banking Partners shall have a first priority to (i) exchange up to 133,000 AF per year of Semitropic's Table A entitlement allocations from DWR (i.e., to exercise the Program Entitlement Exchange Rights), and (ii) to exercise other options that may be available as provided in Section 5.7 of their respective Original Banking Program Agreements. Such options may include, but are not necessarily limited to, blending or substituting water that Semitropic purchases, exchanges with others, and/or by treating and improving Stored Water quality to acceptable standards for direct pumpback.

7.2.3 Semitropic shall provide DWR and downstream users of the California Aqueduct, which are Original Banking Partners and SWRU Banking Partners water quality information applicable to each Semitropic SWP turn-in facility, including but not limited to turn-in facilities utilized by the SWRU and Original Banking Program. Additionally, Semitropic shall provide the Technical Advisory Committee ("TAC") information regarding the quantity and quality of water measured at locations sufficient to determine the water quality within each major

Semitropic system.

7.2.4 The Original Banking Partners shall have no responsibility and/or obligation to compensate or otherwise provide mitigation to Semitropic or SWRU Banking Partners as a result of any adverse impacts of the Original Banking Program on water quality that affects the SWRU.

7.3 15-Foot/3 Year Rule

7.3.1 The Original Banking Partners shall have no responsibility and/or obligation to compensate or otherwise provide mitigation to Semitropic or SWRU Banking Partners as a result of any adverse impacts of the Original Banking Program on the SWRU, including but not limited to the “15 Foot/3 Year Rule” contained in the September 14, 1994 Memorandum of Understanding referred to in Section 5.5 (“MOU”).

7.3.2 Semitropic shall endeavor to operate the SWRU to ensure that it has no adverse impacts to the Original Banking Program including, but not limited to, capability of the Original Banking Program to avoid reduction in or termination of Stored Water pumping, in current and future years.

In this regard, the Original Banking Program Agreements provide that if SWRU pumping directly or indirectly causes such an adverse impact, Semitropic shall assume all obligations to provide mitigation to the impacted Original Banking Partner(s), consisting of a like amount of water to be provided by Semitropic, which is of quality acceptable for delivery into the California Aqueduct, on a schedule acceptable to the affected Original Banking Partner(s) and in Reach 10 of the California Aqueduct, all as would have been available to the Original Banking Partner(s) absent the SWRU operations. In the event the SWRU causes a violation of the 15-foot/3-year rule, such that Stored Water cannot be returned to the California Aqueduct and, if resolution of impacts is delayed, Semitropic shall provide mitigation. If resolution of impacts caused by SWRU operations is untimely, then mitigation shall be as selected by each affected Original Banking Partner, from the following:

(a) Semitropic shall, if directed by an Original Banking Partner, and at such Original Banking Partner's sole discretion, by whatever means and facilities are available at that time, credit an equivalent amount of water to the Original Banking Partner's Storage Account and shall not charge the Original Banking Partner the storage payment provided for by Section 6.2 (Storage Payments), with the result that the Original Banking Partner's Storage Account is credited with the amount of the "put"; without being debited the ten percent (10%) loss in Article IV; or

(b) Semitropic shall reimburse the affected Original Banking Partner(s) for all costs associated with acquiring an equivalent amount of water; or

(c) Other remedy mutually agreeable to the affected Banking Partner and Semitropic.

If Semitropic notifies Participant that this second paragraph of Section 7.3.2 may become operative, and the Participant notifies Semitropic that it nonetheless requests that Semitropic continue the return of Stored Water, Participant shall provide the mitigation on behalf of Semitropic which is herein required.

7.3.3 For purposes of determining whether reduction or termination of Stored Water pumping is required, Original Banking Program and SWRU groundwater level impacts, both for current conditions and forecasted conditions, shall be determined by Semitropic through groundwater modeling using the following methodology:

(a) Groundwater levels shall be estimated based on no Semitropic banking operations occurring (i.e. without Original Banking Program or SWRU);

(b) Groundwater levels shall be estimated based on only the Original Banking Program operations and without the SWRU operations; and

(c) Groundwater levels shall be estimated based on combined operations of the Original Banking Program and SWRU operations (i.e., actual conditions).

The groundwater level impacts due to the Original Banking Program at any given location as prescribed by the September 14, 1994 MOU shall be the difference between groundwater levels in Paragraphs (a) and (b) above. The groundwater level impacts due to the

SWRU at any given location as prescribed by the MOU shall be the difference between groundwater levels in Paragraphs (b) and (c) above. Groundwater level impacts due to the difference between groundwater levels in Paragraphs (a) and (c) shall be determined consistent with the process prescribed by the MOU.

Semitropic shall periodically provide the Technical Advisory Committee information regarding the change in groundwater elevation measured at locations needed to identify any impacts of the SWRU on the 15-foot/3 year rule.

7.4 Technical Advisory Committee

A Technical Advisory Committee (“TAC”) shall monitor implementation of Original Banking Program Agreements, as amended and the agreements governing the rights of SWRU Banking Partners. The Committee shall consist of one representative from each of the Original Banking Partners so long as each is a participant in the Program, one representative from the SWRU and one representative from Semitropic. The SWRU representative shall be annually selected by the SWRU Banking Partners based on their respective Shares. Semitropic shall chair such Committee and provide for periodic communication with Committee members. The TAC shall meet at least annually to discuss implementation and operation of the SWRU and any future programs. Any two members of the TAC may call a meeting of the TAC. Meetings of the TAC shall be held at the District’s headquarters, unless its members agree otherwise.

ARTICLE 8.

DIVISION OF RISK RESPONSIBILITIES

Semitropic and Participant agree to cooperate, and Semitropic shall require other Banking Partners to cooperate, in reducing, to the greatest extent practicable, the risk from claims arising against any of the Parties from implementation of this Agreement. In the event of claims by third parties relating to this Agreement, the responsibilities of Semitropic, Participant and the other Banking Partners shall be divided as follows:

8.1 Semitropic shall defend, indemnify and hold harmless Participant and the other Banking Partners, and their respective directors, officers, agents and employees against any and all losses, claims, demands and causes of action (herein collectively referred to as “**claims**”) and shall assume responsibility for payment of any settlements, judgments, costs and attorneys’ fees arising from claims concerning the following:

(a) Control, carriage, handling, use, disposal, or distribution of water in Semitropic’s facilities;

(b) Any contest or dispute by any landowner or water user within the service area of, or otherwise served by, Semitropic concerning the allocation of benefits among or the assessment of charges to Semitropic landowners or water users;

(c) Construction, repair, modification, or replacement of any Semitropic facilities;

(d) Semitropic’s operation of the Program or Semitropic facilities or the actions of its officers, employees or agents; and

(e) Any other activities under Semitropic’s exclusive control.

If Participant is named in any such action, it may submit its defense to Semitropic, which shall bear the full cost of defense, except to the extent that Participant utilizes its own counsel for such defense. Notwithstanding the foregoing, the responsibility for any claims challenging the validity, underlying authority or enforceability of the Program under this Agreement shall be as provided at Section 8.3.

8.2 Each Banking Partner (including Participant) shall defend, indemnify and hold harmless Semitropic and the other Banking Partners, and their respective directors, officers, agents and employees, against any and all claims and shall assume responsibility for payment of

any settlements, judgments, costs or attorneys' fees arising from claims concerning the following:

(a) Control, carriage, handling, use, disposal or distribution of Stored Water in facilities of that Banking Partner or in SWP facilities, to the extent that the claim relates to use of SWP facilities to implement this Agreement with respect to that Banking Partner;

(b) Any claim challenging the appropriateness of that Banking Partner entering into this Agreement;

(c) Construction, repair, modification or replacement of any of the facilities of that Banking Partner;

(d) Operation of the facilities of or the actions of the officers, employees or agents (other than Semitropic) of that Banking Partner; and

(e) Any other activities under the exclusive control of that Banking Partner.

If Semitropic is named in any such action, it may submit its defense to the Banking Partner involved, which Banking Partner shall bear the full cost of defense, except to the extent Semitropic utilizes its own counsel for such defense. Notwithstanding the foregoing, the responsibility for any claims challenging the validity, underlying authority or enforceability of the Program under this Agreement shall be as provided at Section 8.3. Semitropic shall not be entitled to any indemnification from Participant except as set forth in this Section 8.

8.3 As for any claims by a third party with respect to the SWRU which are not otherwise provided for at Sections 8.1 or 8.2, including any claims challenging the underlying authority for or the validity or enforceability of the SWRU under this Agreement, each SWRU Banking Partner shall be responsible for payment of its allocable share of any settlements or

judgments to which it is a party with respect to such claims. If Semitropic is named in any action with respect to such a claim, it may submit its defense to the SWRU Banking Partners, which are parties to that action with respect to that claim, and those SWRU Banking Partners shall bear the full cost of defense, except to the extent Semitropic utilizes its own counsel for such defense.

8.4 At the request of Participant and/or other SWRU Banking Partners, Semitropic shall join in the defense of any claim which is not adverse to Semitropic's water supply or financial interests in which case the requesting Party shall reimburse Semitropic for all of its costs of defense. However, and notwithstanding Section 8.3, with respect to claims in which one or more of the plaintiffs resides or does business in Kern County challenging the recovery of groundwater under this Agreement and with respect to any third party claim challenging this Agreement or the right of Participant to the return of its Stored Water in accordance with the terms of this Agreement, Participant may demand that Semitropic join in the defense of claims. In such case, Semitropic must comply with any such demand, the Parties shall jointly manage the litigation, and Participant and other SWRU Banking Partners who are parties to such litigation shall pay one-half of Semitropic's defense costs, if one or more of the plaintiff resides or does business in Kern County; and in other such cases, shall reimburse Semitropic for all of its costs of defense.

8.5 In all other water banking and exchange agreements involving Semitropic and any SWRU Banking Partner, the division of risk and indemnification responsibilities between and among Semitropic and the SWRU Banking Partner(s) shall be identical to the responsibilities provided in Sections 8.1, 8.2, 8.3, 8.4 and 8.6. In particular:

8.5.1 Each SWRU Banking Partner shall be required to assume the duty to defend, indemnify and hold harmless Semitropic and the other SWRU Banking Partners from claims arising from or otherwise concerning the activities described in Section 8.2 of that SWRU Banking Partner.

8.5.2 Each Banking Partner shall be required to assume the duty to pay its allocable share of any claims of the type described in Section 8.3. Unless otherwise provided in

the settlement or judgment, each SWRU Banking Partner's share of such settlements, judgments, or attorney fees as provided at Section 8.3 shall be determined according to the ratio of that SWRU Banking Partner's Share of SWRU divided by the sum of all involved SWRU Banking Partners' Share of SWRU.

8.6 In the event that payments are made in settlement of a claim, in satisfaction of a judgment or for defense costs where the claim arises from issues applying to both Semitropic and one or more SWRU Banking Partners, payments shall be divided in proportion to the relative liability of each arising from the common claim. If the Parties cannot agree on the proportion, then the share to be paid by each of Semitropic and the SWRU Banking Partners shall be submitted to binding arbitration as provided at Article 10 hereof.

ARTICLE 9. REQUIRED FOR IMPLEMENTATION

Implementation of this Agreement is contingent upon:

9.1 As provided in Section 5.8, execution of appropriate Delivery Agreement(s) or other documentation allowing for water transfer and delivery which is acceptable to Semitropic, between Participant and all affected parties such as DWR, the Agency, etc.

9.2 Make payments required under Section 6.2

9.3 The execution of a grant agreement between the State of California Department of Water Resources and Participant for Proposition 84 funding in connection with the purposes of this Agreement ("Grant Agreement").

9.4 The execution of a Sub-Grantee agreement between Participant and Semitropic regarding the use of Proposition 84 funding in connection with the purposes of this Agreement and consistent with the Grant Agreement.

9.5 If the Grant Agreement and Subgrantee Agreement are not executed as required in this Section 9, Participant will have no obligations under this Agreement and any Capital Payment made by Participant to Semitropic shall be fully refunded to Participant, with the exception of \$30,000, which shall be nonrefundable.

The Parties will keep each other informed concerning the satisfaction of Article 9 Conditions.

ARTICLE 10. DISPUTE RESOLUTION

10.1 In the event of a dispute regarding interpretation or implementation of this Agreement, or if the parties are unable to agree upon a matter as to which their agreement is provided for hereunder, the Parties will endeavor to resolve the dispute by using the service of a mutually acceptable consultant. The fees and expenses of the consultant shall be shared equally by the Parties.

10.2 If a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to the Parties, and unless the Parties otherwise agree, the matter shall be resolved by arbitration as provided in this Article 10 and in the California Arbitration Act (Part 3 [commencing with § 1280], Tit. 9, Calif. Code Civ. Proc.), including Section 1283.05. The Parties agree to be bound by the majority decision of a three-member panel to be selected as follows:

(a) One member shall be selected by Participant (or if the dispute is between various Banking Partners and Semitropic, the Banking Partners involved shall collectively agree on the member).

- (b) One member shall be selected by Semitropic; and
- (c) The third member shall be selected by the other two (2) members.

If the two (2) members selected by the Banking Partner(s) and Semitropic are unable to agree on the selection of a third member or if Banking Partners are unable to agree on a member among themselves, either Party may petition a court to appoint such member pursuant to Code of Civil Procedure Section 1281.6. The fees and expenses of the panel members shall be paid as follows: Semitropic pays for its member, Participant pays for its member (or if the dispute involves more than one Banking Partner, the participating Banking Partners share the fees and expenses of the member according to the ratio of each participating Original Banking Partner's Permanent Storage Allocation and each participating SWRU Banking Partner's SWRU Storage Capacity divided by the sum of all participating Original Banking Partner's Permanent Storage Allocation and the sum of all participating SWRU Banking Partner's SWRU Storage Capacity), and the fees and expenses of the third member of the panel shall be shared fifty percent (50%) by Semitropic with the remainder to be shared among the other Banking Partners participating in the dispute resolution process according to the same formula immediately referenced above. Alternatively, if the dispute is between Banking Partners and Semitropic has no direct interest in the outcome, the total costs of arbitration shall be paid by the Banking Partners according to the ratio of each participating Original Banking Partner's Permanent Storage Allocation and each participating SWRU Banking Partner's SWRU Storage Capacity divided by the sum of all participating Original Banking Partner's Permanent Storage Allocation and the sum of all participating Original Banking Partner's SWRU Storage Capacity. (As an example if (i) all Banking Partners are involved in a dispute, (ii) a Participant has 20,000 Shares (thus having SWRU Storage Capacity of 60,000 AF), (iii) all Original Banking Partners have fully vested Permanent Storage Allocations and (iv) 100,000 SWRU Shares have been acquired (represents SWRU Storage Capacity of 300,000 AF) then the Participant's share of such costs allocated among the Banking Partners would be $60,000 / (1,000,000 + 300,000) = 4.62\%$.)

If a Party asserts that another Party has breached obligations under this Agreement, it may request that the arbitration panel order the other Party to comply with this Agreement. Upon the panel finding that a Party has in fact breached this Agreement, the panel shall order compliance. The panel may order any other equitable relief permitted by California law, including declaratory or injunctive relief, applicable to the matter before the panel for resolution. If termination is sought by a party pursuant to the terms hereof, the panel may determine the issues of whether a default has occurred or other condition precedent to the termination alleged has been satisfied and, if so, may issue orders implementing that termination. The orders of the panel shall be judicially enforceable. The panel may order that the effective date of its order be the date of the breach, if appropriate.

ARTICLE 11.
TERM OF AGREEMENT

11.1 The initial term of this Agreement shall terminate on December 31, 2035, the date of termination of the Agency's Long-Term Water Supply Contract.

11.2 At the election of Participant, this Agreement may be renewed by Participant for an additional term of 10 years on the terms and conditions set forth herein by providing notice of renewal to Semitropic not later than six months prior to the expiration of the initial term of this Agreement; provided, that Semitropic may reject such notice of renewal and terminate this Agreement at the end of the initial term if, at the end of the initial term, Semitropic will no longer be engaged in water banking for any party other than water banking for the direct benefit of its landowners. Further, if Semitropic's water supply contract with the Agency governing Semitropic's State Water Project water supply is not renewed, or if it is renewed with terms materially different from Semitropic's water supply contract in effect as of the effective date of this Agreement and such different terms materially and adversely affect (i) the economic consequences of this Agreement to Semitropic or (ii) Semitropic's ability to perform under this Agreement, then after Participant delivers its notice of renewal the parties shall negotiate equitable amendments to this Agreement to mitigate those adverse effects.

11.3 After that first renewal term, Participant shall have the right to renew this Agreement for an additional term of 10 years on the terms and conditions applicable during the first renewal period (provided Semitropic is continuing banking programs with third parties as provided in Section 11.2) by providing notice of renewal to Semitropic not later than six months prior to the expiration of the then current term of this Agreement; provided, that Semitropic may reject any such notice of renewal and terminate this Agreement at the end of the then current term. However, if Semitropic rejects such a notice and then offers water banking services to any other party utilizing the same capacities as provided under this Agreement, such services shall be offered first to Participant at the same level and on the same terms offered to such other party.

ARTICLE 12

REMEDIES

12.1 Remedies in Event of Semitropic's Voluntary Failure to Perform

12.1.1 If Participant alleges that Semitropic has not substantially performed according to the terms of this Agreement (including, but not limited to, by failing to construct adequate SWRU Facilities and/or securing agreements or operational arrangements, all as necessary to provide those levels of capabilities, capacities and rights described in this Agreement, or by causing (or, if within Semitropic's jurisdiction, permitting) other entities or persons to interfere with the SWRU operation, or by failing to accept or return water as and when required by this Agreement), or if Semitropic has otherwise breached its obligations under this Agreement, and notice has been provided to Semitropic pursuant to Section 13.4 and Semitropic has failed to cure the alleged breach within the time provided in Section 13.4, Participant may, at any time thereafter while the default is continuing, advise Semitropic of the remedy or remedies provided in Article 10 (Dispute Resolution), and Sections 12.1.2 below which Participant intends to pursue with respect to such default. Semitropic may challenge at any time, through Article 10, whether in fact there has been a breach of or default under this Agreement by Semitropic.

12.1.2 In the event of an alleged breach as to which Participant has given notice to Semitropic pursuant to Section 12.1.1, Participant may elect to suspend any payment obligations it may have under Article 6 of this Agreement until Semitropic complies with the terms of this Agreement and cures such breach or default or is determined, pursuant to Article 10, not to have violated the Agreement. Notwithstanding such suspension of Participant's payment obligations, this Agreement shall remain in effect. Notwithstanding an election by Participant under this Section 12.1.2 to suspend payment obligations, Participant or Semitropic may thereafter also seek relief under Article 10.

12.2 Remedies in the Event of Participant's Voluntary Failure to Perform

If Participant has not substantially performed according to the terms of this Agreement, and notice has been provided to Participant pursuant to Section 13.4 and Participant has failed to cure the alleged breach within the time provided in Section 13.4, Semitropic may at its election, at any time thereafter while the default is continuing, either (1) suspend further performance and thereafter seek relief under Article 10, and shall recommence performance once Participant complies with the Agreement, or (2) pursue other remedies available as provided by law. Participant may challenge at any time, through Article 10, whether in fact there has been a breach of this Agreement by Participant.

ARTICLE 13

MISCELLANEOUS PROVISIONS

13.1 **Successors and Assigns.** This Agreement shall bind and inure to the benefit of the successors and assigns of the Parties; provided, however, neither Party shall assign any of their rights or obligations under this Agreement without the prior written consent of the other. Provided, further, that Participant may subcontract with other entities to receive benefits under this Agreement, provided that Participant shall remain responsible for performing all duties

under this Agreement, notwithstanding such subcontracts. Further, Semitropic acknowledges that Participant will be delivering and recovering water under this Agreement for the benefit of its affiliates, all of which are consented to by Semitropic, provided that Participant shall remain responsible for performing all duties under this Agreement. Nothing in this Agreement is intended to confer any right or remedy under this Agreement on any person other than the Parties to this Agreement and their respective successors and permitted assigns, or to relieve or discharge any obligation or liability of any person to any Party to this Agreement, or to give any person any right of subrogation or action over or against any Party to this Agreement.

13.2 Allocation Among Semitropic Improvement Districts. Semitropic shall allocate the rights and obligations under this Agreement between the water users and landowners of Semitropic Water Storage District, Semitropic Improvement District, Buttonwillow Improvement District and Pond-Poso Improvement District as it deems appropriate, so long as Participant's and the other Banking Partners right to obtain the return of Stored Water is not adversely impacted.

13.3 No Modification of Existing Contracts. Except as provided in section 3.8 regarding the Interim Agreements, this Agreement shall not be interpreted to modify the terms or conditions of any of (a) the water supply contracts between the DWR and the Agency or Participant (b) the water supply agreements between the Agency and Semitropic and (c) any agreements (and amendments thereto) with any of the Original Banking Partners as they exist as of the date of this Agreement.

13.4 Waiver/Cure of Defaults. The failure of any Party to enforce against the other a provision of this Agreement shall not constitute a waiver of that Party's right to enforce such a provision at a later time. No Party shall be deemed to be in default of any provision of this Agreement unless the other Party has given written notice specifically stating the alleged default and the Party in default fails to cure the default within thirty (30) days of receipt of such written notice.

13.5 **Construction of Agreement.** The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the parties hereto and Section 1654 of the Civil Code has no application to interpretation of this Agreement. Headings at the beginning of Sections, paragraphs and subparagraphs of this Agreement are solely for the convenience of the parties, are not a part of this Agreement and shall not be used in construing it. The preamble, recitals and all exhibits and schedules to this Agreement are part of this Agreement and are incorporated herein by this reference. When required by the context: whenever the singular number is used in this Agreement, the same shall include the plural, and the plural shall include the singular; and the masculine gender shall include the feminine and neuter genders and vice versa. Unless otherwise required by the context (or otherwise provided herein): the words “**herein**,” “**hereof**” and “**hereunder**” and similar words shall refer to the Agreement generally and not merely to the provision in which such term is used; the word “**person**” shall include individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority and other entity of whatever nature; each of the words “**Participant**” and “**Semitropic**” shall include the respective representatives, successors and permitted assigns, if any, of such person; the words “**including**,” “**include**” or “**includes**” shall be interpreted in a non-exclusive manner as though the words “but [is] not limited to” or “but without limiting the generality of the foregoing” immediately followed the same; the word “**month**” shall mean calendar month; and the term “**business day**” shall mean any day other than a Saturday, Sunday or legal holiday. 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 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. Unless otherwise required by Contract (or otherwise provided herein), references to capacity in AF shall refer to annual capacities (except as to a Storage Account Balance or stored water, which shall be a cumulative value).

13.6 **Entire Agreement.** This Agreement and other documents expressly referenced herein constitute the entire agreement between the Parties pertaining to the matters provided for herein and, except as herein provided, supersedes all prior and/or contemporaneous agreements and understanding, whether written or oral pertaining between the Parties relating to the matters provided for herein.

13.7 **Severability.** In the event that a court of competent jurisdiction or a arbitration panel as provided at Article 9 determines that a provision included in this Agreement is legally invalid or unenforceable and such decision becomes final, the Parties to this Agreement shall use their best efforts to (i) within thirty (30) days of the date of such final decision identify by mutual agreement the provisions of this Agreement which must be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the Parties. Pending the completion of the actions designated above, to the extent it is reasonably practical and can be done without violating any applicable provisions of law, the provisions of this Agreement which were not found to be legally invalid or unenforceable in the final decision shall continue in effect. If the Parties cannot agree on appropriate revisions, this Agreement shall be involuntarily terminated in accordance with Section 13.2.

13.8 **Force Majeure.** All obligations of the Parties other than monetary or payment obligations shall be suspended for so long as and to the extent the performance thereof is prevented, directly or indirectly, not to exceed one year, by earthquakes, fires, tornadoes, facility failures, floods, drownings, strikes, other casualties, acts of God, orders of court or governmental agencies having competent jurisdiction, or other events or causes beyond the control of the Parties. In no event shall any liability accrue against a Party, to its officers, agents or employees, for any damage arising out of or connected with a suspension of performance pursuant to this Section 13.8.

13.9 **Notices.** All notices, requests and demands hereunder (“**Notices**”) shall be in writing and shall be deemed to have been duly given when delivered (or, if mailed, postage

prepaid, on the third business day after mailing, if that date is earlier than actual delivery). Notices shall be sent to a Party at the address of that Party set forth below or, if such Party has furnished notice of a change of that address as herein provided, to the address of that Party most recently so furnished. *Notices if mailed, for Semitropic shall be sent to the General Manager of Semitropic at Post Office Box 8043, Wasco, California 93280, or to the General Manager at 1101 Central Avenue, Wasco, California 93280, if mailed. Notices hereunder for Participant shall be sent to Castaic Lake Water Agency, Address Attention General Manager, 27234 Bouquet Canyon Rd., Santa Clarita, CA 91350-2173.* Each Party hereto (a “**Recipient**”) who receives from another Party hereto (a “**Sender**”) by electronic facsimile transmission (telecopier) any writing which appears to be signed by that Sender is authorized to rely and act upon that writing in the same manner as if the original signed writing was in the possession of the Recipient upon oral confirmation of that Sender to the Recipient that the writing was signed by that Sender and is intended by that Sender to be relied upon by the Recipient. Each Party transmitting any writing to any other Party by electronic facsimile transmission agrees to forward immediately to that Recipient, by expedited means (for next day delivery, if possible), or by first class mail if the Recipient so agrees, the signed hard copy of that writing, unless the Recipient expressly agrees to some other disposition of the original by the Sender.

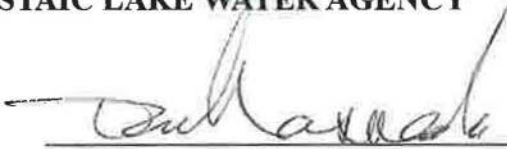
13.10 **Further Assurances.** Each party hereto, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this instrument.

13.11 **Counterparts.** This Agreement, and any document or instrument entered into, given or made pursuant to this Agreement or authorized hereby, and any amendment or supplement thereto may be executed in two or more counterparts, and by each party on a separate counterpart, 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. Any signature page of this Agreement or of such an amendment, supplement, document or instrument may be detached from any counterpart without impairing the legal effect of any signatures thereon, and may be attached to another counterpart

identical in form thereto but having attached to it one or more additional signature pages. In proving this Agreement or any such amendment, supplement, document or instrument, it shall not be necessary to produce or account for more than one counterpart thereof signed by the party against whom enforcement is sought.


Executed the day and year first hereinabove written.

CASTAIC LAKE WATER AGENCY

By: 
Dan Masnada, General Manager


SEMITROPIC WATER STORAGE DISTRICT

By: 
Fredrick A. Wegis, President

By: 
Jason Gianquinto, Assistant Secretary

**SEMITROPIC IMPROVEMENT DISTRICT
OF SEMITROPIC WATER STORAGE DISTRICT**

By: 
Fredrick A. Wegis, President

By: 
Jason Gianquinto, Assistant Secretary

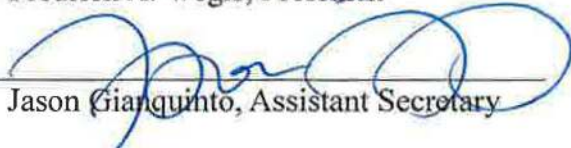
**BUTTONWILLOW IMPROVEMENT DISTRICT
OF SEMITROPIC WATER STORAGE DISTRICT**

By: 
Fredrick A. Wegis, President

By: 
Jason Gianquinto, Assistant Secretary

**POND-POSO IMPROVEMENT DISTRICT
OF SEMITROPIC WATER STORAGE DISTRICT**

By: 
Fredrick A. Wegis, President

By: 
Jason Gianquinto, Assistant Secretary

STORED WATER RECOVERY UNIT PROGRAM DELIVERY CAPABILITY

INTRODUCTION:

The In-Lieu Service Area authorized in the Stored Water Recovery Unit (SWRU) Environmental Impact Report (EIR) consists of 14,300 acres of actively farmed land. Semitropic's commitment to the SWRU Banking Partners is that at full development there will be in excess of 14,300 acres of In-Lieu Service Area or its equivalent in direct recharge capability. This amount of acreage on behalf of all SWRU Participants will ultimately be located to the maximum extent possible within Area B and the balance of the acreage required from within Area A of Exhibit A. The required recharge facilities may be a combination of In-Lieu recharge and direct recharge facilities.

In the event cropping patterns or irrigation practices change within any In Lieu recharge area the assumed average annual quantity of water each acre of land requires for irrigation, Semitropic shall not be obligated to increase its commitment to develop 14,300 acres of in-lieu land at full program development.

I. Maximum Annual Estimated Program Delivery Capability:

1. Firm Recharge Capability by
In-Lieu and/or Direct Recharge Facilities 100,000 AF/YR
(Note: In-Lieu Capability is based
on 3.5AF/AC)
2. Potential Unused Semitropic Delivery Capability
On a When Available Basis 475,000 AF/YR ⁽¹⁾

II Participant's Share of Maximum Annual Estimated Program Delivery Capability:

1. Firm Recharge Capability By In Lieu and/or
Direct Recharge 5,000 AF/YR
2. Share of Unused Recharge Capability 0 – 475,000 AF/YR

⁽¹⁾ This does not include potential Recharge on the Kern Water Bank (KWB) of about 30,000 AF/YR. Other capacity in the KWB that is not used by other KWB participants may also be available from time to time.

Expected Monthly Distribution of Participant's Share of Maximum Estimated Program Delivery Capability If Recharged By In Lieu Means:

	Historical Deliveries on 66,800 Acres+ Average of '84, '89 and '93		Estimated Monthly Distribution of SWRU Delivery Capacity Acre-Feet Per Month If By In-Lieu Means
	Acre-Feet	Percent	
JANUARY	* 2,444	1.0	1,000
FEBRUARY	* 22,185	9.8	9,800
MARCH	21,185	9.6	9,600
APRIL	17,984	7.9	7,900
MAY	24,373	10.6	10,600
JUNE	36,138	15.9	15,900
JULY	41,123	18.1	18,100
AUGUST	34,084	15.1	15,100
SEPTEMBER	12,310	5.4	5,400
OCTOBER	6,373	2.8	2,800
NOVEMBER	4,015	1.9	1,900
DECEMBER	4,206	1.9	1,900
TOTAL	226,420 AF	100.0	100,000/AF

* Average of 1984 and 1989 only

STORED WATER RECOVERY UNIT

Project Facilities Maintenance Guidelines

Per Sections 6.4.2

In order to provide continued operational reliability of facilities under this agreement, Stored Water Recovery Unit (SWRU) Participants and Semitropic agree that the following guidelines will be followed by Semitropic or other party (mutually selected by SWRU Participants and Semitropic), in maintaining the SWRU facilities over the life of the agreement.

Facility

Maintenance Activity

Buried Pipelines

Per pipeline manufacturer's recommendations.

Above ground features
(Piping, Farm Turnouts,
Buildings, etc.)

Painting on a regular basis as
required to minimize corrosion
and maintain aesthetic appearance.
Must meet or exceed Semitropic's current
maintenance procedure of existing facilities.

Electrical System

Annually clean and check all features,
including cabinetry breakers, transmission
lines, substations(s), transformers, etc.

Productions Wells

A. Standby Mode

- | | |
|--|---------------------------------|
| • Exercise pumps for at least 15 minutes | Semi-Annual |
| • Record rate of flow, check for unusual noise or
Vibration, and proper lubrication | Semi-Annual |
| • Observe and record water levels prior to, during
And after the operating period by sounding | Semi-Annual |
| • Inspection of all well sites; clean and
Repair as needed | Monthly |
| • Inspect fencing, locks and motor control panels
And repair as needed | Monthly |
| • Inspect and maintain all pumping units in
Accordance with manufacturers specifications | Annual |
| • Collect and analyze water samples for
Constituents of concern | Annual (One third of wells) |
| • Drinking water standards (Title 22) | 5 years (or as otherwise req'd) |

- Pump base, motor and exposed piping cleaned
And painted (as needed) Annual
- Fill completely and maintain oil level in pump Annual
- Motor reservoir sump to prevent moisture Annual (during periods of
Operation)
- Add anti-corrosion and anti-calcification
Chemicals into wells As required by well and
chemical experts

B. Operating Mode

- Check lubrication system Startup
- Obtain static water levels by sounding Startup
- Check and record discharge meter totalizer reading Startup
- Check pump and motor for excessive vibration,
Noise or heating Startup
- After 5 min. of operation, check and record
Discharge flow rate Startup
- Obtain pumping water levels by sounding Startup
- Check and maintain lubricating system Daily
- Read flow meter totalizer and report flow rate
and report flow rate and acre-feet pumped Daily
- If temperature is expected to be below 40 deg. F,
enable winding heaters Shut down
- Cover or remove motors from each well site Shut down
- Inspect discharge piping, valves and vents for
Operation, and then close Shut down

This policy should be reviewed and updated periodically by SWRU Participants and Semitropic.

SEMITROPIC WATER STORAGE DISTRICT
CALCULATION OF POWER PAYMENTS UNDER SECTION 6.5.1
Agreement for the Semitropic Water Banking and Exchange Program

BASIC FORMULA

$$(\text{ENERGY CONSUMED to WITHDRAW WATER from STORAGE}) \times \frac{(\text{TOTAL SEMITROPIC ENERGY COSTS})}{(\text{TOTAL ENERGY CONSUMED BY SEMITROPIC})} = (\text{WITHDRAWAL PAYMENTS})$$

Summary of components

ENERGY CONSUMED to WITHDRAW WATER from STORAGE (Water Banking activity to return stored water)

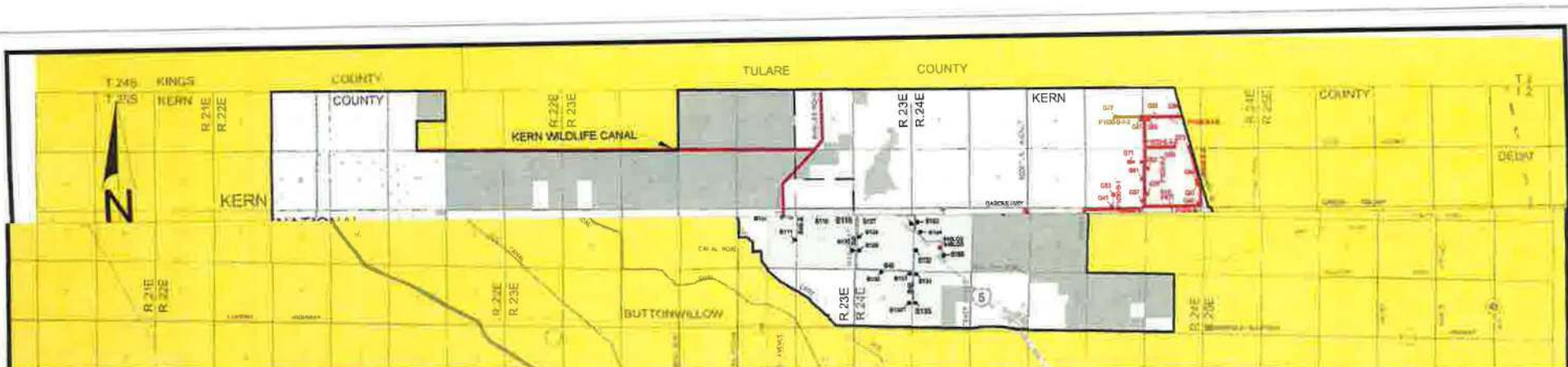
1. Energy used to extract ground water for Banking Partners, including:
 - a) Actual electric meter readings from Semitropic operated wells
 - b) Actual PG&E meter readings from bills submitted for payment under pumping agreements for operation of Semitropic landowner wells
 - c) Energy use under pumping agreements with Semitropic landowners for operation of wells where the actual KWH is unavailable (as in engine driven wells) use the formula:
KWH = 1.707 x (PUMPING LIFT in feet) x (ACRE-FEET EXTRACTED)
Where 1.707 is the conversion factor assuming 60% wire to water efficiency
Where the PUMPING LIFT is determined from the previous year's "Lines of Equal Pumping Lifts" by Bookman-Edmonston Engineering, Inc.
Where the ACRE-FEET EXTRACTED is from actual Semitropic water meter readings
 - d) Estimated use for released Contract Water (on-farm ground water pumping) use the same formula as above
2. Energy used to reverse the flow of Semitropic canals
 - a) From the actual electric meter readings at reverse flow pumping structures
The use shall be proportional to the water pumped for WITHDRAWAL for Banking Partners to the total water pumped by Semitropic
3. Energy used at the Semitropic's Pump-Back Pumping Plant to return water to the California Aqueduct
 - a) From the actual electric meter readings at the Pump-Back Pumping Plant
The use shall be proportional to the water pumped for WITHDRAWAL for Banking Partners to the total water pumped by Semitropic
4. Estimated energy use for other facilities as may be required by Semitropic

TOTAL ENERGY COSTS (Costs to secure energy required for all Semitropic activities)

5. Costs to feed energy into the Semitropic Grid
 - a) PG&E billing at Semitropic Substation (single point of service with Semitropic power grid)
 - b) All costs for other electrical feeds into Semitropic Grid (i.e. external cogeneration facilities)
 - c) All costs for power generated by Semitropic's Energy Project including:
(currently 4 MW of natural gas engine generation and 850 KW of hydroelectric generation)
Fuel
Operation & Maintenance
Replacement Reserve deposits
Debt Service
6. Costs for energy not fed into Semitropic Grid
 - a) All PG&E billings for Semitropic facilities not on Semitropic Grid
 - b) Engine/generator rental and diesel to operate temporary Semitropic facilities
 - c) All payments to Semitropic landowners under ground water pumping agreements for operation of Semitropic landowner wells
 - d) All payments to Contract Water Users for release of Contract Water (on-farm ground water pumping) for energy use identified in 1.d) above
 - e) Costs of other facilities as may be required by Semitropic

TOTAL ENERGY CONSUMED (Energy required for all Semitropic activities)





7. Energy fed into the Semitropic Grid
 - a) PG&E meter readings at Semitropic Substation (single point of service with Semitropic power grid)
 - b) Any other electrical service metered into Semitropic Grid (i.e. external cogeneration facilities)
 - c) Energy metered at each Semitropic operated natural gas engine-generator
 - d) Energy metered at each Semitropic operated hydroelectric generator
8. Energy not fed into the Semitropic Grid
 - a) All PG&E meter readings for Semitropic facilities not on Semitropic Grid
 - b) Actual PG&E meter readings from bills submitted for payment under pumping agreements for operation of Semitropic landowner wells
 - c) Energy use under pumping agreements with Semitropic landowners for operation of wells where the actual KWH is unavailable (as in engine driven wells) use the formula:
KWH = 1.707 x (PUMPING LIFT in feet) x (ACRE-FEET EXTRACTED)
Where 1.707 is the conversion factor assuming 60% wire to water efficiency
Where the PUMPING LIFT is determined from the previous year's "Lines of Equal Pumping Lifts" by Bookman-Edmonston Engineering, Inc.
Where the ACRE-FEET EXTRACTED is from actual Semitropic water meter readings
 - d) Estimated use for released Contract Water (on-farm ground water pumping) use the same formula as above
 - e) Estimated energy use for other facilities as may be required by Semitropic








SEMITROPIC WATER STORAGE DISTRICT

"SEMITROPIC BANK" FACILITIES

 SEMITROPIC WATER STORAGE DISTRICT BOUNDARY
 IMPROVEMENT DISTRICT BOUNDARY
 CANAL AND RECHARGE FACILITIES

 = AREA "A"
 = AREA "B"
 = FUTURE IMPROVEMENTS
 = ADDITIONAL FACILITIES

LEGEND

-  DISTRICT SUBSTATION
-  TURNOUT NOTE
-  TURNOUTS IDENTIFIED BY J.L.P.K AND H ARE ALSO RECOVERY WELLS
-  GW METER & CANAL PUMPS
-  DISTRICT RECOVERY WELL LOCATION (28)
-  BOOSTER PLANT
-  IN-CANAL PUMP
-  PIPELINE LATERAL
-  PROPOSED SWRU WELL
-  EXISTING SWRU MONITOR WELL
-  SWRU FUTURE PIPELINE LATERAL
-  SWRU BOOSTER PLANT
-  SWRU FUTURE PUMPING PLANT
-  PUMPING PLANT
-  REMOTE STAND PIPE
-  JUNCTION RESERVOIR
-  VIDO G. FABBRI HYDRO TURBINE PUMP BACK PUMPING PLANT
-  CHECK STRUCTURE
-  RADIAL GATE WITH REVERSE FLOW PUMPS
-  WATER LEVEL CONTROL STRUCTURE
-  SLIDE GATE DIVERSION
-  WATER LEVEL CONTROL STRUCTURE
-  STOP LOG WEIR



(i.e. Constructed or planned to construct after 2003 - not part of original program facilities)

EXHIBIT "A"

