

AMENDMENT NO. 4

TO

GROUNDWATER STORAGE PROGRAM

FUNDING AGREEMENT NO. 49960

BY AND AMONG

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AND

INLAND EMPIRE UTILITIES AGENCY

AND

THREE VALLEYS MUNICIPAL WATER DISTRICT

AND

CHINO BASIN WATERMASTER

DATED AS OF May 16, 2008

**AMENDMENT NO. 4 TO GROUNDWATER STORAGE PROGRAM
FUNDING AGREEMENT NO. 49960**

THIS AMENDMENT NO. 4 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960 (this "Amendment No. 4"), dated as of _____, 2008, is entered into by and among THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ("Metropolitan"), a public entity of the State of California, INLAND EMPIRE UTILITIES AGENCY, a municipal water district of the State of California ("IEUA"), THREE VALLEYS MUNICIPAL WATER DISTRICT, a municipal water district of the State of California ("TVMWD") and CHINO BASIN WATERMASTER, an entity established by the Superior Court of the State of California to manage the Chino Groundwater Basin ("Watermaster"). Hereafter, Metropolitan, IEUA, TVMWD and Watermaster may be referred to collectively as "Parties."

RECITALS

- A. In June 2003, the Parties entered into an agreement titled, "Agreement No. 49960 Groundwater Program Storage Funding Agreement" ("Agreement") pursuant to which Metropolitan agreed to provide certain funding in support of the Chino Basin Groundwater Storage Program ("Program") being implemented by IEUA and TVMWD. Amendment Nos. 1, 2 and 3 extended the time to complete plans and specifications for the various Program facilities listed in Exhibit H to the Agreement ("Facilities").
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA and TVMWD's completion of the Facilities by March 8, 2008.
- C. However, with respect to some of the facilities, IEUA has determined that additional time is needed to complete the Facilities. Accordingly, IEUA is requesting that the completion date for the Program Facilities be extended to October 31, 2008.
- D. The Parties hereby desire by this Amendment No. 4 to extend the milestone date for funding expenditures for completion of Program Facilities to October 31, 2008, while maintaining the milestone date of March 8, 2008 for purposes of performance under this Agreement, and otherwise continuing the Agreement as amended in full force and effect.

THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

AMENDMENT

1. Section IV. PROGRAM PLANNING AND CONSTRUCTION, subsection A.2.b is hereby revised to read:
 - b. *Extraction.* At a minimum, the Facilities, when combined with the existing groundwater production capacity of the Operating parties as defined in Exhibit H, if necessary, shall be designed to have the capacity to extract water from the Chino Basin at a rate of 33,000 AF per year. Prior to March 8, 2008, the minimum extraction capacity shall be a pro rata portion of the extraction capacity based on the facilities then completed. As of March 8, 2008, and thereafter, the minimum program capacity to extract water from the Chino Basin shall be 33,000 AF per year regardless of the facilities then completed.

2. Section IV. PROGRAM PLANNING AND CONSTRUCTION, subsection A.3.b is hereby revised to read:
 - b. The Schedule shall state the date of construction commencement, the anticipated completion date (which shall occur no later than October 31, 2008,), key milestone dates in the interim (each a “**Milestone Date**”) including timing of discrete program elements (“**Discrete Program Elements**”) and major tasks (“**Tasks**”) within them; and

3. Section IV. PROGRAM PLANNING AND CONSTRUCTION, subsection A.4.e is hereby revised to read:
 - e. IEUA, may, as warranted, update the Approved Schedule and Approved Budget for the Facilities to reflect changes as necessary. However, under no condition may the Completion Date exceed October 31, 2008, or the total budget exceed the specified amount allocated as Program Funds unless such overages shall be the responsibility of IEUA. Review and approval of the proposed update shall follow the above procedure.

4. Section IV. PROGRAM PLANNING AND CONSTRUCTION, subsection B.4.a is hereby revised to read:
 - a. *Completion Date.* IEUA shall assure that Completion of the Facilities occurs no later than October 31, 2008. “**Completion**” means (x) performance of the construction in a good and workmanlike manner, free and clear of mechanics’, materialmens’ and other liens or security interests, claims or encumbrances relating to such construction, subject only to completion of punch list items which do not materially interfere with the use or functionality of the Facilities, and (y) the payment of all costs to the persons entitled thereto less retainage or reserves for punch list items.

5. Section X. RECORD KEEPING, REPORTING, INSPECTION AND AUDIT, subsection D.2.a is hereby revised to read:

a. Within thirty days after the Completion of a Program Facility, or October 31, 2008, whichever comes first, IEUA shall, at its expense cause an audit of all Program Construction Costs and expenses with respect to such Facility to be conducted by an independent certified public accountant and deliver to Metropolitan a report prepared by such accountant in connection therewith. In the event that a Program Facility is not completed by October 31, 2008, IEUA shall complete the audit based upon construction progress and Program Funds expended to date. Immediately upon completion, the applicable Operating Party shall submit its Notice of Completion for said Program Facility. All Program Facility audits shall be complete and submitted to Metropolitan no later than December 31, 2008.

6. Except as, and to the extent specifically and expressly modified by this Amendment No. 4, the Agreement is, and shall continue to be, in full force and effect.

7. This Amendment No. 4 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 4 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Jeffrey Kightlinger
General Manager

By: Stephen N. Arakawa
Stephen N. Arakawa
Manager, Water Resource Management

Date: 5/16/08

INLAND EMPIRE UTILITIES AGENCY

By: Richard Atwater
Richard Atwater
General Manager

Date: April 10, 2008

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: Richard W. Hansen
Richard W. Hansen
General Manager/Chief Engineer

Date: _____

CHINO BASIN WATERMASTER

By: Ken Manning
Ken Manning
Chief Executive Officer

Date: _____

In quadruplicate

APPROVED AS TO FORM:

Karen L. Tachiki
General Counsel

By: Setha E. Schlang
Setha E. Schlang
Senior Deputy General Counsel

Date: 5/15/08

APPROVED AS TO FORM:

By: Jean Cihigoyenetone
Jean Cihigoyenetone
General Counsel

Date: 4-14-08

APPROVED AS TO FORM:

By: Steve Kennedy
Steve Kennedy
District Counsel

Date: _____

APPROVED AS TO FORM:

By: Michael Fife
Michael Fife
General Counsel

Date: _____

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THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Jeffrey Kightlinger
General Manager

By: Stephen N. Arakawa
Stephen N. Arakawa
Manager, Water Resource Management

Date: 5/16/08

INLAND EMPIRE UTILITIES AGENCY

By: Richard Atwater
Richard Atwater
General Manager

Date: _____

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: Richard W. Hansen
Richard W. Hansen
General Manager/Chief Engineer

Date: 4-8-08

CHINO BASIN WATERMASTER

By: Ken Manning
Ken Manning
Chief Executive Officer

Date: _____

In quadruplicate

APPROVED AS TO FORM:

Karen L. Tachiki
General Counsel

By: Setha E. Schlang
Setha E. Schlang
Senior Deputy General Counsel

Date: 5/15/08

APPROVED AS TO FORM:

By: Jean Cihigoyenetone
Jean Cihigoyenetone
General Counsel

Date: _____

APPROVED AS TO FORM:

By: Steve Kennedy
Steve Kennedy
District Counsel

Date: 4/13/08

APPROVED AS TO FORM:

By: Michael Fife
Michael Fife
General Counsel

Date: _____

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 4 to be executed as of the date first set forth above.

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

Jeffrey Kightlinger
General Manager

By: Stephen N. Arakawa
Stephen N. Arakawa
Manager, Water Resource Management

Date: 5/16/08

INLAND EMPIRE UTILITIES AGENCY

By: _____
Richard Atwater
General Manager

Date: _____

**THREE VALLEYS MUNICIPAL
WATER DISTRICT**

By: _____
Richard W. Hansen
General Manager/Chief Engineer

Date: _____

CHINO BASIN WATERMASTER

By: Ken Manning
Ken Manning
Chief Executive Officer

Date: 4/16/2008

In quadruplicate

APPROVED AS TO FORM:

Karen L. Tachiki
General Counsel

By: Setha E. Schlang
Setha E. Schlang
Senior Deputy General Counsel

Date: 5/15/08

APPROVED AS TO FORM:

By: _____
Jean Cihigoyenetone
General Counsel

Date: _____

APPROVED AS TO FORM:

By: _____
Steve Kennedy
District Counsel

Date: _____

APPROVED AS TO FORM:

By: Michael Fife
Michael Fife
General Counsel

Date: April 16, 2008