

AMENDMENT NO. 2
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 August 31, 2004

**AMENDMENT NO. 2 TO GROUNDWATER STORAGE PROGRAM
FUNDING AGREEMENT NO. 49960**

THIS AMENDMENT NO. 2 TO GROUNDWATER STORAGE PROGRAM FUNDING AGREEMENT NO. 49960 (this "Amendment No. 2"), dated as of August 31, 2004, 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.
- B. Under the terms and conditions of the Agreement, Metropolitan's obligation to provide funding is contingent upon IEUA meeting certain milestones with respect to the design, construction and completion of the various Program facilities listed in Exhibit H to the Agreement ("Facilities"). Specifically, Section IV.A.3 of the Agreement requires that IEUA deliver to Metropolitan engineering and construction plans and specifications for all such Facilities on or before September 1, 2004.
- C. However, with respect to many of the facilities, IEUA has determined that additional time is needed to prepare the required engineering and construction plans and specifications ("Plans"). Accordingly, IEUA is requesting that the deadline for submission of such Plans to Metropolitan be extended for approximately one year.
- D. Notwithstanding this extension, IEUA has indicated construction of the facilities will still be completed by no later than March 8, 2008, as required under Section IV.B.4 of the Agreement. Based upon such representation, Metropolitan is amenable to granting the requested extension.

NOW 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. The deadline for submission of the Plans for the Facilities, as required under Section IV.A.3 of the Agreement, is hereby extended from September 1, 2004 to September 20, 2005.
2. Except as, and to the extent specifically and expressly modified by this Amendment No. 2, the Agreement is, and shall continue to be, in full force and effect.
3. This Amendment No. 2 may be executed in multiple counterparts, all of which together shall constitute a single, integrated amendment to the Agreement.

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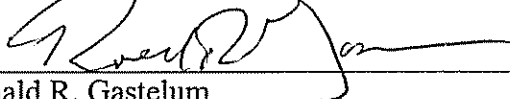
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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 2 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: 
Ronald R. Gastelum
Chief Executive Officer

Date: 8/31/04

APPROVED AS TO FORM:
Jeffrey Kightlinger, General Counsel

By: 
Setha E. Schlang
Deputy General Counsel

Date: 8/31/04

INLAND EMPIRE UTILITIES AGENCY

By: _____
Richard Atwater
General Manager

Date: _____

APPROVED AS TO FORM:

By: _____
Jean Cihigoyenetone
General Counsel

Date: _____

THREE VALLEYS MUNICIPAL WATER DISTRICT

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

Date: _____

APPROVED AS TO FORM:

By: _____
Steve Kennedy
District Counsel

Date: _____

CHINO BASIN WATERMASTER

By: _____
Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

By: _____
Michael Fife
General Counsel

Date: _____

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 2 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: _____
Ronald R. Gastelum
Chief Executive Officer

Date: _____

APPROVED AS TO FORM:
Jeffrey Kightlinger, General Counsel

By: _____
Setha E. Schlang
Deputy General Counsel

Date: _____

INLAND EMPIRE UTILITIES AGENCY

By: Richard Atwater
Richard Atwater
General Manager

Date: 8/17/04

APPROVED AS TO FORM:

By: Jean Cihigo
Jean Cihigo
General Counsel

Date: 8-18-04

THREE VALLEYS MUNICIPAL WATER DISTRICT

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

Date: _____

APPROVED AS TO FORM:

By: _____
Steve Kennedy
District Counsel

Date: _____

CHINO BASIN WATERMASTER

By: SR Rego
Chief Executive Officer

Date: 8/17/04

APPROVED AS TO FORM:

By: Michael Fife
Michael Fife
General Counsel

Date: 8/17/04

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 2 to be executed as of the date first set forth above.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: _____
Ronald R. Gastelum
Chief Executive Officer

Date: _____

APPROVED AS TO FORM:
Jeffrey Kightlinger, General Counsel

By: _____
Setha E. Schlang
Deputy General Counsel

Date: _____

INLAND EMPIRE UTILITIES AGENCY

By: _____
Richard Atwater
General Manager

Date: _____

APPROVED AS TO FORM:

By: _____
Jean Cihigoyenetone
General Counsel

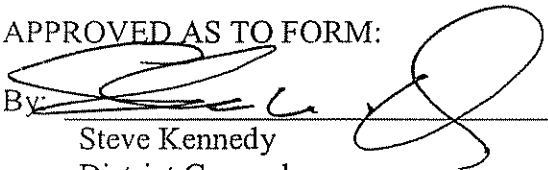
Date: _____

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: Michael K Holmes for
Richard W. Hansen
General Manager/Chief Engineer

Date: _____

APPROVED AS TO FORM:

By: 
Steve Kennedy
District Counsel

Date: _____

CHINO BASIN WATERMASTER

By: _____
Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

By: _____
Michael Fife
General Counsel

Date: _____

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