

WATER BANKING PROGRAM AGREEMENT

This Agreement is made as of its Effective Date by and between the Belridge Water Storage District ("BWSD"), Berrenda Mesa Water District ("BMWD"), Dudley Ridge Water District ("DRWD"), Lost Hills Water District ("LHWD"), and Wheeler Ridge-Maricopa Water Storage District ("WRMWSD") (collectively the "Westside Districts") and the Western Hills Water District ("WHWD") (all six collectively the "Parties" and individually "Party"), all of which are public agencies in the State of California, duly organized, existing and acting pursuant to the laws thereof.

RECITALS

A. On or about June 5, 2000, WHWD entered into that certain Contract to Transfer Water with Kern County Water Agency ("KCWA") for the purchase of approximately 8,000 acre-feet of Kern County Water Agency Local Water, whereby Kern County Water Agency agreed to exchange Agency Local Water for an equal amount of Kern County Water Agency's State Water Project ("SWP") Table A amount (formally referred to as "entitlement water"), to be delivered to WHWD, in accordance with the terms and conditions of the KCWA Contract.

B. In order to more fully and beneficially utilize WHWD's rights under the KCWA Contract, the Parties hereto desire to enter into an agreement whereby certain amounts of KCWA Contract Water which exceed WHWD In-District Demands would be provided to the Westside Districts for purposes of an unbalanced banking program.

C. WHWD as the lead agency in this program for purposes of CEQA has prepared and approved CEQA documents for the program and has filed with the Stanislaus County Clerk a Notice of Exemption on October 26, 2010. The Westside Districts as responsible agencies under CEQA have approve the CEQA documents and filed a Notice of Exemption with the Kern County Clerk on November 10, 2010, and with the Kings County Clerk on October 29, 2010.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by the Parties, the Parties agree as follows:

A G R E E M E N T

1. Purpose; Definitions.

a. Purpose. Under this program, WHWD would be able to more efficiently utilize its rights under its KCWA Contract and obtain rights to temporarily store its water

in groundwater storage available to¹ the five Westside Districts. The Westside Districts would be able to utilize their excess groundwater storage capacity and to obtain additional South-of-Delta water. WHWD understands that it is not purchasing permanent rights to storage. This Agreement is intended to implement Article 6B of the KCWA Contract and does not intend in any way to alter or amend that contract.

b. Definitions.

(1) "CEQA" means the California Environmental Quality Act, Public Resources Code Section 21000, et seq., as supplemented by the CEQA Guidelines.

(2) "DWR" shall mean the California Department of Water Resources.

(3) "Effective Date" means the date this Agreement becomes effective, which for all purposes shall be deemed to be December 8, 2010.

(4) "Excess WHWD Water" shall mean for each calendar year the WHWD's final annual SWP Table A allocation less (i) WHWD's In-District Demand and (ii) WHWD's Obligations to KCWA as described in Article 8A of the KCWA Contract.

(5) "In-District Demand" shall mean the total amount of KCWA Contract Water necessary for WHWD to meet for any given calendar year the water demands within the legal boundaries of WHWD. The Parties recognize that WHWD's legal boundaries may expand from time to time but that any such expansion requires the approval of the State Water Resources Control Board of a change in the SWP's authorized place of use and the approval of the Stanislaus County Local Agency Formation Commission.

(6) "KCWA Contract" shall mean that certain Contract to Transfer Water dated June 5, 2000, between KCWA and WHWD. Under the KCWA Contract, WHWD agreed to pay the Transportation Charge for 2,570 acre-feet to Reach 10A and 5,421 acre-feet to Reach 31 of the California Aqueduct.

(7) "KCWA Contract Water" shall mean the annual 8,000 acre-feet of non-State Water Project water (which includes for 2010-2012 specified obligations to KCWA²) purchased by WHWD from KCWA under the KCWA Contract subject to final allocation as determined by the California Department of Water Resources ("DWR").

(8) "Program Participation Percentage" shall mean as to each of the Westside Districts the following: BWSD, 20.46%; BMWD, 17.97%; DRWD, 14.34%; LHWD, 20.26%; and WRMWSD, 26.97%, for a total of 100.00%.

¹ Groundwater storage facilities currently include portions of the Kern Water Bank and Berrenda Mesa Water Bank. Any combination of these facilities could be used to accommodate the banking program with WHWD.

² 1,500 acre-feet in 2010, 900 acre-feet in 2011, and 300 acre-feet in 2012, which amounts are reduced by the final SWP allocation percentage. For example, in 2010 at a 50% SWP allocation, KCWA's share would be 750 acre-feet and WHWD's share would be 3,250 acre-feet; KCWA would be responsible for the Delta Water Charge on the 1,500 acre-feet before the allocation reduction.

(9) "Return Water" shall have the meaning described in Section 3.

(10) "SWP" means the State Water Project, which is operated and managed by DWR.

(11) "SWP Costs" shall mean both the fixed costs (Delta Water Charge, Capital and Minimum Operation, Maintenance, Power and Replacement Components of the Transportation Charge; and Water System Revenue Bond Surcharge) and variable costs (Variable Operation, Maintenance, Power and Replacement Charges, and Off-Aqueduct Charges).

(12) "WHWD's Turnout" shall mean WHWD's pumping station on the California Aqueduct located on Reach 2A, Milepost 42.9 of the California Aqueduct.

(13) "WHWD's Obligations to KCWA" shall mean the water obligated to KCWA under Article 8A of the KCWA Contract (see also footnote 2).

2. Banking of Excess WHWD Water.

a. Any WHWD KCWA Contract Water remaining after WHWD has satisfied all of WHWD's In-District Water Demands and WHWD's Obligations to KCWA shall be provided to the Westside Districts for purposes of banking under an unbalanced program. For each acre-foot of water delivered to the Westside Districts for banking ("Excess WHWD Water") the Westside Districts shall pay to WHWD, WHWD's unit SWP Costs, including any KCWA Contract charges, as if there was a 100% SWP allocation scenario. Under the buildup schedule in the KCWA Contract, WHWD agreed to give KCWA 1,500 acre-feet in 2010, 900 acre-feet in 2011, and 300 acre-feet in 2012, and WHWD agreed to pay the SWP Transportation Charge on that water. During the period 2010-2012, WHWD and Westside Districts would split 50/50 the SWP Costs associated with the water provided to KCWA. Payment procedures for Excess WHWD Water are set forth in Section 7.

b. Of the Excess WHWD Water made available to the Westside Districts, WHWD shall accrue the first 500 acre-feet into a "WHWD Bank Account" per calendar year under this Agreement, provided that the Excess WHWD Water made available to Westside Districts is at least 500 acre-feet. If the Excess WHWD Water is less than 500 acre-feet, the addition to the WHWD Bank Account shall be limited to that year's quantity of Excess WHWD Water.

3. Westside Districts' Water Obligations to WHWD – Return Water.

a. During the term of this Agreement, and subject to the limits described in Section 3(b), Westside Districts shall provide "Return Water" to WHWD to meet any unmet In-District Demand. Return Water may be made available to WHWD from SWP supplies of the Westside Districts or from water banked by Westside Districts.

Notwithstanding the foregoing, the Westside Districts shall not be obligated to provide Return Water when an emergency condition exists on the SWP whereby there is no means for the SWP to physically deliver to WHWD the SWP water allocated to Westside Districts or water banked by Westside Districts; however, this exception shall only apply during the limited time period when water cannot be physically delivered to WHWD's Turnout.

b. The Westside Districts' Return Water obligation in any given year shall be limited to the amount of Excess WHWD Water WHWD is deemed to have under this Agreement at the beginning of the year in which the Return Water is requested. Example of an accrual and reduction in WHWD Bank Account: If during the fifth year of this Agreement, WHWD requests 750 acre-feet of Return Water, and WHWD had accrued 2,000 acre-feet of Excess WHWD Water in the four prior years, the WHWD Bank Account would have 2,000 acre-feet less the 750 acre-feet, or a net of 1,250 acre-feet in the WHWD Bank Account at the end of the fifth year. The Parties agree that any and all water WHWD has accrued in the WHWD Bank Account upon termination of this Agreement shall continue to belong to WHWD and WHWD shall be entitled to recover water from the WHWD Bank Account over a period of fifteen (15) years following termination of this Agreement and subject to the then applicable charges set forth in Section 6. Through 2019, WHWD shall be able to recover a maximum of 1,500 acre-feet per year and a maximum of 2,000 acre-feet per year thereafter through the end of said 15 year period to meet WHWD's In-District Demands unless otherwise agreed by the Parties.

c. Return Water would need to be delivered to WHWD at WHWD's Turnout. How the Westside Districts provide the Return Water at WHWD's Turnout is in the Westside Districts discretion, but WHWD recognizes that the water cannot physically be delivered to WHWD from groundwater storage in Kern County.

4. Rate of Recovery of Return Water: During the term of this agreement, the maximum amount of water that WHWD may recover from storage in any one year would be the net quantity of water needed³ to meet 100% of WHWD's unmet In-District Demand and limited in amount to the WHWD Bank Account pursuant to Section 3b above.

5. Annual Time Limit for WHWD to Determine Water Allocations: WHWD would have until June 1 of each year to notify the Westside Districts of the following: (a) the amount of water in acre-feet under the KCWA Contract it anticipates using to meet WHWD's unmet In-District Demand during that same calendar year and (b) the amount of Return Water in acre-feet it will call upon for Westside Districts to meet WHWD's unmet In-District Demand. WHWD would have until July 1 of the same year to reduce the amount of the call from the Westside Districts, but WHWD could not increase the amount of the call after June 1. The Parties agree that the 5(a) amount may vary by plus or minus 10%.

³ The difference between WHWD's SWP final allocation that year and the sum of WHWD's In-District Demand and WHWD's Obligation to KCWA.

6. Charges for Return Water:

a. Recovery During the Term of the Agreement. Should WHWD call for Return Water, WHWD agrees to pay the then-current standard charge for recharging to and recovering water from storage plus the then-current unit costs for SWP water that Westside Districts are paying WHWD pursuant to Section 2.

b. Recovery After the Term of the Agreement. Pursuant to Section 3b above, when/if WHWD recover water from the WHWD Bank Account, WHWD agrees to pay the then-current standard charge for recharging to and recovering water from storage plus the then-current unit costs for SWP water determined based on the method defined in Section 2.

c. In addition, since the Westside Districts will be exchanging their California Aqueduct water for delivery at WHWD's Turnout, WHWD agrees to pay the Westside Districts for the reasonable administrative costs for implementing the exchange.

7. Payments.

a. Spreadsheet. Exhibit "A" attached hereto and incorporated herein by reference is an Excel spreadsheet showing a proforma representation of cost allocations under this Agreement.

b. Payment for 2010 Excess WHWD Water. WHWD has paid KCWA for 2010 KCWA Contract Water. Westside Districts agree to pay WHWD for approximately 2,050 acre-feet of 2010 Excess WHWD Water⁴ as follows: A payment of \$100.00 per acre-foot (\$205,000.00 based on 2,050 acre-feet) shall be made to WHWD by January 31, 2011 or within 30 days of KCWA releasing the 2010 Excess WHWD Water to the Westside Districts, whichever is later.

c. Payments for Calendar Year 2011 and following.

(1) First Annual Installment Payment. DWR normally provides its SWP contractors on or about December 1 with the invoice for the upcoming calendar year. When the December 1 invoice is received, KCWA normally invoices WHWD for 60% of upcoming calendar year's charges under the KCWA Contract, which payment is due 30 days later, i.e., normally on or before January 1 (the "January 1 Payment"). WHWD agrees to provide the Westside Districts' Agreement Coordinator with a copy of KCWA's invoice as soon as practicable after WHWD receives the invoice. The Parties acknowledge that DWR may have an initial conservative Table A allocation for the upcoming calendar year; therefore, the Parties agree to use an assumed Table A allocation of fifty percent (50%) and to later adjust their respective payments in accordance with Section 7(c)(2) below. WHWD shall be responsible for making the full

⁴ Final determination of the quantity of 2010 Excess WHWD Water shall be adjusted based on KCWA obligations and actual WHWD In-District demand; it is estimated that the final quantity will be within 200 acre-feet of 2,050 acre-feet.

January 1 Payment to KCWA. The Parties agree to calculate their respective payments pursuant to Section 7 in good faith and in a timely manner such that Westside Districts shall pay WHWD by January 30 of the then current year the Westside Districts' share of the 60% payment due KCWA.

(2) Second Annual Installment Payment. On or about June 1 of each year, KCWA normally invoices WHWD for the 40% balance of charges under the KCWA Contract, which payment is due 30 days later, i.e., normally on or before July 1 (the "July 1 Payment"). WHWD agrees to provide the Westside Districts' Agreement Coordinator with a copy of KCWA's invoice as soon as practicable after WHWD receives the invoice. WHWD shall be responsible for making the full July 1 Payment to KCWA. The Parties agree to calculate their respective payments pursuant to Section 7 in good faith and in a timely manner such that Westside Districts shall pay WHWD by July 31 of the then-current year the Westside Districts' share of the 40% payment due KCWA. The Second Annual Installment Payment would be adjusted to reflect the final SWP allocation⁵ and payment made with respect to the First Annual Installment Payment. It is recognized that when the SWP allocation is less than 50%, such adjustments may require WHWD to be paying the Westside Districts, in which case WHWD shall pay the Westside Districts by July 31 of the then-current year .

d. Payments by WHWD for Return Water under Section 6. The Westside Districts shall invoice WHWD monthly for the amount of Return Water delivered to WHWD's Turnout during the preceding month in accordance with Section 6. WHWD agrees to pay such charges within thirty (30) days of receipt of the invoice. Any later adjustments to the unit costs for SWP water that Westside Districts are paying WHWD pursuant to Section 2 shall be handled in accordance with Section 7e.

e. Billing and Payment Adjustments. The Parties recognize that due to in final delivery amounts (as noted in Section 5), adjustments to SWP charges that often occur two to three years after the water has been delivered, and adjustments to groundwater banking charges, and similar situations, the amounts for charges and costs under this Agreement will change from time to time. Parties agree to review and document such adjustments on or about March 1 of each year, including: (i) confirming the Excess WHWD Water delivered to the Westside Districts during the prior year, (ii) confirming the water balance in the WHWD Bank Account, (iii) adjustments to charges related to this Agreement, and (iv) applicable administrative costs as described in Section 6c. Payment of such reconciled charges shall be made by the appropriate Party within 30 days of documenting such changes and charges.

f. Interest shall be levied on any delinquent payments for charges described in this Section 7. The interest rate shall be 1.00% greater than the interest rate charged by either DWR or KCWA for the applicable invoice, whichever is higher.

8. Delivery Schedules: Subject to the limits described in Section 5, (i) WHWD agrees to coordinate with the Westside Districts on the monthly water delivery schedule WHWD

⁵ For purposes of payment, the final SWP allocation will be the SWP delivery allocation as of June 1.

submits to KCWA each year by June 1 of each year or by such other date as allowed by KCWA and (ii) Westside Districts agree to coordinate with WHWD on delivery schedules for Return Water to WHWD.

9. Term of Agreement: The initial term of this Agreement shall be from 2010 through 2019. Subject to Section 3b above, from and after January 1, 2020:

a. The Westside Districts shall have the right to terminate this arrangement

(1) upon five (5) years' prior written notice or

(2) upon one (1) year's prior written notice if the quantity of Excess WHWD Water (including the quantity of water designated to the WHWD Bank Account) under Section 2 averages less than 1,000 acre-feet per year over the then most recent (rolling) five (5)-year period ending with a year commencing on or after January 1, 2020.

b. WHWD shall have the right to terminate this arrangement upon five (5) years' prior written notice.

c. Example: For purposes of Section 9a(1), a Party would need to give written notice to the other Party on or before January 1, 2020, in order for this arrangement to terminate on December 31, 2024, subject to Section 3b.

d. Example: For purposes of Section 9a(2), if the average quantity of Excess WHWD Water under Section 2 averaged less than 1,000 acre-feet per year over the period 2015 through 2019, then the Westside Districts could give written notice to WHWD on or before January 1, 2020, and the arrangement would terminate as of December 31, 2020, subject to Section 3b. If written notice was given to WHWD after January 1, 2020, but before January 1, 2021, then the arrangement would terminate as of December 31, 2021, subject to Section 3b.

11. Parties to Designate Agreement Coordinator. To assist in the administration of this Agreement, WHWD shall designate in writing an Agreement Coordinator and the Westside Districts shall collectively designate in writing an Agreement Coordinator. The Parties may also designate in writing an alternate Agreement Coordinator(s). Since all of the Parties are public entities, an Agreement Coordinator is not authorized to bind a Party on any matter unless specifically authorized by resolution of the applicable Party's board of directors.

12. Representations by the Parties.

a. WHWD warrants and represents that the statements in this Agreement pertaining to the KCWA Contract are true and that the KCWA Contract is in full force and effect.

b. The Westside Districts warrant and represent that (i) KCWA has been made aware of this Water Banking Program and have represented that KCWA does not object to the Water Banking Program and KCWA's approval is not needed for the Parties to implement the Water Banking Program and this Agreement and (ii) all necessary agreements with the applicable groundwater banks located in Kern County, and for the transportation of KCWA Contract Water and the delivery of Banked Return Water to WHWD are in full force and effect.

13. Westside Districts' Obligations Several. Each constituent Party of the Westside Districts shall be liable for the performance or satisfaction of such Party's obligations under this Agreement in accordance with its Program Participation Percentage. The obligation of each Westside District to make payments, provide Return Water, and to comply with all other terms and conditions of this Agreement is a several obligation and not a joint obligation with those of the other Westside Districts.

14. Default.

a. Upon the failure of any Party to meet its obligations hereunder, any other Party shall have the right to give written notice of the failure to such Party and if such Party has not cured said failure within thirty (30) days after the date of such notice it shall constitute a default as of the date of such notice and interest as described in Section 7f shall be levied on any delinquent payment as of the date of such notice. Upon default of any such Party in the performance of any obligation hereunder, any non-defaulting Party may protect and enforce its rights hereunder by suit or suits in equity or at law, whether for the specific performance of any provision herein or for damages or in aid of the execution of any power granted herein or any other remedy available under any provision of applicable law. No remedy by the terms of this Agreement conferred upon or reserved to the non-defaulting Party is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing at law or in equity or by statute on or after the effective date of this Agreement.

b. Default by Westside District – Step-up. Upon a default by any Westside District that is not cured within fifteen (15) days after the date of the notice described in Section 14(a), each non-defaulting Westside District shall have the right, but not the obligation, to cure the default. Each non-defaulting Westside District shall notify the other Parties to this Agreement of its election to cure the default not later than twenty five (25) days after the date of the notice described in Section 14(a), and shall cure the default not later than thirty (30) days after the date of such notice. Upon such cure, the curing Westside District(s) shall succeed to the defaulting Westside District's Program Participation Percentage under this Agreement and the defaulting Westside District shall no longer be entitled to any rights granted to it hereunder. If more than one non-defaulting Westside District elects to cure the default, each such non-defaulting Westside District shall be responsible to cure its Respective Percentage (as defined below) of the default, and upon such cure shall to succeed to its Respective Percentage of the defaulting Westside District's Program Participation Percentage. For purposes of this Section 14(b),

a non-defaulting Westside District's "Respective Percentage" shall be the ratio (expressed as a percentage) of such non-defaulting Westside District's Program Participation Percentage to the aggregate Program Participation Percentages of all of the non-defaulting Westside Districts electing to cure the default. Notwithstanding the foregoing, the non-defaulting Westside Districts electing to cure a default may set their Respective Percentages by agreement rather than in accordance with the preceding sentence.

c. Right of WHWD to Terminate Agreement. In addition to any remedies authorized under this Agreement and notwithstanding Section 9, WHWD shall have the right to terminate this Agreement upon default of any Westside District subject to WHWD's continuing rights under Sections 3 and 4.

15. Assignments. No Party to this Agreement may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of all other Parties to this Agreement, which consent may not be unreasonably withheld or delayed. Despite such consent, no assignment will release the assignor from any of its obligations or alter any of its primary obligations to be performed under this Agreement.

16. Interpretation. This Agreement has been negotiated at arm's length and each Party has been represented or has had the opportunity to be represented by independent legal counsel in this transaction. Accordingly, each Party hereby waives any benefit under any rule of law (including Section 1654 of the California Civil Code) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party drafting it.

17. Successors. Except as provided to the contrary in this Agreement, this Agreement shall be binding on and inure to the benefit of the Parties and their successors and assigns.

18. Governing Law; Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of California. Venue for any action brought to interpret or enforce this Agreement shall be the Superior Court for the County of Madera.

19. Integrated Agreement; Modifications. This Agreement contains all the agreements of the Parties concerning the subject hereof any cannot be amended or modified except by a written instrument executed and delivered by all of the Parties. There are no representations, agreements, arrangements or understandings, either oral or written, between or among the Parties hereto relating to the subject matter of this Agreement that are not fully expressed herein. In addition there are no representations, agreements, arrangements or understandings, either oral or written, between or among the Parties upon which any Party is relying upon in entering this Agreement that are not fully expressed herein.

20. Severability. If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable,

or invalid provisions or part thereof shall be stricken from this Agreement, any such provision shall be not affect the legality, enforceability, or validity of the remainder of this Agreement. If any provision or part thereof of this Agreement is stricken in accordance with the provisions of this Section, then the stricken provision shall be replaced, to the extent possible, with a legal, enforceable and valid provision this is in keeping with the intent of the Parties as expressed herein.

21. Notices. Any delivery of this Agreement, notice, modification of this Agreement, collateral or additional agreement, demand, disclosure, request, consent, approval, waiver, declaration or other communication that either Party desires or is required to give to the other Party or any other person shall be in writing. Any such communication may be served personally, transmitted by facsimile or by nationally recognized overnight delivery service (i.e., Federal Express) or sent by prepaid, first class mail, return receipt requested to the Party's address as set forth below:

If to the Westside Districts:

General Manager
Belridge Water Storage District
P.O. Box 250
Lost Hills, CA 93249

With copy to:

Manager-Engineer
Dudley Ridge Water District
286 W. Cromwell Ave.
Fresno, CA 93711-6162

If to Western Hills Water District:

President, Board of Directors
Western Hills Water District
9521 Morton Davis Drive
Patterson, CA 95363

With copy to:

Griffith & Masuda
A Professional Law Corporation
517 E. Olive Street
Turlock, CA 95380

Any such communication shall be deemed effective upon personal delivery, sender's confirmation of receipt of notice transmitted by facsimile, two (2) days after transmitting the notice by a nationally recognized overnight delivery service or three (3) days after

mailing in accordance with this section. Any Party may change its address by notice to the other Party. Each Party shall make an ordinary, good faith effort to ensure that it will accept or receive notices that are given in accordance with this section and that any person to be given notice actually receives such notice and shall acknowledge receipt of notice if required by sending Party.

22. Reasonable Consent and Approval. Except as otherwise provided in this Agreement, whenever a Party is required or permitted to give its consent or approval under this Agreement, such consent or approval shall not be unreasonably withheld or delayed.

23. Necessary Acts and Further Assurances. The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

24. Waiver. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by any provision of this Agreement will be effective unless it is in writing and signed by the Party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy will be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor will any waiver constitute a continuing waiver unless the writing so specifies.

25. Attorneys' Fees. If any Party employs counsel to enforce or interpret this Agreement, including the commencement of any legal proceeding whatsoever (including insolvency, bankruptcy, arbitration, mediation, declaratory relief or other litigation), the prevailing party shall be entitled to recover its reasonable attorneys' fees and court costs (including the service of process, filing fees, court and court reporter costs, investigative fees, expert witness fees, and the costs of any bonds, whether taxable or not) and shall include the right to recover such fees and costs incurred in any appeal and/or efforts to collect or otherwise enforce any judgment in its favor in addition to any other remedy it may obtain or be awarded. Any judgment or final order issued in any legal proceeding shall include reimbursement for all such attorneys' fees and costs. In any legal proceeding, the "prevailing party" shall mean the Party determined by the trier of fact to most nearly prevail and not necessarily the Party in whose favor a judgment is rendered.

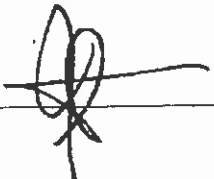
26. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing may not be construed to limit or deprive a Party of the benefits of any grace or use period allowed in this Agreement.

27. Representation on Authority of Parties. Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

28. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one and the same instrument. Facsimile and electronic signatures shall be binding for all purposes.

IN WITNESS WHEREOF, the Parties have executed this Agreement as indicated below.

WESTERN HILLS WATER DISTRICT



Date 12-7-10

WESTSIDE DISTRICTS:

BELRIDGE WATER STORAGE DISTRICT

_____ Date _____

BERRENDA MESA WATER DISTRICT

_____ Date _____

DUDLEY RIDGE WATER DISTRICT

_____ Date _____

LOST HILLS WATER DISTRICT

_____ Date _____

WHEELER RIDGE - MARICOPA WATER STORAGE DISTRICT

_____ Date _____

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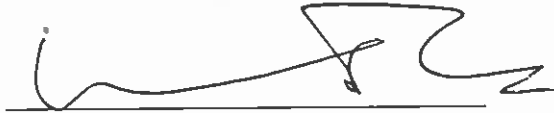
IN WITNESS WHEREOF, the Parties have executed this Agreement as indicated below.

WESTERN HILLS WATER DISTRICT

Date _____

WESTSIDE DISTRICTS:

BELRIDGE WATER STORAGE DISTRICT



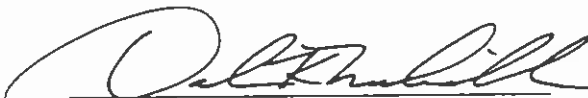
Date 12/9/2010

BERRENDA MESA WATER DISTRICT



Date 12/14/2010

DUDLEY RIDGE WATER DISTRICT



Date 12-13-2010

LOST HILLS WATER DISTRICT



Date _____

WHEELER RIDGE – MARICOPA WATER STORAGE DISTRICT



Engineer - Manager

Date 12-13-2010

EXHIBIT "A"

ANALYSIS OF PROPOSED WHWD-WESTSIDE DISTRICTS WATER PROGRAM

7/8/2010 version w/ 2010 water cost change

WHWD Table A										Fixed/AF	Variable/AF
8,000										\$ 92.51	\$13.04
Year	SWP %	WHWD alloc	Oblig to KCWA (x)	WHWD demand (c)	Avail for Westside	Est SWP costs (a)				Costs to Westside (b)	
						Fixed	Variable	Fixed	Variable	Fixed	Variable
2010*	50%	4,000	1,500	1,200	2,050	\$ 740,089	\$ 52,176	\$ 535,089	\$ 25,436	\$ 205,000	\$
2011	60%	4,800	900	1,200	3,060	\$ 740,089	\$ 62,612	\$ 415,375	\$ 21,523	\$ 324,714	\$ 41,089
2012	25%	2,000	300	1,200	725	\$ 740,089	\$ 26,088	\$ 659,142	\$ 17,610	\$ 80,947	\$ 8,479
2013	65%	5,200	-	1,200	4,000	\$ 740,089	\$ 67,829	\$ 370,045	\$ 15,653	\$ 370,045	\$ 52,176
2014	70%	5,600	-	1,225	4,375	\$ 740,089	\$ 73,047	\$ 335,353	\$ 15,979	\$ 404,736	\$ 57,068
2015	50%	4,000	-	1,250	2,750	\$ 740,089	\$ 52,176	\$ 485,683	\$ 16,305	\$ 254,406	\$ 35,871
2016	30%	2,400	-	1,275	1,125	\$ 740,089	\$ 31,306	\$ 636,014	\$ 16,631	\$ 104,075	\$ 14,675
2017	75%	6,000	-	1,300	4,700	\$ 740,089	\$ 78,265	\$ 305,287	\$ 16,957	\$ 434,802	\$ 61,307
2018	60%	4,800	-	1,325	3,475	\$ 740,089	\$ 62,612	\$ 418,613	\$ 17,283	\$ 321,476	\$ 45,328
2019	65%	5,200	-	1,375	3,825	\$ 740,089	\$ 67,829	\$ 386,234	\$ 17,936	\$ 353,855	\$ 49,894
avg	55%	44,000	2,700	12,550	30,085	\$ 7,400,890	\$ 573,940	\$ 4,546,834	\$ 181,313	\$ 2,854,056	\$ 365,887
						10% losses		\$ 4,728,147		\$ 3,219,943	
						Recoverable					
						27,077					
						S/af deliv	\$ 181	\$ 377		\$ 107	
						Costs after KCWA oblig	\$ 193	if banked, S/af recov'd (d)		\$ 119	
						WHWD "costs w/o program	\$ 635				

(a) Based on info from Masuda's 5/20/10 spreadsheet: variable costs estimated at SWP % times (\$71,832+\$32,521), all costs at 2010 basis

(b) Assumes costs for water delivered to KCWA 2010-2012 are split 50/50 between WHWD and Westside Districts

(c) Demand as projected by WHWD District Engineer -- estimated, not guaranteed

(d) Cost of water only, excludes recharge and recovery fees (est \$100/af)

(x) Obligation to KCWA before adjusted by the SWP % allocation

*2010 SWP allocation changed to 50%, but payment to WHWD from Westside Districts negotiated at \$100/af

Variable Charges based upon 12/1/09 KCWA Statement of Charges

8,978,971 S/AF

4,065,119

13,044,090