

FINAL SETTLEMENT AGREEMENT

This Final Settlement Agreement (“Settlement Agreement”) is made and entered into by and between San Diego County Water Authority (the “Water Authority” or “SDCWA”) and Metropolitan Water District of Southern California (“Metropolitan”). As used herein, “Party” refers to the Water Authority or to Metropolitan; and “Parties” refers to the Water Authority and Metropolitan, collectively. The effective date of this Settlement Agreement shall be June 2, 2025.

WHEREAS, the Water Authority is a county water authority incorporated under the California County Water Authority Act, Stats. 1943, ch. 545 as amended, codified at Sections 45-1 through 45-16 of the Appendix to the California Water Code;

WHEREAS, Metropolitan is a metropolitan water district incorporated under the Metropolitan Water District Act, Stats. 1969, ch. 209, as amended, codified at Sections 109.1 through 134 of the Appendix to the California Water Code;

WHEREAS, in 1998, Metropolitan and the Water Authority entered into a water exchange agreement that was subsequently amended in 2003 and, as amended, is the currently operative agreement between the Parties (the “2003 Exchange Agreement”);

WHEREAS, in 2010 and 2012, the Water Authority brought actions against Metropolitan, Case No. CPF-10-510830 (San Francisco Superior Court) (the “2010 Case”) and Case No. CPF-12-512466 (San Francisco Superior Court) (the “2012 Case”), including among other claims, rate challenges and causes of action for breach of the 2003 Exchange Agreement;

WHEREAS, following a trial court judgment and appeals by both Parties in the 2010 and 2012 Cases, the California Court of Appeal, First Appellate District issued an opinion, *San Diego County Water Authority v. Metropolitan Water District of Southern California*, 12 Cal. App. 5th 1124 (2017) (“*SDCWA I*”), which is final and binding on all Parties;

WHEREAS, on August 12 and 13, 2020, following remand of certain remaining claims and trial court remand proceedings, the Superior Court entered final judgment and a peremptory writ of mandate in the 2010 and 2012 Cases;

WHEREAS, on February 16, 2021, Metropolitan paid to the Water Authority \$44,373,872.29, in satisfaction of the Superior Court’s final damages judgment on the Water Authority’s breach of contract cause of action in the 2010 and 2012 Cases and Metropolitan has satisfied all monetary damages and interest ordered in the 2010 and 2012 Cases;

WHEREAS, the Superior Court issued an order determining the Water Authority to be the prevailing party for purposes of attorneys’ fees and costs in the 2010 and 2012 Cases, which was followed by an order awarding the Water Authority \$326,918.34 in costs and a stipulation to the amount of \$13,397,575.66 in attorneys’ fees, with post-judgment interest accruing at 7 percent per annum that was affirmed by the Court of Appeal and which Metropolitan has paid in full;

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WHEREAS, on September 21, 2021, in response to Metropolitan’s appeal of the writ and judgment in the 2010 and 2012 Cases, the California Court of Appeal, First Appellate District issued an opinion, *San Diego County Water Authority v. Metropolitan Water District of Southern California*, No. A161144, 2021 WL 4272331 (unpublished) (*SDCWA II*), which is final and binding on all Parties;

WHEREAS, in 2014, 2016, and 2018, the Water Authority brought actions against Metropolitan, Case No. CPF-14-514004 (San Francisco Superior Court) (the “2014 Case”), Case No. CPF-16-515282 (San Francisco Superior Court) (the “2016 Case”), and Case No. CPF-18-516389 (San Francisco Superior Court) (the “2018 Case”), including, among other claims, rate challenges and causes of action for breach of the 2003 Exchange Agreement, and Metropolitan filed cross-complaints in each case, also including claims related to rates and the 2003 Exchange Agreement; all of which actions were consolidated and tried resulting in a final judgment that has been appealed by the Parties and which appeal is pending in the First District Court of Appeal;

WHEREAS, in light of the *SDCWA II* opinion, Metropolitan returned to the Water Authority the full amount the Water Authority paid for the Water Stewardship Rate portion of Exchange Water deliveries from calendar years 2015 to 2017, plus prejudgment interest, totaling \$35,871,153.70, and the parties resolved the Water Authority’s breach-of-contract claims relating to the Water Stewardship Rate in the 2014, 2016, and 2018 Cases (Metropolitan did not charge the Water Stewardship Rate on deliveries under the Exchange Agreement from 2018 to the present) by stipulation and court order;

WHEREAS, on April 3, 2024, the Superior Court entered final judgment and a writ of mandate in the 2014, 2016 and 2018 Cases;

WHEREAS, the Superior Court issued an order determining Metropolitan to be the prevailing party for purposes of attorneys’ fees and costs in the 2014, 2016, and 2018 Cases, which was followed by a stipulation by the Parties and court order awarding Metropolitan \$372,788.64 in costs and \$3,402,408.71 in attorneys’ fees, with post-judgment interest accruing at 7 percent per annum;

WHEREAS, in 2017, the Water Authority brought an action against Metropolitan, Case No. CGC-17-563350 (San Francisco Superior Court) (the “2017 Case”), challenging Metropolitan’s charges, and later dismissed the 2017 Case without prejudice;

WHEREAS, the Parties have now, on the terms stated below, reached a settlement of all disputes among and between them relating to the following claims and cross-claims, including any and all causes of actions, appeals, and appealable issues, related to the claims and cross-claims: (i) those in the 2014, 2016, and 2018 Cases (collectively, the “Pending Cases”), (ii) that were asserted, or could have been asserted, in the Pending Cases and the 2017 Case and were subsequently dismissed or not pursued without prejudice, or (iii) that could have been asserted in any of the 2010 and 2012 Cases, the Pending Cases, or the 2017 Case relating to the subject matter of any of those cases (collectively, (i) through (iii) are referred to as the “Collective Claims”), and the Parties now desire to execute a final settlement and to fully and finally resolve, in accordance with this Settlement Agreement, the Collective Claims;

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NOW, THEREFORE, in consideration of the above facts and the mutual covenants contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree to the terms of this Settlement Agreement and to amend and restate the 2003 Exchange Agreement as provided for in this Settlement Agreement, reflected in **Attachment 1** – the Second Amended and Restated Exchange Agreement (the “2025 Exchange Agreement”) – and outlined here.

1. Ownership. The Parties confirm that all Conserved Water¹ and Canal Lining Water that SDCWA Makes Available to Metropolitan at Lake Havasu for exchange pursuant to the Exchange Agreement is owned by Metropolitan at that point of transfer and shall be interpreted in that manner for Paragraphs 1.1(r), 3.1(a), and any other relevant portion of the 2025 Exchange Agreement. This section does not change the *SDCWA I* decision holding that “[t]he exchange agreement cannot fairly be construed to constitute a purchase of water from Metropolitan within the meaning of the preferential rights statute,” and therefore, concluding the Water Authority’s “payments under the exchange agreement must be included in the preferential rights calculation.”

The definition at Paragraph 1.1(r) is amended to add the express recognition of the transfer of ownership of water when SDCWA makes the water available to Metropolitan at Lake Havasu, as follows:

~~(r)~~(p) “Made Available,” “Make Available” or “Making Available.” As used herein, Conserved Water and Canal Lining Water will be deemed to have been Made Available to Metropolitan when (1) such water has been transferred to SDCWA pursuant to the Transfer Agreement and/or allocated to SDCWA pursuant to the Allocation Agreement, (2) valid and continuing authorization has been given by the Bureau legally entitling Metropolitan to divert, for the Year in question, Conserved Water and/or Canal Lining Water at the SDCWA Point of Transfer, in addition to the water that Metropolitan is otherwise authorized to divert from the Colorado River, ~~and~~ (3) all other necessary legal rights, entitlements, approvals and permissions, under the laws of the United States and the State of California for diversions from the Colorado River by Metropolitan, if any, have been obtained and are in full force and effect, and (4) SDCWA has designated that water for exchange or transfer under this Agreement. Metropolitan owns the Conserved Water and Canal Lining Water once it has been Made Available to Metropolitan as defined herein. The transfer of ownership does not change the decision in *San Diego County Water Authority v. Metropolitan Water District of Southern California*, 12 Cal. App. 5th 1124 (2017) (“SDCWA I”) holding that “[t]he exchange agreement cannot fairly be construed to constitute a purchase of water from Metropolitan within the meaning of the preferential rights statute,” and therefore, concluding SDCWA’s “payments under the exchange agreement must

¹ All capitalized terms in this outline of amendments that are not defined herein, are defined in **Attachment 1**, the 2025 Exchange Agreement.

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be included in the preferential rights calculation.” “Make Available” and “Making Available” are grammatical variations of “Made Available.”

Paragraph 3.1(a) is amended to add the express recognition of the transfer of ownership of water when SDCWA Makes Available the water to Metropolitan at Lake Havasu, as follows:

(a) SDCWA will Make Available up to 277,700 acre-feet of ~~the~~ Conserved Water and/or the Canal Lining Water to Metropolitan at the SDCWA Point of Transfer each Year, ~~in the manner set forth below. The quantity of Conserved Water and/or Canal Lining Water Made Available to Metropolitan by SDCWA at the SDCWA Point of Transfer each Year shall be the lesser of: (1) the sum of the quantity of water which IID transfers to SDCWA under the Transfer Agreement in such Year and the quantity of Canal Lining Water allocated to SDCWA under the Allocation Agreement in such Year; or (2) 277,700 acre-feet.~~ Metropolitan owns the Conserved Water and/or Canal Lining Water once it has been Made Available to Metropolitan as provided herein. The transfer of ownership does not change the SDCWA I decision holding that “[t]he exchange agreement cannot fairly be construed to constitute a purchase of water from Metropolitan within the meaning of the preferential rights statute,” and therefore, concluding SDCWA’s “payments under the exchange agreement must be included in the preferential rights calculation.”

For additional edits to Paragraph 3.1(a), see Section 3.

2. Baseline Exchange Payment. SDCWA will pay Metropolitan a fixed amount per Year (as defined in the 2025 Exchange Agreement) set by the Exchange Price at Paragraph 5.2 multiplied by 227,000 acre-feet. The fixed amount constitutes the Baseline Exchange Payment and will be made by SDCWA to Metropolitan each Year in 12 equal monthly installments. The Baseline Exchange Payment will be made as a minimum payment, whether SDCWA Makes Available to Metropolitan 227,000 acre-feet of water for exchange or not and without regard to what month water is Made Available to Metropolitan. No carryover credit for any portion of the Baseline Exchange Payment shall be provided to SDCWA in the event SDCWA Makes Available to Metropolitan less than 227,000 acre-feet for exchange in any Year.

Paragraphs 5.1 and 5.3 are amended to conform to the Baseline Exchange Payment, any additional exchange, and the Exchange Unit Price as agreed in this Settlement Agreement.

5.1 Payments. As of January 1, 2026, SDCWA shall pay to Metropolitan the Baseline Exchange Payment, equal to the Exchange Unit Price for each Year multiplied by 227,000 acre-feet, even if SDCWA Makes Available to Metropolitan less than 227,000 acre-feet for exchange and without regard to what month water is Made Available to Metropolitan. SDCWA shall pay the Baseline Exchange Payment in 12 equal monthly installments. If SDCWA Makes Available more than 227,000 acre-feet to Metropolitan for exchange, SDCWA shall pay to Metropolitan the Exchange Unit Price for each additional acre-foot above 227,000 of Exchange Water (including Early Exchange Water, if applicable) delivered by Metropolitan

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at the Metropolitan Point(s) of Delivery. Payments due for Exchange Water deliveries above 227,000 acre-feet will be billed in the month following the delivery by Metropolitan at the Metropolitan Point(s) of Delivery.

5.3 Billing and Payments. Metropolitan shall mail monthly invoices to SDCWA in accordance with the Metropolitan Administrative Code, and SDCWA shall make monthly payments of amounts due pursuant to Paragraphs 5.1 and 5.2 in accordance with the Metropolitan Administrative Code. ~~The amount of each monthly billing and payment pursuant to this Agreement shall be the quantity in acre feet of Exchange Water to be delivered by Metropolitan at the Metropolitan Point(s) of Delivery during the applicable Year, multiplied by the Price as of the commencement of the Year, divided by twelve (12).~~

3. Delivery. Metropolitan will deliver Exchange Water within the Year in the timing and pattern SDCWA requests, subject to the Parties' operational constraints, in the same manner full-service purchases are delivered. Accordingly, water will be deemed to have been Made Available to Metropolitan as received and Metropolitan and SDCWA will then agree upon a schedule for delivery of Exchange Water within the Year. Accordingly, the following relevant provisions are amended as follows:

Paragraph 3.1(a) is amended, in part, as follows:

... The Conserved Water and/or Canal Lining Water Made Available in each Year shall be deemed to have been Made Available to Metropolitan in the month that it is delivered to Metropolitan at the SDCWA Point of Transfer. ~~in monthly installments, with one twelfth (1/12) of such water deemed to have been Made Available in each calendar month of such Year (provided that, in the first Year, the quantity of such water deemed to have been Made Available in each month shall be determined by dividing the total quantity for that Year by the number of calendar months or portions thereof in that Year).~~

Paragraph 3.2(c) is amended as follows:

(c) The Exchange Water to be delivered in any Year shall be delivered ~~in approximately equal monthly installments over the Year so that at the end of the twelfth month the aggregate quantity of Exchange Water delivered by Metropolitan will be equal to the aggregate quantity of Conserved Water (including Early Transfer Water, if applicable) and Canal Lining Water Made Available to Metropolitan at the SDCWA Point of Transfer for that Year, or~~ at the times, locations, and in the amounts as ~~the Parties may otherwise agree~~ SDCWA requests, subject to the Parties' operational constraints, in the same manner Metropolitan delivers full-service water purchases. The cumulative total Exchange Water Metropolitan delivers at the end of the Year at the Metropolitan Point(s) of Delivery shall be equal to the aggregate quantity of Conserved Water and Canal Lining Water SDCWA Makes Available to Metropolitan at the SDCWA Point of Transfer for that Year, minus any water Metropolitan purchases from SDCWA. If

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~~Metropolitan purchases water from SDCWA, Metropolitan's Exchange Water deliveries will be reduced by an amount equal to the water purchased by Metropolitan from SDCWA.~~

4. **Rights of First and Second Refusal.** SDCWA may elect to make offers in the manner set forth here. Accordingly, Paragraph 3.2 (d) is added as follows:

(d) In addition to 3.2(a) through (c), SDCWA may elect to make offers in the manner set forth in this Paragraph. First, SDCWA will offer to a Metropolitan member agency or agencies the right to receive a specified amount of Exchange Water deliveries. If accepted by a Metropolitan member agency, nothing in this Exchange Agreement changes other than the Metropolitan Point(s) of Delivery designated by SDCWA. If no member agency accepts SDCWA's offer, SDCWA will offer to Metropolitan the right to purchase a specified amount of Conserved Water and/or Canal Lining Water. The offers and agreements must be made in the manner set forth herein.

i. First Right of Refusal to a Metropolitan Member Agency or Agencies. SDCWA will offer to a Metropolitan member agency or agencies the right to receive Exchange Water deliveries and shall notify Metropolitan of any offer by November 1st prior to the Year the Conserved Water and/or Canal Lining Water will be Made Available to Metropolitan by SDCWA for exchange under this Agreement (the "Purchase Year"). SDCWA must notify Metropolitan by December 30th of the Year prior to the Purchase Year of any agreement with a member agency or agencies to acquire the right to receive Exchange Water deliveries pursuant to this Paragraph. The terms of the right to receive Exchange Water deliveries will be determined by SDCWA and the Metropolitan member agency or agencies acquiring the right (the "Contracting Member Agency or Agencies") subject to subparagraphs A through C below.

A. The agreement between SDCWA and the Contracting Member Agency or Agencies transfers the right to receive the Exchange Water deliveries from Metropolitan so long as SDCWA Makes Available to Metropolitan an equivalent amount of Conserved Water and/or Canal Lining Water to allow for the exchange between SDCWA and the Contracting Member Agency or Agencies.

B. Metropolitan will deliver to the Contracting Member Agency or Agencies Exchange Water at the designated Metropolitan Point(s) of Delivery. Exchange Water deliveries to the Contracting Member Agency or Agencies are subject to Metropolitan's operational constraints, in the same manner Metropolitan delivers full-service water purchases. The Contracting Member Agency or Agencies

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takes ownership of the water at the service connection in the same manner as full-service water deliveries.

C. Metropolitan will bill SDCWA for all Exchange Water deliveries to the Contracting Member Agency or Agencies in the same manner as Exchange Water deliveries to SDCWA. However, for purposes of any Metropolitan rate or charge measured by deliveries to a specific service connection, the delivery of Exchange Water to the Contracting Member Agency or Agencies will be attributed to the service connection where the delivery was made. As of the effective date of this Agreement, that includes Metropolitan's Capacity Charge.

ii. Second Right of Refusal to Metropolitan. If SDCWA does not enter into an agreement with any Metropolitan member agency pursuant to Paragraph 3.2(d)(i) by December 30th, SDCWA will notify Metropolitan by the next day, December 31st, that it will offer Conserved and/or Canal Lining Water for purchase by Metropolitan during the Purchase Year. The terms of the purchase will be subject to subparagraphs A through C below.

A. Metropolitan has the right to purchase the Conserved Water and/or Canal Lining Water at the unit price in Table 1. Unit Sale Price (Flow Weighted Average Price).

Table 1. Unit Sale Price (Flow Weighted Average Price)

The Unit Price for Water Sale by SDCWA to Metropolitan is equal to the total annual IID Transfer Agreement actual costs to SDCWA, as documented by SDCWA (Conserved Water Costs) in the prior Year plus the total annual Canal Lining actual costs to SDCWA, as documented by SDCWA (Canal Lining Water Costs) in the prior Year, divided by the total Conserved Water available for transfer to SDCWA from IID and total Canal Lining Water allocated to SDCWA in the same Year.

<u>Flow Weighted Average Price Formula</u>	<u>Price \$ per Acre-Foot</u>
<u>(Conserved Water Costs + Canal Lining Water Costs)/ Total Conserved Water available for transfer to SDCWA from IID and total Canal Lining Water allocated to SDCWA in the same Year</u>	<u>\$/acre-foot</u>

B. Metropolitan shall have the exclusive right of refusal for sixty (60) days from the date SDCWA provides notice of the offer.

C. Metropolitan will reconcile all deliveries to SDCWA at the end of the Purchase Year with the December Metropolitan billing to

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SDCWA. Under no circumstances will Metropolitan purchase water from SDCWA in the same Year that SDCWA purchases water from Metropolitan even if Metropolitan has exercised its right to purchase pursuant to this paragraph. Payment for any Metropolitan purchase of Conserved Water and/or Canal Lining Water pursuant to this paragraph will be due after the Purchase Year at the same time as SDCWA's payment is due to Metropolitan for Metropolitan's December bill.

iii. Notwithstanding the timing obligations for the first right and second right of refusals in Paragraphs 3.2(d)(i) and (ii) above, the parties may agree to different time periods for notice or for exercising/not exercising a right of refusal upon mutual written agreement of the SDCWA General Manager and Metropolitan General Manager.

iv. This Exchange Agreement is not applicable to SDCWA, Metropolitan, or any other party's rights or obligations with respect to any water transaction, including the right to sell, exchange, transfer, or trade any water, except as provided specifically in this Agreement between SDCWA and Metropolitan.

Paragraph 1.1 (n) is amended as follows to conform to the potential delivery to a Contracting Member Agency or Agencies pursuant to the first right of refusal at Paragraph 3.1(b)(i):

~~(n)~~(l) "Exchange Water" means, for each Year, water that is delivered by Metropolitan to SDCWA or as directed by SDCWA by Metropolitan at the Metropolitan Point(s) of Delivery in a like quantity as the quantity of water that SDCWA has Made Available to Metropolitan under the Transfer Agreement and/or the Allocation Agreement and this Agreement for the same Year. The Exchange Water may be from whatever source or sources and shall be delivered using such facilities as may be determined by Metropolitan, provided that the Exchange Water delivered in each Year is of like quality to the Conserved Water and/or the Canal Lining Water which is Made Available to Metropolitan at the SDCWA Point of Transfer in such Year.

5. Metropolitan Point(s) of Delivery. To allow for delivery of Exchange Water to a Metropolitan Member Agency pursuant to Paragraph 3.1(b)(i), Paragraph 3.5(b) is amended as follows:

(b) The Metropolitan Point(s) of Delivery. As used herein, the "Metropolitan Point(s) of Delivery" shall be any or all Metropolitan existing connections to SDCWA ~~San Diego Pipelines one through five (inclusive) or at similar facilities that may be constructed in the future at a point near the San Luis Rey River in Northern San Diego County,~~ or another Metropolitan connection to another Metropolitan Member Agency as designated by SDCWA pursuant to Paragraph 3.2(d)(i).

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6. **Exchange Agreement Price Term.** The Price term shall be set as a fixed dollar amount per acre-foot exchanged and delivered as stated and escalated by the identified index and shall also include the Baseline Exchange Payment. The Treatment Surcharge, as defined in the Exchange Agreement, continues to apply. Accordingly, the following relevant provisions are amended as set forth herein.

Paragraph 1.1(t) is amended as follows:

~~(k)~~ (k) “Exchange Unit Price” means the applicable amount to be paid per acre-foot of Exchange Water delivered by Metropolitan to SDCWA at the Metropolitan Point(s) of Delivery under this Agreement pursuant to Paragraph 5.2. In Years that SDCWA Makes Available to Metropolitan 227,000 acre-feet or less for exchange, SDCWA will pay to Metropolitan the total Baseline Exchange Payment set forth in Paragraph 5.1.

Paragraph 5.2 shall be deleted in its entirety and replaced as follows:

~~5.2 — The Price. The Price on the date of Execution of this Agreement shall be Two Hundred Fifty Three Dollars (\$253.00). Thereafter, the Price shall be equal to the charge or charges set by Metropolitan's Board of Directors pursuant to applicable law and regulation and generally applicable to the conveyance of water by Metropolitan on behalf of its member agencies. For the term of this Agreement, neither SDCWA nor Metropolitan shall seek or support in any legislative, administrative or judicial forum, any change in the form, substance or interpretation of any applicable law or regulation (including the Administrative Code) in effect on the date of this Agreement and pertaining to the charge or charges set by Metropolitan's Board of Directors and generally applicable to the conveyance of water by Metropolitan on behalf of its member agencies; provided, however, that Metropolitan may at any time amend the Administrative Code in accordance with Paragraph 13.12, and the Administrative Code as thereby amended shall be included within the foregoing restriction; and, provided, further, that (a) after the conclusion of the first five (5) Years, nothing herein shall preclude SDCWA from contesting in an administrative or judicial forum whether such charge or charges have been set in accordance with applicable law and regulation; and (b) SDCWA and Metropolitan may agree in writing at any time to exempt any specified matter from the foregoing limitation.~~

5.2 The Exchange Unit Price. The price per acre-foot for deliveries of Exchange Water (the “Exchange Unit Price”) shall be as follows for purposes of calculation of the Baseline Exchange Payment and for each additional acre-foot of Exchange Water deliveries above 227,000 acre-feet:

(a) Year 2026: The Exchange Unit Price in Year 2026 shall be \$671.

(b) Years 2027 through 2034: The Exchange Unit Price for Years 2027 through 2034 shall be as reflected in Table 2.

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Table 2.
Exchange Unit Price Calendar Years 2027 – 2034

Effective Date of Exchange Unit Price	Exchange Unit Price \$ per Acre-Foot
January 1, 2027	\$671
January 1, 2028	\$703
January 1, 2029	\$737
January 1, 2030	\$772
January 1, 2031	\$809
January 1, 2032	\$848
January 1, 2033	\$888
January 1, 2034	\$930

(c) The Exchange Unit Price for 2026 through 2034 reflects a bargained-for amount between the Parties and is not subject to or related to the validity of Metropolitan’s rates, charges, rate structure, or costs. The Parties mutually agreed to the fixed dollar amount in this Agreement for the Exchange Unit Price with the intent of separating the price term from Metropolitan’s rate structure, rate-setting process, and budget. The Exchange Unit Price from 2026 through 2034 and subsequent increases are not intended and shall not be interpreted to be subject to or related to Metropolitan’s rates, charges, rate structure, costs, or budgets.

(d) Years 2035 Through Remainder of Term: The Exchange Unit Price every Year as of January 1, 2035, shall be equal to the prior Year’s Exchange Unit Price increased by a percentage equal to the Consumer Price Index for All Urban Consumers (CPI-U) for water and sewerage, as published by the U.S. Bureau of Labor Statistics, measured from October of two years prior to October of the prior year. For example, as of January 1, 2035, the Exchange Unit Price shall be \$930 (from 2034), increased by the CPI-U for water and sewerage, measured from October 2033 to October 2034.

i. The applicable index, series, and item are:

Index: Consumer Price Index for All Urban Consumers (CPI-U)
Series ID: CUUR0000SEHG01
Series Title: Water and sewerage maintenance in U.S. city average, all urban consumers, not seasonally adjusted
Area: U.S. city average
Item: Water and sewerage maintenance
Base Period: 1982-84 = 100

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ii. In the event the CPI-U for water and sewerage is no longer published, the Exchange Unit Price will increase on a yearly basis based on the average annual percentage of the index over the ten years prior to the date it is no longer published.

(e) Prevailing Party in Dispute. In the event SDCWA contests ~~a matter pursuant to the foregoing sentence~~ the Baseline Exchange Payment or Exchange Unit Price, the Prevailing Party shall be entitled to recovery of all reasonable costs, including non-statutory costs directly associated with litigating the dispute, and attorneys' fees incurred in prosecuting or defending against such contest.

Paragraph 1.1(z) is deleted in its entirety to conform to the new Price term and Paragraph 5.4 is amended as follows:

~~(z) "Treatment Surcharge" means the rate(s), charge(s) and/or other fee(s) as determined pursuant to the Administrative Code for the provision of treated water service.~~

5.4 Treatment Surcharge. ~~SDCWA shall pay to Metropolitan an amount equal to the Treatment Surcharge, in addition to the Price, for each acre foot of Treated Exchange Water.~~ SDCWA may choose to receive treated water as part of its Exchange Water deliveries. Such deliveries of treated water shall be subject to an additional charge for Metropolitan's treated water service, which is Metropolitan's Treatment Surcharge (or successor rate or charge for treated water service) in effect as of the date of delivery of the Treated Exchange Water. Metropolitan's treated water service and billing for that service will be provided to SDCWA outside of the obligations of this Agreement in the same manner as is provided to all member agencies for full-service deliveries. This Agreement does not create a contractual right for SDCWA to challenge any of Metropolitan's rates and/or charges or the validity of this Agreement based upon the charge for treated water service.

Paragraphs 1.1(u) is stricken entirely to conform to the new Price term.

~~(u) "Price Dispute" is defined in Paragraph 11.1.~~

Paragraph 4.1 is amended to conform to the new Price term as follows:

4.1 Exchange Water as an Independent Local Supply. The Exchange Water shall be characterized for the purposes of all of Metropolitan's ordinances, plans, programs, rules and regulations, including any then-effective Drought Management Plan, and for calculation of any Readiness-to-Serve Charge share, in the same manner as the Local Water of other Metropolitan member agencies, ~~except as provided in Paragraphs 4.2 and 5.2.~~

Paragraph 4.2 is stricken entirely to conform to the new Price term.

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~~4.2—Exception for Interim Agricultural Water Program and Determination of Price. Notwithstanding the provisions of Paragraph 4.1, the Exchange Water delivered to SDCWA shall be characterized as Metropolitan water and not as Local Water only for the limited purposes of Paragraph 5.2 and the Interim Agricultural Water Program.~~

Paragraph 11.1 is amended to conform to the new Price term as follows:

11.1 Reasonable Best Efforts to Resolve by Negotiation. The Parties shall exercise reasonable best efforts to resolve all disputes, including ~~P~~price ~~D~~disputes, arising under this Agreement through negotiation; ~~provided, however, that SDCWA shall not dispute whether the Price determined pursuant to Paragraph 5.2 for the first five (5) Years of this Agreement was determined in accordance with applicable law or regulation (a "Price Dispute").~~ In the event negotiation is unsuccessful, then the Parties reserve their respective rights to all legal and equitable remedies.

Paragraph 12.4 (c) is amended to conform to the new Price term.

~~(c) In the event of a dispute over the Baseline Exchange Payment or Exchange Unit Price, SDCWA shall pay when due the full amount claimed by Metropolitan until final resolution of the dispute through litigation or otherwise, whether the dispute concerns the Baseline Exchange Payment and/or payment for deliveries over 227,000 acre-feet. Metropolitan may treat and use the funds from the disputed payments in the same manner as non-disputed payments.; ~~provided, however, that, during the pendency of the dispute, Metropolitan shall deposit the difference between the Price asserted by SDCWA and the Price claimed by Metropolitan in a separate interest bearing account. If SDCWA prevails in the dispute, Metropolitan shall forthwith pay the disputed amount, plus all interest earned thereon, to SDCWA. If Metropolitan prevails in the dispute, Metropolitan may then transfer the disputed amount, plus all interest earned thereon, into any other fund or account of Metropolitan.~~~~

7. Exchange Agreement Term. The term as to the exchange of Conserved Water shall be amended by deleting Paragraph 7.1(a) in its entirety and replaced as follows:

~~(a)—Metropolitan's and SDCWA's rights and obligations under this Agreement pertaining to Conserved Water Made Available to Metropolitan pursuant to the Transfer Agreement and this Agreement shall expire and shall thereupon terminate on December 31 of the thirty-fifth (35th) Year, unless SDCWA elects by written Notice to Metropolitan no later than the end of the fifteenth (15th) Year to extend this Agreement to December 31 of the forty-fifth (45th) Year, or shall terminate as otherwise provided in Paragraph 7.2.~~

(a) Metropolitan and SDCWA's rights and obligations under this Agreement pertaining to Conserved Water Made Available to Metropolitan pursuant to the Transfer Agreement and this Agreement shall expire on December 31, 2047. In the event that SDCWA and IID extend the term of their Transfer Agreement to

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December 31, 2077 or earlier, and the terms of the Transfer Agreement in the extension period do not change except as to duration and if applicable, price, and any reduction in the amount to be transferred each year is not greater than 50,000 acre-feet, upon SDCWA providing notice to Metropolitan within three days of SDCWA and IID's agreement to the Transfer Agreement extension described herein, the obligation under this Agreement pertaining to Conserved Water will be deemed to match the new Transfer Agreement termination date but not later than December 31, 2077, with all other terms of this Agreement remaining unchanged. Any other amendment to the term of this Agreement requires approval by each party's Board of Directors. If the amount to be transferred in each year under the extended Transfer Agreement is reduced by more than 50,000 acre-feet, the extension will require the approval of Metropolitan's Board.

8. Check-in Meetings of the Parties. The Parties agree to meet every five years during the term of the Exchange Agreement to discuss the ongoing implementation of the Exchange Agreement. This provision does not create and shall not be interpreted to create a unilateral right of either party to an amendment or modification of the Exchange Agreement in any way. Accordingly, Paragraph 7.1 (c) is added as follows:

(c) Check-in Meetings of the Parties. The Parties agree to meet every five years during the term of this Agreement to discuss the ongoing implementation of this Agreement. This provision does not create and shall not be interpreted to create a unilateral right of either party to an amendment or modification of this Agreement in any way.

9. Other Amendments. The Parties agree to additional amendments, as shown in **Attachment 1** (the 2025 Exchange Agreement) to conform the agreement to the litigation and settlement between the parties, to reflect obsolete or outdated references, and to update grammatically where necessary. The Parties further acknowledge and agree that nothing in this Settlement Agreement or in the attached 2025 Exchange Agreement is intended to arrange a wheeling transaction.

10. Water Authority's Release and Waiver of Collective Claims. In exchange for the consideration, mutual promises, and undertakings provided herein, upon filing of a Dismissal With Prejudice of the Pending Cases as set forth further in Section 12, the Water Authority for and on behalf of itself and any and all of its past, present, and future directors, officers, successors, agents, representatives, employees, and assigns, hereby forever releases, waives, and discharges Metropolitan and its directors, officers, successors, agents, representatives, employees, and assigns (collectively, the "Metropolitan Released Entities"), whether or not a Metropolitan Released Entity is a named party in any pending legal proceeding involving the Water Authority, from any and all of the following: claims, debts, demands, claims for relief, causes of action, writ proceedings, appeal proceedings, loss, costs, attorneys' fees, and liability of every type and nature whatsoever arising under federal, state, or local law or regulation, whether direct, indirect, fixed, contingent or consequential, known or unknown, suspected or unsuspected, relating to any and all Collective Claims. This waiver includes, but is not limited to, a waiver of all claims by the Water Authority that Metropolitan is required to and/or has

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failed to determine “Offsetting Benefits” in connection with any of its prior rates, and/or that Metropolitan is required to and/or has failed to apply Offsetting Benefits to the Exchange Agreement, including to the price for any water delivered under the Exchange Agreement, through the Termination Date of the Exchange Agreement. Notwithstanding the foregoing, if Metropolitan sues the Water Authority in connection with the Exchange Agreement, the Water Authority does not waive, and expressly preserves, any and all claims of judicial estoppel and other applicable claims and defenses with respect to any future claim by Metropolitan in connection with the Exchange Agreement, other than any claimed entitlement to Offsetting Benefits with respect to the Exchange Agreement.

11. Metropolitan’s Release and Waiver of Collective Claims. In exchange for the consideration, mutual promises, and undertakings provided herein, upon filing of a Dismissal With Prejudice of its cross-complaints in the Pending Cases as set forth further in Section 12, Metropolitan for and on behalf of itself and any and all of its past, present and future directors, officers, successors, agents, representatives, employees, and assigns, hereby forever releases, waives, and discharges the Water Authority and its directors, officers, successors, agents, representatives, employees, and assigns (collectively, the “Water Authority Released Entities”), whether or not a Water Authority Released Entity is a named party in any pending legal proceeding involving Metropolitan, from any and all of the following: claims, debts, demands, claims for relief, causes of action, writ proceedings, appeal proceedings, loss, costs and attorneys’ fees (after SDCWA pays the costs and fees as agreed in Paragraph 12), and liability of every type and nature whatsoever arising under federal, state, or local law or regulation, whether direct, indirect, fixed, contingent or consequential, known or unknown, suspected or unsuspected, relating to any and all Collective Claims. Notwithstanding the foregoing, if Water Authority sues Metropolitan in connection with the Exchange Agreement, Metropolitan does not waive, and expressly preserves, any and all claims of judicial estoppel and other applicable claims and defenses with respect to any future claim by the Water Authority in connection with the Exchange Agreement, other than the applicability of the *SDCWA I* holding that “[t]he exchange agreement cannot fairly be construed to constitute a purchase of water from Metropolitan within the meaning of the preferential rights statute,” and therefore, concluding the Water Authority’s “payments under the exchange agreement must be included in the preferential rights calculation.”

12. Dismissal of the Pending Cases. In exchange for the consideration, mutual promises and undertakings in this Agreement, each Party hereby agrees to dismiss the Pending Cases with prejudice, including all complaints, cross-complaints, claims, and cross-claims brought therein, and the appeal of the Pending Cases. Within twenty-one (21) days of the full execution of this Agreement, the Parties shall jointly file a request to dismiss with prejudice the Pending Cases in the Court of Appeal, in the form attached hereto as **Attachment 3** (the “Dismissal”), with each side to bear its fees and costs except as otherwise provided in this Agreement. Within twenty-one (21) days after the date that the last Order of Dismissal is on file with the respective court, the Water Authority shall pay to Metropolitan all costs and fees due to Metropolitan as Prevailing Party in the Pending Cases with applicable interest.

Notwithstanding the foregoing, the Parties understand and agree that the dismissals with prejudice set forth in this Section are not intended to, and will not, preclude any Party from challenging, on any grounds, any acts or omissions that occur after the date of full execution of

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this Agreement, or defending against such challenges; provided, however, that future challenges shall not include any claim by the Water Authority that Metropolitan is required to and/or has failed to determine "Offsetting Benefits" in connection with any of its prior rates, and/or that Metropolitan is required to and/or has failed to apply "Offsetting Benefits" to the Exchange Agreement, including to the price for any water delivered under the Exchange Agreement, through the Termination Date of the Exchange Agreement. These dismissals shall not affect in any way payments previously made by Metropolitan in connection with the Pending Cases, and the Water Authority shall not be obligated to return any such payments.

13. Enforcement of Agreement. Nothing in sections 10 through 12 of this Settlement Agreement shall be construed as a waiver of, or in any way limit, contradict or prohibit any Party from enforcing this Settlement Agreement, or any terms or provisions hereof.

14. No Effect on Final Judgments in the 2010, 2012, 2014, 2016, and 2018 Cases. The Parties understand and agree that neither this Settlement Agreement nor the above dismissals with prejudice of the Pending Cases shall change the effect of, invalidate, or has any impact on, the final judgments and writs of mandate in the 2010, 2012, 2014, 2016, and 2018 Cases, *SDCWA I*, or *SDCWA II*, including the holdings and rulings: (1) in *SDCWA I*, that "[t]he exchange agreement cannot fairly be construed to constitute a purchase of water from Metropolitan within the meaning of the preferential rights statute," and therefore, concluding the Water Authority's "payments under the exchange agreement must be included in the preferential rights calculation."; (2) in the 2014, 2016, and 2018 Cases that "Metropolitan must comply with Proposition 26 in setting its rates and charges"; and (3) in the 2014, 2016, and 2018 Cases that SDCWA has no entitlement to Offsetting Benefits with respect to the Exchange Agreement.

15. Dissolution. To address the potential for a dissolution of either of the Parties, Paragraph 13.4 is amended as follows:

13.4 Binding Effect; Termination Upon Dissolution; No Assignment. This Agreement is and will be binding upon and will inure to the exclusive benefit of the Parties ~~and, upon dissolution, the legal successors and assigns of their assets and liabilities.~~ Any change in law, regulation, rule, or any legal or administrative action or any other event or occurrence that results in dissolution of either Party shall result in termination of this Agreement and render this Agreement void. Further, neither Party may assign any of its rights or delegate any of its duties under this Agreement. Any assignment or delegation made in violation of this Agreement is void and of no force or effect.

16. Second Amended and Restated Agreement. The Parties agree to execute the attached Second Amended and Restated Exchange Agreement (the "2025 Exchange Agreement") with an updated Effective Date consistent with the execution of this Settlement Agreement. Accordingly, Paragraph 1.1(l) is amended as follows:

~~(j)~~ (j) "Effective Date" means the date upon which all parties execute this Agreement
~~Effective Date as such term is defined in Section I. I of the QSA.~~

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17. **Mutually Agreeable Press Statement.** Within 5 days of executing this Agreement, unless a later date is mutually approved by the Parties, the Parties shall issue the mutually agreeable press statement attached hereto as **Attachment 2**.

18. **Non-Admission.** It is understood and agreed that this is a compromise settlement of a disputed claim or claims, and that neither this Agreement itself nor the furnishing of consideration for this Agreement shall be deemed or construed as an admission of liability or wrongdoing of any kind by any Party or any entity or individual affiliated with any Party. Each of the Parties acknowledges that the promises made herein in consideration of the claims referred to herein do not constitute an admission or concession of liability by any Party on account of any said claims or matters, liability for which is expressly denied.

19. **Governing Law.** This Agreement shall be governed by the laws of California in all respects, without regard to the conflict of laws provisions thereof.

20. **Voluntary and Informed Agreement.** The Parties hereby represent and warrant that each of them has carefully read and fully understands all of the provisions of this Agreement, is agreeing to all of its terms, and is executing this Agreement, including the release and waiver provisions, knowingly and voluntarily, after having had the full opportunity to receive from independent legal counsel full legal advice as to their rights. In executing this Agreement, the Parties knowingly and voluntarily intend to be forever legally bound by its terms and conditions.

21. **Joint Preparation.** The Parties and respective counsel for the Water Authority and Metropolitan have cooperated in the drafting and preparation of this Agreement, and this Agreement therefore shall not be construed against either the Water Authority or Metropolitan based upon any claim of unequal sophistication or bargaining power, or based on any argument for a construction for or against the drafter.

22. **Exclusive Authority.** The Parties represent and warrant that they have the sole right and exclusive authority to execute this Agreement and receive the consideration specified in it. No party other than the Parties hereto shall have any rights or be entitled to exercise any remedies under this Agreement, such rights belonging exclusively to the Parties thereto. This Agreement required the approval of the Parties' respective Boards of Directors, and both Parties have sought and received such approval in advance of executing this Agreement.

23. **Meet and Confer.** Should any provision of this Agreement be declared or be determined by any court to be illegal or invalid, the Parties shall meet and confer as to the validity of the remaining parts, terms, or provisions, and do not waive the right to seek legal or equitable remedies, including but not limited to judicial reformation of this Agreement, if such meet and confer process is unsuccessful.

24. **Further Assurances.** Each Party shall take all actions and do all things, and execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary and proper to carry out the terms of this Agreement and achieve its purposes and objectives.

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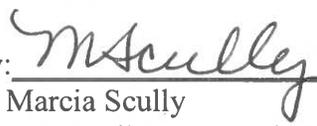
25. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties as to the matters addressed herein and supersedes all prior and contemporaneous contracts, agreements, promises, and understandings between the Parties with respect to the matters set forth herein. No representations, circumstances or conditions existing before the Agreement shall be used in any way by any Party to the Agreement to modify the Agreement.

26. **Amendments in Writing.** This Agreement may not be altered, modified, or otherwise changed in any respect except by a writing, duly executed by the Parties.

27. **Counterparts.** This Agreement may be executed in counterparts and as executed, shall constitute one agreement binding on all the parties hereto, even if all the parties are not signatories to the original or the same counterparts. Facsimile copies or PDF copies of signatures shall be accepted as valid and binding.

BY AFFIXING THEIR INITIALS ON EACH PAGE AND THEIR SIGNATURE BELOW, EACH OF THE PERSONS SIGNING THIS AGREEMENT REPRESENTS THAT THEY HAVE READ AND UNDERSTAND THIS AGREEMENT, THAT THEY ARE AUTHORIZED TO SIGN THIS AGREEMENT, AND THAT THE PARTY OR PARTIES ON BEHALF OF WHOM THEY SIGN THIS AGREEMENT AGREES TO BE BOUND BY ITS TERMS.

<p>SAN DIEGO COUNTY WATER AUTHORITY</p> <p>By: <u></u> <u>6-2-25</u> Date Dan Denham SDCWA General Manager</p>	<p>METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA</p> <p>By: <u></u> <u>6/2/25</u> Date Deven Uphadyay Metropolitan General Manager</p>
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<p>APPROVED AS TO FORM</p> <p>By: <u></u> <u>6-2-25</u> Date David Edwards SDCWA General Counsel</p>	<p>APPROVED AS TO FORM</p> <p>By: <u></u> <u>6/2/25</u> Date Marcia Scully Metropolitan General Counsel</p>
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Attachment 1

Second Amended and Restated Exchange Agreement

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**SECOND AMENDED AND RESTATED AGREEMENT BETWEEN THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AND
THE SAN DIEGO COUNTY WATER AUTHORITY FOR THE EXCHANGE OF
WATER**

THIS SECOND AMENDED AND RESTATED AGREEMENT FOR THE EXCHANGE OF WATER (“Agreement”) is made and entered into as of June 2, 2025 between The Metropolitan Water District of Southern California (hereinafter “Metropolitan”) and the San Diego County Water Authority (hereinafter “SDCWA”) (the “2025 Exchange Agreement” or “Agreement”). Metropolitan and SDCWA are sometimes referred to as the “Parties”.

RECITALS

A. SDCWA is a county water authority incorporated under the California County Water Authority Act, Stats. 1943, c.545 as amended, codified at Section 45-1 *et seq.* of the Appendix to the California Water Code, for the purpose of providing its member agencies in San Diego County with a safe, reliable, and sufficient supply of imported water.

B. Metropolitan is a metropolitan water district incorporated under the Metropolitan Water District Act, Stats. 1969, ch. 209, as amended, codified at Section 109.1 *et seq.* of the Appendix to the California Water Code, engaged in developing, transporting, storing and distributing water for the benefit of its service area in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura, within the State of California.

C. SDCWA is a member agency of Metropolitan.

D. On April 29, 1998, SDCWA and the Imperial Irrigation District (“IID”) entered into an Agreement for Transfer of Conserved Water, as amended by the Revised Fifth Amendment dated as of December, 21, 2009, between SDCWA and IID (as thereby amended, the “Transfer Agreement”).

E. On November 10, 1998, SDCWA and Metropolitan executed a Contract for the Exchange of Water to be acquired by SDCWA under the Transfer Agreement.

F. In 2003, SDCWA, Metropolitan, and other agencies, including IID, MWD and Coachella Valley Water District (“CVWD”) executed and delivered several agreements, including the Amended and Restated Agreement Between the Metropolitan Water District of Southern California and the San Diego County Water Authority for the Exchange of Water (“2003 Exchange Agreement”), pursuant to the Quantification Settlement Agreement among IID, MWD and CVWD dated as of October 10, 2003 (the “QSA”), which settled a variety of long-standing disputes regarding the priority, use, and transfer of Colorado River water and established the terms for the further distribution of Colorado River water among these entities for up to seventy-five (75) years based upon the water budgets set forth therein.

G. Also, on October 10, 2003, as contemplated by the QSA, SDCWA entered into the Allocation Agreement with the United States of America, IID, CVWD, MWD and other parties named therein (the “Allocation Agreement”) pertaining to the allocation and distribution of water to be conserved from the All-American Canal Lining Project and the Coachella Canal Lining Project (as such terms are defined therein), which, among other things, allocated water to

SDCWA in consideration for amendments by MWD and SDCWA to the price term of the 2003 Exchange Agreement.

H. On June 2, 2025, following litigation, trials, and appeals in cases filed by SDCWA against Metropolitan in 2010 (Case No. CPF-10-510830), 2012 (Case No. CPF-12-512466), 2014 (Case No. CPF-14-514004), 2016 (CPF-16-515282), 2017 (Case No. CGC-17-563350), and 2018 (CPF-18-516389) (all filed in Los Angeles Superior Court and subsequently transferred to San Francisco Superior Court), and Metropolitan's Cross-Complaints in the same cases filed in 2014, 2016, and 2018, the parties reached a settlement fully and finally resolving all disputes among and between them relating to the claims and cross-claims (i) remaining in the cases filed in 2014, 2016, and 2018 (the "Pending Cases"), (ii) that were asserted in the Pending Cases and in the case filed in 2017 that were subsequently dismissed or removed without prejudice, and (iii) that could have been asserted in any of the cases relating to the subject matter of those cases (the "2025 Settlement Agreement"), and agreed to amend the 2003 Exchange Agreement as reflected in the 2025 Settlement Agreement and incorporated in this 2025 Exchange Agreement.

I. This 2025 Exchange Agreement amends and restates the 2003 Exchange Agreement in its entirety.

AGREEMENT

NOW THEREFORE, the Parties in consideration of the foregoing recitals and the representations, warranties, covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which the Parties hereby

acknowledge, Metropolitan and SDCWA agree to the following terms and conditions of this Agreement:

I.

DEFINITIONS AND RULES OF CONSTRUCTION

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

(a) “Administrative Code” means the Metropolitan Water District Administrative Code adopted on April 8, 2025, as amended from time to time thereafter, and as in existence on the date of this Agreement, subject to modification to the extent provided in Paragraph 13.12 of this Agreement.

(b) “Allocation Agreement” is as defined in Recital G, subject to modification for purposes of this Agreement after the date hereof to the extent provided in Paragraph 13.13 of this Agreement.

(c) “Alternative Facilities” means facilities other than facilities owned and operated by Metropolitan.

(d) “Bureau” means the Bureau of Reclamation of the United States Department of the Interior.

(e) “California Plan” means the draft plan dated May 11, 2000, to ensure that California can live within the state’s apportionment of Colorado River water; provided, however, if any final California Plan is approved by the Colorado River Board of California and all the public agencies represented on the Colorado River Board of

California, "California Plan" means such final California Plan.

(f) "Canal Lining Water" means the quantity of Colorado River water allocated each Year to SDCWA in accordance with the Allocation Agreement.

(g) "Colorado River Aqueduct" means the aqueduct system owned and operated by Metropolitan and transporting water from Lake Havasu on the Colorado River to Lake Mathews in Riverside County, California.

(h) "Conserved Water" means Conserved Water as such term is defined in Section 1.1 of the QSA.

(i) "Drought Management Plan" means any plan for the allocation and management of water resources of Metropolitan during a water shortage, as adopted by Metropolitan and in effect at pertinent times during the term of this Agreement.

(j) "Effective Date" means the date upon which all parties execute this Agreement.

(k) "Exchange Unit Price" means the applicable amount to be paid per acre-foot of Exchange Water delivered by Metropolitan at the Metropolitan Point(s) of Delivery under this Agreement pursuant to Paragraph 5.2. In Years that SDCWA Makes Available to Metropolitan 227,000 acre-feet or less for exchange, SDCWA will pay to Metropolitan the total Baseline Exchange Payment set forth in Paragraph 5.1.

(l) "Exchange Water" means, for each Year, water that is delivered by Metropolitan to SDCWA or as directed by SDCWA at the Metropolitan Point(s) of Delivery in a like quantity as the quantity of water that SDCWA has Made Available to Metropolitan under the Transfer Agreement and/or the Allocation Agreement and this

Agreement for the same Year. The Exchange Water may be from whatever source or sources and shall be delivered using such facilities as may be determined by Metropolitan, provided that the Exchange Water delivered in each Year is of like quality to the Conserved Water and/or the Canal Lining Water which is Made Available to Metropolitan at the SDCWA Point of Transfer in such Year.

(m) "IID" is as defined in Recital D.

(n) "Implementation Agreement" is as defined in Section 1.1 of the QSA.

(o) "Local Water" means water supplies not served by Metropolitan. Such Local Water includes, for example, ground water, surface water production, recycled water, desalinated water and other water acquired, owned or produced by any of Metropolitan's member agencies, water retailers or other local agencies within Metropolitan's service area (including supplies from projects participating in Metropolitan's Local Projects Program).

(p) "Made Available," "Make Available" or "Making Available." As used herein, Conserved Water and Canal Lining Water will be deemed to have been Made Available to Metropolitan when (1) such water has been transferred to SDCWA pursuant to the Transfer Agreement and/or allocated to SDCWA pursuant to the Allocation Agreement, (2) valid and continuing authorization has been given by the Bureau legally entitling Metropolitan to divert, for the Year in question, Conserved Water and/or Canal Lining Water at the SDCWA Point of Transfer, in addition to the water that Metropolitan is otherwise authorized to divert from the Colorado River, (3) all other necessary legal rights, entitlements, approvals and permissions, under the laws of the United States

and the State of California for diversions from the Colorado River by Metropolitan, if any, have been obtained and are in full force and effect, and (4) SDCWA has designated that water for exchange or transfer under this Agreement. Metropolitan owns the Conserved Water and Canal Lining Water once it has been Made Available to Metropolitan as defined herein. The transfer of ownership does not change the decision in *San Diego County Water Authority v. Metropolitan Water District of Southern California*, 12 Cal. App. 5th 1124 (2017) (“*SDCWA I*”) holding that “[t]he exchange agreement cannot fairly be construed to constitute a purchase of water from Metropolitan within the meaning of the preferential rights statute,” and therefore, concluding the Water Authority’s “payments under the exchange agreement must be included in the preferential rights calculation.” “Make Available” and “Making Available” are grammatical variations of “Made Available.”

(q) “Metropolitan Point(s) of Delivery” is as defined in Paragraph 3.5(b).

(r) “SDCWA Point of Transfer” is as defined in Paragraph 3.5(a).

(s) “Secretary” means the United States Secretary of the Interior.

(t) “Termination Date” means the termination date determined under

Paragraph 7.1, subject to the provisions of Paragraph 7.2.

(u) “Transfer Agreement” is as defined in Recital D, subject to modification to the extent provided in Paragraph 13.13 hereof.

(v) “Treated Exchange Water” means Exchange Water that has been treated by filtration and disinfection at a Metropolitan water filtration facility for delivery to SDCWA.

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

1.2 Rules of Construction

(a) Unless the context clearly requires otherwise:

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

(b) Headings at the beginning of 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.

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

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

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

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

II.

REPRESENTATIONS AND WARRANTIES

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

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

(b) The Parties entered into the 2003 Exchange Agreement subject to the execution and delivery of the QSA and the Related Agreements (as defined in Section 1.1 of the QSA).

The QSA and the Related Agreements were executed and delivered in 2003 and therefore this Agreement is not subject to the execution and delivery of those agreements. This Agreement is entered concurrently with the 2025 Settlement Agreement and is a valid and binding obligation of Metropolitan, enforceable in accordance with its terms, subject to the requirements of applicable law.

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

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

(b) The Parties entered into the 2003 Exchange Agreement subject to the execution and delivery of the QSA and the Related Agreements (as defined in Section 1.1 of the QSA). The QSA and the Related Agreements were executed and delivered in 2003 and therefore this Agreement is not subject to the execution and delivery of those agreements. This Agreement is entered concurrently with the 2025 Settlement Agreement and is a valid and binding obligation of SDCWA enforceable in accordance with its terms, subject to the requirements of applicable law.

(c) SDCWA will have obtained such approvals and permissions as may be necessary, under applicable laws of the United States and the State of California, to Make Available to Metropolitan Conserved Water and Canal Lining Water pursuant to this Agreement.

III.

QUANTITY, DELIVERY AND SCHEDULING

3.1 Conserved Water and Canal Lining Water.

(a) SDCWA will Make Available up to 277,700 acre-feet of Conserved Water and/or the Canal Lining Water to Metropolitan at the SDCWA Point of Transfer each Year. Metropolitan owns the Conserved Water and Canal Lining Water once it has been Made Available to Metropolitan as defined herein. The transfer of ownership does not change the *SDCWA I* decision holding that “[t]he exchange agreement cannot fairly be construed to constitute a purchase of water from Metropolitan within the meaning of the preferential rights statute,” and therefore, concluding SDCWA’s “payments under the exchange agreement must be included in the preferential rights calculation.” The Conserved Water and/or the Canal Lining Water Made Available in each Year shall be deemed to have been Made Available to Metropolitan in the month that it is delivered to Metropolitan at the SDCWA Point of Transfer.

(b) SDCWA will provide to Metropolitan annual written notice by November 1st each Year (or, in the case of the first Year, reasonable advance written notice) of the quantity of Conserved Water to be transferred to SDCWA in accordance with the Transfer

Agreement, and of the quantity of Canal Lining Water to be allocated to SDCWA in accordance with the Allocation Agreement, and in each case to be Made Available to Metropolitan at the SDCWA Point of Transfer during the immediately following Year. The Conserved Water and/or the Canal Lining Water will be Made Available to Metropolitan by SDCWA in a manner consistent with the Bureau's operations schedule and will be measured as provided in Paragraph 3.4.

3.2 Exchange Water.

(a) Provided that the Conserved Water and/or the Canal Lining Water has been Made Available to Metropolitan at the SDCWA Point of Transfer pursuant to Paragraph 3.1, Metropolitan shall deliver Exchange Water to SDCWA at the Metropolitan Point(s) of Delivery, in compliance with this Agreement, and in the manner and to the extent set forth below. In any Year, Metropolitan will not be required to deliver an amount of Exchange Water that is greater than the aggregate amount of Conserved Water and Canal Lining Water Made Available to Metropolitan in that Year pursuant to Paragraph 3.1, minus any amount sold to Metropolitan, subject to the provisions of subparagraphs (b) and (c) of Paragraph 7.2.

(b) Metropolitan's delivery of Exchange Water at the Metropolitan Point(s) of Delivery shall be governed by its rules and regulations for delivery of water set forth in Chapter 5 of Division IV of the Administrative Code, as amended over time, in the same manner as other water delivered by Metropolitan, except as may otherwise be provided in this Agreement.

(c) The Exchange Water to be delivered in any Year shall be delivered at the times, locations, and in the amounts as SDCWA requests, subject to the Parties' operational constraints, in the same manner Metropolitan delivers full-service water purchases. The cumulative total Exchange Water Metropolitan delivers at the end of the Year at the Metropolitan Point(s) of Delivery shall be equal to the aggregate quantity of Conserved Water and Canal Lining Water SDCWA Makes Available to Metropolitan at the SDCWA Point of Transfer for that Year, minus any water Metropolitan purchases from SDCWA.

(d) In addition to 3.2(a) through (c), SDCWA may elect to make offers in the manner set forth in this Paragraph. First, SDCWA will offer to a Metropolitan member agency or agencies the right to receive a specified amount of Exchange Water deliveries. If accepted by a Metropolitan member agency, nothing in this Exchange Agreement changes other than the Metropolitan Point(s) of Delivery designated by SDCWA. If no member agency accepts SDCWA's offer, SDCWA will offer to Metropolitan the right to purchase a specified amount of Conserved Water and/or Canal Lining Water. The offers and agreements must be made in the manner set forth herein.

- i. First Right of Refusal to a Metropolitan Member Agency or Agencies. SDCWA will offer to a Metropolitan member agency or agencies the right to receive Exchange Water deliveries and shall notify Metropolitan of any offer by November 1st prior to the Year the Conserved Water and/or Canal Lining Water will be Made Available to Metropolitan by SDCWA for exchange under this Agreement (the "Purchase Year"). SDCWA must notify Metropolitan by December 30th of the Year prior to the Purchase

Year of any agreement with a member agency or agencies to acquire the right to receive Exchange Water deliveries pursuant to this Paragraph. The terms of the right to receive Exchange Water deliveries will be determined by SDCWA and the Metropolitan member agency or agencies acquiring the right (the "Contracting Member Agency or Agencies") subject to subparagraphs A through C below.

- A. The agreement between SDCWA and the Contracting Member Agency or Agencies transfers the right to receive the Exchange Water deliveries from Metropolitan so long as SDCWA Makes Available to Metropolitan an equivalent amount of Conserved Water and/or Canal Lining Water to allow for the exchange between SDCWA and the Contracting Member Agency or Agencies.
- B. Metropolitan will deliver to the Contracting Member Agency or Agencies Exchange Water at the designated Metropolitan Point(s) of Delivery. Exchange Water deliveries to the Contracting Member Agency or Agencies are subject to Metropolitan's operational constraints, in the same manner Metropolitan delivers full-service water purchases. The Contracting Member Agency or Agencies takes ownership of the water at the service connection in the same manner as full-service water deliveries.
- C. Metropolitan will bill SDCWA for all Exchange Water deliveries to the Contracting Member Agency or Agencies in the same manner as Exchange Water deliveries to SDCWA. However, for purposes of any Metropolitan rate

or charge measured by deliveries to a specific service connection, the delivery of Exchange Water to the Contracting Member Agency or Agencies will be attributed to the service connection where the delivery was made. As of the effective date of this Agreement, that includes Metropolitan's Capacity Charge.

ii. Second Right of Refusal to Metropolitan. If SDCWA does not enter into an agreement with any Metropolitan member agency pursuant to Paragraph 3.2(d)(i) by December 30th, SDCWA will notify Metropolitan by the next day, December 31st, that it will offer Conserved and/or Canal Lining Water for purchase by Metropolitan during the Purchase Year. The terms of the purchase will be subject to subparagraphs A through C below.

A. Metropolitan has the right to purchase the Conserved Water and/or Canal Lining Water at the unit price in Table 1. Unit Sale Price (Flow Weighted Average Price).

Table 1. Unit Sale Price (Flow Weighted Average Price)

The Unit Price for Water Sale by SDCWA to Metropolitan is equal to the total annual IID Transfer Agreement actual costs to SDCWA, as documented by SDCWA (Conserved Water Costs) in the prior Year plus the total annual Canal Lining actual costs to SDCWA, as documented by SDCWA (Canal Lining Water Costs) in the prior Year, divided by the total Conserved Water available for transfer to SDCWA from IID and total Canal Lining Water allocated to SDCWA in the same Year.

Flow Weighted Average Price Formula	Price \$ per Acre-Foot
(Conserved Water Costs + Canal Lining Water Costs)/ Total Conserved Water available for transfer to SDCWA from IID and total Canal Lining Water allocated to SDCWA in the same Year	\$/acre-foot

- B. Metropolitan shall have the exclusive right of refusal for sixty (60) days from the date SDCWA provides notice of the offer.
- C. Metropolitan will reconcile all deliveries to SDCWA at the end of the Purchase Year with the December Metropolitan billing to SDCWA. Under no circumstances will Metropolitan purchase water from SDCWA in the same Year that SDCWA purchases water from Metropolitan even if Metropolitan has exercised its right to purchase pursuant to this Paragraph. Payment for any Metropolitan purchase of Conserved Water and/or Canal Lining Water pursuant to this Paragraph will be due after the Purchase Year at the same time as SDCWA's payment is due to Metropolitan for Metropolitan's December bill.

iii. Notwithstanding the timing obligations for the first right and second right of refusals in Paragraphs 3.2(b)(i) and (ii) above, the parties may agree to different time periods for notice or for exercising/not exercising a right of refusal upon mutual written agreement of the SDCWA General Manager and Metropolitan General Manager.

iv. This Exchange Agreement is not applicable to SDCWA, Metropolitan, or any other party's rights or obligations with respect to any water transaction, including the right to sell, exchange, transfer, or trade any water, except as provided specifically in this Agreement between SDCWA and Metropolitan.

3.3 Temporary Shutdown of Metropolitan Facilities. Metropolitan's General Manager shall have the right to control, curtail, interrupt or suspend the delivery of Exchange Water to

SDCWA in accordance with the Administrative Code. SDCWA understands that any number of factors, including emergencies, inspection, maintenance or repair of Metropolitan facilities or the State Water Project facilities, may result in a temporary and incidental modification of the delivery schedule contemplated in Paragraph 3.2. Metropolitan shall notify SDCWA of any control, curtailment, interruption or suspension of delivery of Exchange Water in accordance with and to the extent set forth in the Administrative Code, as if the Exchange Water were water served by Metropolitan. Metropolitan agrees that delivery of Exchange Water shall be resumed as soon as possible following any such curtailment, interruption or suspension of delivery. Unless Metropolitan is otherwise relieved of its obligations under the provisions of this Agreement, a curtailment, interruption or suspension of the delivery of Exchange Water pursuant to this Paragraph 3.3 shall not change the amount of Exchange Water Metropolitan is obligated to deliver during any Year.

3.4 Measurement of Deliveries. The quantity of Exchange Water delivered in each Year by Metropolitan at the applicable Metropolitan Point(s) of Delivery, which amount will be metered at such Point(s) of Delivery as provided in the Administrative Code, shall be equal to the aggregate quantity of Conserved Water and Canal Lining Water Made Available to Metropolitan in such Year at the SDCWA Point of Transfer, minus any water sold to Metropolitan. The Parties agree that they will be bound by such meter readings.

3.5. Points of Transfer or Delivery.

(a) The SDCWA Point of Transfer. As used herein, the "SDCWA Point of Transfer" shall be Metropolitan's intake at Lake Havasu.

(b) The Metropolitan Point(s) of Delivery. As used herein, the "Metropolitan

Point(s) of Delivery” shall be any or all Metropolitan existing connections to SDCWA , or another Metropolitan connection to another Metropolitan member agency as designated by SDCWA pursuant to Section 3.2(d)(i).

3.6. Quality of Exchange Water. Metropolitan in its sole discretion shall have the right to deliver Exchange Water of a quality which exceeds the quality of the Conserved Water and/or Canal Lining Water that Metropolitan receives, and such Exchange Water shall fully satisfy Metropolitan’s obligation to deliver Exchange Water of like quality to such Conserved Water and Canal Lining Water. In such event, Metropolitan’s election shall not operate as or be construed to be a commitment to deliver Exchange Water of better quality in the future, and in no event shall SDCWA be deemed to have any right to receive Exchange Water of better quality than the Conserved Water and/or Canal Lining Water.

3.7. Alternative Facilities. SDCWA may determine, in its sole discretion, permanently to reduce the aggregate quantity of Conserved Water and Canal Lining Water to be Made Available to Metropolitan under this Agreement to the extent SDCWA decides continually and regularly to transport Conserved Water and/or Canal Lining Water in an amount equal to such reduction in quantity to San Diego County through Alternative Facilities; provided, however, that SDCWA shall furnish to Metropolitan a minimum of five (5) years’ advance written notice of such determination. The written notice shall confirm the quantity of Conserved Water and/or Canal Lining Water (if any) which SDCWA will continue to Make Available to Metropolitan. If SDCWA exercises its right under this Paragraph 3.7, Metropolitan’s obligation to deliver Exchange Water shall be limited to that specified quantity of Conserved Water and/or Canal Lining Water that SDCWA continues to Make

Available to Metropolitan pursuant to this Agreement.

IV.

CHARACTERIZATION OF EXCHANGE WATER

4.1 Exchange Water as an Independent Local Supply. The Exchange Water shall be characterized for the purposes of all of Metropolitan's ordinances, plans, programs, rules and regulations, including any then-effective Drought Management Plan, and for calculation of any Readiness-to-Serve Charge share, in the same manner as the Local Water of other Metropolitan member agencies.

V.

PRICING AND PAYMENTS

5.1 Payments. As of January 1, 2026, SDCWA shall pay to Metropolitan the Baseline Exchange Payment, equal to the Exchange Unit Price for each Year multiplied by 227,000 acre-feet, even if SDCWA Makes Available to Metropolitan less than 227,000 acre-feet for exchange and without regard to what month water is Made Available to Metropolitan. SDCWA shall pay the Baseline Exchange Payment in 12 equal monthly installments. If SDCWA Makes Available more than 227,000 acre-feet to Metropolitan for exchange, SDCWA shall pay to Metropolitan the Exchange Unit Price for each additional acre-foot above 227,000 of Exchange Water delivered by Metropolitan at the Metropolitan Point(s) of Delivery. Payments due for Exchange Water deliveries above 227,000 acre-feet will be billed in the month following the delivery by Metropolitan to SDCWA at the Metropolitan Point(s) of Delivery.

5.2 The Exchange Unit Price. The price per acre-foot for deliveries of Exchange Water (the “Exchange Unit Price”) shall be as follows for purposes of calculation of the Baseline Exchange Payment and for each additional acre-foot of Exchange Water deliveries above 227,000 acre-feet:

- (a) Year 2026: The Exchange Unit Price in Year 2026 shall be \$671.
- (b) Years 2027 through 2034: The Exchange Unit Price for Years 2027 through 2034 shall be as reflected in Table 2.

Table 2. Exchange Unit Price Calendar Years 2027 - 2034

Effective Date of Exchange Unit Price	Exchange Unit Price per Acre-Foot
January 1, 2027	\$671
January 1, 2028	\$703
January 1, 2029	\$737
January 1, 2030	\$772
January 1, 2031	\$809
January 1, 2032	\$848
January 1, 2033	\$888
January 1, 2034	\$930

(c) The Exchange Unit Price for 2026 through 2034 reflects a bargained-for amount between the Parties and is not subject to or related to the validity of Metropolitan’s rates, charges, rate structure, or costs. The Parties mutually agreed to the fixed dollar amount in this Agreement for the Exchange Unit Price with the intent of separating the price term from Metropolitan’s rate structure, rate-setting process, and budget. The Exchange Unit Price from 2026 through 2034 and subsequent increases are not intended and shall not be interpreted to be subject to or related to Metropolitan’s rates, charges, rate structure, costs, or budgets.

(d) Years 2035 Through Remainder of Term: The Exchange Unit Price every Year as of January 1, 2035, shall be equal to the prior Year's Exchange Unit Price increased by a percentage equal to the Consumer Price Index for All Urban Consumers (CPI-U) for water and sewerage, as published by the U.S. Bureau of Labor Statistics, measured from October of two years prior to October of the prior year. For example, as of January 1, 2035, the Exchange Unit Price shall be \$930 (from 2034), increased by the CPI-U for water and sewerage, measured from October 2033 to October 2034.

i. The applicable index, series, and item are:

Index: Consumer Price Index for All Urban Consumers (CPI-U)

Series ID: CUUR0000SEHG01

Series Title: Water and sewerage maintenance in U.S. city average, all urban consumers, not seasonally adjusted

Area: U.S. city average

Item: Water and sewerage maintenance

Base Period: 1982-84 = 100

ii. In the event the CPI-U for water and sewerage is no longer published, the Exchange Unit Price will increase on a yearly basis based on the average annual percentage of the index over the ten years prior to the date it is no longer published.

(e) Prevailing Party in Dispute. In the event that SDCWA contests the Baseline Exchange Payment or Exchange Unit Price, the prevailing Party shall be entitled to

recovery of all reasonable costs, including non-statutory costs directly associated with litigating the dispute, and attorneys' fees incurred in prosecuting or defending against such contest.

5.3 Billing and Payments. Metropolitan shall mail monthly invoices to SDCWA in accordance with the Metropolitan Administrative Code, and SDCWA shall make monthly payments of amounts due pursuant to Paragraphs 5.1 and 5.2 in accordance with the Metropolitan Administrative Code.

5.4 Treatment Surcharge. SDCWA may choose to receive treated water as part of its Exchange Water deliveries. Such deliveries of treated water shall be subject to an additional charge for Metropolitan's treated water service, which is Metropolitan's Treatment Surcharge (or successor rate or charge for treated water service) in effect as of the date of delivery of the Treated Exchange Water. Metropolitan's treated water service and billing for that service will be provided to SDCWA outside of the obligations of this Agreement in the same manner as is provided to all member agencies for full-service deliveries. This Agreement does not create a contractual right for SDCWA to challenge any of Metropolitan's rates and/or charges or the validity of this Agreement based upon the charge for treated water service.

VI.

ADDITIONAL NOTIFICATIONS

6.1 Confirmation of Water Conservation. SDCWA will provide a written report to Metropolitan, prior to March 31 of each Year, describing the method by which any Conserved Water

that was Made Available to Metropolitan in the prior Year was conserved by IID, including a description of conservation projects resulting in the Conserved Water and the quantity of Conserved Water conserved by each project.

6.2 Notice of Developments.

(a) After the execution of this Agreement, SDCWA agrees to give prompt notice to Metropolitan if it discovers that any of its own representations and warranties herein were untrue when made or determines that any of its own representations and warranties will be untrue as of any date during the term of this Agreement.

(b) After the execution of this Agreement, Metropolitan agrees to give prompt notice to SDCWA if it discovers that any of its own representations and warranties herein were untrue when made or determines that any of its own representations and warranties will be untrue as of any date during the term of this Agreement.

VII.

TERM

7.1 Commencement and Expiration. This Agreement shall become effective on the Effective Date and shall expire on the Termination Date, which shall be the later of the dates determined pursuant to subparagraph (a) and (b) below.

(a) Metropolitan and SDCWA's rights and obligations under this Agreement pertaining to Conserved Water Made Available to Metropolitan pursuant to the Transfer Agreement and this Agreement shall expire on December 31, 2047. In the event that SDCWA and IID extend the term of their Transfer Agreement to December 31, 2077 or

earlier, and the terms of the Transfer Agreement in the extension period do not change except as to duration and if applicable, price, and any reduction in the amount to be transferred each year is not greater than 50,000 acre-feet, upon SDCWA providing notice to Metropolitan within three days of SDCWA and IID's agreement to the Transfer Agreement extension described herein, the obligation under this Agreement pertaining to Conserved Water will be deemed to match the new Transfer Agreement termination date but not later than December 31, 2077, with all other terms of this Agreement remaining unchanged. Any other amendment to the term of this Agreement requires approval by each party's Board of Directors. If the amount to be transferred in each year under the extended Transfer Agreement is reduced by more than 50,000 acre-feet, the extension will require the approval of Metropolitan's Board.

(b) Metropolitan's and SDCWA's rights and obligations under this Agreement pertaining to the Canal Lining Water shall expire and shall thereupon terminate on December 31 of the same Year in which the Allocation Agreement terminates, or shall terminate as otherwise provided in Paragraph 7.2.

(c) Check-in Meetings of the Parties. The Parties agree to meet every five years during the term of this Agreement to discuss the ongoing implementation of this Agreement. This provision does not create and shall not be interpreted to create a unilateral right of either party to an amendment or modification of this Agreement in any way.

7.2 Force Majeure.

(a) If the performance, in whole or in part, of the obligations of the respective Parties, or either of them, to Make Available Conserved Water or Canal Lining Water or to

deliver Exchange Water (as the case may be) under this Agreement is prevented: by acts or failure to act of any agency, court or other government authority, or any other person; by natural disaster (such as earthquake, fire, drought or flood), contamination or outbreak of a water borne disease, war, strikes, lockouts, act of God, or acts of civil or military authority; by the operation of applicable law; or by any other cause beyond the control of the affected Party or Parties, whether similar to the causes specified herein or not, then, in any such circumstance, the obligation of the affected Party or Parties to cause the delivery of the Conserved Water or Canal Lining Water or to deliver the Exchange Water (as the case may be) under this Agreement shall be suspended from the time and to the extent that the performance thereof is prevented, but reasonable diligence shall be observed by the affected Party or Parties, so far as it lies in their power, in performing such respective obligations in whole or in part under this Agreement. In the event such performance of either of the Parties under this Agreement is prevented as described above, then during the period of such prevention, performance by the non-affected Party under this Agreement shall be excused until such prevention ceases, at which time both the Parties shall become obligated to resume and continue performance of their respective obligations hereunder during the term of this Agreement. Notwithstanding the foregoing, no such prevention shall suspend or otherwise affect any payment obligations for Exchange Water actually delivered or any obligation of either Party to indemnify the other pursuant to Paragraph 13.10, or shall extend the term of this Agreement beyond the Termination Date, except as provided in Paragraph 7.2(c) below.

(b) In the event the performance by Metropolitan or SDCWA is prevented as

described above, the Parties agree actively to cooperate and use their reasonable best efforts, without diminution of any storage or other rights Metropolitan or SDCWA may have, to support a request to the Bureau for emergency storage in Lake Mead or Lake Havasu for the Conserved Water and/or the Canal Lining Water, if it would avoid the waste or loss of the Conserved Water and/or the Canal Lining Water.

(c) In the event the delivery of Exchange Water by Metropolitan is prevented as described in Paragraph 7.2(a) above, and in the event Conserved Water and/or the Canal Lining Water has been stored as contemplated by Paragraph 7.2(b) above, and such stored Conserved Water and/or the Canal Lining Water is Made Available to Metropolitan, the term of this Agreement shall be extended, for a period not to exceed five (5) Years, without the necessity for further action by either Party, if and to the extent necessary to permit Metropolitan to complete the delivery of Exchange Water in a quantity equal to such stored Conserved Water and/or the Canal Lining Water.

7.3 Survival. Notwithstanding the foregoing or anything to the contrary in this Agreement, any remaining payment obligation of SDCWA under Article V, and the provisions in Paragraphs 12.5, 13.2, 13.3, 13.8, 13.10 and 13.15 and Articles X and XI, shall survive the termination of this Agreement.

VIII.

RELATED AGREEMENTS

8.1 QSA and the Related Agreements. Metropolitan's obligations under the 2003 Exchange Agreement were subject to the execution and delivery of the QSA and the Related

Agreements (as defined in Section 1.1 of the QSA), which were executed and delivered in 2003.

References to those agreements in this Agreement are to the fully executed versions.

IX.

COMPLIANCE WITH APPLICABLE LAWS

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

X.

ADDITIONAL COVENANTS

10.1 Impact on Transfer Agreement. Nothing in this Agreement shall be construed to amend the Transfer Agreement.

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

10.3 SDCWA Consent and Waiver. Notwithstanding any limitations set forth in the Transfer Agreement otherwise restricting IID's right to transfer water to Metropolitan, SDCWA hereby consents to IID's transfer of water to Metropolitan as provided in Articles 5 and 6 of the IID/MWD Acquisition Agreement (as defined in Section 1.1 of the QSA) and waives any right to object thereto. SDCWA shall provide to IID, and shall be bound by, a written acknowledgement of its consent and waiver set forth in the preceding sentence above in such form and to such effect as Metropolitan may reasonably request.

10.4 Allocation Agreement Responsibilities. SDCWA shall indemnify Metropolitan

and defend and hold it harmless at SDCWA's sole cost and expense from and against any obligation, liability or responsibility of any kind assigned to SDCWA under and pursuant to the Allocation Agreement and any claim by any person that MWD has any continuing obligation, liability or responsibility of any kind with respect to the matters assigned to SDCWA under the Allocation Agreement.

XI.

DISPUTE RESOLUTION

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

XII.

EVENTS OF DEFAULT; REMEDIES

12.1 Events of Default by SDCWA. Each of the following constitutes an "Event of Default" by SDCWA under this Agreement if not cured within 30 days of receiving written notice from Metropolitan of such matter:

- (a) Subject to Paragraphs 7.2 and 9.1, SDCWA fails to Make Available to Metropolitan Conserved Water or Canal Lining Water, as required under this Agreement.
- (b) SDCWA fails to perform or observe any other term, covenant or undertaking that it is to perform or observe under this Agreement.

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

12.2 Events of Default by Metropolitan. Each of the following constitutes an “Event of Default” by Metropolitan under this Agreement if not cured within 30 days of receiving written notice from SDCWA of such matter:

(a) Subject to Paragraphs 7.2 and 9.1, Metropolitan fails to deliver the Exchange Water as required under this Agreement.

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

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

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

12.4 Enforcement of Transfer and Exchange Obligations.

(a) Any Event of Default as defined in Paragraph 12.1(a) or 12.2(a) may be remedied by an order of specific performance.

(b) So long as no Event of Default as defined in Paragraph 12.1(a) has occurred

and is continuing, and so long as SDCWA tenders to Metropolitan full payment of the Payments when due, Metropolitan shall not suspend or delay, in whole or in part, delivery of Exchange Water as required under this Agreement on account of any breach, or alleged breach, by SDCWA unless first authorized to do so by a final judgment. So long as no Event of Default as defined in Paragraph 12.2(a) has occurred and is continuing, SDCWA shall not suspend or delay, in whole or in part, Making Available Conserved Water and/or Canal Lining Water as required under this Agreement on account of any breach, or alleged breach, by Metropolitan unless first authorized to do so by a final judgment. A violation of the provisions of this subparagraph (b) may be remedied by an order of specific performance.

(c) In the event of a dispute over the Baseline Exchange Payment or Exchange Unit Price, SDCWA shall pay when due the full amount claimed by Metropolitan until final resolution of the dispute through litigation or otherwise, whether the dispute concerns the Baseline Exchange Payment and/or payment for deliveries over 227,000 acre-feet. Metropolitan may treat and use the funds from the disputed payments in the same manner as non-disputed payments.

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

12.6. Action or Proceeding Between the Parties. Each Party acknowledges that it is a “local agency” within the meaning of § 394(c) of the California Code of Civil Procedure (“CCP”). Each Party further acknowledges that any action or proceeding commenced by one Party against the other would, under § 394(a) of the CCP, as a matter of law be subject to

- (a) being transferred to a “Neutral County,” or instead
- (b) having a disinterested judge from a Neutral County assigned by the

Chairman of the Judicial Council to hear the action or proceeding.

(c) A “Neutral County” is any county other than Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego or Ventura. In the event an action is filed by either party against the other to enforce this Agreement and to obtain damages for its alleged breach, each Party hereby:

- (i) Stipulates to the action or proceeding being transferred to a Neutral County or to having a disinterested judge from a Neutral County assigned to hear the action;
- (ii) Waives the usual notice required under the law-and-motion provisions of Rule 317 of the California Rules of Court;
- (iii) Consents to having any motion under § 394(c) heard with notice as an ex parte matter under Rule 379 of the California Rules of Court; and
- (iv) Acknowledges that this Agreement, and in particular this section, may be submitted to the court as part of the moving papers.

(d) Nothing in this Paragraph 12.6, however, impairs or limits the ability of a Party to contest the suitability of any particular county to serve as a Neutral County, or operates to waive any other rights.

XIII.

GENERAL PROVISIONS

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

13.2 Ambiguities. Each Party and its counsel have participated fully in the drafting, review and revision of this Agreement. A rule of construction to the effect that ambiguities are to be resolved against the drafting Party will not apply in interpreting this Agreement, including any amendments or modifications.

13.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflict of laws provisions; provided, however, that federal law shall be applied as appropriate to the extent it bears on the resolution of any claim or issue relating to the permissibility of the transfers or the Making Available of Colorado River water, as contemplated herein.

13.4 Binding Effect; Termination Upon Dissolution; No Assignment. This Agreement is and will be binding upon and will inure to the exclusive benefit of the Parties. Any change in law, regulation, rule, or any legal or administrative action or any other event or occurrence that results in dissolution of either Party shall result in termination of this Agreement and render this Agreement

void. Further, neither Party may assign any of its rights or delegate any of its duties under this Agreement. Any assignment or delegation made in violation of this Agreement is void and of no force or effect.

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

- *Personal Delivery.* When personally delivered to the recipient.

Notice is effective on delivery.

- *First-Class Mail.* When mailed first-class, postage prepaid, to the last address of the recipient known to the Party giving notice. Notice is effective five mail delivery days after it is postmarked by the United States Postal Service office or authorized device.

- *Certified Mail.* When mailed certified mail, return receipt requested.

Notice is effective on receipt, if a return receipt confirms delivery.

- *Overnight Delivery.* When delivered by an overnight delivery service such as Federal Express, charges prepaid or charged to the sender's account. Notice is effective on delivery, if delivery is confirmed by the delivery service.

Addresses for purpose of giving notice are as follows:

To Metropolitan:

Metropolitan Water District of Southern California

Attn: General Manager

Address for U.S. mail:

P.O. Box 54153

Los Angeles, CA 90054-0153

Address for personal or overnight delivery:

700 North Alameda Street

Los Angeles, CA 90012-2944

Telephone: 213-217-6000

Fax: 213-217-6950

With a copy delivered by the same means and at the same address to:

Metropolitan Water District of Southern California

Attn: General Counsel

To SDWCA:

San Diego County Water Authority

Attn.: General Manager

4677 Overland Avenue

San Diego, California 92123-1233

Telephone: 858-522-6780

Fax: 858-522-6262

With a copy to:

San Diego County Water Authority

Attn.: General Counsel

4677 Overland Avenue

San Diego, California 92123-1233

Telephone: 858-522-6790

Fax: 858-522-6566

(a) A correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission by the Party to be notified will be deemed effective as of the first date that notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger, or overnight delivery service.

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

13.6 Entire Agreement. This Agreement constitutes the final, complete, and exclusive statement of the terms of the Agreement between the Parties pertaining to its subject matter and supersedes all prior and contemporaneous understandings or agreements of the Parties. Neither Party has been induced to enter into this Agreement by, nor is either Party relying on, any representation or warranty outside those expressly set forth in this Agreement.

13.7 Time of the Essence. If the day on which performance of any act or the occurrence of any event hereunder (except the delivery of Exchange Water) is due is not a business day, the time when such performance or occurrence shall be due shall be the first business day (which excludes a

Saturday, Sunday, or a federal or state holiday) 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.

13.8 Modification. This Agreement may be supplemented, amended, or modified only by the written agreement of the Parties. No supplement, amendment, or modification will be binding unless it is in writing and signed by both Parties.

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

13.10 Indemnification.

(a) SDCWA shall indemnify Metropolitan pursuant to Section 4502 of the Administrative Code, as may be amended over time, against liability in connection with acts of SDCWA after Metropolitan's delivery of the Exchange Water, to the same extent as is required with respect to full-service water deliveries. Such indemnification shall be in addition to any indemnification rights available under applicable law and to any other remedy provided under this Agreement.

(b) Metropolitan shall indemnify SDCWA pursuant to Section 4502 of the Administrative Code, as may be amended over time, against liability in connection with

Metropolitan's delivery of the Exchange Water to the same extent as is required with respect to full-service water deliveries. Such indemnification shall be in addition to any indemnification rights available under applicable law and to any other remedy provided under this Agreement.

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

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

13.12 Right to Amend the Administrative Code. Metropolitan's obligations under this Agreement are contractual obligations contained herein. Accordingly, notwithstanding anything to the contrary in this Agreement, express or implied, Metropolitan has the right to amend the Administrative Code at its sole discretion, except that, for the purposes of this Agreement, no such amendment shall have the effect of changing or modifying the obligation of Metropolitan to deliver Exchange Water as provided in this Agreement.

13.13 Right to Amend Transfer Agreement and Allocation Agreement. Notwithstanding anything to the contrary in this Agreement, express or implied, SDCWA shall have the right to amend the Transfer Agreement and/or the Allocation Agreement at its sole discretion, except that, for purposes of this Agreement, no such amendment shall have the effect of changing or modifying the obligation of SDCWA to Make Available Conserved Water and/or Canal Lining Water

hereunder, or the Price payable by SDCWA with respect to any Exchange Water, or be binding on Metropolitan, unless such effect is first approved by the Board of Directors of Metropolitan.

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

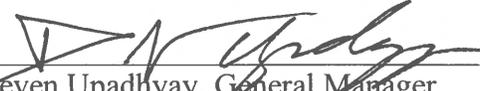
13.15 Audit. Each Party shall be responsible for assuring the accuracy of its books, records and accounts of billings, payments, metering of water, and other records (whether on hard copy or in electronic or other format) evidencing the performance of its obligations pursuant to this Agreement and shall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

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

Approved as to Form:

The Metropolitan Water District of Southern California

By: 
Marcia Scully, General Counsel

By: 
Deven Upadhyay, General Manager

Date: 6/2/2025

Date: 6/2/25

Approved as to Form:

The San Diego County Water Authority

By: 
David Edwards, General Counsel

By: 
Dan Denham, General Manager

Date: 6-2-2025

Date: 6-2-25

Attachment 2

Press Statement

INITIALS: DD, MA



**San Diego County
Water Authority**

News Release

Metropolitan Water District of Southern California
Rebecca Kimitch
213-217-6450 | 202-821-5253
rkimitch@mwdh2o.com

San Diego County Water Authority
Jordan Beane
(858) 221-3975
jbeane@sdewa.org

Southern California Water Agencies End Lengthy Legal Dispute

Settlement agreement aims to bring region greater fiscal stability, water supply efficiency and reliability

June 2, 2025 – Signaling a new era of collaboration, the Metropolitan Water District of Southern California and the San Diego County Water Authority today announced the settlement of a 15-year legal dispute over rates and the price term of an exchange agreement between the agencies.

At a news conference in San Diego, leaders from two of the state's largest water agencies hailed the conclusion of all pending litigation, highlighting their commitment to fostering greater teamwork on a range of issues that affect nearly 19 million Southern California residents. The settlement dismisses all pending appeals, maintaining earlier judicial decisions on various matters. It includes provisions to reduce the potential for future litigation, improve certainty in budgeting, and increase flexibility in efficiently managing water supplies.

"For far too long, this legal battle sat at the center of Metropolitan's relationship with the Water Authority," Metropolitan board Chair Adán Ortega, Jr. said. "That era of conflict has finally come to an end and we can forge ahead, building a relationship based instead on cooperation and shared goals that will benefit the entire region. The agreement is acknowledgement of a regional approach to water supply management with mechanisms to efficiently squeeze every drop of water to assure future prosperity and our quality of life while protecting the sources of water we all depend upon."

The agreement also opens a pathway for San Diego to provide water to other water agencies in Metropolitan's service area.

"Ratepayers and water users across Southern California are the winners in this settlement. It provides a new revenue opportunity for San Diego, a new water supply opportunity for other communities, and greater budget certainty for the entire region," said Water Authority board Chair Nick Serrano. "Only by working together could we produce these results. I greatly appreciate our colleagues at Metropolitan for their willingness to move past years of disagreement and chart a brighter future."

Serrano made ending the litigation a cornerstone of his term that started in October 2024. He thanked prior Water Authority board leaders, including Chair Emeritus Mel Katz, for years spent laying the groundwork with Metropolitan's Board Chair Ortega.

Ortega shared his gratitude.

"I greatly appreciate the partnership of board Chair Serrano and former Chair Katz, who serves on Metropolitan's board, as well as the work of my Metropolitan board colleagues Vice Chair Nancy Sutley, Director Desi Alvarez and the members of Metropolitan's ad hoc committee on the San Diego litigation, as we set the groundwork of trust that made this agreement possible."

The litigation centered on the price the Water Authority pays to Metropolitan for an exchange of water. The Water Authority has acquired conserved Colorado River water from two sources: the Water Authority purchases water from the Imperial Irrigation District, and Metropolitan assigned to the Water Authority water conserved by the lining of the All-American and Coachella canals. This conserved Colorado River water totals up to 277,700 acre-feet a year (an acre-foot is about 326,000 gallons, enough to serve roughly three Southern California families for a year). The conserved Colorado River water is provided to Metropolitan at the Colorado River and, in exchange, Metropolitan delivers the same quantity of its water to San Diego. The Water Authority repeatedly challenged the price Metropolitan charged for this exchange starting in 2010, with both sides winning important legal judgments over more than a decade.

Under the settlement, the Water Authority will pay a fixed price to Metropolitan for delivery of the exchange water, adjusted annually for inflation. The price will no longer be tied to Metropolitan's rates, which was a source of dispute and litigation. In addition, the Water Authority will be able to offer those deliveries to other Metropolitan member agencies or to sell the conserved Colorado River water to Metropolitan.

"This agreement will allow San Diego to take advantage of our past investments in diverse water supplies to benefit regional ratepayers while addressing water reliability challenges more broadly," Water Authority General Manager Dan Denham said. "We look forward to building on the foundation of collaboration laid today."

"And from Metropolitan's perspective, the agreement provides increased revenue certainty, potential access to additional water, and the confidence that years of litigation are behind us," Metropolitan General Manager Deven Upadhyay said. "Today truly marks a new beginning. Through dialogue, negotiation and mutual understanding, we have found a common path forward. And we are all far better off for it."

The settlement agreement was drafted and refined over the past year by Ortega, Upadhyay, General Counsel Marcia Scully and Metropolitan's in-house litigation team, who worked with the Water Authority team of Serrano, Katz, Denham and General Counsel David Edwards.

Settlement Agreement Highlights

- Pending appeals are dismissed, all previous final judicial decisions remain in place and parties retain already decided attorneys' fees and costs awarded.
- Water Authority to pay Metropolitan an agreed upon fixed price for the delivery of exchange water, instead of the past price that was based on Metropolitan's rates. The fixed price will start at \$671 per acre-foot in 2026, and increase annually based on a specified consumer price index escalator.
- Water Authority to pay Metropolitan a fixed payment for 227,000 acre-feet of exchange water a year, rather than making payments based on volume of water exchanged. If more than 227,000 acre-feet of water is exchanged, then the Water Authority will pay the unit price based on volumetric deliveries.
- Provides Water Authority potential new revenue. The Water Authority can first offer to Metropolitan member agencies the right to receive exchange water, and then can offer to Metropolitan the right to purchase conserved water.
- Metropolitan and Water Authority will meet every five years to discuss ongoing implementation of the Exchange Agreement.

###

The Metropolitan Water District of Southern California is a state-established cooperative that provides water to its 26 member agencies in a service area of 19 million people across six counties. The district imports water from the Colorado River and Northern California to supplement local supplies, and helps its members to develop increased water conservation, recycling, storage and other resource-management programs.

The San Diego County Water Authority sustains a \$262 billion regional economy and the quality of life for more than 3 million residents through a multi-decade water supply diversification plan, major infrastructure investments and forward-thinking policies that promote fiscal and environmental responsibility. A public agency created in 1944, the Water Authority delivers wholesale water supplies to 22 retail water providers, including cities, special districts, and a military base.

Attachment 3

Requests for Dismissals

Attachment 3

No. A170156

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA
FIRST APPELLATE DISTRICT, DIVISION THREE

SAN DIEGO COUNTY WATER AUTHORITY,
Plaintiff, Appellant and Cross-Respondent,

v.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
Defendant, Respondent and Cross-Appellant.

CITY OF TORRANCE, THREE VALLEYS MUNICIPAL WATER DISTRICT,
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY, FOOTHILL MUNICIPAL
WATER DISTRICT, LAS VIRGINES MUNICIPAL WATER DISTRICT, EASTERN
MUNICIPAL WATER DISTRICT, AND WESTERN MUNICIPAL WATER DISTRICT,
Real Parties in Interest, Appellants and Respondents.

Appeal from the Superior Court for the County of San Francisco
No. CPF-14-514004 (consolidated with Nos. CPF-16-515282 and CPF-18-516389)
The Honorable Anne-Christine Massullo and Curtis E.A. Karnow

JOINT STIPULATION TO DISMISS APPEALS AND FOR IMMEDIATE ISSUANCE OF THE REMITTITUR

KEKER, VAN NEST & PETERS LLP
JOHN W. KEKER #49092
jkeker@keker.com
DAN JACKSON #216091
djackson@keker.com
WARREN A. BRAUNIG #243884
wbraunig@keker.com
NICHOLAS S. GOLDBERG #273614
ngoldberg@keker.com
633 Battery Street
San Francisco, CA 94111
Telephone: (415) 391-5400
Facsimile: (415) 397-7188
Attorneys for Appellant and Cross-
Respondent SAN DIEGO COUNTY
WATER AUTHORITY

MANATT, PHELPS & PHILLIPS, LLP
Barry W. Lee (SBN 88685)
Justin Jones Rodriguez (SBN 279080)
One Embarcadero Center, 30th Floor
San Francisco, California 94111
Telephone: (415) 291-7450
Facsimile: (415) 291-7474
Email: bwlee@manatt.com
Email: jjrodriguez@manatt.com

Attorneys for Respondent and Cross-
Appellant
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN
CALIFORNIA

Attachment 3

JOINT STIPULATION TO DISMISS APPEALS AND FOR IMMEDIATE ISSUANCE OF THE REMITTITUR

The parties have reached a settlement in the underlying Superior Court actions (Lead Case No. CPF-14-514004) and under the settlement agreement, agree to dismiss the appeals pending before this Court.

Under California Rules of Court 8.244(a) and (c), and in light of their recent settlement, the parties to this appeal jointly stipulate and request from this Court: (1) an order dismissing all appeals pending before this Court (pending as No. A170156), and (2) immediate issuance of the remittitur.

Appellant San Diego County Water Authority requests that its appeal filed on April 3, 2024 be dismissed.

Appellant Metropolitan Water District of Southern California requests that its appeal filed April 17, 2024 be dismissed.

Appellants Municipal Water District of Orange County, Eastern Municipal Water District, Western Municipal Water District, Las Virgenes Municipal Water District, Foothill Municipal Water District, Three Valleys Municipal Water District and City of Torrance request that their appeal filed May 3, 2024 be dismissed.

The parties further stipulate that each party shall bear its own fees and costs, except as to the amounts the Water Authority shall pay to Metropolitan as the Prevailing Party in the Superior Court action (Lead Case No. CPF-14-514004), as set forth in the settlement agreement.

Respectfully submitted,

Attachment 3

Respectfully submitted,

KEKER, VAN NEST & PETERS LLP

Dated:

By: _____
DAN JACKSON
Attorneys for Plaintiff, Appellant
and Cross-Respondent
SAN DIEGO COUNTY
WATER AUTHORITY

MANATT, PHELPS & PHILLIPS, LLP

Dated:

By: _____
BARRY W. LEE
Attorneys for Defendant,
Respondent and Cross-Appellant
METROPOLITAN WATER
DISTRICT OF SOUTHERN
CALIFORNIA

Dated:

By: _____
PATRICK Q. SULLIVAN
Attorneys for Real Party in Interest,
Appellant and Respondent
CITY OF TORRANCE
BRUNICK, MCELHANEY &
KENNEDY

Dated:

By: _____
STEVEN M. KENNEDY
Attorneys for Real Party in Interest,
Appellant and Respondent
THREE VALLEYS MUNICIPAL
WATER DISTRICT

Attachment 3

ALESHIRE & WYNDER, LLP

Dated:

By: _____
CHRISTINE M. CARSON
Attorneys for Real Parties in
Interest, Appellants and
Respondents
MUNICIPAL WATER DISTRICT
OF ORANGE COUNTY,
FOOTHILL MUNICIPAL WATER
DISTRICT, LAS VIRGENES
MUNICIPAL WATER DISTRICT,
EASTERN MUNICIPAL WATER
DISTRICT, and WESTERN
MUNICIPAL WATER DISTRICT

ALESHIRE & WYNDER, LLP

Dated:

By: _____
STEVE O'NEILL
Attorneys for Real Parties in
Interest, Appellants and
Respondents
LAS VIRGENES MUNICIPAL
WATER DISTRICT, FOOTHILL
MUNICIPAL WATER DISTRICT,
WESTERN MUNICIPAL WATER
DISTRICT AND EASTERN
MUNICIPAL WATER DISTRICT

Attachment 3

CIV-110

ATTORNEY OR PARTY WITHOUT ATTORNEY NAME: Barry W. Lee (SBN 88685); Justin Jones Rodriguez (SBN 279080) FIRM NAME: Manatt, Phelps & Phillips, LLP STREET ADDRESS: One Embarcadero Center, 30th Floor CITY: San Francisco STATE: CA ZIP CODE: 94111 TELEPHONE NO.: (415) 291-7450 FAX NO.: (415) 291-7474 EMAIL ADDRESS: bwlee@manatt.com; jjrodriguez@manatt.com ATTORNEY FOR (name): Metropolitan Water District of Southern California	<i>FOR COURT USE ONLY</i>
SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN FRANCISCO STREET ADDRESS: 400 McAllister St. MAILING ADDRESS: 400 McAllister St. CITY AND ZIP CODE: San Francisco, CA 94102-4514 BRANCH NAME: Civic Center Courthouse	
PLAINTIFF/PETITIONER: San Diego County Water Authority DEFENDANT/RESPONDENT: Metropolitan Water District of Southern California	
REQUEST FOR DISMISSAL	
CASE NUMBER: CPF-14-514004 (lead case), consolidated with CPF-16-515282 and CPF-18-516389	

A conformed copy will not be returned by the clerk unless a method of return is provided with the document.

This form may not be used for dismissal of a derivative action or a class action or of any party or cause of action in a class action. (Cal. Rules of Court, rules 3.760 and 3.770.)

1. TO THE CLERK: Please **dismiss** this action as follows:
- a. (1) With prejudice (2) Without prejudice (3) Without prejudice and with the court retaining jurisdiction (Code Civ. Proc., § 664.6)
- b. (1) Complaint (2) Petition
- (3) Cross-complaint filed on (date): by (name):
- (4) Cross-complaint filed on (date): by (name):
- (5) Entire action of all parties and all causes of action
- (6) Other (specify)*:
2. (Complete in all cases except family law cases.)
- The court did did not waive court fees and costs for a party in this case. (This information may be obtained from the clerk. If court fees and costs were waived, the declaration on the back of this form must be completed.)

Date: May , 2025

Barry W. Lee

/s/ Barry W. Lee

(TYPE OR PRINT NAME OF ATTORNEY PARTY WITHOUT ATTORNEY)

(SIGNATURE)

* If dismissal requested is of specified parties only, of specified causes of action only, or of specified cross-complaints only, so state and identify the parties, causes of action, or cross-complaints to be dismissed

Attorney or party without attorney for

Plaintiff/Petitioner Defendant/Respondent

Cross-Complainant

3. TO THE CLERK: Consent to the above dismissal is hereby given.†

Date:

(TYPE OR PRINT NAME OF ATTORNEY PARTY WITHOUT ATTORNEY)

(SIGNATURE)

† If item 1a(3) is checked, all parties must sign. If a cross-complaint—or Response—Marriage/Domestic Partnership (form FL-120) seeking affirmative relief—is on file, the attorney for cross-complainant (respondent) must sign this consent if required by Code of Civil Procedure section 581(i) or (j).

Attorney or party without attorney for

Plaintiff/Petitioner Defendant/Respondent

Cross-Complainant

Check here and use form MC-025 or a separate page for additional signatures. Include date, printed name, and party information.

4. Dismissal entered as requested on (date):
5. Dismissal entered on (date): as to only (name):
6. Dismissal **not entered** as requested for the following reasons (specify):
7. a. Attorney or party without attorney notified on (date):
- b. Attorney or party without attorney not notified. Filing party failed to provide
- a copy to be conformed means to return conformed copy

Attachment 3

CIV-110

Date:

Clerk, by _____, Deputy

Attachment 3

CIV-110

PLAINTIFF/PETITIONER: DEFENDANT/RESPONDENT:	CASE NUMBER:
--	--------------

COURT'S RECOVERY OF WAIVED COURT FEES AND COSTS

If a party whose court fees and costs were initially waived has recovered or will recover \$10,000 or more in value by way of settlement, compromise, arbitration award, mediation settlement, or other means, the court has a statutory lien on that recovery. The court may refuse to dismiss the case until the lien is satisfied. (Gov. Code, § 68637.)

Declaration Concerning Waived Court Fees

1. The court waived court fees and costs in this action for *(name)*:
2. The person named in item 1 is *(check one below)*
 - a. not recovering anything of value by this action.
 - b. recovering less than \$10,000 in value by this action.
 - c. recovering \$10,000 or more in value by this action. *(If item 2c is checked, item 3 must be completed.)*
3. All court fees and court costs that were waived in this action have been paid to the court *(check one)*: Yes No

I declare under penalty of perjury under the laws of the State of California that the information above is true and correct.

Date:

(TYPE OR PRINT NAME OF ATTORNEY PARTY MAKING DECLARATION)

(SIGNATURE)

Attachment 3

1 MANATT, PHELPS & PHILLIPS, LLP
Barry W. Lee (SBN 88685)
2 Justin Jones Rodriguez (SBN 279080)
One Embarcadero Center, 30th Floor
3 San Francisco, California 94111
Telephone: (415) 291-7450
4 Facsimile: (415) 291-7474
Email: bwlee@manatt.com
5 Email: jjrodriguez@manatt.com

*Exempt from filing fee pursuant to
Government Code § 6103*

6 THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
Marcia Scully (SBN 80648)
7 Heather C. Beatty (SBN 161907)
Patricia J. Quilizapa (SBN 233745)
8 700 North Alameda Street
Los Angeles, California 90012-2944
9 Telephone: (213) 217-6834
Facsimile: (213) 217-6890
10 Email: hbeatty@mwdh2o.com

11 *Attorneys for Respondent, Defendant, and Cross-Complainant*
12 THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

13 Additional counsel listed on following page

14
15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 FOR THE COUNTY OF SAN FRANCISCO

17
18 SAN DIEGO COUNTY WATER
AUTHORITY,

Case No. CPF-14-514004; consolidated
with Case Nos. CPF-16-515282 & CPF-18-
516389

19 Petitioner and Plaintiff,

Assigned for all purposes to the
Hon. Anne-Christine Massullo, Dept. 206

20 v.

**JOINT STIPULATION AND REQUEST
FOR DISMISSAL WITH PREJUDICE**

21 THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA, ALL
22 PERSONS INTERESTED IN THE VALIDITY
OF THE RATES ADOPTED BY THE
23 METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA ON APRIL 8,
24 2014 TO BE EFFECTIVE JANUARY 1, 2015
AND JANUARY 1, 2016; and DOES 1-10,

25 Respondents and Defendants.
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Attachment 3

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THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA,

Respondent, Defendant and Cross-
Complainant,

vs.

SAN DIEGO COUNTY WATER
AUTHORITY,

Petitioner, Plaintiff and Cross-
Defendant.

Attachment 3

1 MILLER BARONDESS LLP
2 Mira Hashmall (SBN 216842)
3 1999 Avenue of the Stars, Suite 1000
4 Los Angeles, California 90067
5 Telephone: 310-552-4400
6 Facsimile: 310-552-8400
7 Email: mhashmall@millerbarondess.com

8 MORGAN, LEWIS & BOCKIUS LLP
9 Colin C. West (SBN 184095)
10 One Market, Spear Street Tower
11 San Francisco, California 94105-1596
12 Telephone: (415) 422-1000
13 Facsimile: (415) 422-1101
14 Email: colin.west@morganlewis.com

15 *Attorneys for Respondent, Defendant, and Cross-Complainant*
16 THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

17
18 KEKER, VAN NEST & PETERS LLP
19 JOHN KEKER - # 49092
20 jkeker@keker.com
21 DAN JACKSON - # 216091
22 djackson@keker.com
23 WARREN A. BRAUNIG - # 243884
24 wbraunig@keker.com
25 NICHOLAS S. GOLDBERG - # 273614
26 ngoldberg@keker.com
27 633 Battery Street
28 San Francisco, CA 94111-1809
Telephone: 415 391 5400
Facsimile: 415 397 7188

Attorneys for Petitioner and Plaintiff
SAN DIEGO COUNTY WATER AUTHORITY

Attachment 3

1 Petitioner, Plaintiff, and Cross-Defendant San Diego County Water Authority (“San
2 Diego”) and Respondent, Defendant, and Cross-Complainant Metropolitan Water District of
3 Southern California (“Metropolitan”) (collectively, the “Parties”)¹, by and through their
4 respective counsel, submit the following stipulation and request for dismissal:

5 WHEREAS, on DATE, the Parties finalized a settlement agreement (the “Settlement
6 Agreement”) that, on the terms stated within the Settlement Agreement, resolved all the disputes
7 between the Parties related to the claims and cross-claims, including any and all causes of actions,
8 appeals, and appealable issues, in the following cases, all of which have been consolidated in this
9 action: Case Nos. CPF-14-514004 (Lead Case), CPF-16-515282, and CPF-18-516389;

10 WHEREAS, the Parties agree, stipulate and request that this Court dismiss with prejudice
11 the entire action of all Parties and all causes of action; and

12 WHEREAS, the Parties further stipulate that each party shall bear its own fees and costs,
13 except as to the amounts San Diego shall pay to Metropolitan as the Prevailing Party in this
14 consolidated action (Lead Case No. CPF-14-514004), as set forth in the Settlement Agreement.

15 NOW THEREFORE, the Parties hereby agree, stipulate, and request that this Court:

- 16 1. Dismiss with prejudice the entire action of all Parties and all causes of action; and
- 17 2. Each party shall bear its own fees and costs, except as to the amounts San Diego shall
18 pay to Metropolitan as the Prevailing Party in this consolidated action (Lead Case No.
19 CPF-14-514004), as set forth in the Settlement Agreement.

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26 ¹ The following Real Parties in Interest also join in this stipulation and request for dismissal with
27 prejudice: Municipal Water District of Orange County, Eastern Municipal Water District,
28 Western Municipal Water District, Las Virgenes Municipal Water District, Foothill Municipal
 Water District, Three Valleys Municipal Water District and City of Torrance.

Attachment 3

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Respectfully Submitted,

Dated: June __, 2025

MANATT, PHELPS & PHILLIPS, LLP

By: _____

Justin Jones Rodriguez
Attorneys for Respondent, Defendant, and
Cross-Complainant
METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Dated: June __, 2025

KEKER, VAN NEST & PETERS LLP

By: _____

Warren A. Braunig
Dan Jackson
Attorneys for Petitioner, Plaintiff and
Cross-Defendant
SAN DIEGO COUNTY WATER
AUTHORITY

Dated: June __, 2025

By: _____

PATRICK Q. SULLIVAN

Attorneys for Real Party in Interest
CITY OF TORRANCE

Dated: June __, 2025

BRUNICK, MCELHANEY & KENNEDY

By: _____

STEVEN M. KENNEDY

Attorneys for Real Party in Interest
THREE VALLEYS MUNICIPAL WATER
DISTRICT

Attachment 3

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Dated: June __, 2025

ALESHIRE & WYNDER, LLP

By: _____

CHRISTINE M. CARSON

Attorneys for Real Parties in Interest
MUNICIPAL WATER DISTRICT OF
ORANGE COUNTY, FOOTHILL
MUNICIPAL WATER DISTRICT, LAS
VIRGENES MUNICIPAL WATER
DISTRICT, EASTERN MUNICIPAL
WATER DISTRICT, and WESTERN
MUNICIPAL WATER DISTRICT