

Exhibit 12

THE 2002 EXCHANGE AGREEMENT

THIS 2002 EXCHANGE AGREEMENT ("Agreement") is made this ____ day of _____, 2002, for identification purposes only, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public agency ("MWD"), COACHELLA VALLEY WATER DISTRICT, a public agency ("CVWD") and DESERT WATER AGENCY, a public agency ("DWA").

MWD, CVWD and DWA are sometimes referred to individually as a "Party" and collectively as "Parties."

RECITALS

A. MWD is a metropolitan water district organized under the California Metropolitan Water District Act, codified at §109-1 et seq. of the Appendix to the California Water Code, engaged in developing, storing and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura, California.

B. CVWD is a county water district organized under the California County Water District Law, codified at sections 30000, et seq. of the California Water Code, and utilizes Colorado River water in Riverside County, California, for groundwater recharge as well as potable and irrigation purposes.

C. DWA is an independent special district organized under the Desert Water Agency Law, codified at Section 100-1 et seq. of the Appendix to the California Water Code, and also utilizes Colorado River water in Riverside County, California, for groundwater recharge purposes.

D. MWD hereby agrees to transfer to CVWD and to DWA, and CVWD and DWA agree to accept, the entitlement to a total of One Hundred Thousand (100,000) acre feet per year of annual Table A water ("Entitlement Water") to which MWD is entitled from the State Water Resources Development System, authorized and construed pursuant to California Water Code sections 12930, et seq. ("State Water Project") pursuant to its Water Supply Contract with the State of California Department of Water Resources ("DWR"). Of the total Entitlement Water transferred, 88,100 acre feet shall be

transferred to CVWD, and 11900 acre feet shall be transferred to DWA.

E. Concurrently with the transfer of the Entitlement Water to CVWD and DWA, MWD shall exchange an equal quantity (totaling One Hundred Thousand (100,000) acre feet per year) of MWD's allocation of Colorado River Water ("Colorado River Water") for the Entitlement Water.

F. The transfer of the Entitlement Water by MWD to CVWD and to DWA, and the exchange thereof of Colorado River Water, shall be on the terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS OF THE PARTIES AND FOR GOOD AND VALUABLE CONSIDERATION THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, IT IS HEREBY AGREED AS FOLLOWS:

ARTICLE 1

CONSTRUCTION

1.1 Rules of Construction and Word Usage. Unless the context clearly requires otherwise:

(a) The Recitals to this Agreement are a part of this Agreement to the same extent as the Articles;

(b) The plural and singular numbers include the other;

(c) The masculine, feminine and neuter genders include the others;

(d) "Shall," "will," "must" and "agrees" are each mandatory;

(e) "May" is permissive;

(f) "May not" is prohibitory;

(g) "Or" is not exclusive;

(h) "Includes" and "including" are not limiting;

(i) "Between" includes the ends of the identified range;
and

(j) "Person" includes any natural person or legal entity.

ARTICLE 2

TRANSFER OF STATE PROJECT WATER TO CVWD

2.1 Subject to the provisions of Section 6.1, MWD hereby unconditionally transfers, grants and assigns 88,100 acre feet of Entitlement Water to CVWD, and 11900 acre feet of Entitlement Water to DWA.

2.2 MWD also unconditionally transfers, grants and assigns MWD's right, title and interest in and to capacity in the State Water Project("Capacity Rights") to CVWD and to DWA, as follows:

(a) to CVWD, as much of MWD's Capacity Rights as DWR deems appropriate to increase CVWD's total capacity in the State Water Project to that associated with the delivery of 111,200 acre-feet per year of Table A entitlement to the State Water Project water through Reach 25 of the State Water Project, and to that associated with the delivery of 88,100 acre-feet per year of Table A entitlement to State Water Project water through Reach 28J of the State Water Project; and

(b) to DWA, as much of MWD's Capacity Rights as DWR deems appropriate to increase DWA's total capacity in the State Water Project to that associated with the delivery of 50,000 acre-feet per year of Table A entitlement to the State Water Project water through Reach 25 of the State Water Project, and to that associated with the delivery of 11,900 acre-feet per year of Table A entitlement to State Water Project water through Reach 28J of the State Water Project.

2.3 The Parties shall advise DWR of the transfer of the Entitlement Water and Capacity Rights from MWD to CVWD and to DWA, and shall satisfy all conditions and guidelines mandated by DWR for the transfer thereof, including amendment of their respective Water Supply Contracts. In addition, MWD shall, at its sole cost and expense, apply for and obtain all necessary consents, approvals, permits, licenses or entitlements, if any, from all governmental agencies, including without

limitation, DWR, to transfer the Entitlement Water to CVWD and to DWA.

ARTICLE 3

EXCHANGE OF ENTITLEMENT WATER

- 3.1 All deliveries of the Entitlement Water are hereby exchanged for a total of One Hundred Thousand (100,000) acre feet, annually of MWD's allocation of Colorado River Water.

ARTICLE 4

DELIVERY OF ENTITLEMENT WATER

- 4.1 (a) CVWD and DWA shall cause DWR, as operator of the State Water Project, to deliver the Entitlement Water to MWD at structures serving MWD [from] the Delta facilities to the Perris Reservoir (Reaches 1 through 28J), as MWD shall direct. Any additional costs for the delivery of Entitlement Water through those reaches of the State Water Project beyond the foregoing delivery structure shall be paid by MWD. The additional costs shall include, without limitation, operation and maintenance costs and higher power costs for moving such water. If CVWD's or DWA's present point of delivery from the State Water Project should be changed, the Parties, by written agreement, may modify the provisions of this section. CVWD and DWA shall invoice MWD periodically for payment or reimbursement of such additional costs. Payment of the amount shown on any such invoice shall be due on the thirtieth (30th) day after the receipt of the invoice by MWD ("Due Date").

(b) Every payment to CVWD or DWA required under this Agreement must be made in lawful money of the United States of America, to the order of CVWD or DWA, as the case may be, and paid by wire transfer. The initial wire transfer instructions are as follows:

Coachella Valley Water District
Desert Water Agency

CVWD or DWA, or both, may change these wire transfer instructions by giving a notice in accordance with section 10.11 below.

(c) Payment of the amount required shall be delinquent if not received before the close of crediting activity on the Due Date. In the event that MWD is delinquent in the payment of any amount required, MWD shall pay an additional charge ("Late Payment Charge") equal to two percent (2%) of the delinquent payment for each month or portion thereof, that such payment remains delinquent, provided however, that if the total period of delinquency does not exceed five (5) business days, the additional charge shall be equal to one percent (1%) of the delinquent payment.

- 4.2 CVWD and DWA shall each pay all costs and charges due for the conveyance of the Entitlement Water and related to the Capacity Rights in the same manner and to the same extent that CVWD and DWA would be charged by DWR if the Entitlement Water was delivered to CVWD and to DWA at their delivery point at the Perris Reservoir (Reach 28J) instead of being exchanged hereunder. CVWD and DWA shall each receive all credits, benefits and entitlements which accrue to the owner of the entitlement to the Entitlement Water and Capacity Rights, including all rate management funds and the credits derived from the net value of any electric power received from the delivery of Entitlement Water to MWD at structures serving MWD at the Delta facilities to the Perris Reservoir (Reaches 1 through 28J) or at such other locations agreed to by the parties and approved by DWR.
- 4.3 The Parties hereby acknowledge and agree that DWR cannot guarantee the delivery of State Project Water, including Entitlement Water due to acts of God or reasons beyond DWR's control, including, without limitation, dry hydrology. In the event that CVWD and DWA do not receive one hundred percent (100%) of their Entitlement Water due to the reasons set forth herein, MWD shall be obligated to deliver to CVWD and to DWA Colorado River Water equal to the amount of Entitlement Water MWD receives from DWR, per year.
- 4.4 During any calendar year any deliveries of the Entitlement Water by DWR to MWD from the State Water Project shall be deemed to be CVWD's and DWA's State Project Water, in proportion to their shares of the total quantity of Entitlement Water transferred to CVWD and to DWA as set forth herein. State Project Water. Deliveries of Entitlement Water shall be measured by measuring devices and equipment installed at the delivery structures for delivery of water from the State Water Project pursuant to MWD's own contract therefor. All costs with respect to such measuring devices and

equipment shall be borne by MWD, except that costs incurred for inspection of such devices and equipment made by or at the request of CVWD and DWA shall be paid or reimbursed to MWD by CVWD and DWA.

- 4.5 CVWD and DWA shall not be liable to MWD for any damages or liability arising from a failure of DWR to deliver the Entitlement Water to MWD, which failure results from a cessation or reduction of flow of water in the State Water Project below the quantities required from time to time for delivery to MWD under this Agreement. MWD shall defend and indemnify CVWD and DWA, their directors, officers, employees, agents and representatives (collectively, "Released Parties") from and against any and all claims and liability which may result in any manner or to any extent from any such failure, or from any action or inaction by MWD, its directors, officers, employees, agents or representatives done or made with respect to the receipt and distribution by MWD of CVWD's and DWA's State Project Water, including but not limited to, the construction, reconstruction, operation, maintenance, removal and repair of facilities necessary or used therefor.

ARTICLE 5

DELIVERY OF COLORADO RIVER WATER

- 5.1 MWD shall deliver to CVWD and to DWA their respective shares of the Colorado River Water, at such delivery structures on the Colorado River Aqueduct as may be requested by CVWD and by DWA. Alternatively, when requested by CVWD, MWD shall deliver CVWD's share of Colorado River Water at facilities at the Imperial Dam for the delivery of the Colorado River Water through the Coachella Canal. For purposes of this Agreement, the term "Colorado River Aqueduct" shall mean the aqueduct system owned and operated by MWD and transporting water from Lake Havasu on the Colorado River to Lake Mathews in Riverside County, California. MWD shall pay all costs incurred in connection with the delivery of Colorado River Water to CVWD and to DWA.
- 5.2 CVWD and DWA shall, on an annual basis, prepare schedules for the delivery of their respective shares of the Colorado River Water for the next succeeding calendar year. MWD shall, subject to section 6.1, initiate or cause to be initiated, delivery of such water to CVWD and to DWA at the delivery point designated by them and shall continuously and

consistently deliver such water pursuant to such schedules.

- 5.3 MWD hereby agrees that CVWD shall, when Colorado River Water is delivered to the Imperial Dam, be credited with the savings in power and energy resulting from avoided pumping on the Colorado River Aqueduct.
- 5.4 MWD's chief executive officer shall have the right, upon giving reasonable notice in advance thereof to CVWD and to DWA, to control, curtail, interrupt or suspend the delivery of Colorado River Water to CVWD and to DWA whenever he/she shall reasonably determine that any such action is required for the proper inspection, repair, maintenance or operation of the Colorado River Aqueduct to enable MWD to supply water to its member agencies, or for the proper service of Colorado River Water to CVWD and to DWA. Such notice shall be given to CVWD and to DWA in the same manner as MWD would notify a member agency. Full delivery of Colorado River Water shall be resumed as soon as possible.
- 5.5 All Colorado River Water delivered by MWD to CVWD and to DWA shall be measured by measuring devices and equipment installed at the delivery structure or structures at which Colorado River Water is delivered by MWD to CVWD. CVWD and DWA shall have the right, at any time, to require that any such device or equipment be tested by MWD, and CVWD and DWA shall have the further right to be represented by a qualified observer during any such test. Should such test disclose an error exceeding two percent (2%), an adjustment to correct such error shall be made in future deliveries of Colorado River Water, such adjustment to cover the known or estimated period of duration of such error, but in no event exceeding six (6) months. All costs of such test disclosing an error in excess of two percent (2%) shall be paid by MWD, otherwise all such costs shall be paid by CVWD or by DWA, as the case may be..
- 5.6 MWD shall not be liable to CVWD or to DWA for any damages or liability arising from a failure of MWD to deliver Colorado River Water, which failure results from a cessation or reduction of flow of water in the Colorado River Aqueduct below the quantities required from time to time for delivery to CVWD and to DWA under this Agreement. CVWD and DWA shall each defend and indemnify MWD, its directors, officers, employees, agents and representatives from and against any and all claims and liabilities which may result in any manner or to any extent from any such failure, or from any action or inaction by CVWD or DWA or their directors, officers,

employees, agents or representatives done or made with respect to the receipt and distribution by CVWD or DWA of MWD's Colorado River Water, including but not limited to, the construction, reconstruction, operation, maintenance, removal and repair of facilities necessary or used therefor.

ARTICLE 6

MWD CALL-BACK OPTION

6.1 MWD shall have an annual option, if not at the time in default under this Agreement, to appropriate all, but not less than all, of the Entitlement Water under the following terms and conditions:

(a) The option shall commence on January 1 of each year ("Commencement Date") and continue in effect until 5:00 p.m. on February 28 of each year.

(b) CVWD and DWA must receive written notice of MWD's exercise of an option after the Commencement Date for the then existing option and at least one (1) business day before the expiration of the then existing option.

(c) MWD may only exercise its option if

(i) DWR approves less than the full Table A entitlement delivery of State Water Project Water to MWD in the then existing option year; or

(ii) Total Colorado River Aqueduct diversion is less than One Million (1,000,000) acre feet in the then existing option year due to reasons beyond MWD's reasonable control.

In the written notice exercising the then existing option, MWD shall set forth which of the foregoing circumstances exist as the right to exercise the option.

(d) MWD may only exercise the option ten (10) ~~five (5)~~ years out of any rolling twenty (20) ~~ten (10)~~ year period.

6.2 In the event MWD exercises an option pursuant to section 6.1 above, MWD shall have no obligation to deliver or cause the delivery of Colorado River Water to CVWD or to DWA, as the case may be, for the year for which the option was exercised;

provided, however, if Colorado River Water was delivered to CVWD or to DWA prior to the exercise of the then existing option, CVWD or DWA, as the case may be, shall have no obligation to return an equivalent amount of water to MWD nor shall such amount be deducted from future Colorado River Water deliveries to CVWD or to DWA.

- 6.3 In the event all of the terms and conditions of section 6.1 have been satisfied, MWD shall have all right, title and interest to the Entitlement Water for the year the option is exercised; provided that, MWD shall reimburse CVWD and DWA for all costs and charges imposed by DWR upon CVWD and DWA for the Entitlement Water for the year, taking into account any credits to CVWD and to DWA for rate management funds, power generation and any other credits associated with the Entitlement Water. CVWD and DWA shall invoice MWD periodically for payment of reimbursement of such costs and charges. Payment of the amount shown on any such invoice shall be due on the Due Date. The provisions of sections 4.1(b) and (c) shall apply to the payment of the invoice.

ARTICLE 7

DEFAULT

- 7.1 Each of the following constitutes an "Event of Default" by CVWD or by DWA under this Agreement:

(a) CVWD or DWA fails to pay a required amount by the Due Date. If CVWD or DWA fails to pay a required amount by the Due Date, that delinquent payment will also bear a Late Payment Charge as set forth herein.

(b) CVWD or DWA fails to perform or observe any term, covenant or undertaking in this Agreement that it is to perform or observe and such default continues for forty-five (45) days from a Notice of Default being sent in the manner provided in section 10.11.

- 7.2 Each of the following constitutes an Event of Default by MWD under this Agreement:

(a) MWD fails to pay a required amount by the Due Date. If MWD fails to pay amounts required hereunder by the Due Date, that delinquent payment will bear a Late Payment Charge

as set forth herein.

(b) MWD fails to perform or observe any term, covenant or undertaking in this Agreement that it is to perform or observe and such default continues for forty-five (45) days from a Notice of Default being sent in the manner provided in section 10.11.

ARTICLE 8

REMEDIES

- 8.1 Each Party recognizes that the rights and obligations of the Parties under this Agreement are unique and of such a nature as to be inherently difficult or impossible to value monetarily. If one Party does not perform in accordance with this Agreement, the other Party will likely suffer harm curable only by the imposition of an injunction requiring specific performance. Thus, each of the Parties agrees that any breach of this Agreement by any Party shall entitle the non-breaching Party to injunctive relief, including but not limited to, a decree of specific performance, in addition to any other remedies at law or in equity that may be available in the circumstances.
- 8.2 The Parties do not intend that any right or remedy given to a Party on the breach of any provisions 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 right or remedy, the non-breaching Party does not thereby waive the 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.
- 8.3 Each Party acknowledges that it is a "local agency" within the meaning of section 394(c) of the California Code of Civil Procedure (Code Civ.Proc.). Each Party further acknowledges that any action or proceeding commenced by one Party against the other would, under section 394(a) of the Code of Civil Procedure, as a matter of law be subject to:

(a) Being transferred to a "Neutral County," or instead having a disinterested judge for a Neutral County assigned by

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

(b) 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 *section 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 8.3, may be submitted to the court as part of the moving papers.

(c) Nothing in this section, however, shall impair or limit the ability of a Party to contest the suitability of any particular county to serve as a Neutral County.

ARTICLE 9

RESOLUTION OF DISPUTES

9.1 Within thirty (30) business days of the Parties identifying the existence of a dispute ("Dispute"), the General Manager of CVWD and/or DWA, as the case may be, Chief Executive Officer of MWD shall meet and attempt to resolve the Dispute to their mutual satisfaction. Any such resolution shall be in writing and be binding on the Parties.

9.2 Any Dispute arising out of this Agreement which cannot be resolved by agreement shall be resolved through binding arbitration by a panel of arbitrators in an arbitration proceeding conducted in a Neutral County, or such other location as the Parties may agree. Arbitration proceedings may be initiated by either Party sending a demand for arbitration to the other Party in conformance with section 10.11 of this Agreement. The Parties shall impanel a group of three arbitrators by each selecting an arbitrator of their

choice who shall then select the third member of the panel.

If the two arbitrators appointed by the Parties cannot agree on a third arbitrator within ten (10) business days from the initiation of the arbitration proceeding, the third neutral arbitrator shall be selected by the presiding judge of the Neutral County Superior Court. At least one of the arbitrators must be a person who has actively engaged in the practice of law with expertise deciding disputes and interpreting contracts. Prior to the commencement of proceedings, the appointed arbitrators will take an oath of impartiality. The Parties shall use their reasonable best efforts to have the arbitration proceedings concluded within ninety (90) business days of the selection of the third panel member.

- 9.3 In rendering the award, the arbitrators shall determine the rights and obligations of the Parties according to the substantive and procedural laws of California. All discovery shall be governed by the Code of Civil Procedure with all applicable time periods for notice and scheduling provided therein being reduced by one-half ($\frac{1}{2}$). The arbitrators may establish other discovery limitations or rules. The arbitration process will otherwise be governed by the Commercial Arbitration Rules of the American Arbitration Association. All issues regarding compliance with discovery requests shall be decided by the arbitrators. A decision by two of three arbitrators will be deemed the arbitration decision. The arbitration decision shall be in writing and shall specify the factual and legal basis for the decision.

The decision of such arbitrators shall be final and binding upon the Parties and judgment upon the decision rendered by the arbitration may be entered in the Neutral County Superior Court.

- 9.4 The costs (including, but not limited to, reasonable fees and expenses of counsel and expert or consultant fees and costs) incurred in an arbitration (including the costs to enforce or preserve the decision) shall be borne by the Party whom the decision is against. If the decision is not clearly against one Party on one or more issues, each Party shall bear its own costs. The arbitration decision shall identify whether any Party shall be responsible for the other Party's costs.

ARTICLE 10

GENERAL PROVISIONS

- 10.1 If the performance, in whole or in part, of the obligations of the respective Parties under this Agreement is hindered, interrupted or prevented by wars, strikes, lockouts, fire, acts of God or by other acts of military authority, or by any cause beyond the control of the respective Parties hereto, whether similar to the causes herein specified or not, such obligations of the respective Parties under this Agreement shall be suspended to the extent and for the time the performance thereof is affected by any such act. Upon the cessation of any such hindrance, interruption or prevention, the Parties shall become obligated to resume and continue performance of their respective obligations under this Agreement. Notwithstanding any act described in this section, the Parties shall diligently undertake all reasonable effort to perform this Agreement.
- 10.2 Each of the Parties shall maintain and make available for inspection by another Party, during regular office hours, accurate records pertaining to the times and amounts of exchange deliveries and to the costs, disbursements and receipts with respect to the construction, operation and maintenance of structures for the delivery of Entitlement Water, Colorado River Water, MWD Water and Exchange Water.
- 10.3 This Agreement shall not be construed as a conveyance, abandonment or waiver of any water right to the use of Entitlement Water which is held or owned by CVWD or DWA, or a conveyance, abandonment or a waiver of any water right to the use of Colorado River Water which is held or owned by MWD. Nor shall it be construed as conferring any right whatsoever upon any person, firm or other public or private entity not a party to this Agreement.
- 10.4 This Agreement is entered into in the Counties of Riverside and Los Angeles, California and shall be governed by and construed in accordance with the laws of the State of California.
- 10.5 In the event of any legal action or proceeding arising from or related in any way to a breach of or enforcement or interpretation of this Agreement, the prevailing party shall be entitled to recover from the other Party reasonable attorneys' fees and court costs in such amounts as shall be allowed by the court.

10.6 In the event that any term or condition of this Agreement is determined to be invalid, illegal or otherwise unenforceable, such determination shall have no effect on the other terms and conditions, which shall continue to be binding upon the Parties hereto. Lack of enforcement of any term or condition of this Agreement shall not be construed as a waiver of any rights conferred by such term or condition. Unless otherwise agreed to in writing, the failure of any Party to require the performance by the other Party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver of any provision hereof on one occasion be taken or held to be a waiver of the provision itself.

10.7 This Agreement shall be binding on the Parties and their respective successors and assigns.

10.8 Any person signing this Agreement represents that he/she has full power and authority to do so, and, that his/her signature is legally sufficient to bind the Party on whose behalf he/she is signing.

10.9 This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof, and supersedes any prior understanding between the Parties, except as set forth herein, whether written or oral. This Agreement can be amended only in writing signed by the Parties.

10.10 Time is of the essence of this Agreement.

10.11 Any communication, notice or demand of any kind whatsoever which any Party may be required or may desire to give to or serve upon the other Party shall be in writing and delivered by personal service (including express or courier service), by electronic communication, whether by telex, telegram or telecopying (if confirmed in writing sent by registered or certified mail, postage prepaid, return receipt requested), or by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

MWD: Metropolitan Water District of Southern California
Attention: Chief Executive Officer
P.O. Box 54153
Los Angeles CA 90054-0153

for personal or overnight delivery:
Metropolitan Water District of Southern California
Attention: Chief Executive Officer
700 North Alameda St
Los Angeles CA 90012
Telephone:
Facsimile:

Copy to: Metropolitan Water District of Southern California
Attention: General Counsel
P.O. Box 54153
Los Angeles CA 90054-0153

CVWD: Coachella Valley Water District
Attention: General Manager/Chief Engineer
P. O. Box 1058
Coachella CA 92236

for personal or overnight delivery:
Coachella Valley Water District
Attention: General Manager/Chief Engineer
Avenue 52 and Highway 111
Coachella CA 92236
Telephone: 760-398-2651
Facsimile: 760-398-3711

Copy to: Gerald D. Shoaf, Esq.
Steven B. Abbott, Esq.
Redwine and Sherrill
1950 Market Street
Riverside CA 92501-1720
Telephone: 909-684-2520
Facsimile: 909-684-9583

DWA: Desert Water Agency
Attention: General Manager
1200 Gene Autry Trail
P.O. Box 1710
Palm Springs, CA 92263-1710
Telephone: 760-323-4961
Facsimile: 760-325-6505

Copy to: Michael T. Riddell, Esq.
Best, Best & Krieger LLP
3750 University Ave., Suite 400

P.O. Box 1028
Riverside, CA 92502
Telephone: 909-686-1450
Facsimile: 909-686-3083

Any Party may change its address for notice by written notice given to the other Parties in the manner provided in this subsection 10.11. Any such communication, notice or demand shall be deemed to have been duly given or served on the date personally served, if by personal service; one (1) day after the date of confirmed dispatch, if by electronic communication, or three (3) days after being placed in the U.S. mail, if mailed.

- 10.12 Each Party agrees to perform any further acts and to execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.
- 10.13 The provisions of this Agreement shall be construed as to their fair meaning, and not for or against any Party based upon any attribution to such Party as the source of the language in question.
- 10.14 This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon, provided such signature page is attached to another counterpart identical thereto, except for having additional signature pages executed by another Party to this Agreement attached thereto.
- 10.15 This Agreement is made solely for the benefit of the Parties hereto and their respective successors and assigns. No other person or entity may have or acquire any right by virtue of this Agreement.
- 10.16 The Parties agree to cooperate in the determination of whether storage of water is feasible in the lower basin ("Lower Basin") of CVWD's service area; provided that no Party shall be obligated to expend money for such purpose except as otherwise provided herein. [need to discuss cost sharing for studies to determine the feasibility or advisability of Lower Basin groundwater storage.]
- 10.17 The Parties intend to execute that certain Upper Basin Storage Agreement ("Storage Agreement"). The Storage

CVWD:

COACHELLA VALLEY WATER DISTRICT, a public agency

ATTEST:

By _____

Its: _____

Secretary to the Board of Directors

DWA:

DESERT WATER AGENCY, a public

agency

By _____

Its: _____

ATTEST:

Secretary to the Board of Directors