

**LETTER OF INTENT TO COLLABORATE ON THE DEVELOPMENT OF FUTURE
AGREEMENTS FOR THE PURCHASE AND DELIVERY OF ADVANCED TREATED WATER FOR
REPLENISHMENT OF THE CENTRAL GROUNDWATER BASIN**

- A. This LETTER OF INTENT (LOI) is made by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (Metropolitan) and THE CENTRAL BASIN MUNICIPAL WATER DISTRICT (Central), who may be referred to individually as “Party” or collectively as “Parties.”

RECITALS

- B. Metropolitan and County Sanitation No. 2 of Los Angeles County (Sanitation Districts) are working together to develop a Regional Recycled Water Program (Program). The objective of the Program is to produce up to 150 million gallons per day (MGD) of advanced treated water (AWT Water) from a new advanced water treatment (AWT) facility located at the Sanitation District's Joint Water Pollution Control Plant in Carson, California (Metropolitan AWT Facility). The Program's development may be phased, starting at lower levels of production with the potential to build up to 150 MGD of production as demands and conditions warrant.
- C. If the Program is approved by Metropolitan's Board of Directors, it will also include plans for the development of a conveyance system consisting of approximately 60 miles of pipeline and a series of pump stations (AWT Conveyance System). The AWT Conveyance System could potentially deliver up to 150 MGD of AWT Water to the Central, West Coast, Orange County and Main San Gabriel Groundwater Basins for indirect potable reuse (IPR) through replenishment of those Basins. Delivery locations along the alignment will consist of either existing or new groundwater spreading basins or new or existing injection wells.
- D. The AWT Conveyance System could also deliver some of the AWT Water to Member Agencies in the Los Angeles and Long Beach Harbor areas for delivery to industrial customers of those Member Agencies. Additionally, some of the AWT Water may be delivered through an extension of the AWT Conveyance System to certain Metropolitan treatment plants for direct potable reuse (DPR) through raw water augmentation.
- E. Water rights have been adjudicated in the Central Basin (the “Basin”) according to the Judgment in Los Angeles County Superior Court; Civil Action No. C786656 entitled “Central and West Basin Water Replenishment District, etc. v. Charles E. Adams, et al (herein referred to as “the Judgment”), which has been amended over time. The Judgment also establishes a Watermaster, which includes three bodies: 1) the Administrative Body, comprised of WRD, who administers the Watermaster accounting and reporting functions, 2) the Water Rights Panel, comprised of water rights holders who are selected through election and/or appointment, enforces issues related to pumping rights within the Judgments, and 3) the Storage Panel, which is comprised of the Water Rights Panel and the WRD Board of Directors, who together approves certain

groundwater storage efforts. The Water Replenishment District of Southern California's (WRD) service area overlies the Central Basin and engages in activities of capturing, purchasing, and producing supplemental water for replenishing the Basin. Central is a responsible agency under the Judgment and sells water to WRD for the replenishment of the Basin. Central is also a member agency of Metropolitan and purchases water for the replenishment of the Basin.

- F. Furthermore, as specified in the Judgment, there exists a total of 330,000-acre-feet of available dewatered space within the Basin. That dewatered space is allocated between the Adjudicated Storage Capacity and a Basin Operating Reserve. In accordance with the Judgment, WRD may use the Basin Operating Reserve to manage available sources of water and otherwise fulfill its replenishment functions.
- G. The WRD Board of Directors adopted the "WIN 4 ALL" Program to work with the pumping community, to plan and develop groundwater storage and augmentation projects that will utilize the available dewatered space within the Basin for increased regional sustainability and to provide water supply resiliency. The AWT supplies developed within the Program could serve as a potential water supply source for future groundwater augmentation and storage project development. As a responsible agency under the Judgment that sells replenishment water to WRD, A, and as a Metropolitan member agency, Central could serve as a purchaser of AWT supplies from the Program for Basin projects developed within the WIN 4 ALL Program.
- H. Metropolitan delivers water to service connections for Central, at which point Metropolitan no longer controls or owns the water. Introduction of AWT Water into the Basin may require additional facilities, separate from the existing facilities.
- I. At times, Metropolitan may not have sufficient quantities of imported water to meet the replenishment requirements to deliver into the Basin. To ensure additional consistency and reliability of Metropolitan deliveries, Central is interested in purchasing and receiving AWT Water by Metropolitan via the AWT Conveyance System to meet the replenishment demands for the Basin.
- J. Due to the size, complexity and anticipated capital investment required of Metropolitan for the Program, it will be beneficial for all Parties to coordinate and collaborate, as appropriate, during the developmental stages of the Program. Such coordination and collaboration will ensure that the system is planned, designed, constructed and operated in a manner consistent with the best interests of the Parties and to ensure delivery of AWT Water into the Basin is feasible. Coordination and collaboration between the Parties is also necessary to ensure the development of a commitment by Central to purchase AWT Water from the Program.

TERMS

- 1. INTENT OF THE PARTIES:
 - a. The Parties intend to develop a plan to ensure that deliveries of AWT Water from

the Program can be introduced into the Basin. To that end, the Parties intend to:

- i. Collaborate to provide all information the Watermaster, LA County Public Works, or any regulatory agency, may need to approve introduction of AWT Water into the Basin;
 - ii. Identify and examine potential water quality issues and specifications related to the Program that may affect the Watermaster's, or any regulatory agencies, approval;
 - iii. Identify any related research, testing, and other technical work necessary to address any concerns raised by the Watermaster, or regulatory agency, in connection with approval of introduction of AWT Water into the Basin;
 - iv. Collaborate on regulatory developments related to introduction of AWT Water into the Basin;
 - v. Develop plans for any new infrastructure that may be necessary to introduce AWT Water into the Basin; Identify opportunities to expand scope of water deliveries to include other responsible agencies and adjacent groundwater basins; and
 - vi. Develop additional areas for collaboration and support, as identified by the Parties.
- b. It is the intent of the Parties to collaborate in the development of a set of agreements between the Parties for:
- i. the long-term purchase and receipt of up to 69,000 AFY AWT Water by Central and Metropolitan's delivery of AWT Water to Central;
 - ii. the Storage Panel's approval of delivery of AWT water into the Basin, pursuant to a purchase agreement between Metropolitan and Central.

2. **NON-BINDING INTENT**

The provisions of this LOI represent a statement of the Parties' general intent only and shall not be binding on either Party. No Party shall have any obligation to enter into any agreement listed in Section 1.b., or otherwise, and no course of conduct of the Parties shall evidence any binding obligations. Each Party fully understands that the terms and conditions of any agreements developed pursuant to Section 1.b. are subject to approval by the General Manager and the Board of Directors of Central. No Party shall have any legal obligations to the other unless and until all of the terms and conditions of each of the proposed agreements have been negotiated and agreed to by all Parties and set forth in the agreements, approved by the legislative bodies of all Parties, and signed and delivered by all Parties.

3. NOTICES AND CORRESPONDENCE

Any notice or correspondence under this LOI must be in writing and addressed as follows:

The Metropolitan Water District of Southern California
Post Office Box 54153
Los Angeles, CA 90054-0153
Attn: John Bednarski, Group Manager, Engineering Services
With a courtesy copy by email to: jbednarski@mwdh2o.com

Central Basin Municipal Water District
6252 Telegraph Road, Commerce, CA 90040
Attn: Dr. Alejandro Rojas, General Manager
With a courtesy copy by email to: AlexR@centralbasin.org

A properly addressed notice will be effective on the day of delivery, if delivered directly by a Party or by a nationally recognized delivery service, or on the third day after mailing, if sent postage prepaid by U.S. Mail. The Parties shall transmit a courtesy copy of any notice to the other Party by email on the day the notice is sent.

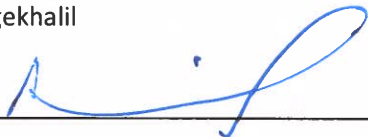
Either Party may change the address listed in this section by providing five days' notice to the other Party.

4. COUNTERPARTS

This Agreement may be executed in counterparts, and signatures transmitted via facsimile or electronic mail shall be deemed to be originals.

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

Adel Hagekhalil

By: 
General Manager

Date: 8/25/2021

APPROVED AS TO FORM:

Marcia Scully

By: 
General Counsel

CENTRAL BASIN MUNICIPAL WATER DISTRICT

Dr. Alejandro Rojas

DocuSigned by:
By: Alejandro Rojas
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General Manager

8/24/2021
Date: _____

APPROVED AS TO FORM & LEGALITY:

Robert Baker, General Counsel

DocuSigned by:
By: Robert Baker
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General Counsel

8/24/2021
Date: _____