RAINBOW
MUNICIPAL WATER DISTRICT

AGENDA

SPECIAL BOARD MEETING

Board Room
3707 Old Highway 395
Fallbrook, CA 92028

Tuesday, August 11, 2026
1:00 P.M.

1. **CALL TO ORDER**

2. **ROLL CALL: Hamilton, Mack, Townsend-Smith, Hoffman, Irvine**

3. **PLEDGE OF ALLEGIANCE**

4. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA**

5. **APPROVAL OF THE AGENDA**

6. **PUBLIC COMMENT**
Any person may address the Board at this time upon any subject not identified on this Agenda, but within the jurisdiction of Rainbow Municipal Water District; however, any matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. As to matters on the Agenda, if a request to make a public comment is received, an opportunity will be given to address the Board when the matter is considered.

Members of the public may make comments in person by submitting a Speaker Slip to the Board Secretary, virtually through virtual or teleconference options, or by submitting an email to tquintanar@rainbowmwd.ca.gov no later than midnight on the day before the meeting. Comments shall be made in an orderly manner, and profanity, slander, or abusive language which is disruptive to the meeting will not be tolerated. Individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the presiding officer.

7. **ACTION ITEMS**

   A. Consider Authorizing the General Manager to Execute a Long-Term Exchange Water Delivery Agreement Between Rainbow Municipal Water District and Eastern Municipal Water District

8. **CLOSED SESSION**

   A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957, Title: General Manager

9. **ADJOURNMENT**

ATTEST TO POSTING:

/s/Terese Quintanar	8/10/2026 11:01 AM
Terese Quintanar Secretary of the Board	Date and Time of Posting Outside Display Cases

Rainbow Municipal Water District (RMWD) provides remote attendance options solely as a matter of convenience to the public. RMWD will not stop or suspend its in-person public meeting should a technological interruption occur with respect to the Zoom or call-in line listed on the agenda. We encourage members of the public to attend meetings in person at 3707 Old Highway 395, Fallbrook, CA 92028, or remotely utilizing the options below:

For Online Participation:

Go to: https://rainbowmwd.zoom.us/j/85664315900

If members of the public attending virtually would like to ask a question or make a comment on any item listed on this agenda, please utilize the "Raise Hand" button, located at the bottom of the screen. We will be alerted that they would like to speak. When called upon, please unmute the microphone and ask the question or make comments in no more than three minutes.

For Call-in Only:

Call: (669) 900-6833,or (669) 444-9171,or
(309) 205-3325, or (312) 626-6799, or
(564) 217-2000, or (689) 278-1000
Meeting ID: 856 6431 5900

*Those who have joined by dialing a number on their telephone can dial *9 to alert us of a request to speak and *6 to unmute, once called upon by the presiding officer.*

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted at the District's Administrative offices not less than 72 hours prior to the meeting date and time above. Meetings are regularly held at 1:00 p.m. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of all, of the members of the District's Board, are available for public inspection in the office of the District Secretary, 3707 Old Highway 395, Fallbrook, CA 92028

If you have special needs because of a disability that makes it difficult for you to participate in the meeting or you require assistance or auxiliary aids to participate in the meeting, please contact the District Secretary (760) 728-1178 by at least noon on the Friday preceding the meeting. The District will attempt to make arrangements to accommodate your disability.

RAINBOW
MUNICIPAL WATER DISTRICT

BOARD ACTION
Item No.7.A

BOARD OF DIRECTORS

August 11, 2026

SUBJECT

CONSIDER AUTHORIZING THE GENERAL MANAGER TO EXECUTE A LONG-TERM EXCHANGE WATER DELIVERY AGREEMENT BETWEEN RAINBOW MUNICIPAL WATER DISTRICT AND EASTERN MUNICIPAL WATER DISTRICT

BACKGROUND

The Metropolitan Water District of Southern California (MWD) and the San Diego County Water Authority (SDCWA) entered into a settlement agreement in 2025 ending a long-standing dispute between the water wholesalers. The agreement included provisions that enabled SDCWA to make it's water supplies, potentially 277,000 acre-feet per year (AFY) of conserved Colorado River water obtained through it's agreements with the Imperial Irrigation District, available to MWD's and its Member Agencies as part of a regional exchange program. In April 2026, Eastern Municipal Water District (EMWD/Eastern) entered into a long-term Exchange Water Delivery Agreement with the SDCWA that provides Eastern access to a minimum of 10,000 acre-feet per year (AFY) of Exchange Water, after a ramp up period, with opportunities to acquire additional quantities over time. The agreement has an initial term through December 31, 2047. Eastern subsequently invited partner agencies within its service area to participate in the purchase of portions of this long-term water supply, as made available. Rainbow Municipal Water District submitted a Letter of Interest in June of 2026 to purchase 1,500-acre feet of Exchange Water annually and pre-purchase 3,000 AF of supplies to be called upon by Rainbow as needed. Eastern has confirmed the availability of the requested supply through SDCWA, therefore Rainbow and EMWD have prepared the attached Exchange Water Purchase Agreement to govern the future deliveries.

DESCRIPTION

In line with the District's Strategic Plan, Rainbow continues to pursue opportunities to enhance long-term water supply diversification through alternative sources, establish mutually beneficial partnerships at the local and regional levels, and manage increases in water costs, all for the benefit of our customers. Consistent with these goals, EMWD and Rainbow have developed a long-term Exchange Water Delivery Agreement, attached as Exhibit A, that advances this collaboration and capitalizes on existing regional investments to provide water, designated as local supply, to Rainbow at a competitive cost. The following summarizes the key terms in the agreement:

- Annual Supplies: Rainbow Water will purchase an annual Contract Quantity of Exchange Water through Eastern beginning in 2027. The quantity will be established annually based on available supplies and Rainbow's committed interest, set at an initial volume of 1,500 AFY.
- Pre-Purchased Supplies: Rainbow Water will pre-purchase 3,000 AF of Exchange Water from Eastern at established 2026 rates ($633/AF) with equal payments due on January 1, 2027 and January 1, 2028 securing additional supply that can be called upon as-needed by Rainbow during varying hydrologic conditions or as other needs/benefits arise.

- The agreement commences upon execution and remains in effect through December 31, 2047, with automatic extensions corresponding to any extensions of the underlying SDCWA-Eastern agreement. Potential extensions could continue through 2077 or beyond.
- Pricing: Rainbow Water will pay the annual Contract Price, consisting of the costs and charges Eastern incurs under its agreement with SDCWA, plus Eastern's administrative fees. The beginning Contract Price is $1,344/acre-foot, including the MWD delivery charge. Pricing will be updated annually.
- Delivery: Deliveries will be coordinated through Metropolitan Water District (MWD) and Eastern facilities in accordance with established operational and scheduling requirements. Annual delivery plans will be developed to establish delivery schedule(s).
- Reliability Provisions: The agreement includes procedures addressing regulatory curtailments, operational constraints, and supply interruptions. If supply reductions occur, available water would generally be allocated proportionally among participating agencies. Rainbow Water is not required to pay for water that is not delivered.

Benefits to Rainbow:
Approval of this agreement provides several strategic benefits to Rainbow and its customers:

- Supply Portfolio Diversification: Participation in the Exchange Water program diversifies Rainbow's water resource portfolio, which is particularly beneficial during MWD supply allocations or other imposed supply curtailments.
- Fixed Charges: the supply volume under this contract would not be subject to the readiness to serve charge imposed by MWD, reducing long-term fixed costs on Rainbow's Metropolitan Import Supply purchases.
- Long-Term Supply Security: The agreement secures access to Exchange Water through at least 2047, with potential extensions through 2077 and beyond, supporting Rainbow's long-range water supply planning objectives.
- Regional Collaboration: The agreement strengthens regional partnerships among Southern California water agencies and provides Rainbow with access to a cooperative water management framework involving SDCWA, MWD, and Eastern.
- Future Operational Flexibility: The agreement allows Rainbow to annually evaluate and request additional supply quantities based on future water demands, operational needs, and available Exchange Water supplies.

POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area One: Water Resources
Strategic Focus Area Four: Fiscal Responsibility

ENVIRONMENTAL

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

BOARD OPTIONS/FISCAL IMPACTS

Participation in the Exchange Water program is expected to result in an increase to the District's operating budget during the initial years of the agreement. Based on current projections, the annual operating budget impact is estimated to be approximately $400,000 in the early years of participation. However, this increase is expected to decline over time, as Metropolitan Water District rate increases are projected to outpace the annual cost adjustments associated with Exchange Water supplies.

Using conservative assumptions for future water rate escalation and price resets, participation in the program is projected to generate approximately $9 million in cumulative savings over the 20-year term of the agreement compared to purchasing an equivalent quantity of imported water through traditional supplies. By the later years of the agreement, annual operating budget savings are projected to reach nearly $2 million. These estimates are subject to future changes in water rates and other market conditions, but indicate a favorable long-term financial picture to the District and its customers.

STAFF RECOMMENDATION

Option 1:

- Authorize the General Manager to Execute a Long-Term Exchange Water Delivery Agreement Between Rainbow Municipal Water District and Eastern Municipal Water District with non-substantive changes

Option 2:

- Authorize the General Manager to Execute a Long-Term Exchange Water Delivery Agreement Between Rainbow Municipal Water District and Eastern Municipal Water District as amended

Option 3:

- Do not authorize a Long-Term Exchange Water Delivery Agreement Between Rainbow Municipal Water District and Eastern Municipal Water District

Attachments:
Draft Long-Term Exchange Water Delivery Agreement
Exhibit A – Exchange Water Delivery Agreement between EMWD and SDCWA
Exhibit B – Exchange Water Scheduling Protocols
Exhibit C – Notice of Committed Interest

Jake Wiley, General Manager August 11, 2026

<u>EXCHANGE WATER PURCHASE AGREEMENT BETWEEN EASTERN MUNICIPAL WATER DISTRICT AND RAINBOW MUNICIPAL WATER DISTRICT</u>

This Agreement is entered into as of August __, 2026 ("Effective Date"), by and between Eastern Municipal Water District ("Eastern") and Rainbow Municipal Water District ("Rainbow"). As used herein, Eastern and Rainbow are each a "Party" and are collectively the "Parties."

RECITALS

A. Eastern is a municipal water district organized and operating pursuant to the Municipal Water District Law of 1911, as set forth in Section 71000 *et seq.* of the California Water Code.

B. Rainbow is a municipal water district organized and operating pursuant to the Municipal Water District Law of 1911, as set forth in Section 71000 *et seq.* of the California Water Code.

C. The San Diego County Water Authority ("SDCWA") is a county water authority incorporated under the California County Water Authority Act, Stats. 1943, Ch. 545, as amended, codified at Section 45-1 *et seq*. of the Appendix to the California Water Code.

D. The Metropolitan Water District of Southern California ("MWD") 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. Eastern and SDCWA are each MWD member agencies.

E. SDCWA and MWD are parties to the 2025 Settlement Agreement and 2025 Exchange Agreement, under which SDCWA will make available up to 277,700 acre-feet ("AF") per year ("AFY") of water to MWD, and MWD will, in exchange, deliver water to MWD member agencies in any year at the times, locations, and amounts as SDCWA requests, with first right of refusal to MWD member agencies and second right of refusal to MWD.

F. On April 1, 2026, in a landmark agreement, Eastern and SDCWA signed and agreed to the delivery of 6,240 AF in 2026; 7,200 AF in 2027; 8,100 AF in 2028; 9,060 AF in 2029; and 10,000 AF in 2030 and each subsequent Contract Year, as well as further conditional supplies of such Exchange Water to Eastern under the 2026 Delivery Agreement, which lasts at least through December 31, 2047, subject to the terms therein and SDCWA and MWD supply and pricing conditions. Pursuant to potential extensions of underlying related agreements, the 2026 Delivery Agreement may continue beyond December 31, 2047.

G. On August 19, 2026, Eastern and SDCWA signed and agreed to the First Amendment to the 2026 Delivery Agreement.

H. Under the 2026 Delivery Agreement, as may be amended, Eastern will notify SDCWA by July 30, 2026, of the requested Additional Quantity to be added to its initial Annual Quantity, subject to supply availability by SDCWA during the first Contract Year thereof. SDCWA has reserved 6,240 AF for Eastern's Partner Agencies in 2026, 9,700 AF in 2027, 10,600 AF in 2028, 11,560 AF in 2029, and 12,500 AF in 2030 and in each subsequent Contract Year through the end of the Term. Additional Quantity above a given year's AF may be added to the Annual Quantity if mutually agreed to by Eastern and SDCWA during the same Contract Year.

I. The 2026 Delivery Agreement, as may be amended, also provides for further conditional purchases by Eastern annually throughout its Term, including Option Quantity, Prepaid Quantity, Remainder Quantity, and other Exchange Water quantities identified by SDCWA under and as defined in the 2026 Delivery Agreement, as may be amended, if not defined herein.

J. On April 23, 2026, Eastern initiated discussions with its Partner Agencies regarding their respective interests in purchasing specified quantities of Eastern's Exchange Water supply, after which Rainbow submitted its formal Letter of Interest on or about May 12, 2026, seeking to purchase an annual base supply of 1,500 AFY of Exchange Water for delivery in 2027 and in every year thereafter for the life of the 2026 Delivery Agreement, as may be amended, and this Agreement, subject to the conditions outlined therein and herein. Rainbow also seeks to purchase 3,000 AF of prepaid exchange water supplies, subject to the applicable prepaid supply terms in the Delivery Agreement, including the 2026 supply rate and applicable MWD exchange charges at the time of delivery.

K. Eastern has confirmed the availability of 1,500 AFY of Exchange Water for delivery in 2027 and in each year thereafter to Rainbow, and Rainbow has confirmed its intent and ability to purchase such quantity, and the Parties agree to the purchase and delivery of such quantity under the terms and conditions of this Agreement and the 2026 Delivery Agreement, as may be amended, for delivery to Eastern and then to Rainbow scheduled to begin in 2027.

L. Eastern has confirmed the availability of 3,000 AF of Exchange Water supplies available for delivery in 2026 as a portion of the Prepaid Quantity provided for in the 2026 Delivery Agreement, as may be amended, and Rainbow has confirmed its intent and ability to purchase such quantity, and the Parties agree to the purchase and delivery of such quantity to Eastern and then to Rainbow under the terms and conditions of this Agreement and the 2026 Delivery Agreement, as may be amended.

M. The Parties have acknowledged that the terms and conditions of this Agreement are bound and subject to the terms and conditions of the 2026 Delivery Agreement, as may be amended, 2025 Exchange Agreement, and related agreements, such that the operation of these preceding agreements may determine the operation of this Agreement beyond the Parties' intent or control, including, but not limited to, variable supply and pricing, delayed delivery, and termination. Notwithstanding the potential for such risks and limitations, the Parties knowingly enter into this Agreement with the intent to effectuate it to the maximum extent possible.

N. The Parties have acknowledged that the Exchange Water deliveries herein will be scheduled and effectuated through MWD, Eastern, or other applicable conveyance, storage, and delivery facilities pursuant to the terms of this Agreement, the 2026 Delivery Agreement, as may be amended, and the 2025 Exchange Agreement.

O. The Parties do not intend to and do not in any way transfer, assign, encumber, or grant any ownership interest in or control over any water rights under this Agreement. This Agreement does not impact or modify any other agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein, the Parties agree as follows:

AGREEMENT

1. INCORPORATION OF RECITALS

a. The Recitals to this Agreement are incorporated herein by this reference as though restated fully herein.

2. DEFINITIONS AND RULES OF CONSTRUCTION

2.1 Definitions

a. "Additional Quantity" means the amount of Exchange Water in excess of the current Contract Year's Annual Quantity which SDCWA will direct MWD to deliver to Eastern in accordance with Section 5(b) of the 2026 Delivery Agreement, as may be amended. Approved Additional Quantity purchased by Eastern shall be added to Eastern's Annual Quantity, as set forth in Section 5 of the 2026 Delivery Agreement, as may be amended.

b. "AF" and AFY" mean acre-feet and acre-feet per year, respectively.

c. "Agreement" means this Exchange Water Purchase Agreement between Eastern and Rainbow, when standing alone.

d. "Annual Quantity" means the minimum amount of Exchange Water SDCWA will direct MWD to deliver to Eastern during a 2026 Delivery Agreement, as may be amended, Contract Year. Additional Quantity and Option Quantity, as purchased by Eastern and added to its baseline Annual Quantity for the duration of the 2026 Delivery Agreement, as may be amended, Term, may be made available for Partner Agency delivery by Eastern, subject to 2026 Delivery Agreement, as may be amended, terms and Eastern's internal requirements.

e. "Available Supplies" means the quantity of Exchange Water delivered to Eastern under the 2026 Delivery Agreement, as may be amended, that

Eastern makes available to Partner Agencies in a Contract Year. Available Supplies may be comprised of Eastern Annual Quantity, Additional Quantity, Option Quantity, Prepaid Quantity, Remainder Quantity, and other Exchange Water quantities identified by SDCWA under and as defined in the 2026 Delivery Agreement, as may be amended, if not defined herein.

f. "Contract Price" means the price per acre-foot to be charged to Rainbow by Eastern for Exchange Water purchases in a Contract Year, consisting of the prices and charges Eastern is subject to under the 2026 Delivery Agreement, as may be amended, plus Eastern's administrative fees. Contract Price is updated on an annual basis.

g. "Contract Quantity" means the yearly amount of Exchange Water purchased by Rainbow for the duration of the Term of this Agreement. Contract Quantity may be increased or decreased, as mutually agreed to in writing by the Parties and subject to the terms of the 2026 Delivery Agreement, as may be amended.

h. "Contract Year" means the period from January 1 through December 31 of any year during this Agreement. However, during the first year of the Agreement, Contract Year means July 1 through December 31.

i. "Exchange Water" means water from MWD delivered to SDCWA in exchange for water made available by SDCWA to MWD under the 2025 Exchange Agreement and related agreements, and such water as purchased by Eastern under the 2026 Delivery Agreement, as may be amended, and as distributed to Rainbow thereafter under this Agreement.

j. "Partner Agency" means a water supplier in collaboration with Eastern to provide retail service within Eastern's service area.

k. "Partner Agency Interest" or "Interest" is the portion of Eastern's Available Supplies that a Partner Agency intends to provide its customers and has committed for purchase from and delivery by Eastern, generally the Contract Quantity.

l. "Regulatory Curtailment" means actions taken by the United States or State of California, or agencies and courts thereof, directly or indirectly reducing the Exchange Water supply purchased by Eastern.

m. "Table 1 Price" means the price per AF or per unit for Annual Quantity under the 2025 Exchange Agreement, excluding any future amendments to the same by MWD and SDCWA.

n. "Term" means the initial term of this Agreement, as set forth in Section 6(a), together with any and all extensions effectuated under this Agreement, so that any such extension is deemed part of the Term.

o. “2025 Exchange Agreement” means the Second Amended and Restated Agreement between MWD and SDCWA, executed June 2, 2025.

p. “2025 Settlement Agreement” means the Final Settlement Agreement between SDCWA and MWD, dated June 2, 2025.

q. “2026 Delivery Agreement, as may be amended” means the Exchange Water Delivery Agreement Between SDCWA and Eastern, executed April 1, 2026 and amended August 19, 2026, which is attached hereto as *Exhibit A*.

2.2 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” and “can” are permissive;

iv. “And” is inclusive;

v. “Or” is not exclusive;

vi. “Includes” and “including” are not limiting; and

vii. “From,” “to,” and “until” include 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 will not be used in construing it.

c. 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.

d. 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.

3. PURPOSE; SCOPE

a. <u>Purpose.</u> This Agreement’s purpose is to set forth the terms and conditions under which Eastern will offer and distribute, and Rainbow will purchase and receive, Exchange Water, subject to inter-agency coordination and other limitations as detailed herein.

b. Scope. Delivery of the Exchange Water will be conducted through Eastern and MWD's facilities or other facilities as may be mutually agreed upon. The Parties will comply with all applicable Eastern and MWD operational and scheduling protocols.

4. INCORPORATION OF 2026 DELIVERY AGREEMENT, AS MAY BE AMENDED

a. Incorporation. This Agreement expressly incorporates the 2026 Delivery Agreement, as may be amended, which is attached hereto as *Exhibit A*. To the extent this Agreement conflicts with the 2026 Delivery Agreement, as may be amended, the 2026 Delivery Agreement, as may be amended, will control.

b. Notice. Eastern shall provide Rainbow prompt written notice of any amendment to the 2026 Delivery Agreement, as may be amended, that materially affects pricing, quantity, reliability, or Term.

5. REPRESENTATIONS AND WARRANTIES

a. Eastern's Representations.

i. Eastern is a municipal water district organized and operating pursuant to the Municipal Water District Law of 1911 as set forth in Section 71000 *et seq.* of the California Water Code.

ii. Eastern is a party to the 2026 Delivery Agreement, as may be amended, under which Eastern will purchase and receive certain quantities of Exchange Water deliveries as provided therein, which are in turn available for purchase by Partner Agencies within Eastern's service area.

iii. Eastern has authority to perform its obligations hereunder on the terms set forth in this Agreement.

b. Rainbow's Representations.

i. Rainbow is a municipal water district organized and operating pursuant to the Municipal Water District Law of 1911 as set forth in Section 71000 *et seq.* of the California Water Code.

ii. Rainbow has authority to perform its obligations hereunder on the terms set forth in this Agreement.

6. TERM

a. Term. The Term will commence on the Effective Date and continue through December 31, 2047, unless earlier terminated or extended as provided for in the 2026 Delivery Agreement, as may be amended, and herein.

b. <u>Extensions.</u> The Term will automatically extend to run coterminous to the 2026 Delivery Agreement, as may be amended, upon satisfaction of SDCWA's extension conditions under therein.

c. Rainbow's Contract Quantity will be proportionally reduced if Eastern's available Exchange Water supply is reduced under an extension to the 2025 Exchange Agreement, absent an alternative arrangement mutually agreed-upon by the Parties.

d. Eastern may elect to terminate its obligations to pay for the Annual Quantity from Contract Year 2035 through the end of the Term of the 2026 Delivery Agreement, as may be amended, if the proposed Table 1 Price per AF of Exchange Water determined by the 2035 Pricing Reset results in an increase of fifteen percent (15%) or more above the Contract Year 2034 Table 1 Price per AF.

   i. If Eastern elects to terminate due to such increase, the Term of this Agreement will terminate when the 2026 Delivery Agreement, as may be amended, terminates.

7. PURCHASED AND DISTRIBUTED WATER

a. Subject to the terms and conditions set forth in this Agreement, including the schedule in *Exhibit B*, which is attached hereto and incorporated herein by reference, and the provisions of 2026 Delivery Agreement, as may be amended, the Parties agree to the purchase of Contract Quantity and delivery to Rainbow of the same, as such deliveries are scheduled to begin in 2026.

b. No later than August 1 of each Contract Year, or within one (1) day of SDCWA notice of Additional Quantity and other Exchange Water quantities under the 2026 Delivery Agreement, as may be amended, Eastern will provide Rainbow notice of total Available Supplies for all Partner Agencies, as to Exchange Water available for delivery beginning in the subsequent Contract Year.

c. No later than July 1 of each Contract Year, with the exception of the first Contract Year, Rainbow will provide Eastern notice of its committed Interest in Eastern's Available Supplies, for delivery the following year. Partner Agencies will use the template Notice of Committed Interest attached hereto as *Exhibit C* for 2027 onward, as such may be amended from time to time by Eastern as needed, to submit their respective Interests to Eastern. Eastern will intend to deliver all Partner Agencies' committed Interests to the maximum extent possible, pursuant and proportional to the annual Exchange Water quantities made available by SDCWA (total Available Supplies) and total committed Interests of all Partner Agencies. If the resulting Available Supplies from Eastern exceed the total of all

Partner Agencies' committed Interests, Rainbow may increase its own committed Interest with notice to Eastern, by August 2 of each Contract Year or within one (1) business day of notice of total Available Supplies by Eastern. Eastern will then intend to deliver all Partner Agencies' committed Interests, including such increases, to the maximum extent possible, pursuant and proportional to total and excess in Available Supplies, and total committed Interests and increases of all Partner Agencies. Eastern will provide Rainbow notice within ten (10) days once SDCWA has confirmed the availability of excess Exchange Water supplies for such increases. No later than September 15 of each Contract Year, the Parties will finalize the total quantity of Rainbow's Interest to be delivered by Eastern, and such final Interest will constitute Contract Quantity.

d. All Contract Quantity supplies will be identified, quantified, and apportioned every year prior to the applicable Contract Year, with the exception of such supplies identified, quantified, and apportioned during Contract Year 1 (2026). Eastern will not intend to distribute nor will Rainbow intend to purchase and receive such apportionments beyond the end of the applicable Contract Year.

e. If Eastern identifies further Available Supplies for delivery in a given future Contract Year, the Parties agree to meet and confer in good faith to attempt to negotiate a separate agreement for one or more transactions regarding deliveries, in a manner substantially similar to that for Contract Quantity.

f. <u>Prepaid Quantity</u>. Rainbow hereby agrees to purchase, and Eastern agrees to distribute and deliver, a total of 3,000 AF of prepaid quantity Exchange Water (the "Rainbow Prepaid Quantity"). The Rainbow Prepaid Quantity shall be made available by Eastern to Rainbow as a portion of the Prepaid Quantity acquired by Eastern under Section 8(d) of the 2026 Delivery Agreement, as may be amended.

    i. As consideration for the Rainbow Prepaid Quantity, Rainbow shall make two (2) equal payments to Eastern in the amount of $949,500.00 (the "Rainbow Prepaid Installments"). The Rainbow Prepaid Installments shall be due and paid to Eastern on or before January 1, 2027, and January 1, 2028. These payments represent the baseline prepaid water rate and are independent of, and in addition to, the payments made for Rainbow's base annual Contract Quantity under Section 7(a)-(e) and Section 10(a).

    ii. In the Contract Year that any portion of the Rainbow Prepaid Quantity is scheduled and delivered to Rainbow, Rainbow shall pay Eastern the then-in-effect MWD Exchange Rate (the "MWD Exchange Costs") and any applicable third-party exchange charges or administrative fees in effect at the time of delivery. Eastern shall invoice Rainbow for these delivery-year charges in accordance with the billing procedures set forth in Section 10(b). The Rainbow Prepaid Quantity is not subject to MWD's readiness-to-serve fees.

iii. Following the payment of both Rainbow Prepaid Installments, Rainbow may request deliveries of the Rainbow Prepaid Quantity during any Contract Year through December 31, 2047. Rainbow may elect to request delivery of up to the entire 3,000 AF Rainbow Prepaid Quantity in any one (1) single Contract Year, subject to the scheduling provisions of Section 8. This delivery constitutes a one-time draw of the Rainbow Prepaid Quantity and shall not increase Rainbow's standard Contract Quantity maximums in any prior or subsequent Contract Year.

iv. To ensure Eastern can timely pass through delivery calls to SDCWA, Rainbow must request deliveries of the Rainbow Prepaid Quantity on or before the following cumulative deadlines:

(i) No less than a cumulative total of 1,000 AF by August 1, 2043;

(ii) No less than a cumulative total of 2,000 AF by August 1, 2044; and

(iii) No less than a cumulative total of 3,000 AF by August 1, 2045.

v. Subject to SDCWA's performance and the delivery timelines under Section 8(d) of the 2026 Delivery Agreement, as may be amended, Eastern shall direct the delivery of the requested Rainbow Prepaid Quantity, in coordination with Rainbow, as follows:

(i) No less than a cumulative total of 1,000 AF by September 1, 2044;

(ii) No less than a cumulative total of 2,000 AF by September 1, 2045; and

(iii) No less than a cumulative total of 3,000 AF by September 1, 2046.

vi. Delivery of the Rainbow Prepaid Quantity is subject to the safeguards, regulatory curtailments, and shortfall protocols set forth in Section 11 of this Agreement. If Eastern is unable to deliver requested Rainbow Prepaid Quantity within three (3) years of a timely request due to operational constraints or third-party shortfalls, Rainbow's exclusive remedy shall be a refund for the undelivered portion calculated at the then-current Contract Price in effect at the time the refund is issued, in accordance with Section 11(c) and Section 16(b).

8. DELIVERY SCHEDULING

a. Annual Plan. No later than September 15 of each Contract Year, the Parties will prepare an annual delivery plan identifying targeted monthly delivery volumes, flow rates, and operational assumptions of all Available Supply volumes for the following Contract Year. At the request of Rainbow, Eastern will prepare an annual reconciliation of deliveries made during the prior Contract Year.

b. Priority and Conflicts. In the event of conflicting constraints, the Parties will prioritize deliveries based on Eastern's and Rainbow's operational needs, but agree to meet and confer as soon as reasonably practicable to discuss resolving the conflicting constraints.

c. Scheduling Standards. The Parties will adhere to Eastern, SDCWA, and MWD scheduling requirements.

9. DELIVERY POINTS

a. Delivery Point. Rainbow will receive all Exchange Water deliveries under this Agreement through Eastern and MWD connections, or as coordinated between MWD, Eastern, and Rainbow.

10. PRICE AND PAYMENT

a. Contract Price. The price per AF for Contract Quantity shall be determined by the prices and charges Eastern is subject to under the 2026 Delivery Agreement, as may be amended, plus Eastern's administrative fees.

The Contract Price will be computed and updated annually by Eastern. Eastern will provide Rainbow notice of the updated Contract Price for the subsequent Contract Year by December 1 of each year.

b. Payment. Rainbow will pay Eastern the Contract Price in accordance with Section 10(a) of this Agreement for the delivery of Exchange Water. Eastern will invoice Rainbow monthly for Exchange Water deliveries and applicable charges no later than the 20th business day after month of water delivery to Rainbow. Each invoice will show: (a) acre-feet distributed by Eastern to Rainbow; (b) price; (c) applicable charges; and (d) total amount due. Rainbow will pay undisputed amounts by 2:00 p.m. on the 10th business day of the month following invoice mailing. "Business day" means any day other than a Saturday, Sunday, a bank holiday, or a Party holiday. Payment is to be made by the stated due date. The amount due will be delinquent if not received in investable funds in full by 5:00 p.m. on the due date. There will be a delinquency charge of two percent (2%) on the unpaid amount for each month, or any portion thereof, that the payment remains delinquent. A payment remains delinquent and will continue to be assessed a delinquency charge on the unpaid amount so long as any portion of the original payment amount or of the delinquency charge remains unpaid. Any protest of a payment must be filed concurrently with full payment of the amount due.

11. DELIVERY AND RELIABILITY SAFEGUARDS

a. Minimum Reliability/Year-Round Delivery Assurance. Eastern will use reasonable efforts to distribute scheduled water volumes in a timely manner pursuant to the Parties' agreed-upon schedule, subject to Sections 11(b) and 11(c) herein. Exchange Water made available under this Agreement is intended to be distributable to Rainbow in all Contract Years and in both wet and dry hydrologic conditions.

b. Regulatory Curtailments. Regulatory Curtailments imposed on Eastern's Exchange Water supplies resulting in under-delivery of Exchange Water to Eastern in a Contract Year will result in proportional reductions by Eastern to Rainbow's Exchange Water for the same Contract Year unless an alternative arrangement is agreed to by the Parties in writing.

c. Operational Constraints and Shortfall Protocol. If Eastern or its Exchange Water suppliers forecast a shortfall or experience an operational constraint in advance of or during a Contract Year that will or may cause under-delivery of Exchange Water to Rainbow, Eastern will notify Rainbow within ten (10) business days of such a forecast, and the Parties will meet and confer on rescheduling deliveries within the same Contract Year, if feasible, or in future Contract Years, all subject to capacity and other limitations in this Agreement. In no event will Rainbow be required to pay for Exchange Water not distributed. If feasible, Eastern will direct delivery of Exchange Water to Rainbow within three (3) years of Rainbow's payment for the same, unless a longer timeframe is mutually agreed to by the Parties; if it cannot do so, Eastern will refund Rainbow for the undelivered Exchange Water within thirty (30) days of Rainbow's request for the same. Such refund shall be calculated by multiplying the undelivered volume by the then-current Contract Price in effect on the date of Rainbow's request. Such an event will not serve to terminate this Agreement or relieve either Party of its obligations herein.

12. REVIEW PROCEDURES

a. Periodic Review. The Parties will meet as necessary or reasonably requested by either Party to review operational performance, forecasts, deliveries, and related matters for the present and following Contract Year. If either Party learns of a material fact that will or may affect its performance under this Agreement, that Party will set a meeting with the other Party within thirty (30) days, or as soon thereafter as reasonably practicable, to discuss the matter and find a solution.

b. Operational Data. Upon reasonable request, each Party will provide the other with monthly delivery logs, meter reads, scheduling confirmations, agency statements relevant to volumes and charges, and any other documents or information reasonably requested by either Party as they relate to this Agreement.

c. Cost Data. Upon reasonable request, Eastern will provide documentation sufficient to substantiate all amounts invoiced to Rainbow, including those charges and adjustments that may arise from third parties like MWD.

d. Audit Rights. Rainbow may audit Eastern's 2026 Delivery Agreement, as may be amended, invoices and supporting data upon thirty (30) business days' notice, during normal business hours, at Rainbow's expense.

13. FORCE MAJEURE

a. Definition. Force Majeure means any event beyond the Parties' control that prevents performance under this Agreement despite reasonable efforts, including, without limitation, major damage to or destruction of essential infrastructure, natural disasters, pandemics, war, or terrorism.

b. Suspension. Performance obligations impacted by a Force Majeure event are suspended for the duration of the event.

c. Notice and Mitigation. However, the suspending Party will provide prompt notice, describe the reasons for the suspension, and use all reasonable efforts to mitigate the effects on the other Party and resume performance as quickly as possible.

14. THIRD-PARTY DISPUTES

a. Third-Party Disputes. If litigation, protests, or administrative disputes materially affect deliveries under this Agreement, the Parties will meet and confer to adjust schedules or arrange substitute performance where feasible.

b. Cost and Risk Allocation. Each Party bears its own internal costs from such disputes. To the extent there is any conflict between this provision and Section 23 herein, Section 23 controls.

15. SUSPENSION AND TERMINATION

a. Suspension for Cause. Either Party may suspend performance of this Agreement upon sixty (60) business days' written notice for a material breach by the other Party that remains uncured after sixty (60) days.

b. Termination for Cause. Upon issuing the 60-day notice specified in Section 15(a), the Party in breach will have a 180-day cure period. Upon expiration of that 180-day cure period, if Party is still in breach, the other Party may terminate this Agreement upon written notice.

c. Effect of Termination. Upon termination, undisputed amounts accrued through the termination date will be paid within 30 days. Surviving provisions include Sections 14 (Third-Party Disputes), 16 (Risk of Loss/Limitation of Liability), and 23 (Indemnity), and any other provisions that by their nature should survive.

16. RISK OF LOSS/LIMITATION OF LIABILITY

a. Risk of Loss. Rainbow bears all risk of loss after Exchange Water is directed for delivery from Eastern to Rainbow as described in Section 9 herein.

b. Limitation of Liability. Eastern will not be liable to Rainbow for any monetary damages of any kind or nature whatsoever, whether based on contract, warranty, tort (including negligence or strict liability), or otherwise, resulting from a failure to distribute Exchange Water under this Agreement. The only remedy available to Rainbow will be specific performance of Eastern's obligations under this Agreement; however, if, in a Contract Year, Eastern is unable to perform on its obligations under this Agreement due to Regulatory Curtailments or Operational Constraints under Sections 11(b) or 11(c) of this Agreement, Rainbow's exclusive remedy, and Eastern's sole liability, for Eastern's breach of this Agreement will be a refund from Eastern to Rainbow of payments made for Exchange Water not distributed, calculated at the then-current Contract Price in effect at the time the refund is issued.

17. MEASUREMENT

a. Metering. Measurement will be by certified meters at or upstream of the delivery point identified in Section 9, in AF to two decimal places.

b. Standards and Testing. Meters are MWD-owned and operated, and will be maintained, tested, and calibrated per MWD standards. If any non-MWD meters are utilized in future deliveries, such meters will be maintained, tested, and calibrated per their owner or operator's standards. Either Party may request testing upon five (5) business days' notice.

c. Estimation. If measurement is unavailable, volumes will be estimated using corroborating records (e.g., inflow/outflow, SCADA logs) and mutually agreed-upon methodologies.

18. INVOICING DISPUTES

a. Dispute Notice. Rainbow will provide written notice of any invoice dispute within thirty (30) days of receipt, identifying disputed amounts and the basis.

b. Undisputed Amounts. Rainbow will timely pay undisputed amounts.

c. Resolution. Finance representatives will meet and confer within ten (10) business days to resolve disputes. Any unresolved dispute proceeds under Section 24 (Dispute Resolution).

19. COMPLIANCE WITH LAWS

a. General Compliance. Each Party will comply with all applicable laws, regulations, permits, and orders, including Party-specific rules governing conveyance, exchange, and water quality, to the extent such rules are consistent with this Agreement.

b. No Impairment. Neither Party will take actions that would knowingly cause the other Party to violate applicable laws or permits in connection with this Agreement.

20. NOTICES

a. Method. Notices will be sent in writing and delivered by personal delivery, nationally recognized overnight courier, certified mail (return receipt), or email with confirmation, to the addresses below or as updated by notice.

b. Addresses.

Eastern Municipal Water District
2270 Trumble Road
Trumble, CA 92570
Attn: General Manager

Rainbow Municipal Water District
3707 Old Highway 395
Fallbrook, CA 92028
Attn: General Manager

c. Effectiveness. Notices are effective upon receipt.

21. ASSIGNMENT

a. No Assignment Without Consent. Neither Party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other Party. Rainbow may not transfer any Exchange Water purchased under this Agreement to any other MWD member agency without Eastern's prior written consent.

b. Binding Effect. Subject to the foregoing, this Agreement binds and benefits the Parties and their permitted successors and assigns.

22. INSURANCE

a. Coverage. Each Party will maintain, at its expense, insurance with financially sound insurers: (a) Commercial General Liability with limits not less than $2,000,000 per occurrence and $4,000,000 aggregate; (b) Workers' Compensation as required by law; and (c) Automobile Liability with limits not less than $1,000,000 combined single limit.

b. Certificates. Upon request, a Party will provide certificates evidencing required coverage and endorsements naming the other Party as additional covered party for ongoing operations to the extent of contractual liabilities.

c. Changes. A Party will provide thirty (30) days' prior notice of cancellation or material reduction in coverage, where available.

23. INDEMNITY

a. Rainbow will indemnify, defend, and hold harmless Eastern and its officers, directors, employees, and agents from and against third-party claims connected with or resulting from the delivery of Exchange Water, or the failure to distribute Exchange Water, under this Agreement, including claims related to water quality, wildfire, decreased property values, seismic events, emergency, or reduced agricultural production.

b. Except for claims subject to Rainbow's obligations in Section 23(a) above, each Party ("Indemnitor") will indemnify, defend, and hold harmless the other Party and its officers, directors, employees, and agents (collectively, "Indemnitees") from and against other third-party claims to the extent arising out of Indemnitor's negligence, willful misconduct, or breach of this Agreement. However, Eastern's duty to indemnify, defend, and hold harmless Rainbow will not extend to third-party claims arising from the performance of Eastern's obligations under this Agreement once the Exchange Water has reached any MWD facility for delivery to Rainbow.

c. Exclusions. No Party will be liable for consequential, incidental, exemplary, or punitive damages, except to the extent awarded to a third party and subject to indemnity hereunder.

d. Procedure. Indemnitees will provide prompt notice of any claim, and the Parties will cooperate in the defense to the extent there is no direct conflict of interest between the Parties. Indemnitor will control the defense subject to Indemnitee's right to participate with its own counsel at its expense.

24. DISPUTE RESOLUTION

a. Informal Resolution. The Parties will first seek to resolve disputes through good faith negotiations between executive representatives.

b. Mediation. If the dispute remains unresolved within thirty (30) days of negotiations beginning between executive representatives, either Party may demand nonbinding mediation with a mutually agreed-upon mediator in Riverside County, with costs shared equally between the Parties.

c. Venue; Relief. If mediation fails, disputes will be resolved in accordance with law and if litigation is initiated, the Parties consent to jurisdiction and venue in the state or federal courts in Riverside County, State of California. Either Party may seek provisional or injunctive relief where appropriate.

25. MISCELLANEOUS

a. Entire Agreement. This Agreement constitutes the entire agreement and supersedes prior understandings regarding the subject matter.

b. Amendments. Amendments to this Agreement must be in writing and signed by both Parties.

c. No Third-Party Beneficiaries. Except as expressly provided, no third party is an intended beneficiary of this Agreement.

d. Independent Public Agencies. The Parties are independent public agencies; this Agreement does not create a partnership, joint venture, or agency.

e. Severability. If any provision is held invalid or unenforceable, it will be modified to the minimum extent necessary to be enforceable, and the remainder remains in effect.

f. Waiver. No waiver is effective unless in writing. Failure to enforce any term of this Agreement is not a waiver of enforcement or future enforcement.

g. Counterparts; Electronic Signatures. This Agreement may be executed in counterparts and by electronic signatures, each deemed an original and together one instrument.

h. Further Assurances. Each Party will execute further documents as reasonably necessary to effectuate the purpose of this Agreement.

i. Governing Law. This Agreement is governed by the laws of the State of California, without regard to conflict of law rules.

26. COORDINATION

a. Agency Coordination. The Parties will timely submit required forms, data, and confirmations to MWD and other applicable agencies for conveyance, delivery, storage, and exchange accounting.

b. Records Retention. Each Party will retain relevant records for at least four (4) years after the Contract Year to which they relate.

27. PROMULGATING AGREEMENTS

a. The Parties may determine to enter into one or more agreements for purposes of implementing the provisions of this Agreement, or related assignment or other agreements with other parties in connection with furthering the understandings set forth herein.

28. EXHIBITS

Exhibit A: 2026 Exchange Water Delivery Agreement Between San Diego County Water Authority and Eastern Municipal Water District and First Amendment to this Agreement
Exhibit B: Scheduling Protocols
Exhibit C: Notice of Committed Interest – 2027 and Beyond

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

EASTERN MUNICIPAL WATER DISTRICT:

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

APPROVED AS TO FORM:

______________________________ Date: _____________________________

RAINBOW MUNICIPAL WATER DISTRICT:

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

APPROVED AS TO FORM:

______________________________ Date: _____________________________

EXCHANGE WATER DELIVERY AGREEMENT BETWEEN SAN DIEGO COUNTY WATER AUTHORITY AND EASTERN MUNICIPAL WATER DISTRICT

This Agreement is entered into as of April 1, 2026 (the "Effective Date"), by and between the San Diego County Water Authority ("Seller" or "SDCWA") and the Eastern Municipal Water District ("Buyer" or "Eastern"). As used herein, Seller and Buyer are each a "Party" and collectively the "Parties."

RECITALS

A. Seller is a county water authority incorporated under the California County Water Authority Act, Stats. 1943, Ch. 545, as amended, codified at Section 45-1 *et seq.* of the Appendix to the California Water Code.

B. Buyer is a municipal water district organized and operating pursuant to the Municipal Water District Law of 1911 as set forth in Section 71000 et seq. of the California Water Code.

C. MWD 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. Buyer and Seller are each MWD member agencies.

D. Seller is a party to the 2025 Settlement Agreement and 2025 Exchange Agreement, under which Seller will make available to MWD up to 277,700 AFY of Water and MWD will deliver Exchange Water to MWD member agencies in any year at the times, locations, and amounts as Seller requests, with a first right of refusal to MWD member agencies and a second right of refusal to MWD.

E. Seller provided MWD member agencies the first right of refusal to receive Exchange Water in accordance with the 2025 Settlement Agreement and as announced in Seller's September 29, 2025 notice to MWD member agencies.

F. Buyer desires to purchase and receive such long-term Exchange Water supplies, subject to the terms and conditions of this Agreement.

G. Since December 2025, Seller and Buyer have engaged in discussions and negotiations on the terms identified herein, resulting in memorialized joint concepts on the delivery of Exchange Water to Buyer.

H. The Parties intend that the Exchange Water deliveries herein will be scheduled and effected through MWD and/or other applicable conveyance, storage, and delivery facilities pursuant to the terms of this Agreement and the 2025 Exchange Agreement.

I. The Parties do not intend to and do not in any way transfer, assign, encumber, or grant any ownership interest in or control over any water rights under this Agreement. This Agreement does not impact or modify any other agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein, the Parties agree as follows:

AGREEMENT

1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Definitions

a. “Additional Quantity” means the amount of Exchange Water in excess of the current Contract Year’s Annual Quantity which Seller will direct MWD to deliver to Buyer in accordance with Section 5(b). Approved Additional Quantity purchased by Buyer shall be added to Buyer’s Annual Quantity, as set forth in Section 5.

b. “Adjusted Price” means the adjustment to the Table 1 Price in 2035 as more particularly described in Section 15and Exhibit C.

c. "AF” and “AFY” mean acre-feet and acre-feet per year, respectively.

d. “Agreement” means this Exchange Water Delivery Agreement between Seller and Buyer, when standing alone.

e. “Annual Quantity” means the minimum amount of Exchange Water Seller will direct MWD to deliver to Buyer during a Contract Year, as set forth in Section 5.

f. “Available Supplies” means the amount of Exchange Water that Seller has available to direct MWD to deliver to MWD member agencies as a first right of refusal, or MWD as a second right of refusal, under the 2025 Exchange Agreement and 2025 Settlement Agreement.

g. “Capped Rate Price” means the adjustment to the Table 1 Price in 2035 as more particularly described in Section 15 and Exhibit C.

h. “Contract Year” means the period from January 1 through December 31 of any year during this Agreement. However, during the first year of the Agreement, Contract Year means May 1 through December 31.

i. “Exchange Water” has the same definition as Exchange Water under Paragraph 3.2 of the 2025 Exchange Agreement. For the avoidance of doubt, all water delivered under this Agreement will be characterized as “local water” for purposes of MWD’s ordinances, plans, programs, rules and regulations, including any then-effective Water Surplus & Drought Management Plan, and for calculation of any MWD Readiness-to-Serve Charge share, in the same manner as for other local water of MWD’s member agencies.

j. “Full Service Untreated Volumetric Rate” means the rate identified by that same term in MWD’s biennial resolutions fixing and adopting water rates.

k. “MWD” means the Metropolitan Water District of Southern California.

l. “MWD Exchange Costs” means the Exchange Unit Price as defined in Paragraph 5.2 of the 2025 Exchange Agreement.

m. “Option Quantity” means the amount of Exchange Water offered for purchase by another MWD member agency at terms matched by Buyer, then added to Buyer’s Annual Quantity, as set forth in Section 5(c).

n. “Prepaid Quantity” means the 30,000 AF of Exchange Water that Seller will direct MWD to Deliver to Buyer after payment of the Prepaid Quantity Price, which Buyer may then call upon for delivery at a maximum of 10,000 AF per Contract Year, as set forth in Section 8(d).

o. “Remainder Price” means the Full Service Untreated Volumetric Rate as adopted by MWD for the calendar year for which the Exchange Water is to be delivered.

p. “Regulatory Curtailment” means actions taken by the United States or State of California, or agencies and courts thereof, directly or indirectly reducing the Exchange Water supply of Seller.

q. “Remainder Quantity” means the amount of Exchange Water that MWD has declined to purchase pursuant to its second right of refusal under the 2025 Exchange Agreement, and which Seller directs MWD to deliver to Buyer, up to an annual cumulative 50,000 AF, less then-current Annual Quantity and Option Quantity amounts of water, as set forth in Section 5(d).

r. “Table 1 Price” means the price per AF or per unit for Annual Quantity and Additional Quantity water which is equal to the price provided in Table 1 in Paragraph 3.2(d)(ii)(A) of the Exchange Agreement, notwithstanding any future amendments to the same by MWD and Seller. Table 1 Price does not apply to Option Quantity Price or Remainder Quantity Price, the prices of which are set forth in Sections 8(b) and 8(c).

s. “Term” means the initial term of this Agreement, as set forth in Section 4(a), together with any and all extensions effectuated under this Agreement, so that any such extension is deemed part of the Term.

t. “Transfer Agreement” means the Agreement for Transfer of Conserved Water between Imperial Irrigation District and Seller, executed April 29, 1998, as amended.

u. “2025 Exchange Agreement” means the Second Amended and Restated Agreement between MWD and Seller, executed June 2, 2025, which is attached hereto and incorporated herein as Exhibit A.

v. “2025 Settlement Agreement” means the Final Settlement Agreement between Seller and MWD, dated June 2, 2025, which is attached hereto and incorporated herein as Exhibit B.

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” and “can” are permissive;

iv. “And” is inclusive;

v. “Or” is not exclusive;

vi. “Includes” and “including” are not limiting; and

vii. “From,” “to,” and “until” include 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 will not be used in construing it.

c. 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.

d. 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.

2. PURPOSE; SCOPE

a. Purpose. The purpose of this Agreement is to set forth the terms and conditions under which Seller will direct MWD to deliver, and Buyer will purchase and receive, Exchange Water, subject to inter-agency coordination and other limitations as detailed herein.

b. Scope. Deliveries will be conducted through MWD’s facilities or other facilities as may be mutually agreed upon. The Parties will comply with all applicable MWD operational and scheduling protocols.

3. REPRESENTATIONS AND WARRANTIES

a. Seller’s Representations.

i. Seller is a county water authority, duly organized, validly existing and in good standing under the laws of the State of California.

ii. Seller is a party to the 2025 Settlement Agreement and 2025 Exchange Agreement. Pursuant these agreements, Seller has the authority to offer to a MWD member agency or agencies the right to receive a specified amount of Exchange Water deliveries as provided in those Agreements.

iii. Seller has authority to perform its obligations hereunder on the terms set forth in this Agreement.

b. Buyer's Representations.

i. Buyer is a municipal water district organized and operating pursuant to the Municipal Water District Law of 1911 as set forth in Section 71000 et seq. of the California Water Code.

ii. Buyer has authority to perform its obligations hereunder on the terms set forth in this Agreement.

4. TERM

a. Term. The Term will commence on the Effective Date and continue through December 31, 2047, unless earlier terminated or extended as provided for herein.

b. Extensions. If Seller and MWD agree to extend the term of the 2025 Exchange Agreement, Seller shall notify Buyer and the parties shall meet-and-confer, in good faith, to attempt to negotiate an extension for the Term of this Agreement.

5. QUANTITY

a. Annual Quantity. Seller agrees to direct MWD to deliver and Buyer agrees to purchase and receive delivery of the following Exchange Water during each Contract Year of the Term, subject to the terms and conditions identified herein:

i. **6,240** AFY in 2026

ii. **7,200** AFY in 2027

iii. **8,100** AFY in 2028

iv. **9,060** AFY in 2029

v. **10,000** AFY in 2030 and each subsequent Contract Year through the end the Term.

b. Additional Quantity. Pursuant to the 2025 Settlement Agreement, Seller will notify Buyer and the other MWD member agencies each Contract Year if Seller has Available Supplies it wishes to make available for purchase during the following Contract Year. If Seller provides such annual notice, Buyer must notify Seller each Contract Year of its desire to purchase and receive delivery of Available Supplies and increase its Annual Quantity at the Table 1 Price for a portion of or the remainder of the duration of the Term (e.g., 10,000 AFY of Annual Quantity + 5,000 AFY of Additional Quantity for a new Annual Quantity of 15,000 AFY). If approved by Seller, Buyer will purchase such Additional Quantity to be added to its Annual Quantity at the Table 1 Price for a portion of or the remainder of the duration of the Term.

i. For the first Contract Year, Buyer will also have 120 days from the Effective Date to notify Seller of Additional Quantity to be added to its Annual Quantity for delivery beginning in Contract Year 2027, subject to Seller making Additional Supplies available in Contract Year 2026 for Contract Year 2027 and Seller approving, in its sole discretion, the requested addition to Buyer's Annual Quantity..

c. Option Quantity. If Seller receives an offer from another MWD member agency for delivery of Exchange Water, and Western Municipal Water District ("Western") elects not to exercise its first option right under the Exchange Water Delivery Agreement between Seller and Western entered into as of April 1, 2026, Buyer will have a secondary option right to match that offer at the same price, quantity, quality, delivery terms, and reliability within twenty-one (21) days of receiving notice from Seller. If Buyer elects to match the offer, the Seller will direct MWD to deliver the annual Option Quantity amount during each applicable Contract Year for the Term at the Option Quantity Price.

d. Remainder Quantity. If Exchange Water is offered to MWD in accordance with Paragraph 3.2(d) of the 2025 Exchange Agreement, and MWD elects not to exercise its second right of refusal, Buyer agrees to accept delivery of the Remainder Quantity as directed by Seller at the Remainder Quantity Price for the applicable Contract Year.

6. DELIVERY SCHEDULING

a. Annual Plan. No later than October 15 of each Contract Year, the Parties will prepare an annual delivery and exchange plan identifying targeted monthly delivery volumes, flow rates, and operational assumptions of all Annual Quantity, Option Quantity (if any), Remainder Quantity (if any), and Prepaid Quantity (if any) volumes for the following Contract Year. The annual delivery and exchange plan for each Contract Year may be amended by mutual agreement of the Parties, subject to the concurrence of MWD, at any point until the California Department of Water Resources adopts its final State Water Project allocations for that Contract Year.

b. Priority and Conflicts. In the event of conflicting constraints, the Parties will prioritize deliveries based on operational demands of Seller and MWD.

c. Scheduling Standards. The Parties shall adhere to MWD scheduling manuals, deadlines, and formatting requirements.

7. POINT OF DELIVERY

a. Delivery Point. The delivery point for all Exchange Water delivered under this Agreement will be through MWD service connections, or as coordinated between MWD, Seller, and Buyer.

b. Alternative Delivery Points. Alternative delivery points may be used upon mutual written agreement of the Parties, subject to any applicable charges associated with the same.

8. PRICE AND PAYMENT

a. Annual Quantity Price. The price for Annual Quantity Exchange Water will be the Table 1 Price, which will be computed on an annual basis, as more particularly described in *Exhibit C*. Notification of the Annual Quantity Price for the subsequent Contract Year will be provided from Seller to Buyer by November 1 on an annual basis, including the calculation for the rate.

b. Option Quantity Price. The price for Option Quantity will be the price offered by the other MWD member agency, subject to Buyer's agreement to the same.

c. Remainder Quantity Price. The price for Remainder Quantity will be the MWD full service untreated rate that is in place at the time of Buyer's purchase of the Remainder Quantity, as more particularly described in *Exhibit C*.

d. Prepaid Quantity. Seller will sell and Buyer will make a one-time pre-purchase of 30,000 AF of future additional Exchange Water at the 2026 Table 1 Price, minus Seller's amortized historical litigation and mitigation costs and the MWD Exchange Unit Price, as provided below and as more particularly described in *Exhibit C*, which is attached hereto and incorporated herein by reference. The prepaid quantity is not subject to MWD's readiness-to-serve fees.

i. Buyer will make three equal payments of $6,330,000 by June 1, 2026, January 1, 2027, and January 1, 2028.

(i) The payments listed in this subsection are for the Prepaid Quantity. Payments for Buyer's Annual Quantity, Option Quantity, and Remainder Quantity will be made separately through regular monthly invoicing as detailed herein.

ii. In addition to the payments in Section 8(d)(i), Buyer will also pay the MWD Exchange Unit Price identified in Exhibit C in the year the Prepaid Quantity is delivered at the then in effect MWD Exchange Unit Price.

iii. After payment of all installments for the Prepaid Quantity, Buyer may request deliveries of the Prepaid Quantity pursuant to Section 8(d)(vi), up to a maximum of 10,000 AF per year.

iv. Notwithstanding Section 8(d)(iii) above, Buyer may request a one-time delivery of up to 1,000 AF of the Prepaid Quantity pursuant to Section 6(a)after the first installment payment has been made.

v. Subject to Section 8(d)(iii) above and Section 8(d)(vi) below, Prepaid Quantity may be requested for delivery during any Contract Year through 2047, including years with wet or dry hydrologic conditions.

vi. Buyer must request deliveries of the Prepaid Quantity as follows:

(i) no less than a cumulative total of 10,000 AF of Prepaid Quantity by September 1, 2043;

(ii) no less than a cumulative total of 20,000 AF of Prepaid Quantity by September 1, 2044; and

(iii) no less than a cumulative total of 30,000 AF of Prepaid Quantity by September 1, 2045.

vii. Subject to Section 9 below, Seller must deliver the Prepaid Quantity, in coordination with Buyer, as follows:

(i) no less than a cumulative total of 10,000 AF of Prepaid Quantity by September 1, 2044;

(ii) no less than a cumulative total of 20,000 AF of Prepaid Quantity by September 1, 2045; and

(iii) no less than a cumulative total of 30,000 AF of Prepaid Quantity by September 1, 2046.

e. If Seller identifies other Exchange Water as available for potential purchase and delivery in future contract years, Seller may make Exchange Water available for pre-purchase in one or more transactions in a substantially similar manner as the Prepaid Quantity above. The Parties agree to meet-and-confer in good faith to attempt to negotiate a separate agreement for such transaction(s).

f. Third-Party Charges. If Seller becomes subject to any charges from MWD for Exchange Water that are not in effect as of the Effective Date, including any new charges or changes to existing charges, the Parties agree to meet-and-confer to discuss potential amendments to this Agreement (if any) that may be needed to effectuate the terms of this Agreement.

g. Invoices. Seller will invoice monthly in arrears for delivered Exchange Water volumes and applicable charges. Each invoice will show: (a) AF delivered by Seller to Buyer; (b) price; (c) third-party charges (if any), and (d) total amount due. Seller will invoice for Prepaid Quantity payments on an annual basis.

h. Payment Terms. Seller will provide an invoice mailing no later than the 10th working day of the month following the invoice month. Buyer will pay undisputed amounts by 2:00 p.m. on the 10th business day of the month following invoice mailing. "Business day" means any day other than a Saturday, Sunday, a bank holiday, or a Party holiday.

i. Delinquency Charge. Payment is to be made by the stated due date. The amount due will be delinquent if not received in investable funds in full by 5:00 p.m. on the due date. There will be a delinquency charge of two percent (2%) on the unpaid amount for each month, or any portion thereof, that the payment remains delinquent. If the delinquency does not exceed five (5) business days, the delinquency charge will be reduced to one percent (1%) of the delinquent amount. A payment remains delinquent and will continue to be assessed a delinquency charge on the unpaid amount so long as any portion of the original payment amount or of the delinquency charge, remains unpaid. Any protest of a payment must be filed concurrently with full payment of the amount due.

9. DELIVERY AND RELIABILITY SAFEGUARDS

a. **Minimum Reliability/Year-Round Delivery Assurance**. Seller will use reasonable efforts to deliver scheduled water volumes in a timely manner pursuant to the Parties' agreed-upon schedule, subject to Sections 9(b) and 9(c), and Section 13, herein. Exchange Water made available under this Agreement is intended to be deliverable to Buyer in all Contract Years and in both wet and dry hydrologic conditions.

b. **Regulatory Curtailments**. Regulatory Curtailments in any Exchange Water supplies imposed on Seller resulting in underdelivery of Exchange Water to Seller in a Contract Year will result in proportional reductions by Seller to Buyer's Exchange Water for the same Contract Year unless an alternative arrangement is agreed to by the Parties in writing.

c. **Operational Constraints and Shortfall Protocol**. If Seller or MWD forecasts a shortfall or experiences an operational constraint in advance of or during a Contract Year that will or may cause underdelivery of Water to Buyer, it will notify Buyer within five (5) business days of such a forecast, and the Parties will meet and confer on rescheduling deliveries within the same Contract Year, if feasible, or in future Contract Years, all subject to capacity and other limitations in this Agreement. In no event shall Buyer be required to pay for Exchange Water not delivered. If feasible, Seller will direct delivery of Exchange Water to Buyer within three (3) years of Buyer's payment for the same, unless a longer timeframe is mutually agreed to by the Parties; if it cannot do so, Seller will refund Buyer the amounts paid within thirty (30) days of Buyer's request for the same. Such an event will not serve to terminate this Agreement or relieve either Party of its obligations herein.

10. ADJUSTMENTS FOR MWD RATE VARIABILITY

a. **MWD Exchange Rate Adjustment**. If Seller and MWD amend the Exchange Agreement at any point in the future to raise the MWD Exchange Rate, Buyer will not be responsible for any increases above the Table 1 Price calculated based on the 2025 Exchange Agreement in effect as of the Effective Date, as provided herein.

11. PERIODIC REVIEWS

a. **Periodic Review**. The Parties will meet throughout the Contract Year as necessary and/or reasonably requested by either Party to review operational performance, forecasts, deliveries, and related matters for the present and following Contract Year. If either Party learns of a material fact that will or may affect its performance under this Agreement, that Party will set a meeting with the other Party within thirty (30) days, or as soon thereafter as reasonably practicable, to discuss the matter and find a solution.

12. TRANSPARENCY AND DATA REQUIREMENTS

a. **Operational Data**. Upon reasonable request, each Party will provide the other with monthly delivery logs, meter reads, scheduling confirmations, agency statements relevant to volumes and charges, and any other documents or information reasonably requested by either Party as they relate to this Agreement.

b. **Cost Data**. Upon reasonable request, Seller will provide documentation sufficient to substantiate all amounts invoiced to Buyer, including those charges and adjustments that may arise from third parties like MWD.

c. **Audit Rights**. Buyer may audit Exchange Agreement invoices and supporting data upon thirty (30) business days' notice, during normal business hours, at Buyer's expense.

13. FORCE MAJEURE

a. **Definition**. Force Majeure means any event beyond the Parties' control that prevents performance under this Agreement despite reasonable efforts, including, without limitation, major damage to or destruction of essential infrastructure, natural disasters, pandemics, war, or terrorism.

b. **Suspension**. Performance obligations impacted by a Force Majeure event are suspended for the duration of the event.

c. **Notice and Mitigation**. However, the suspending Party will provide prompt notice, describe the reasons for the suspension, and use all reasonable efforts to mitigate the effects on the other Party and resume performance as quickly as possible.

14. THIRD-PARTY DISPUTES

a. **Third-Party Disputes**. If litigation, protests, or administrative disputes materially affect deliveries under this Agreement, the Parties will meet and confer to adjust schedules or arrange substitute performance where feasible.

b. **Cost and Risk Allocation**. Each Party bears its own internal costs from such disputes.

15. SUSPENSION AND TERMINATION

a. **Suspension for Cause**. Either Party may suspend performance of this Agreement upon sixty (60) business days' written notice for a material breach by the other Party that remains uncured after sixty (60) days.

b. **Termination for Cause**. Upon issuing the 60-day notice specified in Section 15(a), the Party in breach will have a 180-day cure period. Upon expiration of that 180-day cure period, if Party is still in breach, the other Party may terminate this Agreement upon written notice.

c. **2035 Pricing Reset**. The Parties acknowledge and agree that Seller's Exchange Water supplies may be subject to a price adjustment under the Transfer Agreement in or about 2035. The Table 1 Price may be adjusted as more specifically described below:

1. If the Table 1 Price determined by the 2035 Pricing Reset results in an increase of less than 15% above the Table 1 Price during Contract Year 2034, the Table 1 Price shall be adjusted by the 2035 Pricing Reset ("Reset Price").
2. If the Table 1 Price determined by the 2035 Pricing Reset is: (i) an increase of 15% or more above the Table 1 Price during Contract Year 2034 and (ii) is at or below ninety percent (90%) of Full Service Untreated Volumetric Rate minus the MWD Exchange Unit Price for 2035, that price shall apply (the "Adjusted Price").
3. If the Table 1 Price determined by the 2035 Pricing Reset exceeds the price in Section 15(c)(2)(ii) above, then the Table 1 Price will be adjusted to the greater of: (a) 15% above the Contract Year 2034 Table 1 Price after adjusted by applicable escalator or (b) 90% of the Full Service Untreated Volumetric Rate minus the MWD Exchange Unit Price for 2035 (the "Capped Rate Price").

d. **Termination for Buyer (Pricing Reset).** If the Table 1 Price determined by the 2035 Pricing Reset results in an increase of fifteen percent (15%) or more above the Contract Year 2034 Table 1 Price, Buyer may terminate its obligations to pay for the Annual Quantity from Contract Year 2035 through the end of the Term.

e. **Effect of Termination**. Upon termination, undisputed amounts accrued through the termination date will be paid within 30 days. Surviving provisions include Sections 14, 16, and 23, and any other provisions that by their nature should survive.

16. RISK OF LOSS/LIMITATION OF LIABILITY

a. **Risk of Loss**. Buyer bears all risk of loss after Exchange Water is directed for delivery from Seller to Buyer to the MWD delivery point(s) identified in Sections 7(a) and (b).

b. **Limitation of Liability**. Seller will not be liable to Buyer for any monetary damages of any kind or nature whatsoever, whether based on contract, warranty, tort (including negligence or strict liability), or otherwise, resulting from a failure to deliver Exchange Water under this Agreement. The only remedy available to Buyer will be specific performance of Seller's obligations under this Agreement; however; if, in a Contract Year, Seller is unable to perform on its obligations under this Agreement due to Regulatory Curtailments or Operational Constraints under Sections 9(b) or 9(c) of this Agreement, Buyer's exclusive remedy, and Seller's sole liability, for Seller's breach of this Agreement will be a refund from Seller to Buyer of payments made for Exchange Water not delivered.

17. MEASUREMENT

a. **Metering**. Measurement will be by certified meters at or upstream of the delivery point identified in Sections 7(a) and 7(b), in AF to two decimal places.

b. **Standards and Testing**. Meters are MWD-owned and operated, and will be maintained, tested, and calibrated per their standards. Either Party may request testing upon five (5) business days' notice.

c. **Estimation**. If measurement is unavailable, volumes will be estimated using corroborating records (e.g., inflow/outflow, SCADA logs) and mutually agreed-upon methodologies.

18. INVOICING DISPUTES

a. **Dispute Notice**. Buyer will provide written notice of any invoice dispute within thirty (30) days of receipt, identifying disputed amounts and the basis.

b. **Undisputed amounts**. Buyer will timely pay undisputed amounts.

c. **Resolution**. Finance representatives will meet and confer within 10 business days to resolve disputes. Any unresolved dispute proceeds under Section 24.

19. COMPLIANCE WITH LAWS

a. **General Compliance**. Each Party will comply with all applicable laws, regulations, permits, and orders, including Party-specific rules governing conveyance, exchange, and water quality, to the extent such rules are consistent with this Agreement.

b. **No Impairment**. Neither Party will take actions that would knowingly cause the other Party to violate applicable laws or permits in connection with this Agreement.

20. NOTICES

a. **Method**. Notices will be in writing and delivered by personal delivery, nationally recognized overnight courier, certified mail (return receipt), or email with confirmation, to the addresses below or as updated by notice.

b. **Addresses**. Seller: San Diego County Water Authority, 4677 Overland Ave, San Diego, CA 92123, Attn: General Manager. Buyer: Eastern Municipal Water District, 2270 Trumble Road, Perris, CA 92570, Attn: General Manager.

c. **Effectiveness**. Notices are effective upon receipt.

21. ASSIGNMENT

a. **No Assignment Without Consent**. Neither Party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other Party. Buyer may not transfer any Exchange Water purchased under this Agreement to any other MWD member agency without Seller's prior written consent.

b. **Binding Effect**. Subject to the foregoing, this Agreement binds and benefits the Parties and their permitted successors and assigns.

22. INSURANCE

a. **Coverage**. Each Party will maintain, at its expense, insurance with financially sound insurers: (a) Commercial General Liability with limits not less than $2,000,000 per occurrence and $4,000,000 aggregate; (b) Workers' Compensation as required by law; and (c) Automobile Liability with limits not less than $1,000,000 combined single limit.

b. **Certificates**. Upon request, a Party will provide certificates evidencing required coverage and endorsements naming the other Party as additional covered party for ongoing operations to the extent of contractual liabilities.

c. **Changes**. A Party will provide thirty (30) days' prior notice of cancellation or material reduction in coverage, where available.

23. INDEMNITY

a. **Buyer's Indemnity**. Buyer shall indemnify, defend, and hold harmless Seller and its officers, directors, employees, and agents from and against third-party claims connected with or resulting from the delivery of Exchange Water, or the failure to deliver Exchange Water, under this Agreement, including claims related to water quality, wildfire, decreased property values, seismic events, emergency, or reduced agricultural production.

b. **Mutual Indemnity**. Except for claims subject to Buyer's obligations in Section 23(a) above, each Party ("Indemnitor") will indemnify, defend, and hold harmless the other Party and its officers, directors, employees, and agents (collectively, "Indemnitees") from and against other third-party claims to the extent arising out of Indemnitor's negligence, willful misconduct, or breach of this Agreement. However, Seller's duty to indemnify, defend, and hold harmless Buyer will not extend to third-party claims arising from the performance of Seller's obligations under this Agreement once the Exchange Water has reached any MWD facility for delivery to Buyer.

c. **Exclusions**. No Party will be liable for consequential, incidental, exemplary, or punitive damages, except to the extent awarded to a third party and subject to indemnity hereunder.

d. **Procedure**. Indemnitees will provide prompt notice of any claim, and the Parties will cooperate in the defense to the extent there is no direct conflict of interest between the Parties. Indemnitor will control the defense subject to Indemnitee's right to participate with its own counsel at its expense.

24. DISPUTE RESOLUTION

a. **Informal Resolution**. The Parties will first seek to resolve disputes through good faith negotiations between executive representatives.

b. **Mediation**. If the dispute remains unresolved within thirty (30) days of negotiations beginning between executive representatives, either Party may demand nonbinding mediation with a mutually agreed-upon mediator in San Diego County, with costs shared equally between the Parties.

c. **Venue; Relief**. If mediation fails, disputes will be resolved in accordance with law and if litigation is initiated, the Parties consent to jurisdiction and venue in the state or federal courts in San Diego County, State of California. Either Party may seek provisional or injunctive relief where appropriate.

25. MISCELLANEOUS

a. **Entire Agreement**. This Agreement constitutes the entire agreement and supersedes prior understandings regarding the subject matter.

b. **Amendments**. Amendments must be in writing and signed by both Parties.

c. **No Third-Party Beneficiaries**. Except as expressly provided, no third party is an intended beneficiary of this Agreement.

d. **Independent Public Agencies**. The Parties are independent public agencies; this Agreement does not create a partnership, joint venture, or agency.

e. **Severability**. If any provision is held invalid or unenforceable, it will be modified to the minimum extent necessary to be enforceable, and the remainder remains in effect.

f. **Waiver**. No waiver is effective unless in writing. Failure to enforce any term of this Agreement is not a waiver of enforcement or future enforcement.

g. **Counterparts; Electronic Signatures**. This Agreement may be executed in counterparts and by electronic signatures, each deemed an original and together one instrument.

h. **Further Assurances**. Each Party will execute further documents as reasonably necessary to effectuate the purpose of this Agreement.

i. **Governing Law**. This Agreement is governed by the laws of the State of California, without regard to conflict of law rules.

26. COORDINATION

a. **Agency Coordination**. The Parties will timely submit required forms, data, and confirmations to MWD and other applicable agencies for conveyance, delivery, storage, and exchange accounting.

b. **Records Retention**. Each Party will retain relevant records for at least four (4) years after the Contract Year to which they relate.

27. EXHIBITS

Exhibit A: 2025 Exchange Agreement
Exhibit B: 2025 Settlement Agreement
Exhibit C: Pricing
Exhibit D: Scheduling Protocols
Exhibit E: Insurance Requirements and Certificate Form

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

SELLER:

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

APPROVED AS TO FORM:

______________________________ Date: ______________________________

BUYER:

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

APPROVED AS TO FORM:

______________________________ Date: ______________________________

Exhibit B – Scheduling Protocols

<u>Schedule for Delivery Coordination</u>

1. By July 1 – Rainbow provides Notice of Committed Interest to Eastern
2. By August 1 – Eastern provides notice of total Available Supplies to all Partner Agencies
3. By August 2 – Rainbow provides updated Notice of Committed Interest to Eastern of any increase in Interest as to any excess Available Supplies[1]
4. By September 15 – Eastern and Rainbow will finalize total Committed Interest and Contract Quantity and prepare an annual delivery plan for the same
5. By October 1 – Eastern provides requested Delivery Schedule to SDCWA
6. By November 1 – SDCWA provides notice to MWD of delivery schedule

<u>Schedule for Notices and Interest Periods Between Eastern and Rainbow</u>

Approximate Dates[2]	Proposed Actions
June 2 – July 1	Rainbow to confirm and commit to delivery request by providing Notice of Committed Interest to Eastern
July 2 – July 31	Eastern to determine total Partner Agencies' Committed Interests, towards Eastern notice of desired quantities to SDCWA
August 1	Eastern to provide notice of total Available Supplies to all Partner Agencies from Exchange Water quantities made available to Eastern by SDCWA
August 2	Rainbow to provide updated Notice of Committed Interest to Eastern with increases to Committed Interest, if excess Available Supplies; Eastern to provide Rainbow notice within ten (10) days of SDCWA confirmation of availability of excess Exchange Water supplies for such increases
August 3 – September 15	Eastern and Rainbow to finalize Committed Interest and Contract Quantity, and prepare delivery plan for upcoming year

Notwithstanding the schedule noted above, Eastern and Rainbow may agree to a different schedule upon Eastern and Rainbow's mutual written agreement. If the 2026 Delivery Agreement is ever amended in a way that affects this schedule, Eastern and Rainbow agree to meet in good faith to revise this schedule accordingly.

[1] If Eastern notice of total Available Supplies to all Partner Agencies is before or after August 1, then Rainbow will provide updated Notice of Committed Interest within one (1) day of Eastern's notice.

[2] Approximate dates are for reference and informational purposes only. All dates are subject to change per the 2025 Exchange Agreement Paragraph 3.2(d)(iii).

Exhibit B – Scheduling Protocols

Schedule for Notices and Quantity Periods Under the 2026 Delivery Agreement

Approximate Dates[3]	Proposed Actions
March 1 – July 30[4]	Eastern to notice SDCWA if Additional Quantity is desired during current Contract Year and SDCWA will inform Eastern whether it may add Additional Quantity in accordance with Section 5(b) of the 2026 Delivery Agreement
July 31	SDCWA to provide notice to MWD member agencies of Exchange Water to be made available commencing in the following Contract Year
August 1- October 14	SDCWA to negotiate with interested MWD member agencies on potential Exchange Water delivery agreements
October 15 – November 7	SDCWA to notice Eastern of MWD member agency offers and Eastern to exercise or not exercise its option to match in accordance with Section 5(c) of the 2026 Delivery Agreement
November 8 – November 30	Eastern to notice SDCWA if Additional Quantity is desired and SDCWA will inform whether it may add Additional Quantity in accordance with Section 5(b) of the 2026 Delivery Agreement
December 30 – February 28/29	SDCWA to notify MWD of any agreement with a MWD member agency to receive Exchange Water deliveries during following Contract Year per Paragraph 3.2(d)(i) of the Exchange Agreement. SDCWA to notify MWD that it will offer available water for purchase by MWD per the Paragraph 3.2(d)(ii) of the Exchange Agreement. MWD to elect to exercise, or not exercise, its Second Right of Refusal per Paragraph 3.2(d)(ii)(B) of the Exchange Agreement.[5]

Notwithstanding the 2026 Delivery Agreement schedule noted above, SDCWA and Eastern may agree to different time periods for upon SDCWA and Eastern's mutual written agreement. If the 2026 Delivery Agreement is ever amended in a way that affects this schedule, SDCWA and Eastern agree to meet in good faith to revise this schedule accordingly.

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[3] Approximate dates are for reference and informational purposes only. All dates in the Exchange Agreement are subject to change per the 2025 Exchange Agreement Paragraph 3.2(d)(iii).

[4] If not elected by Eastern to purchase additional quantity, SDCWA may, at its discretion, direct delivery of Remainder Quantity during this time period.

[5] If not elected by Eastern to purchase additional quantity, SDCWA may, at its discretion, direct delivery of Remainder Quantity during this time period.

EXHIBIT C

NOTICE OF COMMITTED INTEREST

Under the Eastern Municipal Water District Exchange Water Purchase Agreement Contract Year 1 (2027) and Beyond

Rainbow Municipal Water District (Rainbow) hereby commits to the purchase and delivery of 1,500 acre-feet from Eastern Municipal Water District (Eastern) for Contract Year 1, 2027. Rainbow acknowledges that this Notice of Committed Interest (Notice) serves as the basis for Eastern requests of Exchange Water from San Diego County Water Authority (SDCWA) under the 2026 Delivery Agreement, which Eastern shall then be obligated to purchase. Such purchase by Eastern is made with the intent to then make such supplies available to Rainbow and thereby facilitate the service of water to Rainbow's customers. Accordingly, in recognition of Eastern's reliance on the same, Rainbow acknowledges that this Notice is binding on Rainbow.

Rainbow further acknowledges that the purchase and delivery of Exchange Water committed to are bound and subject to the terms and conditions of the 2026 Delivery Agreement, 2025 Exchange Agreement, and related agreements, such that the operation of these preceding agreements may determine the operation of purchase and delivery beyond Eastern and Rainbow's intent or control, including, but not limited to, variable supply and pricing, delayed delivery, and termination. Notwithstanding the potential for such risks and limitations, Rainbow knowingly enters into purchase and delivery with Eastern, and both intend to effectuate purchase and delivery to the maximum extent possible.

Rainbow therefore also acknowledges that Available Supplies of Exchange Water for Rainbow may be less or more than Rainbow's Committed Interest. If Available Supplies are less than Rainbow's Committed Interest, Exchange Water delivered will be proportional and pursuant to total Available Supplies and total Committed Interests of all Partner Agencies. If Available Supplies are more than Rainbow's Committed Interest, Rainbow may request an increase in Committed Interest, delivery of which will be proportional and pursuant to the excess in Available Supplies and total increases of all Partner Agencies. Upon Eastern notice of such excess, Rainbow will submit an updated Notice of Committed Interest to include any further increase request.

Partner Agency: ______________________________

Current Contract Quantity (AFY): ______________________________
Contract Year __ (____)

Increase Request (AFY): ______________________________
Contract Year __ (____)

Total Committed Interest (AFY): ______________________________
Contract Year __ (____)

______________________ ______________________ ______________________

Partner Agency Representative **Signature** **Date**