

**AMENDMENT NO. 1
TO TID/SRWA WATER SALES AGREEMENT**

THIS AMENDMENT TO AGREEMENT is made this April 16, 2020, between Turlock Irrigation District, a local government agency (**District**), and Stanislaus Regional Water Authority, a joint powers authority (**SRWA**), who agree as follows:

1. Recitals. The parties approve this Amendment with reference to the following background recitals:

1.1. On July 28, 2015, the parties entered into the Water Sales Agreement (the **Agreement**), which is on file in the District and SRWA offices.

1.2. The parties now desire to amend the Agreement to reflect changed circumstances and make other changes and clarifications. Capitalized terms in this Amendment shall have the same meanings as set forth in the Agreement.

2. Amendments to Agreement. The parties amend the Agreement as follows:

2.1. Section 1, subsection (b) is amended to read as follows:

(b) Closing Date - The date on which the Parties close escrow on the purchase and transfer of the treatment plant site pursuant to section 11(d).

2.2. Section 2, subsection (b) (CEQA) is amended by adding the following:

In 2018, after the 2015 approval of the Agreement, SRWA certified the Surface Water Supply Project Final Environmental Impact Report (**EIR**) for the Regional Surface Water Supply Project and approved the Project pursuant to the California Environmental Quality Act and CEQA Guidelines. The approval of this Amendment is consistent with and achieves the purposes as evaluated and approved in the 2018 EIR.

2.3. Section 2, subsections (c) and (d) are amended to read as follows:

(c) Water Rights. District submitted a water right petition to the State Water Resources Control Board (**SWRCB**) for a long-term transfer of a maximum of 17,375 acre feet of water per year of District's post-1914 water rights (SWRCB License 11058) and Water Code section 1735 et seq. to SRWA, to add the District Delivery Facilities as a point of diversion, and to add municipal and industrial as an authorized purpose of use. District will use commercially reasonable efforts to pursue and process the petition and SRWA will reasonably cooperate in District's request. District retains the sole discretion to (1) determine whether any terms and conditions that the SWRCB may impose pursuant to the change petition are acceptable, (2) and to determine whether Transfer Water will be delivered under the District's pre-1914 water rights, the District's post-1914 water rights, or some combination of both.

(d) SWRCB's Failure to Approve Section 2(c) Petition. In the event that District cannot obtain the SWRCB approval of the License 11058 water right change petition described in section 2(c) on terms and conditions acceptable to District in District's sole discretion, then District will deliver Transfer Water to SRWA under the District's pre-1914 water rights, the District's post-1914 water rights, or some combination of both..

2.4. Section 3, subsection (a) is amended to read as follows:

(a) Sale of Water. Subject to the delivery limitations, the Offset Water requirements, and other terms and conditions of this Agreement, District shall make continuously available to SRWA up to 30,000 acre feet of Transfer Water per year in accordance with section 4. District will make such Transfer Water available to SRWA within the scope of District's water rights as described in section 2(c).

2.5. Section 4, subsection (c) is amended to read as follows:

(c) Measurement of Water Delivered. SRWA will measure all water delivered to SRWA and all water diverted through the District Delivery Facilities but which are delivered to the Ceres Main Canal and not to the SRWA. SRWA will keep and maintain accurate and complete measurement records. SRWA will install, operate, and maintain water metering equipment that are reasonably acceptable to both Parties at all delivery points for water from the District Delivery Facilities to the SRWA and to the District's Ceres Main Canal. The meters shall be examined, tested and serviced regularly by the SRWA to maintain their accuracy in accordance with the meter manufacturer's written recommendations. The District may inspect the metering equipment and the measurement records during regular business hours upon reasonable notice. The SRWA will provide the District with instrumentation output signals for water flow rate and water pressure information at each meter. District retains the right to install reciprocal measuring devices that comply with the same standards and procedures set forth above. Disparities between District and SRWA measurements will be resolved pursuant to Section 12, Resolution of Differences, of this Agreement.

2.6. Section 4, subsection (h) (Curtailed of Delivery for Maintenance Purposes) is deleted.

2.7. Section 4, subsection (k) is amended to read as follows:

(k) The District will pay all reasonable costs associated with obtaining any and all approvals to use Recycled Water for irrigation purposes, whether or not such approvals are issued or obtained, including any attorney and filing fees. District shall obtain all permits necessary from the SWRCB Regional Water Quality Control Board, or any other federal, state, or local government agency with jurisdiction to use Recycled Water for irrigation purposes. SRWA agrees to provide assistance and all relevant and available information to the District for its uses in obtaining these permits. If the District cannot obtain all of the required approvals and permits on

terms and conditions acceptable to the District in the District's sole discretion by the time Transfer Water deliveries commence, SRWA will purchase the undelivered Recycled Water from the District in the same amount per acre foot that the City of Turlock receives for recycled water under the North Valley Regional Recycled Water Program until such approvals and permits are obtained.

2.8. Section 7, subsection (c) is amended to read as follows:

(c) Administration and Fees. District may elect to deliver water under this Agreement pursuant to one or both of the following:

(1) For the License 11058 water right supply option, SRWA will pay all costs associated with filing the water right change petition for and obtaining the long term water transfer from the SWRCB, whether or not the petition is successful. This includes attorney and filing fees, and any costs associated with implementing the water transfer. District will issue monthly billing statements for these costs as they accrue. Payment will be due and payable within thirty (30) days of issuance by the District.

(2) If pre-1914 water is transferred, SRWA will reimburse District for all liabilities and costs, including attorneys' fees, associated with delivering the pre-1914 rights under this Agreement, and defending any claims or challenges to the use of those water rights for purposes of this Agreement, including, but not limited to, any challenge under Water Code sections 1702, 1706, 1725 or stream adjudication. District will issue monthly billing statements for these costs as they accrue. Payment will be due and payable within thirty (30) days of issuance by the District.

2.9. Section 7, subsection (f) is amended to read as follows:

(f) Use of District Delivery Facilities; Cost Sharing. The Parties recognize and agree that the District Delivery Facilities will be used for the following purposes: (1) to divert and deliver the Transfer Water to the SRWA, (2) to divert and deliver water for District agricultural uses, or (3) to divert and deliver water for District agricultural uses if water was ordered by the SRWA pursuant to the Delivery Schedule but cannot be used by the SRWA after the water is released at La Grange Dam because of an emergency or operational problem at the water treatment plant or in the Project's treated water transmission system. Uses (1) and (3) shall cumulatively be called "**SRWA Water Use.**" Use (2) shall be called "**District Water Use.**" Upon SRWA's completion of construction of the District Delivery Facilities, the water diverted and delivered through the District Delivery Facilities will be used initially in the SRWA member agency public water systems and other community water systems within District boundaries that may become SRWA wholesale treated water customers.

Because SRWA initially will have sole use of the District Delivery Facilities, the SRWA shall operate, maintain, and, as necessary, repair and replace the District Delivery Facilities, and pay for 100% of the costs described in subsection (e) (the "**Operating and Maintenance Costs**") until such time that District commences regular District Water Use and there is dual use of the District Delivery Facilities by

both Parties. Once dual use of the District Delivery Facilities has begun, the SRWA's annual share and payment of the Operation and Maintenance Costs shall be calculated as follows: In acre feet, SRWA Water Use divided by the sum of SRWA Water Use and District Water Use pumped through the pump station during the Year with the resulting quotient expressed as a percentage. The total annual Operation and Maintenance Costs shall be multiplied by the resulting quotient expressed as a percentage. The product shall be the percentage share of annual Operation and Maintenance Costs payable by the SRWA. SRWA shall invoice District for the remaining percentage share of Operation and Maintenance Costs for District Water Use and District will pay any such invoice to SRWA pursuant to the budget and billing provisions set forth below. SRWA shall begin implementing the budget, billing, and collection procedures in subsection (g) when and after District commences regular District Water Use and there is dual use of the District Delivery Facilities by both Parties and shared Operation and Maintenance Costs.

2.10. Section 9, subsection (a) is amended to read as follows:

(a) Rate Sufficiency Covenant. SRWA covenants and agrees to bill and collect payments from the SRWA member agencies for the water provided to the Project sufficient to provide revenues adequate to meet its obligations under this Agreement.

2.11. Section 11, subsection (d) is amended to read as follows:

(d) Ownership of Real Property. District agrees to sell the treatment plant site, subject to a reservation of such easements for the District's pipelines to the treatment plant from the pump station and from the treatment plant to the Ceres Main Canal, to the SRWA at a sales price of \$1,436,674.00 payable to the District. Upon execution of Amendment No. 1 to the TID/SRWA Water Sales Agreement by both Parties, the Parties shall proceed expeditiously to open escrow with a mutually acceptable title company and to process and close escrow on the purchase and transfer of the site. The Parties agree that should the treatment plant not be completed by 2028, the District will have the option to require SRWA to reconvey the treatment plant site to the District at the sales price of \$1,436,674.00. A legal description and parcel map of the treatment plant site is attached hereto as Exhibit "A" and incorporated herein by reference. SRWA will acquire such additional lands and/or easements to complete, operate and maintain the treatment plant and treated water delivery pipelines and facilities.

3. No Effect on Other Provisions. Except for the amendments in Section 2, the remaining provisions of the Agreement are unaffected and remain in full force and effect.

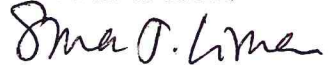
TURLOCK IRRIGATION DISTRICT

By: 
General Manager


Attest:


Secretary

Approved as to form:


General Counsel

STANISLAUS REGIONAL WATER AUTHORITY

By: 
General Manager

Attest:


Secretary

Approved as to form:


General Counsel