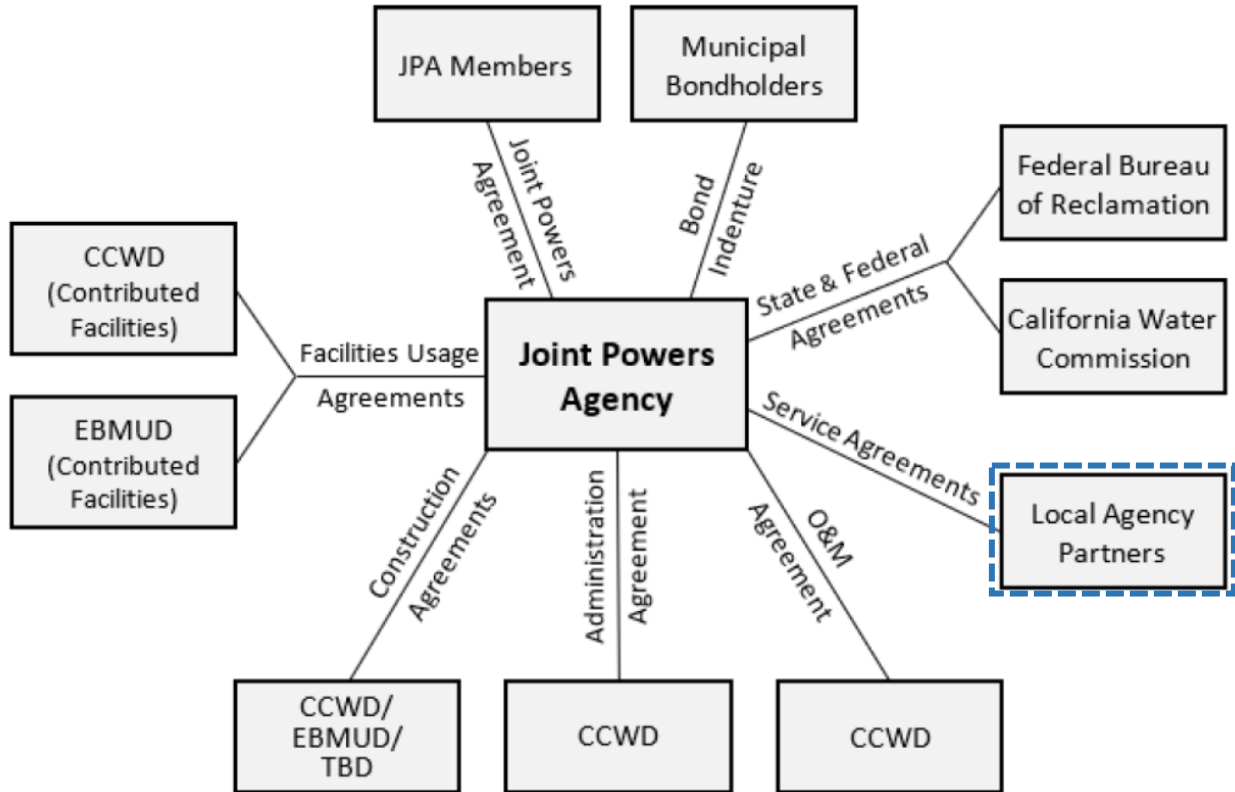


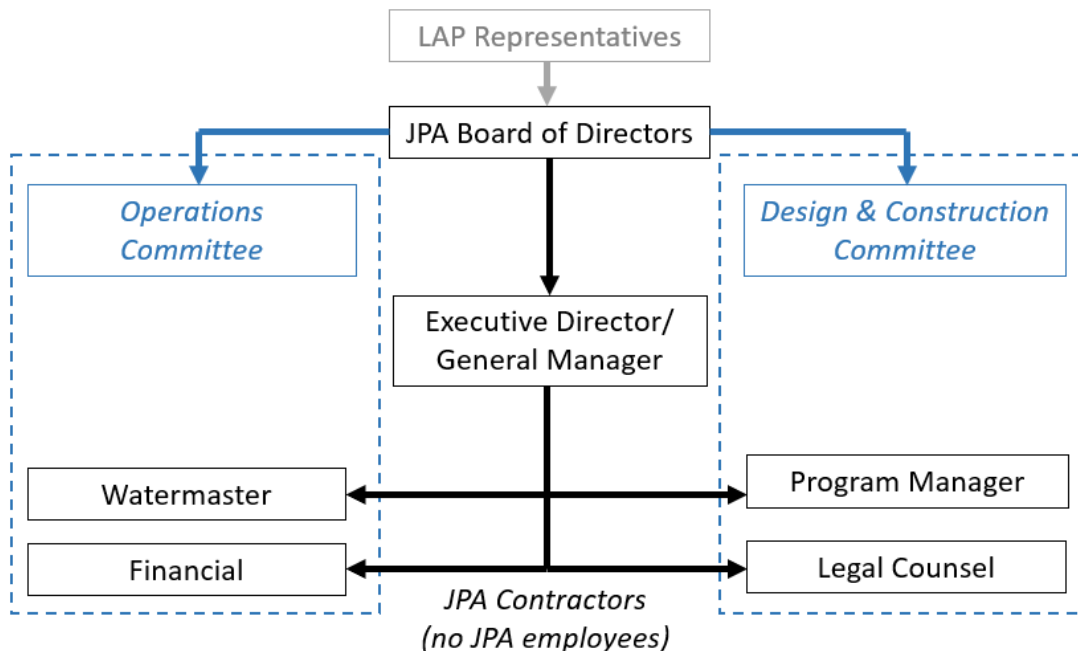
Proposed JPA Structure

Los Vaqueros Expansion Project

A general structure of the proposed LVE Project JPA structure is shown below:



The proposed organization chart of the JPA is shown below:



Per the JPA formation workshops, the objectives of the JPA will be as follows:

1. Provide governance of the LVE Project by the LAPs and CCWD.
2. Ensure sufficient and stable funding for the LVE Project.
3. Ensure costs are reasonable and cost allocations are equitable and transparent (through Service Agreements).
4. Ensure reliable delivery of water to LAPs consistent with the terms of the Service Agreements.
5. Establish clear dispute resolution approach.
6. Establish procedure to adjust terms in response to changed conditions.

Per the draft Term Sheet, the proposed 'primary activities of the JPA' (i.e., roles and responsibilities) include the following:

- A. Supervise and manage the LVE Project so as to fulfill the promises and deliver the benefits that led to the commitment of State, Federal and LAP funding;
- B. Enter into State Funding Agreements and Federal Funding Agreements and assume rights and obligations pursuant to these agreements;
- C. Finance development period activities through a combination of Early WSIP Funding and pay-as-you-go contributions from the LAPs;
- D. Enter into one or more Design & Construction Agreements and O&M Agreements with CCWD for the design, construction, operation and maintenance of the new and modified facilities (Attachment 1) including the operations of the Transfer-Bethany Pipeline;
- E. Enter into a Design & Construction Agreement and O&M Agreement with EBMUD for the design, construction, operation and maintenance for use of their existing facilities;
- F. Enter into a Design & Construction Agreement and O&M Agreement with an entity to be identified for the design, construction, and maintenance of the Transfer-Bethany Pipeline;
- G. Enter into the Facilities Usage Agreements with CCWD and EBMUD;
- H. Enter into an Administration Agreement with CCWD to serve as the JPA's administrator;
- I. Enter into agreements with outside entities providing program management, Watermaster, legal, financial, accounting, auditing, and other services as required;
- J. Enter into agreements with the California Department of Water Resources, the California Department of Fish and Wildlife, the Bureau of Reclamation, and other entities as required to comply with the requirements of the State and Federal Funding Agreements and implement the Project;
- K. Issue Project Revenue Bonds, secured by revenues of the Project, to provide financing for the Project;
- L. Fund and maintain adequate reserve funds to support debt and operational requirements;
- M. Deliver Services to the LAPs, and receive payment from the LAPs, pursuant to the Service Agreements; and
- N. Conduct such other activities as are necessary and appropriate to the above.