

LETTER OF INTENT TO COLLABORATE ON THE DEVELOPMENT OF A FUTURE
DEVELOPMENT AGREEMENT RELATED TO ADVANCED TREATED WATER DELIVERY
SYSTEMS BETWEEN THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AND THE SOUTHERN NEVADA WATER AUTHORITY

This LETTER OF INTENT (“LOI”) is made by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (“Metropolitan”) and the SOUTHERN NEVADA WATER AUTHORITY (“SNWA”), who may be referred to individually as “Party” or collectively as “Parties.”

BACKGROUND

- A. SNWA is a Nevada joint powers authority and political subdivision of the State of Nevada, created by agreement dated July 25, 1991, as amended November 17, 1994, and January 1, 1996, pursuant to Nevada Revised Statutes § 277.180, inclusive. Metropolitan is a water district established under the California Metropolitan Water District Act, codified in Section 109-1 et seq., of the Appendix to the West’s Annotated California Water Code, for the purpose of serving water to the coastal plain of southern California. The Parties have collaborated on previous projects and agreements involving water supplies and continue to seek new strategies to help maximize the availability of limited water supplies.
- B. Metropolitan and SNWA are working together to develop a Regional Recycled Water Program (“Project”). The objective of the Project is to produce up to 150 million gallons per day (“MGD”) of advanced treated water from a new advanced water treatment (“AWT”) facility located at Los Angeles County Sanitation District’s Joint Water Pollution Control Plant in Carson, California (“Metropolitan AWT Facility”). The Project’s development may be phased, starting at lower levels of production with the potential to build up to 150 MGD of production as demands and conditions warrant.
- C. If the Project is finalized and approved by Metropolitan’s Board of Directors, it will also include plans for the development of a conveyance system consisting of approximately 60 miles of pipeline and a series of pump stations (“AWT Conveyance System”). The AWT Conveyance System could potentially deliver up to 150 MGD of treated water to the Central, West Coast, Orange County and Main San Gabriel Groundwater Basins. Delivery locations along the alignment will consist of either existing groundwater spreading basins, new or existing injection wells, or industrial customers of Member Agencies in the Los Angeles and Long Beach Harbor areas, or raw water augmentation. Metropolitan has divided the pipeline alignment into five segments for consideration of a phased construction approach.
- D. Due to the size, complexity and anticipated capital investment required for the Project, SNWA will assist in the Project development by providing resources to assist with the planning, design, and construction of the Project. These resources may include, but are not limited to, time, materials, expertise, and financial investment.
- E. The Parties intend to exchange Project water volumes for MWD Colorado River allocation water volumes, conditioned upon final Project authorization and pursuant to the terms of the Development Agreement.

TERMS

1. **Intent:** It is the intent of the Parties to lay the foundation for a cooperative working relationship, to establish the role of each Party in that relationship as they continue to work together to further their common goal of developing the Project, and to lay the foundation for a joint development agreement to develop the Project and allocate future water disbursements (“Development Agreement”).
2. **Additional Parties:** The Parties recognize that other entities may be of assistance from time to time in various capacities and that the Parties may desire to add such entities as Parties to this LOI or to the Development Agreement. Accordingly, the Parties may at any time agree in writing to add Parties to this LOI, and anticipate including within the Development Agreement provisions for the addition of Parties by mutual, written consent.
3. **Development Agreement:** The Parties anticipate that the Development Agreement will describe the scope of the Project, including studies, planning, design, and construction; describe the distribution and allocation of resources to be provided by each Party toward the development of the Project; commit the Parties to future water distributions upon Project completion; and provide for the ongoing relationship between the Parties as it relates to the Project upon Project completion. Ancillary agreements with third parties may also be necessary as will regulatory changes. The Parties will cooperate to implement such agreements and regulations, inclusive of Colorado River operational rules providing any necessary flexibility for contemplated water exchanges.
4. **Project Representative:** Each Party will designate a project representative to represent the Parties on all issues relating to the Project. Within 30 days of the execution of this LOI, the Parties will identify their respective Project Representative through the notice provisions provided in Section 8 this LOI.
5. **Project Workplans:** Prior to executing the Development Agreement, the Parties may develop a project workplan (“Project Workplan”) that will define tasks to be completed, an approximate schedule for completing the tasks, and, if necessary, the funding or personnel requirements for such tasks. The Project Representatives will oversee the task of developing the Project Workplan and shall review and revise the Project Workplan as necessary.
6. **Technical Collaboration:** The Parties acknowledge that the Project will require advanced technical skills and expertise and that sharing such information is an essential component of their collaboration. To support technical collaboration throughout the Project, the Parties agree to:
 - a. Share information and technology to the greatest extent allowable under their governing legislation and confidentiality requirements;
 - b. Reasonably provide personnel as necessary to assist in implementing shared information and technology;
 - c. Subject to applicable public records laws, maintain all records of Parties in the strictest confidence and use them solely for purposes directly related to such services or as required by law;
 - d. Develop technological enhancements that allow interfaces of common information needs, as appropriate; and

e. Ensure that sufficient system security provisions shall be utilized by the Parties.

7. **Funding and SNWA Staff Time:**

- a. If necessary, funding for the Project prior to the effective date of the Development Agreement will be provided for in a Project Workplan. The Parties agree that such funding will come from a variety of sources. However, the Parties understand that they will each be responsible for a share of the costs related to the Project.
- b. SNWA's participation in funding for the Project will require approval from the SNWA Board of Directors. Until such approval, SNWA may commit SNWA staff time and resources necessary to facilitate the development process in a timely manner and may assume and be responsible for all internal costs associated with that process, including, but not limited to, the costs of reviewing, analyzing, and commenting upon the Project, environmental studies and review, Project Workplans, Transaction Documents, lobbying efforts, and necessary reports.
- c. The ability to complete the services identified in this LOI are contingent upon the availability of sufficient funds in the budgets approved by the Parties' respective governing bodies.

8. **Non-Binding:** The provisions of this LOI represent a statement of the Parties' general intent only, and shall not be binding on either Party. Neither Party shall have any obligation to enter into the Development Agreement, and no course of conduct of the Parties shall evidence any binding obligations.

9. **Notices:** Any notice under this LOI must be in writing and addressed as follows:

The Metropolitan Water District of Southern California
Post Office Box 54153
Los Angeles, CA 90054-0153
Attn: Deven Upadhyay
With a courtesy copy by email to DUpadhyay@mwdh2o.com

Southern Nevada Water Authority
1001 South Valley View Boulevard
Las Vegas, NV 89153
Attn: General Manager
With a courtesy copy by email to greg.walch@lvvwd.com

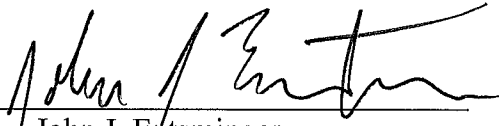
A properly addressed notice will be effective on the day of delivery, if delivered directly by a Party or by a nationally recognized delivery service, or on the third day after mailing, if sent postage prepaid by U.S. Mail. The Parties shall transmit a courtesy copy of any notice to the other Party by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

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

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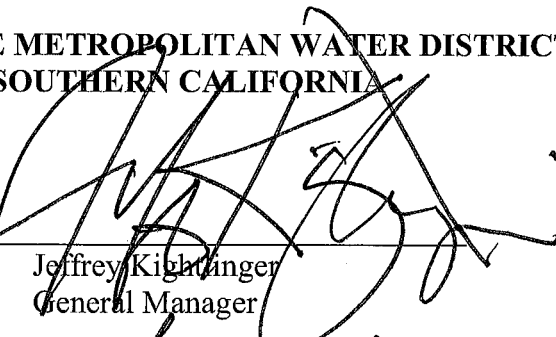
The Parties are signing this LOI in duplicate originals.

SOUTHERN NEVADA WATER AUTHORITY

By: 
John J. Entsminger
General Manager

Date: 3.12.20

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

By: 
Jeffrey Kightlinger
General Manager

Date: March 12, 2020