

AGREEMENT BETWEEN CRESTVIEW MUTUAL WATER COMPANY AND CALLEGUAS MUNICIPAL WATER DISTRICT FOR DELIVERY OF WATER FROM CRESTVIEW TO CALLEGUAS

THIS AGREEMENT, dated October 8, 2018 is entered into by and between Crestview Mutual Water Company, organized under California Corporations Code 14300, hereinafter referred to as "Crestview," and Calleguas Municipal Water District, organized under the Municipal Water District Act of 1911, as amended, hereinafter referred to as "Calleguas." Crestview and Calleguas shall hereinafter be referred to individually as "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Parties deliver potable water to their respective service areas;

WHEREAS, Calleguas desires to increase the availability of local water supplies during outages of imported water;

WHEREAS, Crestview has existing water system interconnections that can provide water to two Calleguas purveyors and is willing to have a new interconnection to provide water to Calleguas;

WHEREAS, Crestview has identified the opportunity to construct Well 8, which would increase its local water production capacity;

WHEREAS, Crestview is willing to further assist Calleguas in meeting its water supply reliability goal in exchange for appropriate compensation; and

WHEREAS, Calleguas and Crestview previously entered into the Agreement Between Crestview Mutual Water Company and Calleguas Municipal Water District for Interconnection Between their Potable Water Systems, dated January 25, 2016, as amended by Amendment No. 1 to the Agreement Between Crestview Mutual Water Company and Calleguas Municipal Water District for Interconnection Between their Potable Water Systems, dated March 14, 2018 (collectively the "Prior Interconnection Agreement"), which they wish to supersede and replace with this Agreement;

NOW THEREFORE, in consideration of the foregoing recitals, and the covenants and agreements set forth herein, the Parties agree as follows:

1. CRESTVIEW'S OBLIGATIONS

1.1 Implementation, Operation, and Maintenance of Interconnections

a. Existing Interconnections between Crestview and Adjacent Calleguas purveyors

- 1) Crestview shall own, operate, and maintain its existing interconnections with the City of Camarillo (Camarillo) and California-American Water (CalAm).

b. New Interconnection between Crestview and Calleguas

- 1) Crestview shall design, permit, construct, own, operate, and maintain the remote control system for Supervisory Control and Data Acquisition (SCADA) automation of the pressure regulating/pressure sustaining valve (PRV/PSV), including SCADA control panel, SCADA programming and integration into

Crestview's system, and necessary communication and control facilities. Crestview's SCADA control panel will include spare input/output terminations for future use by Calleguas. Crestview will construct these facilities once Calleguas has completed construction of the facilities listed in Section 2.1. Crestview shall own, operate, and maintain the PRV/PSV remote control system; flow meter and all components upstream of the flow meter, including an isolation valve; and all pipe connecting to the Crestview system.

- 2) Crestview shall operate and maintain the interconnection facilities that it owns except that it may operate Calleguas' isolation valve as needed to perform maintenance on the flow meter. Consent for Crestview's operation of Calleguas' isolation valve is hereby given as required by Section 7(c) of Calleguas Ordinance No. 12.
- 3) Crestview shall have access to the vault as needed and is fully responsible for compliance with all safety regulations associated with that access.
- 4) At Calleguas' request, Crestview shall promptly grant to Calleguas all necessary easement(s) and/or enter into all necessary right of entry agreements to allow Calleguas to:
 - a) Build all interconnection facilities described in this Agreement;
 - b) Operate and/or maintain the interconnection facilities described in Sections 2.2.b and 2.2.c for the duration of this Agreement; and
 - c) Remove facilities if the Agreement is terminated.

1.2 Implementation, Operation, and Maintenance of Well 8

- a. Crestview shall design, acquire all necessary right-of-way, obtain all necessary permits, construct, own, operate, maintain, repair, and, if necessary, remove and replace Well 8, pipe connecting Well 8 to the Crestview system, and associated facilities ("Well 8 Facilities").
- b. Crestview covenants and agrees to have Well 8 operational within five years of the Effective Date. If Well 8 is not operational within five years of the Effective Date, Calleguas may, in its sole discretion, immediately terminate this Agreement and Crestview shall reimburse Calleguas for all amounts paid to Crestview under Section 2.4 through the termination date. Calleguas shall invoice for such reimbursement and Crestview shall pay the invoice in full within 30 days.
- c. Crestview shall perform the work in Section 1.2.a. in accordance with all applicable federal, state, and local laws, rules, regulations, ordinances, orders, and guidelines, and with all applicable conditions and requirements of the Fox Canyon Groundwater Management Agency (FCGMA).
- d. Crestview shall, at all times during the term of this Agreement, use its best efforts to operate the Well 8 Facilities in accordance with generally accepted professional standards and operations and maintenance principles.

- e. Crestview shall at all times provide sufficient qualified personnel to properly supervise the acquisition and installation of the Well 8 Facilities provided for herein, and to operate and maintain those facilities.
- f. Crestview shall be responsible for any necessary disinfection and treatment of water. If water quality standards change or the quality of the groundwater changes such that the groundwater produced from Well 8 no longer meets potable standards without treatment, the Parties shall attempt to reach agreement on how treatment costs are to be allocated. Such negotiation period shall be triggered by either Party notifying the other in writing. If the Parties cannot agree on the cost allocation within 90 days of the notice, the Parties shall be deemed to have terminated the Agreement by mutual consent.
- g. Crestview shall perform and contract all work associated with construction of Well 8 pursuant to this agreement in accordance with the requirements of Section 1720 et seq. of the California Labor Code requiring the payment of prevailing wages, the training of apprentices, and compliance with other applicable requirements.
- h. Crestview shall maintain records of all operations conducted under this Agreement. Such records shall be maintained in a form capable of inspection by Calleguas and shall be available for inspection by Calleguas upon reasonable request.
- i. Crestview shall perform all necessary reporting to, make all required filings with, and respond to all requests for information from, FCGMA associated with the Well 8 Facilities and operation thereof.
- j. Calleguas shall have no ownership right, title, or other interest in the Well 8 Facilities and Calleguas shall have no duties, responsibilities, or liabilities for, with respect to, or arising from the design, construction, operation, and maintenance, repair, removal, and/or replacement thereof.

1.3 Delivery of Water from Crestview through the Interconnections

- a. Upon request by Calleguas in accordance with Section 2.5.a, Crestview shall deliver 3 cubic feet per second (cfs) to Calleguas for up to six (6) months through one or more of the following delivery mechanisms as specified by Calleguas in its request: Crestview-Calleguas Interconnection, Crestview-Camarillo Interconnections, and Crestview-CalAm Interconnection.
- b. If Crestview is unable to produce a combined total of 3 cfs in accordance with Section 1.3.a., Crestview shall pay as penalty \$316 per acre-foot (subject to CPI adjustments as provided herein) for each acre-foot requested by Calleguas but not delivered by Crestview. On January 1st each year during the term of this Agreement, the per acre-foot penalty shall be increased by a percentage equal to the percentage increase over the prior 12 month period in the Consumer Price Index ("CPI") for All Urban Consumers published by the Bureau of Labor Statistics of the U.S. Department of Labor for the urban area in closest proximity to Camarillo, California. The penalty does not apply if an act of God makes it impossible for Crestview to meet its own customer demands and also provide water to Calleguas.

- c. If requested by Calleguas, Crestview shall use its best efforts to provide water at a flow rate above 3 cfs for the first six (6) months and at a flow rate above zero (0) cfs after the first six (6) months. Crestview will provide the flows described in this Section 1.3.c to Calleguas when: (a) in Crestview’s sole discretion, Crestview’s flow and pressure conditions allow, (b) Crestview’s own customers are able to receive all of the water they need, and (c) and there is no significant impact on the ability of nearby well operators to produce water. With respect to requests by Calleguas to provide water at flow rates above those described in this Section 1.3.c, Calleguas acknowledges that Crestview’s first priority is to its own customers and not to Calleguas. Accordingly, Crestview makes no guarantee of any particular flows above the flows described in this Section 1.3.c under any circumstances. However, if, in Crestview’s sole discretion, delivery capacity is available, Crestview will use its best efforts to provide water to Calleguas above the flows described in this Section 1.3.c as and when requested to do so.
- d. Calleguas will specify which interconnection(s) it wishes to take delivery through and Crestview shall make best efforts to accommodate the request.
- e. For flows through the Crestview-Calleguas Interconnection,

Anticipated hydraulic grade lines are as follows:	<u>Elevation</u>
Crestview maximum	435’
Crestview minimum (PSV/PRV upstream minimum set point)	410’
Calleguas maximum (PSV/PRV downstream maximum set point)	298’
Calleguas minimum	275’

The PSV/PRV upstream minimum set point may be reduced if both Parties agree to operate at lower upstream pressures to improve flow through the interconnection. Operating parameters described in this section may be modified by mutual written agreement of the General Managers of the Parties.

1.4 Water Quality

- a. Crestview covenants and agrees that all water delivered by Crestview to Calleguas, the City of Camarillo, and/or CalAm pursuant to this Agreement shall comply with all drinking water quality requirements under State Water Resources Control Board Division of Drinking Water (SWRCB DDW) and all other applicable state, federal, or local requirements.
- b. Crestview shall provide the results of all water quality analyses required by the SWRCB DDW during each calendar year to Calleguas by March 1 of the following calendar year.
- c. Crestview shall immediately notify Calleguas of any violation of SWRCB DDW or other drinking water quality requirements.

1.5 Cost Accounting

- a. Crestview shall document all costs associated with the design, right-of-way acquisition, permitting, and construction of the Well 8 Facilities and submit invoices to Calleguas for reimbursement in accordance with Section 2.4.

1.6 Metering of Water Delivered through Interconnections

- a. If the Crestview-Calleguas interconnection has been in operation at any time during a particular month, Crestview shall read the meter on the last working day of the month and provide a totalizer read to Calleguas by the fourth calendar day of the following month.
- b. If the Crestview-Calleguas meter has not been in operation during a particular quarter, Crestview shall read the flow meter on the last working day of the quarter and provide a totalizer read to Calleguas by the fourth calendar day of the following month.
- c. Immediately before an interconnection with CalAm or Camarillo is placed into service at the request of Calleguas pursuant to this Agreement, Crestview shall read the meter and provide a totalizer read to Calleguas before the interconnection is brought into service. Thereafter, during any month that one of these interconnection is in service at the request of Calleguas pursuant to this Agreement, Crestview shall read the meter on the last working day of the month and provide the totalizer read to Calleguas by the fourth calendar day of the following month.
- d. For the meters at all interconnections (Calleguas, Camarillo, and CalAm), Crestview shall calibrate the meter every five years and provide the calibration report to Calleguas.
- e. If Calleguas determines that there is water supply benefit in increasing the existing Camarillo interconnection from 6" to 10", Crestview will install the necessary piping and a new 10" magnetic meter. Otherwise, Crestview will replace the existing 6" mechanical meter with a 6" magnetic meter.
- f. Crestview agrees to replace the two (2) existing 6" mechanical meters for the interconnections to / from CalAm with two (2) new 6" magnetic meters.

2. CALLEGUAS' OBLIGATIONS

2.1 Construction of the Crestview-Calleguas Interconnection Facilities

- a. Calleguas shall pay for, design, permit, and construct all of the facilities needed to deliver water from the Crestview water system to the Calleguas water system pursuant to this Agreement, including the meter station, PRV/PSV downstream of the meter station, pipeline connection to Calleguas' system, necessary electrical systems, select facilities to facilitate implementation of SCADA automation by Crestview, blowoff facility, and sample station. Crestview shall have the right to review and approve, in advance of construction, the design and components of those interconnection facilities described in Section 2.2.a.

2.2 Ownership, Operation, and Maintenance of the Crestview-Calleguas Interconnection Facilities

- a. Within 30 days after the Notice of Completion has been filed, Calleguas will transfer ownership of the following interconnection facilities to Crestview: the meter, an upstream isolation valve, and all upstream pipe connecting to the Crestview system. Such transfer shall be documented by a letter agreement signed by Calleguas and Crestview documenting Calleguas' transfer of the interconnection facilities and Crestview's acceptance of the interconnection facilities. Crestview acknowledges that the facilities shall be transferred "AS-IS" as of the date of the transfer.
- b. Calleguas shall retain ownership of and operate and maintain all interconnection facilities downstream of the meter, including the PRV/PSV and its pilot control system including solenoids, isolation valve, blowoff facility, sample station, and pipeline connection to Calleguas' system.
- c. Calleguas shall operate and maintain its own interconnection facilities except that it may operate Crestview's isolation valve as needed to perform maintenance on the PRV/PSV.

2.3 Reimbursement for Construction and Operation of SCADA associated with the Calleguas-Crestview Interconnection

- a. Crestview acknowledges that it has already received a \$25,000 payment from Calleguas for providing SCADA installation and long term monitoring and control in accordance with Amendment No. 1 to the Prior Interconnection Agreement.

2.4 Reimbursement for Construction of Well 8

- a. Based on the invoices submitted by Crestview, and subject to the cap specified in Section 2.4.e, Calleguas shall reimburse Crestview for design, right-of-way acquisition, permitting, and construction of the Well 8 Facilities.
- b. Each invoice shall summarize the work performed, list the amount invoiced for that work, and be accompanied by supporting materials, such as invoices or receipts, documenting the details of the costs requested for reimbursement.
- c. If Calleguas objects to all or any portion of the invoice, Calleguas will notify Crestview, identify the cause of disagreement, and pay when due that portion of the invoice not in dispute. The Parties will use reasonable efforts to settle the disputed portion of the invoice.
- d. If Crestview submits an invoice within the first 5 calendar days of the month, Calleguas will pay the invoice within 30 days, otherwise, Calleguas will pay the invoice within 60 days.
- e. Reimbursement for the Well 8 Facilities shall be subject to a total cost cap of \$2,100,000, provided water quality produced by the well can meet state and federal standards for potable water with the only form of treatment being chlorination. If water produced by the well requires treatment beyond chlorination, the Parties will follow the procedures described in Section 1.2.f. Crestview shall arrange for the necessary water samples to be

taken as early in the well construction process as possible so that decisions about treatment may be made on a timely basis.

2.5 Notification of Request for Delivery of Water through Interconnections

- a. Calleguas shall notify Crestview in writing at least 30 days in advance of desired water delivery, except in case of outages about which Calleguas does not have at least 30 days advance notice, in which case Calleguas shall notify Crestview as early as possible. The notification will specify the desired flow rate, start date and time, and anticipated duration of the delivery. Calleguas may choose to specify which interconnection(s) it desires to have the water delivered through.

2.6 Compensation for Delivery of Water through Interconnections

- a. For every acre-foot of water delivered from Crestview to Calleguas pursuant to this Agreement, Calleguas shall cause to be delivered to Crestview one acre-foot of water at a time of Crestview's choosing. Crestview acknowledges and agrees that its right to select the timing of such delivery is subject to delays due to outages of imported water. The water returned to Crestview will be free of charge between October 1 and April 30 and subject to only the capacity charge between May 1 and September 30.
- b. Crestview acknowledges and agrees that, except as specifically set forth herein, all water delivered by Calleguas to Crestview pursuant to this Agreement will be delivered in accordance with, and subject to, the terms, conditions, restrictions, and limitations of Ordinance No. 12.
- c. In addition, for every acre-foot of water delivered from Crestview to Calleguas pursuant to this Agreement, Calleguas will pay Crestview \$316 per acre-foot in exchange for administration, conveyance, electricity, and maintenance costs. Such amount shall be subject to annual CPI increases as provided in Section 1.3.b.
- d. It is expected that Calleguas will deliver water back to Crestview during the same FCGMA accounting period that the water is produced so that Crestview does not incur charges from FCGMA for pumping groundwater in excess of its allocation. However, depending on the timing and duration of the pumping requested by Calleguas, Crestview may be unable to avoid such charges. In that case, Crestview shall send an invoice to Calleguas for such charges, including back up documentation, and Calleguas shall pay Crestview according to the procedures described in Sections 2.4.c and 2.4.d.

3. TERMS OF USE

3.1 Limitation of Liability

- a. Except for the penalty payable by Crestview to Calleguas as provided for in Section 1.3.b, neither Party shall be responsible or liable to the other Party, or to any other person or entity, for any loss, liability, damage, claim, or other consequences resulting from any failure to provide water pursuant to this Agreement or any interruption or suspension of water delivery to the other Party pursuant to this Agreement. Each Party is solely responsible for adopting, implementing, and

maintaining all of its own necessary contingency plans and preventive measures to minimize or avoid any adverse consequences in anticipation of such events.

3.2 Indemnity

- a. Subject to the limitations of liability in Section 3.1, each Party (the “Indemnifying Party”) agrees to defend, indemnify, and hold harmless the other Party, its directors, officers, shareholders, employees, and agents, from and against any and all liability, loss, damage, claims, demands, costs, and expenses (including reasonable attorneys’ fees), arising out of or related to:
- 1) The negligent acts, errors, or omissions of the Indemnifying Party, or its owners, officers, directors, employees, agents, and/or contractors, in connection with the performance or failure to perform its obligations under this Agreement.
 - 2) Recklessness or willful misconduct of the Indemnifying Party, or its owners, officers, directors, employees, agents, and/or contractors, in connection with the performance or failure to perform its obligations under this Agreement.
 - 3) Breach by the Indemnifying Party of any of its covenants, agreements, or obligations under this Agreement, including, without limitation, non-compliance by the Indemnifying Party with any governmental approval or applicable law in connection with its obligations under this Agreement.
- b. Any assertion of negligence, breach, or violation of law by the party to be indemnified hereunder (the “Indemnified Party”) shall not relieve the Indemnifying Party from its obligations under this Section 3.2. However, the Indemnifying Party shall not be obligated to indemnify the Indemnified Party for that portion of any claim determined by the trier of fact to have been caused by the negligence or willful misconduct of the Indemnified Party.

4. ENTIRE AGREEMENT

This Agreement supersedes any prior agreements, negotiations, and communications, oral or written, regarding its subject matter (including, without limitation, the Prior Interconnection Agreement), and contains the entire agreement between the Parties relating thereto.

5. NO INDUCEMENT

Each Party acknowledges to the other that no one (including, without limitation, any Party, or any agent or attorney of any Party) has made any promise, representation, or warranty whatsoever, expressed or implied, written or oral, not contained herein concerning the subject matter hereof to induce it to execute this Agreement, and each Party acknowledges that it has not executed this Agreement in reliance on any promise, representation, or warranty not contained herein.

6. PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions herein shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated thereby.

7. MODIFICATION ONLY IN WRITING

This Agreement may only be changed by written amendment signed by both Parties. Any oral representations or modifications concerning this Agreement shall be of no force or effect.

8. NOTIFICATION

8.1 Unless and until changed by notification given in accordance with this Section 8, any notice, demand, or request to be given under or pursuant to this Agreement shall be given in writing at the physical addresses set forth below by personal service; overnight courier; or registered or certified, first class mail, return receipt requested:

If to Calleguas: Calleguas Municipal Water District
 2100 Olsen Road
 Thousand Oaks CA 91360
 Attn: General Manager

If to Crestview: Crestview Mutual Water Co.
 328 Valley Vista Drive
 Camarillo CA 93010
 Attn: General Manager

8.2 E-mail is also an acceptable means of notification, if provided to the current e-mail address of the appropriate General Manager. Each Party is responsible for keeping the other Party apprised of any change to such Party's contact information. Any change shall only be effective upon delivery of notice to the other Party as provided in this Section 8.

9. TERM

This Agreement shall commence on the date the last Party signs the Agreement (the "Effective Date"), and shall continue until terminated by mutual written consent or as provided in Section 10.1.

10. TERMINATION

10.1 Either Party may terminate this Agreement with 30 days' advance written notice.

a. If Crestview terminates the Agreement between 0 and 30 years after the facilities constructed pursuant to Section 1.2 are fully operational, Crestview shall reimburse Calleguas for the pro-rated costs paid to Crestview under Section 2.4. Those costs shall be calculated as shown below.

R: Total to be reimbursed from Crestview to Calleguas if Crestview terminates the Agreement prior to 30 years after the facilities constructed pursuant to Section 1.2 are fully operational

C: Total Amount reimbursed to Crestview under Section 2.4

N: Number of years the facilities constructed pursuant to Section 1.2 have been fully operational

$$R = (C/30) \times (30-N)$$

- b. If Crestview terminates the Agreement before the facilities constructed pursuant to Section 1.2 are fully operational, Crestview shall reimburse Calleguas for all costs paid to Crestview under Section 2.4 up to the termination date.
- c. If Calleguas terminates the Agreement before the facilities constructed pursuant to Section 1.2 are fully operational, it shall reimburse Crestview for all costs associated with stopping construction before it is complete.

10.2 Upon termination of this Agreement for any reason, all amounts due and owing by either Party to the other shall be paid in full within 30 days of the termination date, and all other rights and obligations of the Parties shall terminate, except that Calleguas' rights of access under any easement or right of entry granted for the purpose described in Section 1.1.b(4)(c) shall continue as provided therein, and the provisions of Sections 3.1 (Limitation of Liability), 3.2 (Indemnity), 8 (Notification), 10 (Termination), and 14 (California Law), shall survive termination of this Agreement for any reason.

11. INCORPORATION OF RECITALS

The foregoing recitals are incorporated herein as though fully set forth.

12. REPRESENTATION BY COUNSEL

Each Party acknowledges that it has been represented by legal counsel of its own choice throughout the negotiations which preceded the execution of this Agreement and that it has executed this Agreement with the consent and on the advice of such legal counsel. Each Party further acknowledges that it and its counsel have had adequate opportunity to make whatever investigation or inquiry they may deem necessary or desirable in connection with the subject matter of this Agreement prior to the execution hereof and the delivery and acceptance of the consideration specified herein.

13. JOINT DRAFTING

This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against either Party.

14. CALIFORNIA LAW

The provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of California.

15. SIGNING AUTHORITY

Each person executing this Agreement on behalf of a Party warrants and represents to the other Party that he or she is duly authorized to execute this Agreement on behalf of such Party.

16. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

17. NO THIRD PARTY RIGHTS

This Agreement is made solely for the benefit of the Parties and their respective permitted successors and assigns. No other person or entity may have or acquire any right by virtue of this Agreement.

18. AUTHORITY

Each party represents and warrants to the other it is entering into this Agreement freely and voluntarily, and that the execution and performance of this Agreement (i) are within its powers, (ii) has been duly authorized by all necessary actions on its behalf and all necessary consents or approvals have been obtained and are in full force and effect, and (iii) binds said party and its respective officers, directors, agents, employees, successors, assigns, and any others who may claim through it under this Agreement.

19. FURTHER ACTIONS

Each Party agrees to cooperate to carry out the spirit and intent of this Agreement, and shall execute and deliver such additional documents, instruments, and other materials as may be reasonably requested by the other Party.

20. HEADINGS

Section headings in this Agreement are for reference purposes only and shall not be considered in interpreting this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date by their duly authorized representatives in Ventura County, California.

Dated: 8.28.18

CRESTVIEW MUTUAL WATER COMPANY

By 

Norman Fahnoe
President, Board of Directors

Dated: 10/8/2018

CALLEGUAS MUNICIPAL WATER DISTRICT

By 
Susan B. Mulligan, General Manager

THOMAS L. SLOSSON, PRESIDENT
DIVISION 1

ANDY WATERS, SECRETARY
DIVISION 3

STEVE BLOIS, DIRECTOR
DIVISION 5



ANDRES SANTAMARIA, VICE PRESIDENT
DIVISION 4

SCOTT H. QUADY, TREASURER
DIVISION 2

SUSAN B. MULLIGAN
GENERAL MANAGER

web site: www.calleguas.com

2100 OLSEN ROAD • THOUSAND OAKS, CALIFORNIA 91360-6800 805/526-9323 • FAX: 805/522-5730

September 25, 2018

Robert Eranio
Crestview Mutual Water Company
328 Valley Vista Dr.
Camarillo CA 93010

Re: Agreement Between Crestview Mutual Water Company and Calleguas Municipal Water District for Delivery of Water from Crestview to Calleguas

Dear Robert:

This letter is intended to clarify the provisions of the Agreement Between Crestview Mutual Water Company and Calleguas Municipal Water District for Delivery of Water from Crestview to Calleguas, as follows:

1. The Well 8 Facilities to be constructed by Crestview and funded by Calleguas (subject to the cost cap in Section 2.4.e) will not include a natural gas back up generator.
2. The Well 8 Facilities to be constructed by Crestview and funded by Calleguas (subject to the cost cap in Section 2.4.e) will include connections for a portable diesel back up generator. Calleguas shall provide specifications for the appropriate connection type.
3. If utility power is not available at Well 8 and Calleguas cannot provide a portable diesel back up generator, then the penalties in Section 1.3.b shall not apply.

Please sign below to acknowledge your agreement with the clarifications above. Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in blue ink that reads "Susan B. Mulligan".

Susan B. Mulligan
General Manager

I hereby acknowledge and accept

A handwritten signature in black ink that reads "Robert Eranio".

Robert Eranio on behalf of Crestview Mutual Water Company