



December 12, 2007

Leo Trujillo  
Chairman

Fred Lemere  
Vice Chairman

William J. Brennan  
Executive Director

Hatch & Parent  
General Counsel

Mr. Rob Almy  
Water Agency Manager  
Santa Barbara County Water Agency  
123 East Anapamu Street  
Santa Barbara, CA 93101-2058

Re: California Department of Water Resources First Amendment to Tolling and Waiver Agreement with the State Water Contractors

Dear Rob:

Since the Santa Barbara County Flood Control and Water Conservation District (District) remains the State Water Project (SWP) contract holder with the California Department of Water Resources (DWR), the Central Coast Water Authority requests that the District sign the attached First Amendment to the Tolling and Waiver Agreement previously executed by the District. This amendment tolls the protest provisions of the Water Supply Contract on the DWR calendar year 2008 Statement of Charges in the same manner that the 2007 Statement of Charges was tolled under the original tolling and waiver agreement.

The Tolling Agreement, by itself, will have no financial consequences to the District. It merely preserves our rights to take action in the future should it become warranted.

Please contact me at (805) 697-5214 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Ray A. Stokes". The signature is written in a cursive style and is followed by a long horizontal line.

Ray A. Stokes  
Deputy Director

RAS

Attachment

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

255 Industrial Way  
Buellton, CA 93427-9565  
(805) 688-2292  
FAX: (805) 686-4700

33657-1  
RAS



## **FIRST AMENDMENT TO TOLLING AND WAIVER AGREEMENT**

This FIRST AMEMDMENT TO TOLLING AND WAIVER AGREEMENT (“First Amendment”), which shall be effective as of December 15, 2007 (“Effective Date”), is entered into by and between \_\_\_\_\_ (“AGENCY”) and the CALIFORNIA DEPARTMENT OF WATER RESOURCES (“DWR”). AGENCY and DWR are referred to individually as a “Party” and collectively as the “Parties.”

### **RECITALS**

A. In 2007, the Parties entered into a Tolling and Waiver Agreement (“Agreement”), a copy of which is attached hereto as Exhibit A. Except as otherwise set forth in this First Amendment, capitalized terms have the meanings given to such terms in the Agreement.

B. Among other things, the Agreement tolls the applicable time limits for pursuing Claims related to certain of DWR’s bills to the State Water Contractors for 2007. (“SWP bills for 2007”).

C. Although the Agreement expressly preserves AGENCY’S Claims with respect to the SWP bills for 2007, it does not address or apply to any SWP bills issued by DWR for subsequent years.

D. Thus, in the absence of an amendment to the Agreement, AGENCY will be required to formally protest its SWP bills for 2008 and/or take other legal action to preserve any claims it may have with respect to such bills.

E. The Parties currently are engaged in good faith discussions concerning a possible resolution of the claims related to the SWP bills issued for 2007 and certain other claims related to the State Water Project. In order to facilitate these discussions, the Parties agree that the applicable time limits for pursuing claims related to the SWP bills issued by DWR for 2008 also should be tolled.

F. The Parties also desire to amend the definition of the term "Claims" so that the reference to DWR's bills to the State Water Contractors for 2007 shall include "any revisions to such bills".

**NOW, THEREFORE**, AGENCY and DWR, for good and adequate consideration, the sufficiency of which is hereby acknowledged, agree to the following:

### **TERMS OF FIRST AMENDMENT**

1. The text in Paragraph 1(b) of the Agreement is deleted in its entirety and replaced with the following text, shown here in italics:

*The term "Claims" is broadly defined to include any and all claims for relief, actions, suits, causes of action, damages, debts, costs, demands, losses, liabilities and obligations of whatever nature, whether legal or equitable, and notices of contest under Article 29(i) of the State Water Contracts that arise out of or are related to: (1) the Metropolitan Claim; (2) the use, prior to July 1, 2006, of revenue bond proceeds and commercial paper note proceeds to pay "costs incurred for the enhancement of fish and wildlife or for the development of public recreation;" (3) the related establishment, restatement or adjustment of charges and rate reductions under the State Water Contracts; (4) the accounting for the costs of the San Joaquin Drainage Program; (5) the allocation of the costs of certain facilities in the Delta to the purposes of the development of public recreation and the enhancement of fish and wildlife; (6) DWR's bills to the State Water Contractors for 2007, including any revisions to such bills ; or (7) DWR's bills to the State Water Contractors for 2008, including any revisions to such bills.*

2. All other terms and conditions of the Agreement are unchanged by this First Amendment and shall remain in full force and effect.

3. Each individual signing below represents and warrants that he or she is authorized to execute this First Amendment on behalf of the respective Parties to this First Amendment and does so freely and voluntarily.

4. Each Party warrants and represents that, in executing this First Amendment, it has relied upon legal advice from counsel of its choice; that the terms of this First Amendment have been read and its consequences have been completely explained to it by counsel; that it fully understands the terms of this First Amendment; and that it knows of no reason why this First Amendment shall not be a valid and binding agreement of that Party.

5. This First Amendment may be executed in counterparts.

DATED: \_\_\_\_\_

\_\_\_\_\_  
DAVID A. SANDINO  
Chief Counsel  
Attorney for DWR

DATED: \_\_\_\_\_

\_\_\_\_\_  
Name:  
Title:  
For AGENCY