



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Executive Office

April 22, 2008

Mr. Jim Cherry
Area Manager
Yuma Area Office
Bureau of Reclamation
7301 Calle Agua Salada
Yuma, AZ 85364

Dear Mr. Cherry:

Notice of Election to Participate – Drop 2 Reservoir Funding Agreement

On April 8, 2008, the Board of Directors of The Metropolitan Water District of Southern California authorized participation in the existing funding agreement for the construction of the Drop 2 Reservoir (Agreement No. 07-XX-30-W0516).

Pursuant to the Metropolitan's Board action and the terms of the funding agreement, enclosed for your file is a signed duplicate original of the Notice of Election to Participate form required to formalize Metropolitan's intent to participate in the funding agreement. Metropolitan is coordinating with the Southern Nevada Water Authority to make full payment of \$28,666,667 for Metropolitan's share of the construction cost of the Drop 2 Reservoir on May 2, 2008. Reclamation will be notified once electronic transfer of this payment is verified.

We look forward to working with the Bureau of Reclamation and all of the parties of the Drop 2 funding agreement as we implement this system efficiency project. You may contact me at (213) 217-6211 or Mr. Bill Hasencamp of Metropolitan's staff at (213) 217-6520 if you have questions.

Very truly yours,


Jeffrey Kightlinger
General Manager

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Enclosure

Mr. Jim Cherry

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April 22, 2008

cc: Ms. Lorri Gray
Regional Director
Lower Colorado Region
Bureau of Reclamation
P.O. Box 61470
Boulder City, NV 89006-1470

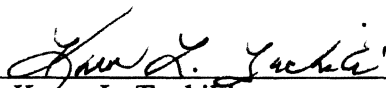
Notice of Election to Participate

1. Pursuant to Section 8.1 of the *AGREEMENT AMONG THE UNITED STATES OF AMERICA, THROUGH THE DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION; THE COLORADO RIVER COMMISSION OF NEVADA; AND THE SOUTHERN NEVADA WATER AUTHORITY FOR THE FUNDING AND CONSTRUCTION OF THE LOWER COLORADO RIVER DROP 2 STORAGE RESERVOIR PROJECT* dated December 13, 2007 ("Drop 2 Funding Agreement"), the Metropolitan Water District of Southern California (Metropolitan) does by the execution of this Notice of Election to Participate elect to become a Party to the Drop 2 Funding Agreement.
2. By electing to become a Party to the Drop 2 Funding Agreement, Metropolitan specifically agrees to transfer \$28,666,667 to an account designated by the Southern Nevada Water Authority by the date determined by the operation of Section 8.2 of the Drop 2 Funding Agreement.
3. Pursuant to Section 8.3 of the Drop 2 Funding Agreement, the Bureau of Reclamation will credit 100,000 acre-feet of System Efficiency ICS to Metropolitan's ICS Account upon transfer of the \$28,666,667 to the Southern Nevada Water Authority and reduce the amount of System Efficiency ICS in the Southern Nevada Water Authority's ICS Account by 100,000 acre-feet.
4. By electing to become a Party to the Drop 2 Funding Agreement, Metropolitan hereby becomes bound to all terms and conditions contained in the Drop 2 Funding Agreement in the same manner and to the same extent as each of the original Parties is bound.
5. Metropolitan will provide fully executed duplicate originals of this Notice of Election to Participate to each of the Parties to the Drop 2 Funding Agreement and any other potential Elector.

APPROVED AS TO FORM:


THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By:



Karen L. Tachiki
General Counsel

By:



Jeffrey Kightlinger
General Manager

Date:

4/17/08

Date:

4/22/08