

SYSTEM CONSERVATION IMPLEMENTATION AGREEMENT (SCIA)
BETWEEN THE UNITED STATES BUREAU OF RECLAMATION AND THE
TOHONO O'ODHAM NATION TO IMPLEMENT A PILOT SYSTEM
CONSERVATION PROGRAM (PILOT PROGRAM)

This SCIA to implement a Pilot Program is entered into this 15th day of September, 2015, by and between the United States Bureau of Reclamation (“Reclamation”) and the Tohono O’odham Nation (“Nation”), hereinafter referred to singularly as “Party” or collectively as “Parties.”

1. EXPLANATORY RECITALS

1.1 On July 30, 2014, Reclamation and four municipal entities, the Central Arizona Water Conservation District (CAWCD), The Metropolitan Water District of Southern California (MWD), Denver Water (DW), and the Southern Nevada Water Authority (SNWA) (collectively “Funding Agreement Parties”), entered into Agreement No. 14-XX-30-W0574 for a Pilot Program for funding the creation of Colorado River System water through voluntary water conservation and reductions in use (Funding Agreement).

1.2 Under the Funding Agreement, the Funding Agreement Parties will fund up to \$11 million for a Pilot Program to conserve Colorado River System water for storage in Lakes Powell and Mead.

1.3 Over the next 2 years, the Pilot Program will provide funding to develop short-term pilot projects that keep water in Lakes Powell and Mead through temporary, voluntary, and compensated conservation mechanisms.

1.4 Participation in System Conservation activities as part of the Pilot Program in the Lower Division States is limited to Entitlement Holders, as defined in the Funding Agreement.

1.5 The Nation is an Entitlement Holder and holds a Central Arizona Project (CAP) water entitlement totaling 74,000 acre-feet per year of CAP water under Contract No. PAPAGO121180A, as amended.

1.6 The Nation submitted to Reclamation a Pilot Program proposal to make available 10,080 acre-feet of its CAP water entitlement for the Pilot Program in 2015 in exchange for monetary compensation.

1.7 The 10,080 acre-feet of the Nation’s CAP water entitlement has a recent history of use.

1.8 The Nation’s Pilot Program proposal was evaluated independently and collectively by the Funding Agreement Parties pursuant to the factors provided in Section 5.5 of the Funding Agreement.

1.9 The Nation's Pilot Program proposal was selected by the Funding Agreement Parties for inclusion in the Pilot Program.

1.10 The Nation is willing to make the 10,080 acre-feet of water available for the Pilot Program in exchange for a payment of \$1,723,680.

1.11 A copy of the Nation's Pilot Program proposal is attached hereto as Exhibit A and made a part of this SCIA.

1.12 Prior to entering into this voluntary SCIA, as provided in Section 5.3 of the Funding Agreement, Reclamation and the participating Funding Agreement Parties are required to enter into a project specific funding agreement providing for, among other things, the timing of the Funding Agreement Parties' contributions, and the project specific performance metrics.

1.13 The project specific funding agreement (Project Funding Agreement No. 15-XX-30-W0582) was entered into and a copy is attached hereto as Exhibit B and made a part of this SCIA.

1.14 In accordance with Section 7 of the Funding Agreement, CAWCD, as the junior Colorado River water Entitlement Holder in the state of Arizona, will amend its water order for calendar year 2015 to ensure that the 10,080 acre-feet of water remains in Lake Mead. Letter Agreement No. 15-XX-30-W0585 was developed and entered into to fulfill this purpose and a copy is attached hereto as Exhibit C and made a part of this SCIA.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, Reclamation and the Nation agree as follows:

2. DEFINITIONS

2.1 Definitions included in the Funding Agreement are applicable to this SCIA.

2.2 Exhibit A is a copy of the Nation's Pilot Program proposal. Exhibit A is attached hereto and made a part of this SCIA.

2.3 Exhibit B is a copy of Project Funding Agreement No. 15-XX-30-W0582 among Reclamation and the participating Funding Agreement Parties which is a project specific funding agreement providing for, among other things, the amount and timing of the Funding Agreement Parties' contributions, and project specific performance metrics. Exhibit B is attached hereto and made a part of this SCIA.

2.4 Exhibit C is a copy of Letter Agreement No. 15-XX-30-W0585 in which CAWCD agrees to amend its water order for calendar year 2015 to ensure that the 10,080 acre-feet of water remains in Lake Mead. Exhibit C is attached hereto and made a part of this SCIA.

2.5 System Conservation Water means Colorado River water that is conserved by the Nation under this SCIA and left in Lake Mead to benefit the Colorado River System pursuant to this SCIA.

3. DESCRIPTION OF THE NATION'S PILOT PROGRAM PROJECT (PILOT PROJECT)

3.1 In exchange for a payment from Reclamation totaling \$1,723,680, the Nation agrees to modify its operations for 2015 reducing its delivery of its CAP water entitlement by a volume of 10,080 acre-feet of water that is currently scheduled for delivery through the CAP to underground storage facilities located in the Phoenix Active Management Area.

4. IMPLEMENTATION

4.1 Implementation begins upon execution of this SCIA and continues until December 31, 2015.

4.2 The Pilot Project will conserve in Lake Mead 10,080 acre-feet of System Conservation Water in calendar year 2015.

4.3 Upon execution of this SCIA, the Nation will provide Reclamation with a copy of an amended CAP water order placed with CAWCD for calendar year 2015 to reflect implementation of this Pilot Project.

4.4 CAWCD will provide an amended calendar year 2015 CAP water order to reflect this Pilot Project, in accordance with Letter Agreement No. 15-XX-30-W0585 that is attached hereto as Exhibit C.

5. MONITORING

5.1 Pursuant to Section 5.3 of the Funding Agreement, Reclamation is required to verify and document reductions in consumptive use of Colorado River water under the Pilot Program.

5.2 Reclamation will use its existing water order approval process to ensure that the Nation's CAP water for this Pilot Project is not ordered by the Nation or CAWCD.

6. EVALUATION

6.1 Reclamation's annual *Colorado River Accounting and Water Use Report - Arizona, California, and Nevada* (Water Accounting Report) will document the amount of System Conservation Water created by the Nation.

6.2 Reclamation and the Nation agree that the System Conservation Water created pursuant to this SCIA shall accrue to the benefit of the Colorado River System and shall not accrue to the individual benefit of any Funding Agreement Party, the Nation, or any third party.

7. COMPENSATION AND PAYMENTS

7.1 Compensation for System Conservation Water created under this SCIA shall be paid by Reclamation from the amounts contributed by non-Federal Funding Agreement Parties

and the funding available from Reclamation for the Pilot Program.

7.2 As required by Section 5.3 of the Funding Agreement, prior to entering into this SCIA, the Funding Agreement Parties entered into Project Funding Agreement No. 15-XX-30-W0582, a copy of which is Exhibit B.

7.3 The total Pilot Project cost is \$1,723,680. A payment in the amount of \$1,723,680 will be made by Reclamation to the Nation no later than 60 days following the latter of: (i) the execution of this SCIA or (ii) the receipt by Reclamation of a copy of the Nation's amended 2015 CAP water order.

8. REIMBURSEMENT FOR OVERPAYMENT

8.1 In the event the Nation fails to create the amount of System Conservation Water as was paid for, in accordance with this SCIA, the Nation agrees to reimburse for the overpayment within 30 days of receipt of a bill for collection from Reclamation.

9. GENERAL TERMS

9.1 The Nation agrees to remain in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of this SCIA.

9.2 Reclamation shall be responsible to obtain any further consents or forbearances required to ensure that System Conservation Water created by the Nation remains in Lake Mead and does not inure to the benefit of any individual Entitlement Holder.

9.3 The System Conservation Water created by the Nation under this SCIA will not be charged against the Nation's use of Colorado River water or charged as a use of Arizona's Colorado River apportionment; provided, however, that (i) in Reclamation's administration of paragraph 5.3.4.4 of the June 12, 2006 Tohono O'odham Settlement Agreement and subsection 6.8.5.4 of the Nation's May 5, 2006 CAP water delivery contract, the quantity of water created by the Nation under this SCIA shall be deemed to have been delivered pursuant to the Nation's CAP water delivery contract when determining the amount of CAP Indian Priority Water available to the Nation during a time of shortage, and (ii) the participation by the Nation in this SCIA and in providing that a portion of its CAP water entitlement will remain in Lake Mead, shall not constitute nor shall it be construed as a direct or indirect use of a portion of its CAP water entitlement outside the State which is prohibited under subsection 309(b)(2)(E) of the Arizona Water Settlements Act (Public Law 108-451).

9.4 None of the provisions of this SCIA shall be considered waived, except when such waiver is given in writing. The failure of a Party to this SCIA to insist in any one or more instances upon strict performance of any of the provisions, or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or that Party's relinquishment of any such rights for the future, but such provisions and rights shall continue and remain in full force and effect.

9.5 This SCIA is not intended nor shall it be construed to create any third-party beneficiary rights to enforce the terms of this SCIA in any person or entity that is not a party, other than CAWCD, MWD, DW, and SNWA. CAWCD, MWD, DW, and SNWA are expressly designated as third-party beneficiaries to this SCIA.

9.6 The Parties do not intend that any right or remedy given to a Party on the breach of any provision under this SCIA be exclusive; each such right or remedy is cumulative and in addition to any other remedy provided in this SCIA or otherwise available at law or in equity. If the non-breaching Party fails to exercise or delays in exercising any such right or remedy, the non-breaching Party does not thereby waive that right or remedy. In addition, no single or partial exercise of any right, power or privilege precludes any other or further exercise of a right, power or privilege granted by this SCIA or otherwise.

9.7 Each Party to this SCIA represents that the person executing on behalf of such Party has full power and authority to do so, and that his/her signature is legally sufficient to bind the Party on whose behalf he/she is signing.

9.8 This SCIA constitutes a valid and binding agreement of each Party, enforceable against each Party in accordance with its terms. This SCIA is and will be binding upon and will inure to the benefit of the Parties and, upon dissolution, the legal successors and assigns of their assets and liabilities.

9.9 This SCIA may be supplemented, amended, or modified only by the written agreement of the Parties. No supplement, amendment, or modification will be binding unless it is in writing and signed by the Parties.

9.10 Any notice, demand, or request shall be deemed properly served, given, or made if delivered in person; sent by registered or certified mail, postage prepaid; or overnight delivery, charges prepaid or charged to the sender's account to the persons in the positions executing this SCIA.

9.11 All information and data obtained or developed with the performance of duties mentioned in this SCIA shall be available upon request to a Party, subject to the provisions of the Freedom of Information Act, if applicable, or other applicable law. However, use of said reports, data and information shall appropriately reference the source for the respective documents.

9.12 The expenditure or advance of any money or the performance of any obligation by the United States under this SCIA shall be contingent upon the appropriation or allotment of funds. No monetary liability shall accrue to the United States in case funds are not appropriated or allocated or received from the Funding Agreement Parties as provided in Project Funding Agreement No. 15-XX-30-W0582.

9.13 No member of or Delegate to Congress, Resident Commissioner, or official of the Nation shall benefit from this SCIA other than as a water user or landowner in the same manner as other water users or landowners.

9.14 This SCIA is entered into under the Reclamation Act of 1902 as supplemented and amended and, in particular, the Boulder Canyon Project Act (45 Stat. 1057), the Colorado

River Basin Salinity Control Act (88 Stat. 266), as amended, and consistent with Section 206 of Title II of Division D of the Consolidated and Further Continuing Appropriations Act, 2015 (Public Law 113-235) and constitutes a pilot project designed to increase Colorado River System water in Lake Mead to address the effects of historic drought conditions. Nothing in this SCIA diminishes or abrogates the authority of the Secretary of the Interior under applicable Federal law, regulations, or the Consolidated Decree of the Supreme Court of the United States in the case of *Arizona v. California, et al.*, entered March 27, 2006, (547 U.S. 150 (2006)), or as it may be further modified.

9.15 In the event that any dispute arises regarding this SCIA, Reclamation and the Nation agree to meet and attempt to resolve the dispute before seeking any remedy.

9.16 Nothing in this SCIA shall be construed as an express or implied waiver of the sovereign immunity of either Party.

10. EFFECTIVE DATE


10.1 This SCIA shall become effective upon the date of its execution by both Parties. Once effective, this SCIA will remain in effect until December 31, 2015.

10.2 The Parties hereto have executed this SCIA on the day and year first written above.

Approved as to form:

TOHONO O'ODHAM NATION

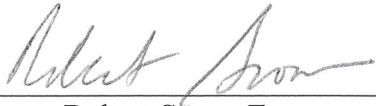
By: 
Acting Attorney General

By: 
Edward D. Manuel
Chairman

Signatures continued on next page.

Approved as to form:

UNITED STATES OF AMERICA

By: 
Robert Snow, Esq.
Attorney-Advisor


By: 
Terrance J. Eulp, Ph.D.
Regional Director
Lower Colorado Region
Bureau of Reclamation

EXHIBIT A

1. A copy of the Nation's Pilot Program proposal dated May 28, 2015, is attached.



Tohono O'odham Nation Office of the Chairman & Vice Chairwoman

COMPASSION FAITH TRADITION RESPECT
T-I:BDAG 'AMJED S-WOHOCUDA HIMDAG PI:K 'ELID

Ned Norris, Jr.
Chairman

Wavalene M. Romero
Vice Chairwoman



May 28, 2015

Steven C. Hvinden
Chief, Boulder Canyon Operations Office
Bureau of Reclamation
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, NV 89006-1470

By email to Margot Selig at mseelig@usbr.gov

Dear Mr. Hvinden:

I am enclosing the Tohono O'odham Nation's Proposal for the Lake Mead Pilot System Conservation Program for your consideration. The Tohono O'odham Nation submitted a Pre-Proposal to the Bureau of Reclamation on February 24, 2015, and received a counter-proposal from the Bureau of Reclamation dated April 30, 2015. The Tohono O'odham Nation has accepted that counter-proposal, as indicated by Tohono O'odham Legislative Council Resolution No. 15-157, which is also enclosed with this letter.

If you have any questions, please contact Jonathan Jantzen, Attorney General, at 520-383-3410 or jonathan.jantzen@tonation-nsn.gov.

Sincerely,

Dr. Ned Norris, Jr.
Chairman

Enclosures: 1) Tohono O'odham Nation's Proposal dated May 7, 2015
2) Resolution No. 15-157

May 7, 2015

TOHONO O'ODHAM NATION'S PROPOSAL
FOR THE
LAKE MEAD PILOT SYSTEM CONSERVATION PROGRAM

Project Description

The Tohono O'odham Nation (the "Nation") holds entitlements to Central Arizona Project water in the amount of 74,000 acre-feet per year. The Nation proposes to conserve some of that entitlement by leaving a certain quantity in Lake Mead.

Amount of Colorado River Water System To Be Conserved

The Nation proposes that it will not take delivery of a quantity of its CAP entitlement and that its water order be amended to reflect this change in its 2015 CAP water use. The water to be conserved consists of 10,080 acre-feet currently scheduled for delivery to underground storage facilities located in the Phoenix AMA.

This 10,080 acre-feet would be retained in Lake Mead and deliveries through the CAP system would be curtailed to reflect this reduction in Colorado River System uses. Reclamation would verify this reduction in consumptive use by monitoring releases from Mead for use in the CAP. If the 10,080 acre-feet were not retained in Mead, it would otherwise be consumptively used if placed in the CAP system.

Time to Implement

Conservation of the 10,080 acre-feet could take place almost immediately upon amendment to the Nation's and the CAP's respective water orders.

Estimated Cost

Based on the value the Nation has been able to generate with its CAP entitlement water, the cost per acre-foot of the water to be conserved would be \$180.00. In consideration of the 5% cut to the aquifer which the Arizona Department of Water Resources would impose if the Nation's water were stored in an underground storage facility, the \$180 price would apply to 9,576 acre-feet, a reduction of 5% from the 10,080 acre-feet conserved in Lake Mead.

Ensure Water Order to Be Reduced to Reflect Conserved Water

Reclamation currently submits the Nation's water order to CAP. The Nation will revise its water order and those revisions will be reflected in Reclamation's amended water order for the Nation. In addition, CAP would amend its water order to reflect reductions in releases from Mead associated with the conserved water.

Benefits From This Proposal

This proposal will benefit the Nation and the Bureau of Reclamation by reducing the expenditures for variable delivery costs from the Cooperative Fund established by the Southern Arizona Water Rights Settlement Act, thereby extending the life of the Fund. The Cooperative Fund pays for the variable delivery costs of CAP water to the Nation, and for certain Bureau of Reclamation costs related to administering the Nation's water settlement. If the water remains in Lake Mead, the variable delivery costs will not have to be paid. The anticipated compensation for the Nation's participation will also be a financial benefit to the Nation and will assist the Nation in providing governmental services to its members.

This proposal will also benefit the Bureau of Reclamation by reducing expenditures for fixed delivery costs from the Lower Colorado River Basin Development Fund. By leaving water in Lake Mead, the payment of fixed delivery costs will be reduced, thereby extending the life of the Basin Development Fund.

**RESOLUTION OF THE TOHONO O'ODHAM LEGISLATIVE COUNCIL
(Approving Proposal for Lake Mead Pilot System Conservation Program)**

RESOLUTION NO. 15-157

- 1 **WHEREAS,** the Tohono O'odham Nation (the "Nation") is entitled to receive 66,000 acre-feet
2 of Central Arizona Project ("CAP") water per year under the terms of the
3 Southern Arizona Water Rights Settlement Amendments Act of 2004, Title III of
4 Public Law 108-451 ("SAWRSA"), and in addition is entitled to receive 8,000 acre-
5 feet of CAP water per year under the terms of a water delivery contract with the
6 Department of the Interior entered into on December 11, 1980 and amended on
7 May 5, 2006, for a total of 74,000 acre-feet of CAP water per year; and
- 8 **WHEREAS,** the Nation has been storing certain amounts of its 66,000 acre-foot SAWRSA
9 entitlement underground in the Phoenix and Tucson Active Management Areas
10 pursuant to agreements with entities holding storage facility permits issued
11 pursuant to Arizona law; and
- 12 **WHEREAS,** due to drought in the Colorado River basin and other factors, the flows of the
13 Colorado River have been reduced and the water levels in Lake Mead and Lake
14 Powell have decreased to levels not seen since the filling of those reservoirs; and
- 15 **WHEREAS,** to counteract the declining water levels in Lake Mead from which the CAP
16 system draws its water, the United States Bureau of Reclamation, the
17 Metropolitan Water District of Southern California, the Central Arizona Water
18 Conservation District, the Southern Nevada Water Authority, and Denver Water
19 have entered into an agreement to fund up to \$11 million to compensate water
20 using entities such as the Nation for reducing their use of Colorado River water
21 and thereby retaining water in Lake Mead under a program entitled the Lake
22 Mead Pilot System Conservation Program; and
- 23 **WHEREAS,** by Resolution No. 15-045 the Nation approved a pre-proposal offering to
24 conserve the amount of 18,080 acre-feet in Lake Mead for a specified price, and
25 the pre-proposal was delivered to the Bureau of Reclamation; and
- 26 **WHEREAS,** the Bureau of Reclamation delivered a counter-proposal dated April 30, 2015 to
27 the Nation, representing the 5 entities which have proposed the Lake Mead Pilot
28 System Conservation Program; and
- 29 **WHEREAS,** the Water Resources Committee and the Chairman of the Nation have reviewed
30 the counter-proposal and recommend accepting it, as specified in the Nation's
31 proposal attached to this resolution.
- 32 **NOW, THEREFORE, BE IT RESOLVED** that the Tohono O'odham Legislative Council approves
33 the Tohono O'odham Nation Proposal for the Lake Mead Pilot System

RESOLUTION NO. 15-157
(Approving Proposal for Lake Mead Pilot System Conservation Program)
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Conservation Program dated for reference May 7, 2015 for the year 2015 substantially in the form attached hereto, and authorizes the Chairman of the Nation to promptly deliver the document to the Bureau of Reclamation.

BE IT FINALLY RESOLVED that the funds generated by this program will be added to the Water Revenues Account established by Resolution No. 14-525.

The foregoing Resolution was passed by the Tohono O'odham Legislative Council on the 07TH day of MAY, 2015 at a meeting at which a quorum was present with a vote of 2,926.9 FOR; ~~0~~ AGAINST; ~~0~~ NOT VOTING; and [03] ABSENT, pursuant to the powers vested in the Council by Article XVII, Section 2 of the Constitution of the Tohono O'odham Nation, adopted by the Tohono O'odham Nation on January 18, 1986; and approved by the Acting Deputy Assistant Secretary - Indian Affairs (Operations) on March 6, 1986, pursuant to Section 16 of the Act of June 18, 1934 (48 Stat.984).

TOHONO O'ODHAM LEGISLATIVE COUNCIL


Timothy Joaquin, Legislative Chairman

15 day of May, 2015

ATTEST:


Evonne Wilson, Legislative Secretary

14 day of May, 2015

Said Resolution was submitted for approval to the office of the Chairman of the Tohono O'odham Nation on the 15 day of May, 2015 at 3:50 o'clock, P.m., pursuant to the provisions of Section 5 of Article VII of the Constitution and will become effective upon his approval or upon his failure to either approve or disapprove it within 48 hours of submittal.

TOHONO O'ODHAM LEGISLATIVE COUNCIL


Timothy Joaquin, Legislative Chairman

RESOLUTION NO. 15-157
(Approving Proposal for Lake Mead Pilot System Conservation Program)
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APPROVED

on the 14 day of May, 2015

DISAPPROVED

at 4:45 o'clock, P.m.



NED NORRIS, JR., CHAIRMAN
TOHONO O'ODHAM NATION

Returned to the Legislative Secretary on the 15 day of

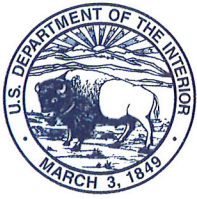
May, 2015, at 9:30 o'clock, A.m.



Evonne Wilson, Legislative Secretary

EXHIBIT B

1. A copy of Project Funding Agreement No. 15-XX-30-W0582 is attached.



United States Department of the Interior

BUREAU OF RECLAMATION
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, NV 89006-1470

IN REPLY REFER TO:

LC-4405
WTR-4.00

AUG 28 2015

VIA OVERNIGHT MAIL

Project Funding Agreement No. 15-XX-30-W0582

Mr. Jeffrey Kightlinger
General Manager
Metropolitan Water District of
Southern California
700 North Alameda Street
Los Angeles, CA 90012

Mr. Jim Lochhead
CEO/Manager
Denver Water
1600 West 12th Avenue
Denver, CO 80204

Mr. Theodore "Ted" C. Cooke
Interim General Manager
Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, AZ 85024

Mr. John Entsminger
General Manager
Southern Nevada Water Authority
1001 South Valley View Blvd. MS 480
Las Vegas, NV 89153

Subject: Project Specific Funding Agreement Required by Agreement No. 14-XX-30-W0574, Dated July 30, 2014 (2014 Funding Agreement), Among the United States, the Central Arizona Water Conservation District (CAWCD), The Metropolitan Water District of Southern California (MWD), City and County of Denver, Acting by and Through its Board of Water Commissioners (DW), and the Southern Nevada Water Authority (SNWA) (Collectively, the Funding Agreement Parties)

Dear Gentlemen:

The Tohono O'odham Nation (Nation) provided a proposal to implement a pilot system water conservation program created by the 2014 Funding Agreement (Pilot Program). The Nation's proposal was approved by the Funding Agreement Parties to be part of the Pilot Program, subject to the successful negotiation and execution of a System Conservation Implementation Agreement (SCIA). The Nation proposes to make 10,080 acre-feet of the Nation's Central Arizona Project (CAP) water entitlement available for the Pilot Program in calendar year 2015 in exchange for monetary compensation. The Nation is willing to modify its operations for 2015 reducing its delivery of its CAP water entitlement by a volume of 10,080 acre-feet of water that is currently scheduled for delivery through the CAP to underground storage facilities located in the Phoenix Active Management Area; such action by the Nation would allow CAWCD to reduce its 2015 Colorado River water order with the Bureau of Reclamation (Reclamation) to

ensure that the 10,080 acre-feet remains in Lake Mead under the Pilot Program. The Nation will be paid \$171 per acre-foot for a total of \$1,723,680.

In addition, CAWCD has indicated that as part of the 2015 implementation of the Pilot Program it needs to be compensated for the loss of the CAP fixed operation, maintenance, and replacement (OM&R) charges that are associated with this CAP water not being delivered. This financial impact to CAWCD as a result of implementing a Pilot System project involving the CAP was not envisioned when the 2014 Funding Agreement was signed. Be that as it may, the Funding Agreement Parties have agreed to treat this financial impact to CAWCD as a project cost and to pay CAWCD the equivalent of the foregone CAP fixed OM&R charges; provided, however, that such payment shall not establish a precedent for future Pilot Program projects.

The calendar year 2015 CAWCD rate for CAP fixed OM&R is \$82 an acre-foot; therefore, the total amount to be paid to CAWCD by the Funding Agreement Parties for CAP fixed OM&R charges is \$826,560 (\$82 x 10,080 acre-feet).

Reclamation and the Nation, pursuant to Sections 4.11 and 5.3 of the 2014 Funding Agreement, will enter into a SCIA relating to the Nation's proposal upon approval by the Funding Agreement Parties of a project specific funding agreement providing for, among other things, the timing of the Funding Agreement Parties' contributions and project specific performance metrics. This letter serves as the project specific funding agreement (Project Funding Agreement).

The Funding Agreement Parties agree as follows:

1. Project Costs: The total cost for water conserved during calendar year 2015 is \$1,723,680.
2. Contributions – For Water Conserved During Calendar Year 2015: The contributions to be made by the Funding Agreement Parties under this Project Funding Agreement for water conserved by the Nation during calendar year 2015 will be as follows:

Calendar Year 2015 Water Conservation

Invoice	Reclamation's Contributions	CAWCD, MWD, DW, and SNWA Contributions			
		CAWCD	MWD	DW	SNWA
Invoice – Total by Entity	\$459,648	\$418,012	\$418,010	\$10,000	\$418,010
<i>Total Amount: \$1,723,680</i>					

3. Contributions – For CAP Fixed OM&R Charges: The contributions to be made by the Funding Agreement Parties under this Project Funding Agreement for CAP fixed OM&R charges totaling \$826,560 will be as follows:

CAP Fixed OM&R Charges

Invoices	Reclamation's Contributions	CAWCD, MWD, DW, and SNWA Contributions			
		CAWCD	MWD	DW	SNWA
Invoice – Total by Entity	\$204,140	\$204,140	\$204,140	\$10,000	\$204,140
<i>Total Amount: \$826,560</i>					

4. Invoicing:

4.1 Reclamation will invoice CAWCD, MWD, DW, and SNWA for their contributions at least 45 days before payments are to be made by Reclamation to the Nation under the SCIA entered into between Reclamation and the Nation.

4.2 Invoices must be paid within 30 days of the date of the invoice.

5. Payments to Reclamation: CAWCD, MWD, DW, and SNWA will submit their contributed shares to Reclamation using the payment options listed on the invoice.

6. Payments to the Nation: Payments from Reclamation to the Nation will be made in accordance with the SCIA entered into between Reclamation and the Nation.

7. Payment to CAWCD for CAP Fixed OM&R Charges: The payment of \$826,560 for CAP fixed OM&R charges from Reclamation to CAWCD will be paid to CAWCD no later than 60 days following: (i) the execution of the SCIA entered into between Reclamation and the Nation, and (ii) the receipt by Reclamation of CAWCD's amended Colorado River water order for calendar year 2015 to reflect the conservation of the 10,080 acre-feet.

8. Performance Metrics: Project Specific Performance Metrics are set forth in Sections 3, 4, 5, and 6 of the SCIA entered into between Reclamation and the Nation.

9. Approval of Form of SCIA: Consistent with the goal set forth in Section 5.6 of the 2014 Funding Agreement, the Funding Agreement Parties' execution of this Project Funding Agreement also provides their approval of the form of the SCIA entered into between Reclamation and the Nation.

10. Effective Date: This Project Funding Agreement will be effective upon the date of execution of the SCIA entered into between Reclamation and the Nation.

CAWCD, MWD, DW, SNWA agree to the provisions of this Project Funding Agreement and their formal concurrence with this Project Funding Agreement is evidenced by their signatures below, as provided herein. Reclamation's signature on this Project Funding Agreement provides its formal concurrence, subject to the execution of this Project Funding Agreement by CAWCD, MWD, DW, and SNWA. This Project Funding Agreement may be signed in counterparts, each

of which shall be an original and all of which, together, shall constitute only one Project Funding Agreement.

If you agree with the terms of this Project Funding Agreement, please sign as indicated below and return the signed document to Reclamation. Reclamation will then forward to each party a fully executed original of the Project Funding Agreement.

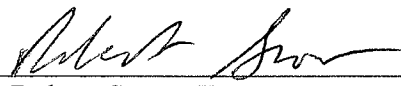
If you have questions, please contact Mr. Steven C. Hvinden, Chief, Boulder Canyon Operations Office, at 702-293-8414.

Sincerely,



Terrance J. Fulp, Ph.D.
Regional Director

Approved as to legal sufficiency:


By: 
Robert Snow, Esq.
Its: Attorney-Advisor

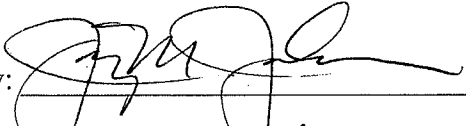
In Quintuple

Signatures continued on next page.

CAWCD:

Approved as to form:

By: 
Theodore "Ted" C. Cooke
Its: Interim General Manager

By: 
Its: Gen. Counsel

MWD:

Approved as to form:

By: _____
Jeffrey Kightlinger
Its: General Manager

By: _____
Marcia L. Scully
Its: General Counsel

CITY AND COUNTY OF DENVER,
acting by and through its BOARD OF
WATER COMMISSIONERS

Approved as to form:

By: _____
James S. Lochhead
Its: CEO/Manager

By: _____
Its: Legal Division

SNWA:

Approved as to form:

By: _____
John Entsminger
Its: General Manager

By: _____
Gregory J. Walch, Esq.
Its: General Counsel

CAWCD:

Approved as to form:

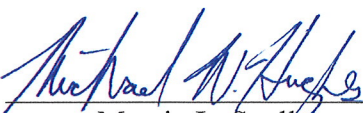
By: _____
Theodore "Ted" C. Cooke
Its: Interim General Manager

By: _____
Its: _____

MWD:

Approved as to form:

By:  _____
Jeffrey Kightlinger
Its: General Manager

By:  for _____
Marcia L. Scully
Its: General Counsel

CITY AND COUNTY OF DENVER,
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Approved as to form:

By: _____
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By: _____
John Entsminger
Its: General Manager

By: _____
Gregory J. Walch, Esq.
Its: General Counsel

CAWCD:

Approved as to form:

By: _____
Theodore "Ted" C. Cooke
Its: Interim General Manager

By: _____
Its:

MWD:

Approved as to form:

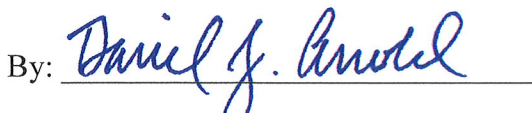
By: _____
Jeffrey Kightlinger
Its: General Manager

By: _____
Marcia L. Scully
Its: General Counsel

CITY AND COUNTY OF DENVER,
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By: 
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Its: CEO/Manager

By: 
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SNWA:

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By: _____
John Entsminger
Its: General Manager

By: _____
Gregory J. Walch, Esq.
Its: General Counsel

CAWCD:

Approved as to form:

By: _____
Theodore "Ted" C. Cooke
Its: Interim General Manager

By: _____
Its:

MWD:

Approved as to form:

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Jeffrey Kightlinger
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Its: Legal Division

SNWA:

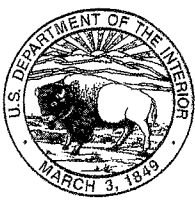
Approved as to form:

By: John Entsminger
John Entsminger
Its: General Manager

By: Gregory J. Walch, Esq.
Gregory J. Walch, Esq.
Its: General Counsel

EXHIBIT C

1. A copy of Letter Agreement No. 15-XX-30-W0585 is attached.



United States Department of the Interior

BUREAU OF RECLAMATION
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, NV 89006-1470

IN REPLY REFER TO:

LC-4405
WTR-4.00

AUG 20 2015

VIA OVERNIGHT MAIL

Letter Agreement No. 15-XX-30-W0585

Mr. Theodore "Ted" C. Cooke
Interim General Manager
Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, AZ 85024

Subject: System Conservation Implementation Agreement (SCIA) Between the United States Bureau of Reclamation and the Tohono O'odham Nation (Nation) to Implement a Pilot System Conservation Program (Pilot Program)

Dear Mr. Cooke:

On July 30, 2014, Reclamation, the Central Arizona Water Conservation District (CAWCD), The Metropolitan Water District of Southern California, Denver Water, and the Southern Nevada Water Authority (collectively "Local Funding Agencies"), entered into Agreement No. 14-XX-30-W0574 for a Pilot Program for funding the creation of Colorado River System water through voluntary water conservation and reductions in use (2014 Funding Agreement). In accordance with Section 7 of the 2014 Funding Agreement, the Local Funding Agencies agree not to request delivery of any of the System Conservation water created pursuant to the Pilot Program.

The 2014 Funding Agreement provides for Reclamation to enter into SCIA's with entitlement holders that provide proposals that are approved by the Local Funding Agencies. The Nation provided a proposal to implement a pilot system water conservation program under the 2014 Funding Agreement. The Nation's proposal was approved by the Local Funding Agencies to be part of the Pilot Program, subject to successful negotiation and execution of a SCIA. The Nation is willing to modify its operations for 2015 reducing its delivery of its CAP water entitlement by a volume of 10,080 acre-feet of water that is currently scheduled for delivery through the CAP to underground storage facilities located in the Phoenix Active Management Area; such action by the Nation would allow CAWCD to reduce its 2015 Colorado River water order with the Bureau of Reclamation (Reclamation) to ensure that the 10,080 acre-feet remains in Lake Mead under the Pilot Program.

This Letter Agreement No. 15-XX-30-W0585 (Letter Agreement) serves as documentation of agreement by CAWCD, as the junior Colorado River water entitlement holder in the state of Arizona, to the following:

1. Upon receipt of the 2015 water order reducing the Nation's water order by 10,080 acre-feet, CAWCD agrees to forbear from remarketing such water within the CAP service area for delivery in 2015, consistent with the SCIA entered into between Reclamation and the Nation.

2. Within 2 week's receipt of such water order reduction from the Nation, CAWCD agrees to amend its approved 2015 Colorado River water order with Reclamation and not request delivery of the 10,080 acre-feet of System Conservation water created under the SCIA between Reclamation and the Nation. In the event that CAWCD fails to submit such a water order amendment, CAWCD understands that Reclamation would, for purposes of water accounting and administration of the Inadvertent Overrun and Payback Policy, deduct the amount of the conserved water from the amount of water available to CAWCD in that year thereby ensuring that the conserved water remains in Lake Mead.

This Letter Agreement is effective upon execution of the SCIA entered into between Reclamation and the Nation and ends December 31, 2015.

If CAWCD agrees to the terms of this Letter Agreement, please sign below as indicated and return an original Letter Agreement to Reclamation. The duplicate original of the Letter Agreement is for CAWCD's files.

We appreciate CAWCD's cooperation with Pilot Program activities. If you have questions, please call Mr. Steven C. Hvinden, Chief, Boulder Canyon Operations Office, at 702-293-8414.

Sincerely,



Terrance J. Fulp, Ph.D.
Regional Director

In Duplicate

Accepted and agreed to by CAWCD this 20th day of August, 2015

By: [Signature]

Its: Interim C.M.

cc: Local Funding Agencies

Ms. Colby Pellegrino
Colorado River Program Manager
Southern Nevada Water Authority
1001 South Valley View Blvd, MS 480
Las Vegas, NV 89153

Mr. Chuck Cullom
Colorado River Program Manager
Central Arizona Water Conservation District
23636 North 7th Street
Phoenix, AZ 85024

Continued on next page.

cc: Continued from previous page.

Mr. William Hasencamp
Manager of Colorado River Resources
Metropolitan Water District of
Southern California
700 North Alameda Street
Los Angeles, CA 90012

Marc Waage, P.E.
Manager of Water Resources Planning
Denver Water
1600 West 12th Avenue
Denver, CO 80204

RESOLUTION OF THE TOHONO O'ODHAM LEGISLATIVE COUNCIL
(Approving a Lake Mead System Conservation Implementation Agreement
with the United States Bureau of Reclamation)

RESOLUTION NO. 15-331

1 **WHEREAS,** by Resolution No. 15-157 the Tohono O'odham Nation (the "Nation") approved a
2 proposal for the Lake Mead Pilot System Conservation Program, which
3 committed 10,080 acre-feet of the Nation's CAP water in 2015 to remain in Lake
4 Mead in order to help address the problem of declining water levels in Lake
5 Mead, in exchange for benefits identified in the proposal; and

6 **WHEREAS,** in order to implement the Nation's proposal, the Bureau of Reclamation and the
7 Nation have negotiated an agreement, called the System Conservation
8 Implementation Agreement (SCIA) Between the United States Bureau of
9 Reclamation and the Tohono O'odham Nation to Implement a Pilot System
10 Conservation Program (Pilot Program); and

11 **WHEREAS,** the agreement has a term of one year and terminates on December 31, 2015; and

12 **WHEREAS,** the Water Resources Committee has reviewed the agreement and recommends
13 approval by the Legislative Council.

14 **NOW, THEREFORE, BE IT RESOLVED** that the Tohono O'odham Legislative Council approves
15 the System Conservation Implementation Agreement (SCIA) Between the United
16 States Bureau of Reclamation and the Tohono O'odham Nation to Implement a
17 Pilot System Conservation Program (Pilot Program) substantially in the form
18 attached hereto, and authorizes the Chairman of the Nation to execute it.

19 **The foregoing Resolution was passed by the Tohono O'odham Legislative Council on the 18TH**
20 **day of AUGUST, 2015 at a meeting at which a quorum was present with a vote of 3,021.4 FOR;**
21 **-0-AGAINST; -0- NOT VOTING; and [02] ABSENT, pursuant to the powers vested in the Council by**
22 **Article VI, Section 1(f) and (j) of the Constitution of the Tohono O'odham Nation, adopted by the**
23 **Tohono O'odham Nation on January 18, 1986; and approved by the Acting Deputy Assistant**
24 **Secretary - Indian Affairs (Operations) on March 6, 1986, pursuant to Section 16 of the Act of**
25 **June 18, 1934 (48 Stat.984).**

TOHONO O'ODHAM LEGISLATIVE COUNCIL



Timothy Joaquin, Legislative Chairman

19 day of August, 2015

RESOLUTION NO. 15-331

(Approving a Lake Mead System Conservation Implementation Agreement with the United States Bureau of Reclamation)

Page 2 of 2

ATTEST:

Evonne Wilson
Evonne Wilson, Legislative Secretary

19 day of August, 2015

Said Resolution was submitted for approval to the office of the Chairman of the Tohono O'odham Nation on the 19 day of August, 2015 at 3:45 o'clock, P.m., pursuant to the provisions of Section 5 of Article VII of the Constitution and will become effective upon his approval or upon his failure to either approve or disapprove it within 48 hours of submittal.

TOHONO O'ODHAM LEGISLATIVE COUNCIL

Timothy Joaquin
Timothy Joaquin, Legislative Chairman

APPROVED

on the 20 day of August, 2015

DISAPPROVED

at 10:28 o'clock, A.m.

Edward D. Manuel
EDWARD D. MANUEL, CHAIRMAN
TOHONO O'ODHAM NATION

Returned to the Legislative Secretary on the 20 day of August, 2015, at 11:00 o'clock, A.m.

Evonne Wilson
Evonne Wilson, Legislative Secretary

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