

Parties for up to seventy-five (75) years based upon the water budgets set forth herein, and to facilitate agreements and actions which will enhance the certainty and reliability of Colorado River water supplies available to the Parties and assist the Parties in meeting their water demands within California's apportionment of Colorado River water by identifying the terms, conditions and incentives for the conservation and distribution of Colorado River water within California.

H. IID seeks to settle disputes with CVWD and MWD and to use proceeds from the acquisition of Conserved Water by those Parties from IID to improve the reliability, efficiency and management of its Colorado River supply.

I. CVWD seeks to settle disputes with IID and MWD and to acquire Conserved Water for irrigation and potable uses to accommodate anticipated reductions in groundwater extraction.

J. MWD seeks to settle disputes with IID and CVWD and to ensure the reliability of its Colorado River supplies.

K. The Salton Sea Reclamation Act of 1998 expresses a federal interest in exploring whether the Salton Sea can be stabilized and reclaimed in the long term to preserve a healthy fish and wildlife resource habitat, yet recognizes that such stabilization and reclamation needs to accommodate the potential reduced inflows to the Salton Sea that may result from the conservation and transfer of conserved water by the IID.

L. The California State Legislature adopted and the Governor signed into law in 2003 three Acts (Stat. Chaps. 612, 611 and 654), commonly referenced as SB 317 (the "Kuehl Bill"), SB 277 (the "Ducheny Bill"), and SB 654 (the "Machado Bill") to facilitate implementation of this Agreement and the Related Agreements (as defined herein) (the Kuehl Bill, the Ducheny Bill and the Machado Bill are referenced collectively in this Agreement as the "QSA Legislation").

M. The State Water Resources Control Board, by its Order dated October 28, 2002, conditionally approved a joint petition, as amended, filed by IID and SDCWA for approval of the proposed transfer by IID of up to 200,000 AFY of Colorado River Water to SDCWA and for an acquisition of up to 100,000 AFY by CVWD or MWD and a petition filed by IID to change the point of diversion, place of use, and purpose of use under IID's Permit 7643 (as the same may be amended upon reconsideration, if any, the "SWRCB Order").

N. The Parties intend and believe that the Effective Date (defined below) of this Agreement and certain Related Agreements (as defined herein) will occur after the completion of review and adequate provision for any required mitigation under and in compliance with the California Environmental Quality Act, California Public Resources Code §§ 2100 *et seq.* ("CEQA").