TERM OF AGREEMENT

2. (a) This Agreement is effective on the date hereinabove written and will remain in full force until terminated.

(b) If the Contracting Officer determines that the Authority is in material breach of the Agreement, the Contracting Officer shall first notify the Authority in writing of the specific purported deficiencies of the Authority in carrying out the terms and conditions of this Agreement. It is the intent of the Parties that disputes be resolved pursuant to this subarticle 2(b) as expeditiously as is reasonably possible without the necessity of other relief at law or in equity. If after the designated representative of the Authority has met with the Contracting Officer or their designated representative and attempted in good faith and with the use of best efforts to resolve any dispute arising from the purported deficiency an agreement is not reached, the Contracting Officer may issue a notice of proposed termination, which includes the specific deficiencies of the Authority's performance under this Agreement. The Authority shall have at least one hundred and twenty (120) days from receipt of the written notice of proposed termination to submit a plan that demonstrates a reasonable timeframe to correct all deficiencies referred to in said written notice. Upon the Contracting Officer's approval of the plan to correct all deficiencies, the Parties will in good faith coordinate on implementation of the plan to correct all deficiencies including potential updates to the timeframe in the plan to correct all deficiencies. Any termination pursuant to this Article shall be subject to the rights and obligations of the Parties as more specifically set forth in this Agreement. Failure to remedy these deficiencies shall result in termination of this Agreement, noticed in writing, consistent with the provisions herein.

(1) Termination Prior to a Determination of Substantial Completion of Construction of the Expansion Project.

(i) The Authority may terminate this Agreement by sending notice of termination to Reclamation, prior to Reclamation's issuance of solicitation of the construction contract.

(ii) Reclamation may terminate this Agreement if the Authority is in material breach of the Agreement and the Authority does not correct the breach consistent with the procedures described in subarticle 2(b) above.

(iii) If termination occurs pursuant to subarticles 2(b)(1)(i) or 2(b)(1)(ii) above, the Parties will meet and confer to review the appropriate recognition of the Parties' contributed funds, as documented in applicable Exhibits to this Agreement, including any outstanding financial obligations.

(2) Termination Following a Determination of Substantial Completion of Construction of the Expansion Project.

(i) Mutual Agreement. The Parties may mutually agree to terminate this Agreement in such event, any recognition or reimbursement of the Parties' contributed funds will be in an amount mutually agreeable to the Parties.

(ii) Reclamation may terminate this Agreement if the Authority is in material breach of this Agreement and the Authority does not correct the breach consistent with the procedures described in subarticle 2(b) above. Notwithstanding the foregoing, if termination occurs, Reclamation will, in a timely manner, seek appropriate authority and appropriations to reimburse the Authority's contributed funds, as documented in applicable

Exhibits to this Agreement, including any remaining financial obligations, in varied amounts based on the number of years following the determination of Substantial Completion of construction of the Expansion Project:

(a) 0 – 25 years: 100%

(b) 26 – 35 years: 50%

(c) 36 – 50 years: 25%

(d) After 51 years: 0%

(iii) If this Agreement is terminated pursuant to subarticles 2(b)(2)(i)-(ii) above, Reclamation will manage the Authority-Managed Share of Expanded Reservoir per interim agreement(s) based on provisions of subarticles 4(e)-(h) of this Agreement until Reclamation provides the agreed-upon reimbursement or a new agreement for the management of the expanded San Luis Reservoir and cost share of charges associated with the raising of the B.F. Sisk Dam and increased storage capacity of the federally administered San Luis Reservoir is executed. If reimbursement occurs pursuant to subarticle 2(b)(2)(ii), Reclamation would assume full benefits of the Project.

(3) Repayment. Pursuant to Reclamation Law, Reclamation intends to recover any costs it incurs resulting from the termination of this Agreement.

(c) As an alternative to termination of this Agreement, Reclamation and the Participating Agencies, or a successor-in-interest to the Authority, may mutually agree to negotiate a new agreement for the management of the expanded San Luis Reservoir and cost share of charges associated with the raising of the B.F. Sisk Dam and increased storage capacity of the federally administered San Luis Reservoir. The Parties intend that such new agreement(s) would recognize the final storage benefits documented in Exhibits to this Agreement.

(d) The United States and the Authority jointly shall review this Agreement, which review shall be performed at least every five (5) years. A more frequent review will occur if determined to be appropriate by the Contracting Officer, or if requested by the Authority. The review shall compare the relative success which each Party has had in meeting its objectives, including, but not limited to, the Contributed Funds Agreement, an OM&R Agreement, a Repayment Contract, a Spend Plan, and a Coordination Agreement, which agreements will be exhibits to this Agreement. Exhibits to this Agreement, excluding Final Storage Benefits, will be mutually agreed to and signed by the Parties and will be incorporated into this Agreement. As a precondition to the granting of any benefits or performance of obligations in this Agreement, the Parties must successfully execute the Spend Plan and the Contributed Funds Agreement no later than one hundred and twenty (120) days after the execution of this Agreement, and the Authority must deposit all funds identified as necessary in the Spend Plan. Exhibits to this Agreement may require modification which may be accomplished without amendment to this Agreement.

(e) This Agreement may be modified, amended, or terminated upon mutual agreement of the Parties in writing. All duties and obligations of the Parties under this Agreement will cease upon termination except as to any provisions that expressly survive the termination of the Agreement.