

EXHIBIT A
WATER CONSERVATION PROGRAM

1. Purpose

The purpose of this Contract is for the System to implement a Water Conservation Program ("Program") under Section 5.1.3 of the EAHCP. Implementation of the Program will result in the transfer into the EAA's Groundwater Trust of the portion of the associated water estimated to be incrementally conserved annually due to the implementation of the Program. In so doing, Conserved Water transferred into the Groundwater Trust will remain in the Aquifer unpumped for the term of this Contract to benefit springflow levels and contribute to protection of the EAHCP Covered Species.

2. Water Conservation Program

Specifically, the System will initiate a five-year leak repair program from 2016 through 2020 within the System's existing water distribution infrastructure. The System and the EAA estimate that a total of 19,612 AF of Edwards Aquifer groundwater will be conserved in the annual increments described below. One-half of the Conserved Water will be transferred into the Groundwater Trust in January of each respective year as provided in Section 11.3(b) through March 31, 2028, as depicted in the table below.

| Water | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|---|--------------|--------------|--------------|--------------|------------|----------------------|
| Estimated Conserved Water (AF/yr) | 4,745 | 4,745 | 4,745 | 4,745 | 632 | 19,612 |
| 50% of Conserved Water Transferred into the Groundwater Trust (AF/yr) | 2,372.50 | 2,372.50 | 2,372.50 | 2,372.50 | 316.00 | 9,806.00 |
| Annual Payment | \$4,507,750. | \$4,507,750. | \$4,507,750. | \$4,507,750. | \$600,400. | \$18,631,400. |

3. Initial Meeting

In February 2016, the Parties shall meet to discuss the System's contemplated approach to implement the Program, including expected activities, timelines, and costs.

4. Initial Report – Technical Memorandum

In May 2016, the System shall present to the EAA the initial semi-annual status in a written technical memorandum. These reports will include information relevant to how the System's efforts are being deployed to meet the requirements of this Contract and the EAHCP. Documentation will include invoicing, metrics on leak repairs, details on estimated leakage savings, and accounting for the work above and beyond the System's current capacities these efforts have provided for. The EAA shall have 10 business days to review, comment and request any further information it may require for purposes of Program documentation. The System, in good faith of its leak detection and repair plan, preemptively transfers water into the Groundwater Trust to cover all potential savings for the Program's success as it relates to the EAHCP, but cooperatively wishes to document performance results. The Parties will continue this process for future periodic reporting by System providing a semi-annual status in a written technical memorandum each May thereafter through 2020. The System, at its own discretion and the EAA's cost, may engage its water loss control professionals under current contracts to develop further analysis with detailed methodologies to any shortcomings result from the EAA review.

5. Periodic Reports

The System agrees to furnish semi-annual reports in May and October from 2016 through 2020 relative to the Program and its activities, progress, and costs. Additionally, the System agrees to furnish any special reports or information as may be reasonably requested in writing by the EAA. The System may supply reports on a more frequent basis when, in the System's judgment, such reports would be useful to the Parties. The EAA will review such reports to ensure that the objectives of the Contract are being met. At the request of the EAA, the System will also provide information on specific actions taken under the Program as may be necessary to ensure compliance with Section 5.1.3 of the EAHCP and this Contract.

6. Annual Report.

(a) No later than February 15th of the year following the reporting period, the System will prepare and submit to the EAHCP Program Manager an annual report of activities related to the Program. This report is for the purpose of assisting the EAHCP Program Manager in the preparation and submission of an annual report to the U. S. Fish and Wildlife Service on or before March 31st. The System's annual report of Program activities shall contain the following information:

(1) A description of the System's Program activities including action taken, progress achieved, and a description and reconciled quantification of water conserved due to the Program for the reporting period;

(2) A description of the Program activities that were required to be performed during the reporting period, and a self-evaluation of whether such activities were met;

(3) A description of the terms, conditions, goals, and objectives under the EAHCP relevant to the RWCP that were required to be met during the reporting period, and a self-evaluation of whether such terms, conditions, goals, and objectives were met; and

(4) Any other data or information that in the mutual judgment of the Parties is reasonably relevant and necessary to review and assess the efficacy of the implementation of the Program as provided for in this Contract.

(b) The System will provide a draft annual report to the EAA for review and comment no later than December 31st of the reporting period. The EAA will have ten (10) business days to review and comment on the draft report.

(c) After the System receives the EAA's comments, the System will review such comments and incorporate any changes that, in its sole discretion, are reasonable and appropriate. The System will provide a written response to any comments that are not incorporated, and the reasons therefore, after which the annual report may be finalized and the report filed with the EAA and the Implementing Committee.

(d) The Parties agree to fully cooperate with one another by sharing administrative records and such other documents, data, or information relating to the preparation, development, and submission of the annual report.

7. Meetings.

The Parties shall meet no less than twice each year in 2016 through 2020 during the months of June and November to discuss the Program and its activities, progress, and costs. Upon the request of one of the Parties, meetings may be held more frequently as required to facilitate the implementation of the Program. Issues to be discussed at such meetings include the following: staffing, project approach and status, scheduling, interagency coordination and communication, documentation, problems encountered, water conserved, activities undertaken, and Program costs. Periodically, meetings may be held at sites to view any construction that may be performed to implement the Program.