



CAP
CENTRAL ARIZONA PROJECT

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April 9, 2008

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

Dear Mr. Cherry:

On January 3, 2008, the Central Arizona Water Conservation District Board of Directors approved CAWCD's participation in the Drop 2 funding agreement among the United States, the Colorado River Commission of Nevada and the Southern Nevada Water Authority. CAWCD's Notice of Election to Participate is enclosed.

Very truly yours,

acting for David S. "Sid" Wilson, Jr.
General Manager

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Enclosure

By certified mail

cc: Southern Nevada Water Authority
Colorado River Commission of Nevada
USBR, Lower Colorado Region
Metropolitan Water District of Southern California

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 Central Arizona Water Conservation District (CAWCD) 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, CAWCD 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 CAWCD'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, CAWCD 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. CAWCD 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.

By: _____

Secretary

By: _____

President

Date: _____

1/3/08