

JOINT POWERS AGREEMENT

by and among

**THE CITY OF CORONA,
a California general law city,**

**ELSINORE VALLEY MUNICIPAL
WATER DISTRICT,
a municipal water district**

and

**TEMESCAL VALLEY WATER DISTRICT,
a California water district**

for the formation of a joint powers authority and management of

**THE BEDFORD-COLDWATER SUB-BASIN
OF THE ELSINORE BASIN**

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**JOINT POWERS AGREEMENT BY AND AMONG THE CITY OF CORONA,
ELSINORE VALLEY MUNICIPAL WATER DISTRICT, AND TEMESCAL VALLEY
WATER DISTRICT FOR THE FORMATION OF A JOINT POWERS AUTHORITY
AND MANAGEMENT OF THE BEDFORD-COLDWATER SUB-BASIN OF THE
ELSINORE BASIN**

THIS JOINT POWERS AGREEMENT (“Agreement”) is entered into as of March 29, 2017, by and between the CITY OF CORONA (“Corona”), a California General Law City organized and existing under the laws of the State of California, ELSINORE VALLEY MUNICIPAL WATER DISTRICT (“EVMWD”), a Municipal Water District organized under Water Code §§ 71000 et seq., and the TEMESCAL VALLEY WATER DISTRICT (“TVWD”), a California Water District organized under California Water Code §§ 34000 et seq., hereinafter collectively referred to as “Members”, with reference to the following:

A. WHEREAS, in September 2014, the Governor signed three bills (SB 1168, SB 1319, and AB 1739) into law creating the Sustainable Groundwater Management Act of 2014 (“SGMA”); and

B. WHEREAS, SGMA generally requires the formation of one or more Groundwater Sustainability Agencies (“GSA” or “GSAs”) responsible for implementing sustainable groundwater management and preventing “undesirable results” in groundwater basins and sub-basins designated as a medium or high priority basin by the California Department of Water Resources (“DWR”) in its Bulletin 118 inventory of California groundwater basins; and

C. WHEREAS, DWR has designated the Bedford-Coldwater Sub-Basin (the “Sub-Basin”), as a medium priority groundwater basin under Bulletin 118; and

D. WHEREAS, each of the Members overlies a portion of the Sub-Basin and exercises water management, water supply or land use authority within a portion of the Sub-Basin; and

E. WHEREAS, the Members are local agencies that can exercise powers related to groundwater management within their jurisdictional boundaries and qualify individually to serve as a GSA within portions of the Sub-Basin per Water Code Section 10723; and

F. WHEREAS, under SGMA, a combination of local agencies may elect to form a joint powers authority (“JPA”) to serve as the GSA for all or portions of the Sub-Basin through a joint powers agreement; and

G. WHEREAS, the Members intend by this Agreement to create a JPA to implement SGMA in the entire Sub-Basin, and are authorized to enter into this Agreement pursuant to the Joint Exercise of Powers Act, Government Code §§ 6500 et seq., for the purpose of acting as a separate public agency that can carry out all obligations, and exercise all powers, of a GSA in all areas of the Sub-Basin; and

H. WHEREAS, under SGMA, a GSA, including a JPA composed of one or more SGMA-eligible local agencies, must file a notice of intent with DWR by June 30, 2017 indicating the GSA’s intent to undertake sustainable groundwater management within all or portions of a groundwater basin; and

I. WHEREAS, the governing boards of each of the three Members have formally agreed to: (1) enter into this Agreement; (2) form a JPA that can jointly exercise the powers common to the Members and fulfill all legal obligations imposed by SGMA; and (3) authorize the JPA to promptly file all necessary documentation with DWR so as to permit the JPA to become the exclusive GSA for the entire Sub-Basin; and

J. WHEREAS, the Members further intend by this Agreement to provide for the management and funding commitments reasonably anticipated to be necessary for the above purposes and for the purpose of ensuring that the Sub-Basin is sustainably managed in accordance with the timelines established by SGMA; and

K. WHEREAS, the Members understand that Corona has entered into a Water Enterprise Management Agreement and a Wastewater Enterprise Management Agreement, both dated as of February 6, 2002, with the Corona Utility Authority (“CUA”) for the maintenance, management and operation of those utility systems (collectively “the CUA Management Agreements”). To the extent that this Agreement is deemed to be a “material contract” under either of the CUA Management Agreements, Corona enters into this Agreement on behalf of the CUA and subject to the terms of the applicable CUA Management Agreements.

ACCORDINGLY, IT IS AGREED BY ALL MEMBERS:

1. **RECITALS:** The foregoing recitals are incorporated as terms of this Agreement.

2. **DEFINITIONS:** Unless otherwise required by the context, the following terms shall have the following meanings:

a. “Administering Member” shall mean the Member designated by the Authority Board to provide administration, operation and staffing of the Authority so as to ensure the Authority complies with this Agreement and all legal requirements. The Board is not required to designate an Administering Member, and a Member so designated is not required to accept the designation.

b. “Administrator” shall mean the individual selected to act as the chief executive of the Authority, and the person responsible for its day to day operations. The Administrator may, but it is not required to be, an employee of one of the Members.

c. “Authority” and “JPA” as used herein shall, unless otherwise noted, mean the “Bedford-Coldwater Groundwater Sustainability Authority,” the separate public agency created by this Agreement and Government Code Sections 6507 and 6508, and the entity charged by this Agreement with becoming the exclusive GSA for the Sub-Basin.

d. “Board” or “Board of Directors,” shall, unless otherwise indicated, mean the Board of Directors of the Authority.

e. “DWR” shall mean the California Department of Water Resources.

f. “Effective Date” shall mean the date on which all Members have signed this Agreement.

- g. “Fiscal Year” shall run from July 1 through June 30.
- h. “Groundwater Sustainability Agency” or “GSA” shall mean a groundwater sustainability agency as defined in SGMA, Water Code § 10721.
- i. “Groundwater Sustainability Plan,” “Plan,” or “GSP” shall have the same meaning as provided in SGMA, Water Code § 10721.
- j. “Member” shall mean any of the individual signatories to this Agreement, and “Members” shall collectively mean two or more of the signatories to this Agreement.
- k. “SGMA” shall mean the Sustainable Groundwater Management Act of 2014, as amended, and any regulations of DWR or the State Water Resources Control Board that implement SGMA.
- l. “Special Projects” shall mean projects that are consistent with, and within the scope of activities, authorized by this Agreement, but which are undertaken by fewer than all the Members in the name of the Authority in accordance with the procedures outlined in Sections 10 and 14.
- m. “Sub-Basin” shall mean the Bedford-Coldwater Sub-Basin of the Elsinore Groundwater Basin, Sub-Basin No. 8-004.2, as identified in the most recent modifications of Bulletin 118 by DWR.
- n. “SWRCB” shall mean the California State Water Resources Control Board.

3. CERTIFICATION: Each Member, as a signatory to this Agreement, certifies and declares that it is a public agency, as defined by Government Code § 6500, that is authorized to enter into a joint powers agreement to contract with each other for the joint exercise of any common power under Article 1, Chapter 5, Division 7, Title 1 of the Government Code or any power otherwise granted to one or more of the Members by SGMA.

4. CREATION OF SEPARATE AGENCY: There is hereby created, per Government Code §§ 6507 and 6508, an agency separate from the parties to the Agreement, and which is responsible for the administration of this Agreement, to be known as the “**BEDFORD-COLDWATER GROUNDWATER SUSTAINABILITY AUTHORITY**.” Within thirty (30) days of the Effective Date of this Agreement, the Members, and/or the Authority shall: (a) cause a notice of this Agreement to be prepared and filed with the office of the California Secretary of State as required by Government Code § 6503.5; (b) file a copy of this Agreement with the State Controller per Government Code § 6503.6; and (c) file a copy of this Agreement with the Local Agency Formation Commission (“LAFCO”) for Riverside County per Government Code § 6503.6.

5. PURPOSES AND MEMBER RESPONSIBILITIES: The Authority is formed with the purpose and intent of jointly creating a separate legal entity to fulfill the role and legal obligations of a GSA required by SGMA, to include complying with SGMA and ensuring sustainable groundwater management throughout the Sub-Basin, so that the Members may collaboratively and cost effectively develop, adopt, and implement a GSP for the Sub-Basin in

accordance with pertinent regulatory timelines. The geographic boundaries of the GSA that will be formed by the Authority, which will encompass the entire Sub-Basin, are as depicted in the map attached hereto as Exhibit "A," which is incorporated herein by reference. The Authority may also represent the Members, as appropriate, in discussions and transactions with other local agencies, to include (but not limited to) the development of inter-basin coordination agreements with other GSAs in Riverside County, and agreements with other local agencies or groundwater sustainability agencies as may be required to ensure compliance with SGMA for the Sub-Basin.

6. POWERS: The Members intend that the Authority provide for the joint exercise of powers common to the Members as such powers relate to the management of the Sub-Basin, and for the exercise of such additional powers as are conferred by law in order to meet the requirements of SGMA. The Members are each SGMA-eligible local agencies empowered by the laws of the State of California to exercise the powers specified in this Agreement, and such other powers as are granted to GSAs by SGMA. These common powers shall be exercised for the benefit of any one or more of the Members or otherwise in the manner set forth in this Agreement. Subject to the limitations set forth in this Agreement, the Authority shall have the powers to perform all acts necessary to accomplish its purposes as stated in this Agreement, as authorized by law, including but not limited to the following:

a. To make and/or assume contracts and to employ agents, employees, consultants and such other persons or firms as the Board may deem necessary, to the full extent of the Authority's power, including, but not limited to, engineering, hydrogeological, and other consultants, and with attorneys and accountants and financial advisors, for the purpose of providing any service required by the Authority to accomplish its purposes, or to otherwise take such actions as are necessary to ensure the Sub-Basin is managed in accordance with the requirements of SGMA;

b. To conduct all necessary research and investigations, and to compile appropriate reports and collect data from all available sources to assist in preparation and implementation of a GSP, and to support the development of such other agreements as may be necessary to ensure the Sub-Basin can be sustainably managed;

c. To cooperate, act in conjunction with, and contract with the United States, the State of California, or any agency thereof, the County of Riverside, or such other entities or persons as the Board may deem necessary to ensure that the Authority fulfills its obligations under SGMA;

d. To apply for, accept and receive licenses, permits, water rights, approvals, agreements, grants, loans, gifts, contributions, donations or other aid from any agency of the United States, the State of California or other public or private person or entity necessary for fulfilling the purposes of SGMA in the Sub-Basin;

e. To acquire by grant, purchase, lease, gift, devise, contract, construction, eminent domain or otherwise, and hold, use, enjoy, sell, let, and dispose of, real and personal property of every kind, including lands, water rights, structures, buildings, rights-of-way, easements, and privileges, and construct, maintain, alter, and operate any and all works or

improvements, within or outside the agency, necessary or proper to carry out any of the purposes of the Authority as specified in this Agreement and/or the requirements of SGMA;

f. To enforce the requirements of SGMA within the Sub-Basin to the extent authorized by law including, but not limited to, the imposition and collection of civil penalties as authorized by SGMA;

g. To sue and be sued in its own name;

h. To provide for the prosecution of, defense of, or other participation in actions or proceedings at law or in public meetings in which the Members, pursuant to this Agreement or otherwise pertaining to management of the Sub-Basin, may have an interest, and to employ counsel or other expert assistance for that purpose;

i. To adopt an initial operating budget and initial Member contributions within ninety (90) days of the execution of this Agreement, and an annual budget and Member contributions, by March 31 of each subsequent Fiscal Year;

j. To incur debts, liabilities or obligations, subject to the limitations provided in this Agreement;

k. To impose fees authorized by SGMA (Water Code §§ 10730-10731), without any limitation on a Member's separate ability to impose fees within its jurisdiction, to fund the cost of furthering the purposes of this Agreement, complying with SGMA, and sustainably managing groundwater within the Sub-Basin;

l. To adopt rules, regulations, policies and procedures for governing the operation of the GSA and adoption and implementation of the GSP consistent with the powers and purposes of the Authority and as authorized by SGMA;

m. To investigate legislation and proposed legislation affecting SGMA and the Sub-Basin and make appearances regarding such matters;

n. Subject to the limitations imposed by this Agreement, to take such actions as are deemed necessary by the Board to achieve the purposes stated above and to provide for the sustainable management of the Sub-Basin; and

o. To adopt and revise bylaws, rules, ordinances, and resolutions in a manner authorized by law and not inconsistent with the terms of this Agreement.

Any power necessary or incidental to the foregoing powers shall be exercised by the Authority in the manner provided for under the legal authority applicable to the City of Corona except as otherwise provided by law or in this Agreement.

7. OBLIGATIONS OR LIABILITIES OF AUTHORITY: No debt, liability or obligation of the Authority shall constitute a debt, liability or obligation of any of the Members, except as otherwise provided in this Agreement or unless otherwise required by law.

8. DESIGNATION OF ADMINISTERING MEMBER/ADMINISTRATOR:

The powers of the Authority provided in this Agreement shall be exercised in the manner provided by this Agreement. The Board may designate an Administering Member and/or an Administrator to provide all or a portion of the administrative (or other) services required by this Agreement, SGMA, or other legal authority. However, whether or not the Board decides to designate an Administering Member, each Member shall nevertheless be responsible, when requested by the Board, for designating staff from their agency to coordinate with the Board and other Members, and for otherwise ensuring the Authority has sufficient staffing and administrative support to comply with this Agreement and other legal obligations.

9. ORGANIZATION:

a. Additional Members: The Board may allow additional members to join the Authority. Additional Members must be local agencies capable of being designated as a GSA under SGMA. The Board may set whatever conditions it deems necessary as a precondition to addition of the new Member, to include requiring the additional Members to reimburse the other Members for a proportionate share of the costs already incurred by the existing Members.

b. Bylaws: The Board shall adopt bylaws governing the management of the Authority within 180 days of the Effective Date. The bylaws shall require the Board to develop a conflict of interest code for the Authority compliant with California law, and to otherwise ensure that the Board operates in a manner that is fully compliant with the Brown Act, the Joint Exercise of Powers Act, Government Code §§ 6500 et seq., SGMA, and all other applicable legal requirements.

c. Committees: The Board may create committees as authorized by law.

d. Governing Board: The Authority shall be governed by a Board of Directors which shall be composed of one (1) elected representative of each Member, appointed by each Member. The governing body of each Member shall determine in its sole discretion the person it will appoint to the Authority Board of Directors. The Board of Directors shall receive no compensation from the JPA for serving on the Board of the JPA.

e. Meetings: Regular meetings of the Board may be held quarterly, or as the Board determines necessary, on such dates and times and at such locations as the Board shall fix by resolution. Special meetings of the Board shall be called in accordance with Government Code § 54956. All meetings of the Board shall comply with the provisions of the Ralph M. Brown Act (Government Code §§ 54950 et seq.).

f. Officers: The officers of the Authority shall be a Chairperson, and Vice-Chairperson, and such other officers as the Board shall designate. The election of officers will take place at the first meeting of the JPA Board, and subsequently in the first Board meeting of each new Fiscal Year unless the time of election is otherwise designated in the Authority bylaws. The officers or persons who have charge of, handle or have access to any property of the Authority shall be designated in the bylaws, and such officers and persons shall comply with all applicable requirements of Government Code § 6505.1.

g. Quorum: Two-thirds (2/3) of the Board of Directors shall constitute a quorum in order to conduct business.

h. Rules: The Board may adopt such other rules, policies, and regulations as it deems proper consistent with all applicable laws, this Agreement, and the Authority's bylaws.

i. Term: The Authority Board Members shall serve without terms and at the pleasure of the legislative body which appointed them.

j. Treasurer: The Treasurer of the Board shall be formally designated by a resolution adopted by the Board of Directors stating the effective date of the appointment and the term of the appointment.

k. Voting: Each Director shall have one vote. A simple majority of the quorum shall be required for the adoption of a motion, resolution, contract authorization or other action of the Board, except that:

- (1) A majority vote of less than a quorum may vote to adjourn;
- (2) Any of the following actions shall require a unanimous vote of the entire Board:
 - (a) Adoption, modification or alteration of the GSP, or of the GSA boundaries;
 - (b) Adoption of assessments, charges or fees;
 - (c) Adoption or modification of ramp-downs or curtailments;
 - (d) Initiation/settlement of enforcement actions;
 - (e) Adoption of an initial budget;
 - (f) Adoption or modification of the annual budget, as further described in Section 14, below;
 - (g) Initiation/termination or settlement of any litigation or threatened litigation that involves the Authority;
 - (h) Admission of additional Members to the Authority;
 - (i) Appointment, employment, or dismissal of the Authority's Administrator and/or Legal Counsel;
 - (j) Designating an Administrator or Administering Member;
 - (k) Setting the amounts of any contributions or fees to be made or paid to the Authority by any Member, including extraordinary costs as defined in Section 15;

(l) Acquisition by grant, purchase, lease, gift, devise, contract, construction, or otherwise, and hold, use, enjoy, sell, let, and dispose of, real and personal property of every kind, including lands, water rights, structures, buildings, rights-of-way, easements, and privileges, and construct, maintain, alter, and operate any and all works or improvements, within or outside the agency, necessary or proper to carry out any of the purposes of the Authority;

(m) Replacement of the annual special audit required by Government Code § 6505(f) with an audit covering a two year period;

(n) Amendments or modifications of this Agreement;

(o) Adoption or modification of bylaws or other binding rules governing the operations of the JPA Board;

(p) Adoption of ordinances;

(q) Issuance of bonds or other indebtedness;

(r) Allocating funding received from grants, loans, or from other alternative sources, in a manner that does not result in equal sharing of alternative funding among the Members;

(s) To apply for, accept and receive licenses, permits, water rights, approvals, agreements, grants, loans, gifts, contributions, donations or other aid from any agency of the United States, the State of California or other public or private person or entity necessary for fulfilling the purposes of SGMA in the Sub-Basin.

10. SPECIAL PROJECTS AND PROJECT COMMITTEES:

a. With the prior approval of the entire Board, Members may undertake Special Projects in the name of the Authority, utilizing the legal powers granted to the Authority under SGMA, the Joint Exercise of Powers Act, or other applicable legal authorities. All Members shall be given the opportunity to participate in Special Projects, but shall not be required to participate.

b. A Member considering a new project, other than a groundwater extraction project, where the project is reasonably likely to affect groundwater management in the Sub-Basin shall consult with the other Members before individually undertaking the project to determine whether that individual project might otherwise be better accomplished as an Authority Special Project.

c. Members electing to participate in a Special Project shall enter into a Special Project Agreement in accordance with Section 14.a(4) of this Agreement. Such Special Project Agreement shall provide that: (a) no Special Project undertaken pursuant to such agreement shall conflict with the terms of this Agreement or the GSP; (b) the Members to the Special Project Agreement shall indemnify, defend and hold harmless the Authority, and Members

of the Authority who are not participating in the Special Project, against any costs liabilities, or expenses of any kind arising as a result of the Special Project; (c) all benefits and liabilities attributable to a Special Project shall solely be the benefits and liabilities of the Members that have entered into the Special Project Agreement, and non-participating Members shall have no rights, and incur no obligations or liabilities, in the Special Project.

11. FISCAL AGENT, DEPOSITORY AND ACCOUNTING: The “Treasurer” appointed by the Board is designated as the fiscal agent and depository for the Authority per Government Code §§ 6505.5 and 6505.6. The Treasurer of the Authority shall be the treasurer of one of the Authority’s Members, or a certified public accountant designated by the Board, or an officer or employee designated per Government Code § 6505.6. The Treasurer shall be the depository and have custody of all money of the Authority, from whatever source, subject to the applicable provisions of any indenture or resolution providing for a trustee or other fiscal agent. All funds of the Authority shall be held in the operating fund established by Section 14, or such other separate accounts as may be necessary, in the name of the Authority and not commingled with the funds of any Member or any other person or entity. Full books and accounts shall be maintained for the Authority in accordance with generally accepted accounting principles applicable to governmental entities per Government Code §§ 6505 et seq., and any other applicable laws of the State of California.

12. ACCOUNTABILITY, REPORTS AND AUDITS: There shall be strict accountability of all funds, and an auditor designated by the Board shall report any and all receipts and disbursements to the Board with such frequency as shall reasonably be required by the Board. The Authority will utilize the services of an outside independent certified public accountant to make an annual audit of the accounts and records of the Authority as required by Government Code § 6505, unless the Members, elect to conduct the audit for a two (2) year period. In each case, the minimum requirements of the audit shall be those prescribed by the State Controller for special districts pursuant to Government Code § 26909, and shall conform to generally accepted accounting principles. The outside independent certified public accountant selected by the Authority as auditor shall be formally designated by a resolution adopted by the Board of Directors stating the effective date of the appointment and the term of the appointment.

13. OPERATING BUDGET AND EXPENDITURES: The Board shall adopt a budget as specified in the bylaws and as set forth in Section 14, below. Unless otherwise required by this Agreement or applicable law, the Authority’s Treasurer shall draw checks or warrants or make payments as specified in the bylaws of the Authority. The Authority may, consistent with the bylaws, invest any money in the treasury that is not needed for its immediate necessities.

14. CONTRIBUTIONS/BUDGETS: Unless otherwise provided in this Agreement, the Members shall equally share in the costs of the JPA. The Authority shall establish an operating fund. The fund shall be used to pay all administrative, operating and other expenses incurred by the Authority, and shall be funded by equal Member’s contributions for payment of costs of the Authority. The Board may direct that any surplus funds be returned to the Members, per Government Code § 6512, in proportion to the contributions made by each Member.

- a. Authority Budgets: Authority budgets shall be established as follows:

(1) General Operating Budget. No more than ninety (90) days following the first meeting of the Board, and annually thereafter in the month of March or other mutually agreed upon timeframe, a general operation budget (the "Operating Budget") shall be adopted by the Board. The Operating Budget shall be prepared in sufficient detail to constitute an operating outline for the purpose of establishing rates and/or contributions to be billed to and paid by the Members. The operating rates and/or contributions to be billed to and paid by each Member shall be based upon an equal contribution by each Member. The Operating Budget shall outline anticipated revenues and planned expenditures to be made during the ensuing Budget year by functional category such as operations and maintenance, administration, projects, programs, planning, study and any applicable contributions to operate related reserves. For the purpose of the Operating Budget, operating shall mean any financial activity related to exchange transactions, as defined by applicable generally accepted accounting principles ("GAAP") associated with the principal activity of the JPA. The Operating Budget shall be adopted by unanimous approval of the Board. The rates and contributions approved by the Board shall be paid by the Members pursuant to Section 14.c below.

(2) Non-Operating Budget. No more than ninety (90) days following the first meeting of the Board, and annually thereafter in the month of March or other mutually agreed upon timeframe, a non-operating budget (the "Non-Operating Budget") shall be adopted by the Board. The Non-Operating Budget shall be prepared in sufficient detail to constitute a non-operating outline for the purpose of establishing rates and/or contributions to be billed to and paid by the Members. These rates and/or contributions shall be based upon equal contributions by each Member. At a minimum, the Non-Operating Budget shall outline anticipated revenues and planned expenditures for non-operating financial activities for the ensuing Fiscal Year, inclusive of any amount necessary for servicing debt. For the purpose of the budget, Non-Operating shall mean any financial activity related to non-exchange transactions, as defined by applicable GAAP. Examples of non-exchange transactions include investment income, contributed capital from Members for capital debt service, interest expense, and return of capital to Members. The Non-Operating Budget shall be adopted by unanimous approval of the Board. The rates and contributions approved by the Board shall be paid by the Members pursuant to Section 14.c below.

(3) Capital Project Budget. No more than ninety (90) days following the first meeting of the Board, and annually thereafter in the month of March, or other mutually agreed upon timeframe, a capital project budget (the "Capital Project Budget") shall, if applicable, be adopted by the Board. The Capital Project Budget, if applicable, shall be prepared in sufficient detail to constitute a capital project outline to assess contributions to be paid by the Members and expenditures to be paid by the Members during the ensuing year for capital projects needed for major repair, replacement, expansion and efficiency of any capital improvements constructed or installed by or on behalf of the Authority. These contributions shall be based upon equal contribution by each Member, subject to unequal contribution amounts for Special Projects, as addressed in Sections 10 and 14.a.(4). The Capital Project Budget shall be adopted by unanimous approval of the Board. The contributions approved by the Board shall be paid by the Members pursuant to Section 14.c below.

(4) Special Project Budgets. In addition to the Operating Budgets, the Non-Operating Budgets, and the Capital Project Budget, the Board may budget at any time for the study, implementation or construction of any Special Project, program or study proposed to be undertaken by the Authority for matters not deemed to be of general benefit to all Members. A Special Project budget and written Special Project Agreement of the Members who consented to participation in the Special Project shall be established for each Special Project, which budget and agreement shall determine the respective obligations, functions, and rights of the Members involved and of the Authority. The directors of the Board representing the Members who will be involved in financing and implementing the Special Project shall be and constitute a "Special Project Committee," for purposes of administration and implementation of the Special Project. No Special Project shall be acquired or constructed by the Board without the consent of each of the governing boards of the participating Members. Ratification of the Special Project budget by each of the participating Members shall constitute consent for the acquisition and construction of the Special Project. Notwithstanding the foregoing, no debt shall be incurred by the Authority for a Special Project without the unanimous consent of the Board. Any rates and contributions approved by the Special Project Committee and approved by the participating Members shall be paid by the participating Members pursuant to Section 14.c below.

Where the Board has approved one or more Special Projects, annually thereafter in the month of March (or other mutually agreed upon timeframe), a Special Project budget shall be developed by each Special Project Committee if required by the applicable Special Project Agreement. Each Special Project budget shall include, without limitation, the following:

- (i) Administrative expenses;
- (ii) Studies and planning costs;
- (iii) Engineering and construction costs;
- (iv) The allocation of costs, including debt service costs, if any, among participating Members;
- (v) Annual maintenance and operating expenses for the project; and
- (vi) A formula for allocating annual maintenance and operating expenses, if any.

All actions by a Special Project Committee shall be deemed actions of the Authority and shall be taken in the name of the Authority, provided, only the participating Members shall have rights and obligations in the Special Project as herein provided.

b. Failure to Obtain Budget Approvals. In the event a budget acceptable to the Board is not approved prior to the start of a Fiscal Year the Authority shall continue to operate at the level of expenditure as authorized below:

(1) General Operating Budget. The Operating Budget shall be at the expenditure level authorized by the last approved Operating Budget increased by the Consumer Price Index ("CPI") with a minimum increase of no less than two percent (2%). The CPI shall mean the change in CPI for Urban Wage Earners and Clerical Workers for the Los Angeles County, Orange County, and Riverside County areas for the all items category for the 12-month period ending the February prior to the beginning of the Fiscal Year budgeted as determined by the U.S. Department of Labor, Bureau of Labor Statistics, or other mutually agreeable source if such a CPI is no longer available. This factor will be applied to the Operating Budget until such time as a new Operating Budget is approved by the Authority. Any shortfall in revenues will be made up from available reserves dedicated by the Board for such a purpose, and if insufficient to cover the shortfall, any available reserve funds not designated by the Board for other purposes or otherwise legally restricted for other purposes by external parties. Reserves shall mean any available cash or investments.

(2) Non-Operating Budget. The Non-Operating Budget shall automatically be established at the required level necessary to meet annual debt service requirements including any revenue coverage covenants. Each Member shall contribute to the Authority such amounts which will yield during each Fiscal Year net revenues payable to the Authority sufficient for the Authority to satisfy all covenants in any indentures, loan agreements or other documents entered into by the Authority and to enter into such other agreements as are necessary for the Authority to secure financing to pay the acquisition price for any facilities authorized by the Authority.

(3) Capital Project Budget. The Capital Project Budget shall automatically be established at the required level necessary to implement capital projects previously approved by the Authority.

c. Payments of Amounts Due. The payments owed for contributions from each Member to the Authority shall be due, payable, and delivered by the Members to the Authority within forty-five (45) days after receipt of a billing therefor from the Authority. To the extent permitted by state law, unpaid and past due contributions shall bear interest at ten percent (10%) per annum, calculated daily, from the date due to the date payment is received by the Authority.

15. ASSESSMENTS FOR EXTRAORDINARY COSTS: In the event the Authority should experience an unanticipated need to pay for extraordinary costs (e.g., those costs that are unanticipated and not otherwise funded through the budget), including, but not limited to the costs of litigation or indemnification as provided in this Agreement, and to the extent that such costs cannot otherwise be reasonably funded through use of reserves on hand or through the other revenue sources authorized by this Agreement, the Board may allocate the additional costs to the Members, whether such extraordinary costs are actually incurred or estimated to be necessary. Unless otherwise specifically allocated to one or more Members by the unanimous vote of the Board, all allocations of extraordinary costs shall be shared equally by each Member. The Members agree that they will then contribute their proportionate share of the extraordinary costs within a reasonable period of time as determined by the Board, or as otherwise specified in the Bylaws.

16. STAFFING: The Board shall provide for staffing of the Authority in accordance with procedures established in the bylaws. Such staffing shall ensure the Authority is able to accomplish all requirements imposed by SGMA, this Agreement, and/or any other requirements imposed by law. Legal counsel shall be appointed by the Board and shall serve at the pleasure of the Board. Legal counsel may be an attorney that also performs work for one of the Members, provided appropriate waivers suitable to the Board, and counsel for all of the Members, are first obtained.

17. DISPUTE RESOLUTION: The Members desire to informally resolve all disputes related to this Agreement and/or SGMA, whenever possible, at the lowest possible level, and triggering of the dispute resolution procedures described herein shall only occur where the Members and/or the Board have reached impasse and are unable to resolve matters without invoking formal dispute resolution procedures. Should informal resolution of any dispute prove unsuccessful, the Parties agree to neutral facilitation/mediation of the dispute as a next step prior to filing a lawsuit or otherwise seeking judicial intervention. The appointed facilitator/mediator, who need not be a licensed attorney, shall be a person who is not a current or former employee or agent of any Member, and someone who has knowledge of the rules governing public agencies, and who has experience with the management of groundwater resources in Southern California. The facilitator shall be compensated by the Authority.

The facilitator shall be a third party neutral assigned by the Center for Collaborative Policy ("CCP") of Sacramento State University, or such other neutral as is unanimously decided upon by the Members involved in the dispute. In the event that the Members involved in the dispute are unable to agree upon the facilitator or mediator, then each Member involved in the dispute shall provide the name of one recommended facilitator or mediator to the Authority's legal counsel. The facilitator/mediator shall then be selected by the Authority's legal counsel, based upon whichever recommended facilitator/mediator is the most qualified facilitator/mediator for the type of dispute involved. The selected facilitator/mediator shall diligently seek to achieve a consensus based solution to the dispute. Upon the request of one of the Members involved in the dispute, the facilitator shall render a recommended resolution of the dispute after five facilitated negotiation sessions between the Members involved in the dispute where an acceptable resolution has not yet been reached. The facilitator/mediator's recommended resolution shall not be admissible in any judicial proceedings. Where facilitation/mediation as described herein is unable to successfully resolve the dispute, then a Member involved in the dispute, upon providing 60 days-notice to the other Members and the Authority, may initiate judicial proceedings in the Superior Court for Riverside County.

This Section shall not bar a Member or Member(s) from initiating legal action in another appropriate forum with jurisdiction over the matter as necessary to comply with an applicable statute of limitation, provided such legal action, where authorized, is stayed pending completion of the dispute resolution process described herein. Members involved in a dispute governed by this Section are encouraged to enter a tolling agreement, if legally authorized, in order to allow sufficient time for completion of the process required by this Section.

18. WITHDRAWAL:

a. Notice to Members: Any Member may withdraw from the Authority by delivery of written notice to withdraw to each of the Members at least two years prior to the date of withdrawal (“Withdrawal Notice Period”), unless the Members unanimously agree to allow the withdrawing Member to withdraw sooner than two years, in which case the date of withdrawal shall be the date unanimously agreed upon by the Board. The withdrawing Member shall continue to be a full Member during the pendency of the Withdrawal Notice Period and shall retain all rights and obligations during such period unless otherwise agreed to by unanimous vote of the Board.

b. Effect of Withdrawal: Should a Member choose to withdraw from the Authority in accordance with the terms of this Agreement, that Member retains any legal right it has under SGMA to serve as the GSA for the groundwater basin underlying its jurisdictional boundaries, provided such withdrawal will not cause the Authority (or its remaining Members) to default on financial obligations or to otherwise fail to comply with the legal obligations imposed by SGMA. The Authority and the non-withdrawing Members shall retain whatever legal rights they have under SGMA, and the withdrawal of the Member shall have no effect on the continuance of this Agreement among the remaining Members. The withdrawing Member shall not take any action after withdrawal that would be reasonably anticipated to frustrate the ability of the Authority to comply with SGMA. After providing written notice of withdrawal, the withdrawing Member shall act at all times in good faith in the best interests of the Authority until such time as the withdrawal process is complete.

c. Continuing Fiscal Obligations: Any Member that withdraws as provided herein shall remain proportionately liable during the Withdrawal Notice Period for its proportionate share of the budget. If the Members elect to incur extraordinary costs in accordance with Section 15, the withdrawing Member shall be proportionately liable during the Withdrawal Notice Period for the obligations or debts approved and incurred by the Authority for those extraordinary costs, unless the Members agree otherwise. Any Member that withdraws shall remain proportionately liable for any unfunded capital expenditures or debt service obligations incurred or approved by the Board prior to the date of written notice of withdrawal of such Member until such time as the obligation is fully satisfied.

d. Continuing Claims Obligations: Members will remain obligated to contribute their proportionate share (based upon the membership roll as of the date of the claim), including without limitation legal defense costs, for any occurrences incurred during the Member’s membership, but not presented as a claim against the Authority until after the Member’s withdrawal.

e. Divisions of Property Assets: The real and/or personal property assets contributed by the withdrawing Member or the value of the real and/or personal property assets at the date of withdrawal will be returned to the withdrawing Member to the extent such assets are not required for the Authority to meet its continuing obligations as a GSA under SGMA. If such real and/or personal property assets are needed to meet the continuing obligations of the Authority to comply with SGMA, then the remaining Members of the Authority and the withdrawing Member shall negotiate a purchase or lease of such assets for a price not to exceed the fair market value of those assets.

19. TERM AND TERMINATION: This Agreement shall become effective, and the Authority shall come into existence, on the Effective Date. The Agreement, and the Authority, shall thereafter continue in full force and effect until the governing bodies of the Members unanimously elect to terminate the Agreement. Upon unanimous election to terminate this Agreement, the Board shall continue to act as a board to wind up and settle the affairs of the Authority. The Board shall adequately provide for the known debts, liabilities and obligations of the Authority, and shall then distribute the assets of the Authority among the Members, as follows:

a. The assets contributed by each Member, or the value thereof as of the date of termination, shall be distributed to that Member.

b. The remaining assets shall then be distributed to each Member in equal proportions.

The distribution of assets shall be made in-kind to the extent possible by returning to each Member those assets contributed by such parties to the Authority; however, no party shall be required to accept transfer of an asset in kind.

Notwithstanding any other provision by the Board for payment of all known debts, liabilities and obligations of the Authority, each Member shall remain liable for any and all such debts, liabilities, and obligations in equal proportions, or in the proportion specified by unanimous action of the Board if alternative proportions are so specified for particular actions or activities that give rise to such debts, liabilities, and obligations.

Termination of this Agreement shall not occur, and the Members shall continue to fund the operations of the Authority as a GSA for the Sub-Basin, until the Authority determines by a unanimous vote of the Board that: (a) a GSA is no longer required for the Sub-Basin; or (b) one or more of the individual Members will undertake the legal obligations of a GSA previously performed by the Authority, and such termination of the Authority will not result in the Sub-Basin being placed in a probationary status by the SWRCB.

20. INDEMNIFICATION/CONTRIBUTION: Members, directors, officers, agents and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers, and in the performance of their duties pursuant to this Agreement. The Authority shall hold harmless, defend and indemnify the Members, the Authority Board, and the Members' directors, agents, officers and employees from and against any liability, claims, actions, costs, damages or losses of any kind, including death or injury to any person and/or damage to property (including property owned by any Member), arising out of the activities or omissions of the Authority, or its agents, officers and employees related to this Agreement or SGMA ("Claims").

a. To the extent authorized by California law, no Member shall be liable for the actions or omissions of any other Member or the Authority related to this Agreement.

b. The indemnification obligations described herein shall continue beyond the term of this Agreement as to any acts or omissions occurring during this Agreement or any extension of this Agreement.

c. To the extent that the Authority is unable or unwilling (because of comparative fault of Member(s), or other good faith legal basis) to hold harmless, defend and/or indemnify any Member to this Agreement as provided in this Section, such Member shall be entitled to contribution from the other Members in equal proportion to the extent one Member pays more than its equal share of such obligation. Provided, however, that where one or more Members is determined by a court (or in a settlement approved by a court) to be responsible for a greater proportion for the Claims, each Member will only be responsible for contribution to the other Member (or Members) up to the extent of the contributing Member's proportional responsibility.

21. INSURANCE: The Authority shall obtain insurance for the Board members and general liability insurance containing liability in such amounts as the Board shall determine will be necessary to adequately insure against the risks of liability (including compliance with the indemnification provisions in Section 20 above) that may be incurred by the Authority. The Members, their officers, directors and employees, shall be named as additional insureds.

22. CLAIMS: All claims against the Authority, including, but not limited to, claims by public officers and employees for fees, salaries, wages, mileage, or any other expenses, shall be filed within the time and in the manner specified in Chapter 2 (commencing with Section 910) of Part 3, Division 3.6 of Title I of the Government Code, which describes the appropriate content of a claim.

23. ENTIRE AGREEMENT REPRESENTED: This Agreement represents the entire agreement among the parties as to its subject matter and no prior oral or written understanding shall be of any force or effect. No part of this Agreement may be modified without the written consent of all of the parties.

24. HEADINGS: Section headings are provided for organizational purposes only and do not in any manner affect the scope, meaning or intent of the provisions under the headings.

25. NOTICES: Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered sent by facsimile transmission, emailed or sent by first class mail, postage prepaid and addressed as follows:

MEMBERS:

City of Corona

Attn: General Manager,
Department of Water and Power
Address: 755 Public Safety Way
Corona, CA 92880

Elsinore Valley Municipal Water District

Attn: General Manager
Address: 31315 Chaney Street
Lake Elsinore, CA 92530

Temescal Valley Water District

Attn: General Manager
Address: 22646 Temescal Canyon Rd
Corona, CA 92883

Notice delivered personally is deemed to be received upon delivery. Notice sent by first class mail shall be deemed received on the fourth day after the date of mailing. Any party may change the above address by giving written notice pursuant to this Section.

26. CONSTRUCTION: This Agreement reflects the contributions of all parties and accordingly the provisions of Civil Code § 1654 shall not apply to address and interpret any uncertainty.

27. NO THIRD PARTY BENEFICIARIES INTENDED: Unless specifically set forth, the parties to this Agreement do not intend to provide any other party with any benefit or enforceable legal or equitable right or remedy.

28. WAIVERS: The failure of any party to insist on strict compliance with any provision of this Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach.

29. CONFLICT WITH LAWS OR REGULATIONS/SEVERABILITY: This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the parties, to be in conflict with any code or regulation governing its subject, the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to any party is lost, the Agreement may be terminated at the option of the affected party. In all other cases the remainder of the Agreement shall continue in full force and effect.

30. FURTHER ASSURANCES AND OBLIGATION OF GOOD FAITH DEALING: Each party agrees to execute any additional documents and to perform any further acts which may be reasonably required to affect the purposes of this Agreement. Moreover,

consent or approval, where reasonably requested in furtherance of the purposes of this Agreement or compliance with SGMA, shall not be unreasonably withheld by a Member.

31. COUNTERPARTS: This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

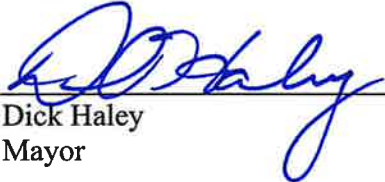
32. AMENDMENT: This document may only be amended with a vote by all of its Members.

33. CUA ASSIGNMENT: To the extent that this Agreement is deemed to be a “material contract” under either of the CUA Management Agreements, the Members have no right to terminate this Agreement, either or without cause, based upon the existence or non-existence of either or both of the CUA Management Agreements. Therefore, if an applicable CUA Management Agreement expires or terminates for any reason, the Members shall remain fully obligated to perform under this Agreement contracting directly with the CUA or another third party contracted by the CUA for the maintenance, management and operation of the applicable utility systems.

**CITY OF CORONA SIGNATURE PAGE
FOR
JOINT POWERS AGREEMENT BY AND AMONG THE CITY OF CORONA,
ELSINORE VALLEY MUNICIPAL WATER DISTRICT AND TEMESCAL VALLEY
WATER DISTRICT FOR THE FORMATION OF A JOINT POWERS AUTHORITY
AND MANAGEMENT OF THE BEDFORD-COLDWATER SUB-BASIN OF THE
ELSINORE BASIN**

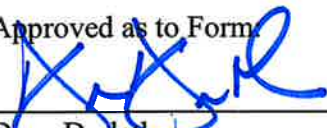
EACH OF THE UNDERSIGNED, having read and considered the above provisions,
indicate their agreement by their authorized signatures.

CITY OF CORONA,
a California General Law City organized and
existing under the laws of the State of California

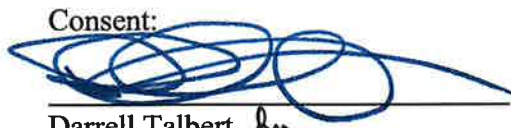
By: 
Dick Haley
Mayor

Attest: 

Lisa Mobley
City Clerk

Approved as to Form: 

Dean Derleth
City Attorney

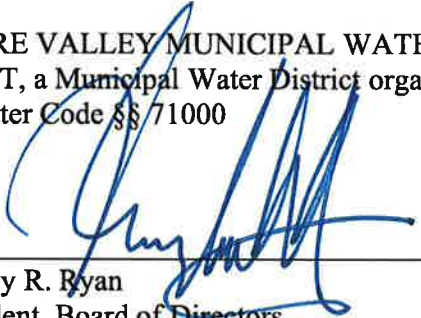
Consent: 

Darrell Talbert
Executive Director
Corona Utility Authority

**ELSINORE VALLEY MUNICIPAL WATER DISTRICT SIGNATURE PAGE
FOR
JOINT POWERS AGREEMENT BY AND AMONG THE CITY OF CORONA,
ELSINORE VALLEY MUNICIPAL WATER DISTRICT AND TEMESCAL VALLEY
WATER DISTRICT FOR THE FORMATION OF A JOINT POWERS AUTHORITY
AND MANAGEMENT OF THE BEDFORD-COLDWATER SUB-BASIN OF THE
ELSINORE BASIN**

EACH OF THE UNDERSIGNED, having read and considered the above provisions,
indicate their agreement by their authorized signatures.

ELSINORE VALLEY MUNICIPAL WATER
DISTRICT, a Municipal Water District organized
under Water Code §§ 71000

By: 
Harvey R. Ryan
President, Board of Directors

ATTEST


Terese Quintanar
Secretary to the Board

APPROVED AS TO FORM

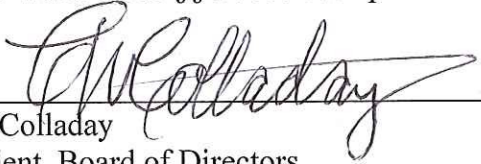

John E. Brown
General Counsel

**TEMESCAL VALLEY WATER DISTRICT SIGNATURE PAGE
FOR
JOINT POWERS AGREEMENT BY AND AMONG THE CITY OF CORONA,
ELSINORE VALLEY MUNICIPAL WATER DISTRICT AND TEMESCAL VALLEY
WATER DISTRICT FOR THE FORMATION OF A JOINT POWERS AUTHORITY
AND MANAGEMENT OF THE BEDFORD-COLDWATER SUB-BASIN OF THE
ELSINORE BASIN**

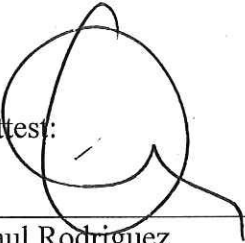
EACH OF THE UNDERSIGNED, having read and considered the above provisions,
indicate their agreement by their authorized signatures.

TEMESCAL VALLEY WATER DISTRICT,
a California Water District organized under
California Water Code §§ 34000 et seq.

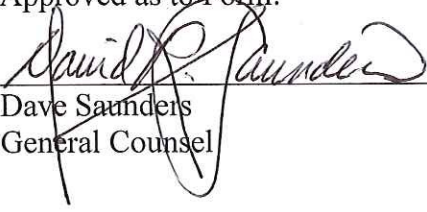
By: _____


C.W. Colladay
President, Board of Directors

Attest: _____


Paul Rodriguez
Board Secretary

Approved as to Form: _____


Dave Saunders
General Counsel