

**JOINT EXERCISE OF
POWERS AGREEMENT**

creating the

**PETALUMA VALLEY
GROUNDWATER
SUSTAINABILITY AGENCY**

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PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY JOINT EXERCISE OF POWERS AGREEMENT

THIS JOINT EXERCISE OF POWERS AGREEMENT ("**Agreement**") forming the Petaluma Valley Groundwater Sustainability Agency ("**Agency**") is made and entered into as of June 22, 2017 ("**Effective Date**"), by and among the public agencies listed on the attached Exhibit "A" (collectively "**Members**" and individually "**Member**") for the purpose of forming a Groundwater Sustainable Agency ("**GSA**") and achieving groundwater sustainability in the Petaluma Valley Groundwater Basin.

RECITALS

WHEREAS, the comprehensive groundwater legislation collectively enacted and referred to as the "Sustainable Groundwater Management Act" ("**SGMA**") initially became effective on January 1, 2015;

WHEREAS, the stated purpose of SGMA, as set forth in California Water Code section 10720.1, is to provide for the sustainable management of groundwater basins at a local level by providing local groundwater agencies with the authority and technical and financial assistance necessary to sustainably manage groundwater;

WHEREAS, SGMA requires the designation of Groundwater Sustainability Agencies ("**GSAs**") for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans ("**GSPs**") or an alternative plan for all medium and high priority basins as designated by the California Department of Water Resources;

WHEREAS, each Member is a local agency, as defined by SGMA, within the Petaluma Valley Basin ("**Basin**") which is designated basin number 2-01 in Department of Water Resources Bulletin No. 118 and which is designated as a medium priority basin;

WHEREAS, SGMA requires that the Basin have a designated GSA or GSAs by no later than June 30, 2017 and an adopted GSP or GSPs by no later than January 31, 2022;

WHEREAS, SGMA authorizes a combination of local agencies to form a GSA by entering into a joint powers agreement;

WHEREAS, the Members are authorized by the Joint Exercise of Powers Act (Chapter 5 of Division 7 of Title 1 of the California Government Code) ("**Act**") to create the Agency for the purpose of jointly exercising those powers granted by the Act and any additional powers which are common among them;

WHEREAS, the Members, individually and collectively, have the goal of cost effective sustainable groundwater management that considers the interests and concerns of all beneficial uses and users of groundwater;

WHEREAS, the Members encourage the Agency, once formed, to consider available measures under SGMA and the SGMA regulations designed to promote sustainability and efficient supervision of the Basin, including the potential for the establishment of management areas;

WHEREAS, in order to promote efficiency and sharing of resources, the Members, individually and collectively, encourage coordination between and among GSAs in Sonoma County; and

WHEREAS, the Members hereby enter into this Agreement to establish this Joint Powers Authority to form a GSA and undertake the management of groundwater resources pursuant to SGMA;

AGREEMENT TERMS

NOW THEREFORE, in consideration of the matters recited and the mutual promises, covenants, and conditions set forth in this Agreement, the Members hereby agree as follows:

Article I: Definitions

Section 1.01 – Definitions.

As used in this Agreement, unless the context requires otherwise, the meaning of the terms hereinafter set forth shall be as follows:

(a) “Act” shall mean the Joint Exercise of Powers Act, set forth in Chapter 5 of Division 7 of Title 1 of the California Government Code, sections 6500, *et seq.*, including any amendments thereto.

(b) “Agreement” means this Petaluma Valley Groundwater Sustainability Agency Joint Exercise of Powers Agreement.

(c) “Agency” shall mean the Petaluma Valley Groundwater Sustainability Agency, which is a separate entity created by this Agreement pursuant to the Act.

(d) “Basin” shall mean the Petaluma Valley Groundwater Basin which is designated basin number 2-01 in Department of Water Resources’ Bulletin No. 118 and as its boundaries may be modified from time to time through the procedures described in California Water Code section 10722.2 or by the Department of Water Resources under its separate authority.

(e) “Board of Directors” or “Board” shall mean the governing body of the Agency as established by Section 6.01 of this Agreement.

(f) “Bylaws” shall mean the bylaws adopted by the Board of Directors pursuant to Section 9.05 of this Agreement to govern the day-to-day operations of the Agency.

(g) “Fiscal Year” shall mean July 1st through June 30th pursuant to Section 10.03 of this Agreement.

(h) “Groundwater Sustainability Agency” or “GSA” shall have the meaning set forth in California Water Code section 10721(j).

(i) “Groundwater Sustainability Plan” or “GSP” shall have the meaning set forth in California Water Code section 10721(k).

(j) “Local Agency” or “Local Agencies” shall have the meaning set forth in California Water Code Section 10721(n).

(k) “Member” or “Members” shall mean the local agencies listed in the attached Exhibit “A” that have executed this Agreement, including any new Members that may subsequently join this Agency with the authorization of the Board, pursuant to Section 5.02 of this Agreement.

(l) “Plan Manager” shall mean the person designated by the Board to oversee the preparation and implementation of the GSP and who has been delegated management authority for submitting the GSP, GSP amendments, annual reports, and five-year assessments and serving as the point of contact between the Agency and the Department of Water Resources. The Plan Manager shall be a professional engineer, professional geologist or certified hydrogeologist.

(m) “Primary Director” and “Alternate Director” shall mean a Primary Director or Alternate Director appointed by a Member pursuant to Section 6.02 of this Agreement.

(n) “Sustainable Groundwater Management Act” or “SGMA” shall mean the comprehensive groundwater legislation collectively enacted and referred to as the “Sustainable Groundwater Management Act” (“SGMA”) as codified in California Water Code Sections 10720 *et seq.* and as may be amended in the future.

Article II: Agency Creation

Section 2.01 – Creation of the Agency.

There is hereby created a joint powers agency known as the Petaluma Valley Groundwater Sustainability Agency (“Agency”). The Agency shall be, to the extent provided by law, a public entity separate from the Members of this Agreement.

Section 2.02 – Purpose of the Agency.

The purpose of this Agreement, and the creation of the Agency, is to provide for the joint exercise of powers common to the Members, to specifically include powers granted by SGMA, for the purpose of cooperatively carrying out the requirements of SGMA, including, but not limited to, serving as the GSA for the Basin.

Article III: Term

Section 3.01 – Term.

This Agreement shall become operative on the Effective Date provided that at least two of the Members listed in Exhibit A have executed this Agreement by said date. If an eligible agency listed in Exhibit A has not executed this Agreement by May 16, 2017, its membership will be subject to the process for inclusion of new Members set forth in Section 5.02; provided, however, that if an eligible agency is diligently pursuing approval of this Agreement by its governing board and has obtained governing board approval not later than May 26, 2017, then that agency may execute this Agreement and become a Member without complying with Section 5.02.

This Agreement shall remain in effect until terminated by the unanimous written consent of all then active Members or until there are less than two Members remaining in the Agency; provided, however, that this Agreement shall remain in effect during the term of any contractual obligation or indebtedness of the Agency that was previously approved by the Board.

Article IV: Powers

Section 4.01 – Powers.

The Agency shall possess the ability to exercise those powers specifically granted by the Act and SGMA, subject to the terms of this Agreement. Additionally, the Agency shall possess the ability to exercise the common powers of its Members related to the purposes of the Agency, including, but not limited to, the following, subject to the terms of this Agreement:

- 4.1.1 To designate itself the GSA for the Basin pursuant to SGMA.
- 4.1.2 To adopt rules, regulations, policies, bylaws and procedures governing the operation of the Agency and the adoption and implementation of the GSP.
- 4.1.3 To develop, adopt and implement a GSP for the Basin pursuant to SGMA.
- 4.1.4 To employ agents and employees.
- 4.1.5 To obtain legal, financial, accounting, technical, engineering, and other services needed to carry out the purposes of this Agreement.
- 4.1.6 To conduct studies, collect and monitor all data related and beneficial to the development, adoption and implementation of the GSP for the Basin.
- 4.1.7 To perform periodic reviews of the GSP including submittal of annual reports.
- 4.1.8 To register and monitor wells within the Basin.

- 4.1.9 To issue revenue bonds or other appropriate public or private debt and incur debts, liabilities or obligations.
- 4.1.10 To exercise the powers permitted under Government Code section 6504 or any successor statute.
- 4.1.11 To levy taxes, assessments, charges and fees as provided in SGMA or otherwise provided by law.
- 4.1.12 To regulate and monitor groundwater extractions as permitted by SGMA, provided that this Agreement does not extend to a Member's operation of its system to distribute water once extracted or otherwise obtained, unless and to the extent required by other laws now in existence or as may otherwise be adopted.
- 4.1.13 To establish and administer projects and programs for the benefit of the Basin.
- 4.1.14 To cooperate, act in conjunction and contract with the United States, the State of California, or any agency thereof, counties, municipalities, special districts, groundwater sustainability agencies, public and private corporations of any kind (including without limitation, investor-owned utilities and mutual water companies), and individuals, or any of them, for any and all purposes necessary or convenient for the full exercise of the powers of the Agency.
- 4.1.15 To accumulate operating and reserve funds and invest the same as allowed by law for the purposes of the Agency and to invest funds pursuant to California Government Code section 6509.5 or other applicable State Law.
- 4.1.16 To apply for and accept grants, contributions, donations and loans under any federal, state or local programs for assistance in developing or implementing any of its projects or programs in connection with any project undertaken in the Agency's name for the purposes of the Agency.
- 4.1.17 To acquire by negotiation, lease, and purchase, and to construct, hold, manage, maintain, operate and dispose of any buildings, property, water rights, works or improvements within and without the respective boundaries of the Members necessary to accomplish the purposes describe herein.
- 4.1.18 To sue or be sued in its own name.
- 4.1.19 To exercise any additional powers conferred under SGMA or the Act or under applicable law, insofar as such powers are needed to accomplish the purposes of SGMA, including all powers granted to the Agency under Article 4 of the Act which are in addition to the common powers of the Members, including the power to issue bonds or otherwise incur debts, liabilities or obligations to the extent authorized by the Act or any other applicable provision of law

and to pledge any property or revenues of the rights thereto as security for such bonds and other indebtedness.

- 4.1.20 To exercise any power necessary or incidental to the foregoing powers in the manner and according to the procedures provided for under the law applicable to the Members to this Agreement and to perform all other acts necessary or proper to fully carry out the purposes of this Agreement.

Section 4.02 – Exercise of Powers.

In accordance with California Government Code section 6509, the foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the County of Sonoma.

Section 4.03 – Water Rights and Consideration of all Beneficial Uses and Users of Groundwater in the Basin.

As set forth in California Water Code section 10723.2, and any future amendments to SGMA, the GSA shall consider the interests of all beneficial uses and users of groundwater in the Basin, as well as those responsible for implementing the GSP. Additionally, as set forth in California Water Code section 10720.5(a), and any future amendments to SGMA, any GSP adopted pursuant to this Agreement shall be consistent with Section 2 of Article X of the California Constitution and nothing in this Agreement modifies the rights or priorities to use or store groundwater consistent with Section 2 of Article X of the California Constitution, with the exception that no extraction of groundwater between January 1, 2015 and the date the GSP is adopted may be used as evidence of, or to establish or defend against, any claim of prescription. Likewise, as set forth in California Water Code section 10720.5(b), and any future amendments to SGMA, nothing in this Agreement or any GSP adopted pursuant to this Agreement determines or alters surface water rights or groundwater rights under common law or any provision of law that determines or grants surface water rights.

Section 4.04 – Preservation of Powers.

Nothing set forth in this Agreement is intended to abrogate the powers of any Member, independent of the Agency, including but not limited to the Members' police power, as applicable. The adopted GSP shall not authorize any water supply augmentation to the Basin with groundwater extracted from another groundwater basin within the jurisdiction of a Member without the express consent of that Member.

Section 4.05 – Coordination between Basins.

In order to maintain consistency and the efficient use of resources, to the extent feasible, the Agency shall endeavor to coordinate between and among the other Sonoma County GSAs for administration, matters involving public communication and outreach, and for developing frameworks to support groundwater management, which may include agreement to certain areas of coordination, provided that the Agency shall retain its own authority and that such recommendations are ratified by the Board. The Agency may clarify and acknowledge

coordination among the other GSAs through a document or agreement if deemed appropriate.

Section 4.06 – Public Meeting for Periodic Review of Agreement.

To ensure that the Agency's governance structure addresses the interests and concerns of those affected by its activities, the Board shall conduct a public meeting at the following milestones to review the terms and conditions of this Agreement and discuss whether any amendments to this Agreement are necessary or advisable:

- Upon completion of the initial fee study
- Within three years of submittal of the GSP to DWR
- At least once every ten years after adoption of the GSP

At such public meeting the Administrator and Agency Counsel shall make a report to the Board recommending any amendments to the Agreement, and if directed by the Board shall draft proposed amendments to this Agreement for consideration by the governing boards of each Member. This section shall not preclude the Members from making amendments of this Agreement at other times as deemed necessary or appropriate by the Members, in accordance with Section 12.02 of this Agreement.

Article V: Membership

Section 5.01 – Members.

The Members of the Agency shall be the local agencies listed on the attached Exhibit “A”, so long as their Membership has not been withdrawn or terminated pursuant to the provisions of Article XI of this Agreement.

Section 5.02 – New Members.

Upon submittal of an application for membership, new Members shall be admitted to the Agency so long as: 1) the new Member is located or has jurisdictional boundaries within the Basin; 2) the new Member is a local public agency or another entity authorized by SGMA that is qualified to join the Agency under the provisions of SGMA and the Act; and 3) the new Member agrees to the terms of this Agreement, including applicable financial obligations, which may be an equal share of the unreimbursed Funding Commitments of the other Members pursuant to Section 10.02 or as established pursuant to Section 10.07.

Once an application is accepted by the Board of Directors, this Agreement is executed by an authorized representative of the new Member, and the new Member satisfies any applicable financial obligations of the new Member, the attached Exhibit “A” shall be amended to reflect the new Member, and such action by the Board shall not be subject to the requirements of Section 12.02.

Article VI: Directors and Officers

Section 6.01 – Board of Directors.

The Agency shall be governed and administered by a Board of Directors (“Board”) which is hereby established and which shall be composed of one voting seat per Member. The governing board shall be known as the “Board of Directors of the Petaluma Valley Groundwater Sustainability Agency.” All voting power shall reside in the Board.

Section 6.02 – Directors and Alternates.

Each Member shall appoint one Primary Director and one Alternate Director. The Alternate Director shall serve and assume the rights and duties of the Primary Director when the Primary Director is unable to attend a Board meeting. The Primary Director shall be an elected or appointed official of the Member’s governing body. The Alternate Director shall be an elected or appointed official of the Member’s governing body or executive staff of the Member agency. Primary Directors and Alternate Directors shall serve at the pleasure of the Member appointing them and they may be removed at any time, with or without cause, in the sole discretion of their governing body. Each Primary Director and Alternate Director shall hold office until their successor is selected by their governing body and the Agency has been notified of the succession. In the event that a Primary or Alternate Director ceases to be an official of the Member’s governing body or executive staff of the Member, that Director position shall become vacant and that Member shall appoint a new Director.

Section 6.03 – Officers of the Board.

Officers of the Agency’s Board shall consist of a Chairperson and Vice-Chairperson. The Chairperson shall preside at all meetings of the Board, while the Vice-Chairperson shall perform the duties of the Chairperson in the absence or disability of the Chairperson. The Chairperson and Vice-Chairperson shall exercise and perform such other powers and duties as may be assigned by the Board.

Section 6.04 – Appointment of Officers of the Board.

The Board shall annually elect the Officers of the Board from the Primary Directors. Officers of the Board shall hold office for a term of one year commencing on January 1 of each and every calendar year and they may serve for multiple consecutive terms. Officers of the Board may be removed and replaced at any time, with or without cause by a Board vote. In the event that an Officer of the Board loses their position as a Primary Director, that Officer of the Board position shall become vacant and Board shall elect a new Officer from existing Board members to serve the remaining Officer term.

Article VII: Board Meetings and Actions

Section 7.01 – Initial Meeting.

The initial meeting of the Board, which shall be held for purpose of meeting the requirements of California Water Code Section 10723, including decision of the Agency to serve as the GSA for the Basin, shall be held no later than June 30, 2017.

Section 7.02 – Regular Meeting Schedule.

The Board shall establish by ordinance, resolution, bylaws, or other procedure a regular meeting time and place at the initial meeting of the Board. The Board may vote to change the regular meeting time and place provided that the new location remains at a place overlying the Basin.

Section 7.03 – Conduct of Board Meetings.

Meetings of the Board of Directors shall be noticed, held, and conducted in accordance with the provisions of The Brown Act (California Government Code sections 54950, *et seq.*).

Section 7.04 – Quorum.

A quorum of the Board shall consist of a majority of the Board of Directors representing the then current Members.

Section 7.05 – Voting.

Each Director shall have one vote. A majority vote of the Board is needed for the adoption of any action, except those which require a super majority two-thirds vote or a unanimous vote.

Section 7.06 – Supermajority Voting Requirement.

A supermajority vote is two-thirds of the Board, including the Directors representing the City of Petaluma and the County of Sonoma. Items that require a supermajority vote to pass are the following:

- GSP adoption, modification or alteration
- Adoption of assessments, charges and fees
- Adoption of regulations and ordinances
- Adoption or modification of annual budget
- Appointment of Treasurer, subject to the provisions of Section 9.03 and/or Section 10.04
- Modifications to the composition and number of Advisory Committee members

Section 7.07 – Unanimous Voting Requirement.

Items that require a unanimous vote of the Board to pass include the following which may be amended from time to time by unanimous approval of the Members:

- Financial commitments imposed on Members, whether through the budget approval process or otherwise.

Article VIII: Board Committees

Section 8.01 – Committees of the Board.

The Board of Directors may from time to time establish one or more advisory committees or establish standing or ad hoc committees to assist in carrying out the purposes and objects of the Agency. The Board shall determine the purpose and need for such committees and the necessary qualifications for individuals appointed to them.

Section 8.02 – Advisory Committee.

The Board shall establish an Advisory Committee. Meetings of the Advisory Committee shall be noticed, held, and conducted in accordance with the provisions of The Brown Act (California Government Code sections 54950, *et seq.*). Through the use of the Advisory Committee, the Board shall ensure that the development of the GSP includes the meaningful participation of all beneficial uses and users of groundwater and other interested parties in the Basin.

Composition of the Advisory Committee is intended to represent the beneficial uses and users of groundwater identified in SGMA. Committee members may not serve concurrently on the GSA Board. Members must live or work within the Basin. A Committee member's participation shall not violate the California Political Reform Act of 1974 (Gov. Code, § 81000 *et seq.*), the provisions of California Government Code section 1090 *et seq.*, or any other applicable law. The Advisory Committee's purpose and membership is described in Exhibit "B."

Article IX: Operations and Management

Section 9.01 – Administrator and Plan Manager.

9.01.01 Administrator: The Sonoma Resource Conservation District shall serve as the initial Interim Administrator for a period of up to one year, which may be extended by agreement in accordance with Sections 9.03 and 11.04. Subsequent to formation of the Agency, the Board may appoint an Administrator, from time-to-time as and when it deems appropriate. The appointed Administrator may be an employee of one of the Members, in accordance with Sections 9.03 and 11.04. If appointed, the Administrator shall serve at the pleasure of the Board of Directors and his/her duties and responsibilities shall be set forth by a vote of the Board.

9.01.02 Plan Manager: The Board shall designate a Plan Manager. The Administrator and Plan Manager may be the same individual. The Plan Manager shall serve at the pleasure of the Board of Directors and his/her duties and responsibilities shall be set forth by the Board.

Section 9.02 – Legal Counsel and Other Officers.

The Agency may appoint General Legal Counsel who shall serve at the pleasure of the Board. Subject to the limits of the Agency's approved budget, the Board shall also have the power to appoint and contract by a vote of the Board for the services of other officers, consultants, advisers and independent contractors as it may deem necessary or convenient for the business of the Agency, all of whom shall serve at the pleasure of the Board. The appointed General Legal Counsel and/or other appointed officers of the Agency may be employees or contractors of one of the Members, in accordance with Sections 9.03 and 11.04. Appointment of a General Legal Counsel from among Member employees or contractors shall be subject to all applicable Rules of Professional Responsibility, and notwithstanding anything to the contrary in this Agreement, each of the Members expressly reserve and do not waive their rights to approve or disapprove of potential conflicts of Agency General Legal Counsel.

Section 9.03 – Employees and Management.

In addition to, or in lieu of, hiring employees, the Agency may engage one or more Members to manage any or all of the business of the Agency on terms and conditions acceptable to the Board of Directors and the Member(s) to be so engaged. Any Member so engaged shall have such responsibilities as are set forth in the contract for such Member's services which shall be approved by a majority vote of the Directors representing the non-contracting Member(s).

Section 9.04 – Location of Public Meetings.

At the initial meeting of the Board, the Board shall establish a location or locations for public meetings of the Agency that complies with the requirements of the Ralph M. Brown Act, including, but not limited to, Government Code section 54954.

Section 9.05 – Bylaws.

The Board shall adopt Bylaws governing the conduct of meetings and the day-to-day operations of the Agency on or before the first anniversary of the Effective Date of this Agreement.

Section 9.06 – Official Seal and Letterhead.

The Board may adopt, and/or amend, an official seal and letterhead for the Agency by a vote of the Directors.

Section 9.07 – Conflict of Interest Code.

At the initial meeting of Board, the Board shall begin the process for adoption and filing of a Conflict of Interest Code pursuant to the provisions of the Political Reform Act of 1974.

Article X: Consideration and Financial Provisions

Section 10.01 – Establishment of Funds.

The Board shall establish and maintain such funds and accounts as may be required by generally accepted public agency accounting practices. The Agency shall maintain strict accountability of all funds and report all receipts and disbursements of the Agency on no less than a quarterly basis.

Section 10.02 – Initial Agency Funding Commitments.

In order to initially fund and operate the Agency, the Members shall each provide the funding commitment amounts listed in the table below (“Funding Commitment”), with the Funding Commitment to be paid by the specified due dates below. Such Funding Commitments may be made by payment to the Agency, providing services to the Agency through an agreement with the Agency, or a combination of both. If any portion of a Member’s Funding Commitment is to be provided through a services agreement, the Agency and such Member shall strive to enter into a services agreement by the initial due date.

The timeframe for payment of any remainder amounts shall be determined by the Board of Directors based on the funding and operational needs of the Agency, and shall be due and payable within thirty (30) days of issuance of an Agency invoice.

Member	Total Initial Commitment	Due by July 31, 2017	Remainder to be met as provided for in a services agreement, or billed by the Agency as needed
Sonoma Resource Conservation District	\$ 20,000	0	\$ 20,000
North Bay Water District	\$ 20,000	\$ 6,600	\$ 13,400
City of Petaluma	\$143,333	\$43,000	\$100,333
County of Sonoma	\$143,333	\$43,000	\$100,333
Sonoma County Water Agency	\$143,333	\$43,000	\$100,333

To the extent the Agency is able to secure other funding sources in the future, and to the extent permitted by law, the Agency shall reimburse the initial commitments on a proportionate basis.

Section 10.03 – Fiscal Year.

The Fiscal Year of the Agency shall be July 1 through June 30.

Section 10.04 –Treasurer and Annual Audit.

The Sonoma County Auditor-Controller-Treasurer-Tax Collector shall act as the initial Treasurer for the Agency. The Treasurer shall perform all usual and customary duties of his or her office for the Agency, including but not limited to receiving all deposits, issuing warrants per direction, and other duties specified in Government Code section 6505.5. The Board may transfer the responsibilities of the Treasurer, by two-thirds supermajority vote of the Board in accordance with Section 7.06, to any other person or entity as the law may permit at the time (see e.g., Government Code section 6505.5). The Board shall cause an independent annual audit to be made by a certified public accountant, or public accountant, in compliance with Government Code section 6505

Section 10.05 – Funds: Property: Bonds.

The Board may from time to time designate the officers and persons, in addition to those specified in Section 10.04 above, who shall have charge of, handle, or have access to any funds and/or property of the Agency. Pursuant to California Government Code section 6505.1, each such officer and person shall file a bond in an amount designated by the Board.

Section 10.06 – Budget.

By a date no later than sixty (60) days before the end of each Fiscal Year, the Board shall adopt a budget for the Agency for the ensuing Fiscal Year. The Board may authorize mid-year budget adjustments, as needed.

Section 10.07 – Payments To The Agency.

All fees, costs and expenses incurred by the Agency may be funded from: (i) voluntary contributions from third parties, such as grants; (ii) advances or loans from the Members or other sources; (iii) bond revenue; (iv) taxes, assessments, fees and/or charges levied by the Agency under the provisions of SGMA or otherwise provided by law; and, (v) subject to the unanimous vote of the Board in accordance with Section 7.07, assessments on the Members to carry out the activities of the Agency generally applicable to all Members.

Article XI: Relationship of Agency And Its Members

Section 11.01 – Separate Entity.

In accordance with California Government Code Sections 6506 and 6507, the Agency shall be a public entity separate and apart from the parties to this Agreement.

Section 11.02 – Liabilities of the Agency Not Liabilities of Members.

In accordance with California Government Code section 6508.1, the debt, liabilities and obligations of the Agency shall be the debts, liabilities and obligations of the Agency alone and not of its Members. To the maximum extent permitted by law, including, but not limited to, California Government Code Section 895.2 and following, as such statutes may be amended or

supplemented, and notwithstanding any contrary provision in this Agreement, the Members do not intend hereby to be obligated either jointly or severally for the debts, liabilities or obligations of the Agency.

Section 11.03 – Indemnity and Insurance.

11.03.01. Indemnity. Funds of the Agency may be used to defend, indemnify, and hold harmless the Agency, each Member, each Director, and any officers, agents and employees of the Agency for their actions taken within the course and scope of their duties while acting on behalf of the Agency. To the fullest extent permitted by law, the Agency agrees to save, indemnify, defend and hold harmless each Member, each Director, and any officers, agents and employees of the Agency from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees, where the same arise out of, or are attributable in whole or in part to the conduct, activities, operations, acts, and omissions of the Agency.

11.03.02. Insurance. The Agency shall be required to obtain insurance, or join a self-insurance program in which one or more of the Members participate, appropriate for its operations. Any and all insurance coverages provided by the Agency, and/or any self-insurance programs joined by the Agency, shall name each and every Member as an additional insured for all liability arising out of or in connection with the operations by or on behalf of the named insured in the performance of this Agreement. Minimum levels of the insurance or self-insurance program shall be set by the Agency in its ordinary course of business. The Agency shall also require all of its contractors and subcontractors to have insurance appropriate for their operations. All amounts coverages and provisions of the insurance policies identified in this Section 11.03B shall be subject to the approval of Agency Counsel.

Section 11.04 – Agreements With Member Agencies.

The Board may approve agreements with one or more Members that agree to undertake activities to benefit the Agency and further its purposes by a majority vote of the Directors representing the non-contracting Members.

Section 11.05 – Withdrawal of Members.

Any Member shall have the ability to withdraw by providing ninety (90) days written notice of its intention to withdraw. Said notice shall be given to the Board and to each of the other Members.

A Member shall not be fiscally liable for an adopted budget provided that the Member provides written notice ninety (90) days prior to the adoption of the budget.

In the event of a withdrawal, this Agreement shall continue in full force and effect among the remaining members as set forth in Section 11.07 below.

Section 11.06 – Termination of Members.

Any Member's failure to meet its funding obligations pursuant to Sections 10.02 or 10.07 of this Agreement may be treated as a breach of this Agreement and the Board may vote to

terminate such Member. Such termination shall be approved by unanimous consent of all Directors except the Director of the Member proposed to be terminated. In lieu of termination, the Board may in its discretion vote to suspend a Member's voting privileges for failure to meet its funding obligations pursuant to Section 10.02 or 10.07 until the Member has satisfied its funding obligations. Such suspension of voting privileges shall be approved by a supermajority vote, as defined in Section 7.06 above but excepting the Director of the Member proposed to have its voting privileges suspended. In the event a Member's voting privileges are suspended, that Member shall not be counted for purposes of determining a majority or supermajority vote in accordance with Sections 7.05 and 7.06. In the event of termination of a Member, this Agreement shall continue in full force and effect among the remaining members as set forth in Section 11.07 below, and such action by the Board shall not be subject to the requirements of Section 12.02. Before terminating a Member for breach pursuant to this section, the Board must satisfy the meet and confer requirements under Section 12.04. As part of the meet and confer process, the Board and the Member proposed to be terminated may conduct mediation in accordance with Section 12.04.

Any Member's failure to be represented by a Director or Alternate Director of the Member for three consecutive meetings (regular or special) of the Board may be considered a breach of this Agreement for which the Board may vote to suspend a Member's voting privileges for up to an equivalent number of meetings missed. Such suspension of voting privileges shall be approved by a supermajority vote, as defined in Section 7.06 above but excepting the Director of the Member proposed to have its voting privileges suspended. In the event a Member's voting privileges are suspended, that Member shall not be counted as a member of the Board for purposes of determining a majority or supermajority vote in accordance with Sections 7.05 and 7.06.

Suspension of a Member's voting privileges under this section shall not excuse that Member from its obligations under this Agreement, including but not limited to, continuing financial commitments to the Agency and attendance at Board meetings.

Section 11.07 – Continuing Obligations upon Withdrawal or Termination.

Except as provided for in Section 11.05, any withdrawal or termination of a Member, shall not relieve the withdrawing or terminating Member of its financial obligations arising under this Agreement prior to the effective date of the withdrawal or termination, including but not limited to financial obligations or guarantees for loans provided by individual Members, if applicable.

The withdrawal or termination of one or more Members shall not terminate this Agreement or result in the dissolution of the Agency. This Agreement shall remain in full force and effect among the remaining members, following the withdrawal or termination of any Member, and the Agency shall remain in operation provided that there are at least two Members remaining in this Agreement.

Section 11.08 – Dissolution.

The Agency may be dissolved at any time upon the unanimous vote of the Board and approval of the Members' governing boards. However, the Agency shall not be dissolved until all debts and liabilities of the Agency have been eliminated. Upon Dissolution of the Agency, each Member shall receive its proportionate share (in proportion to the contributions made by each

Member) of any remaining assets after all Agency liabilities and obligations have been paid in full. The distribution of remaining assets may be made “in kind” or assets may be sold and the proceeds thereof distributed to the Members. This distribution shall occur within a reasonable time after dissolution. No former member which previously withdrew or was terminated shall be entitled to a distribution upon dissolution.

Section 11.09 – Disposition of Property Upon Termination of Agency or Board Determination of Surplus.

Upon termination of this Agreement or upon determination by the Board that any surplus money is on hand, such surplus money shall be returned to the then Members of the Agency that contributed such monies in proportion to their contributions or such surplus money may be applied to a Board designated reserve account. The Board shall first offer any surplus properties, works, rights and interests of the Agency for sale to the individual Member and the sale shall be based on highest bid. If no such sale is consummated, the Board shall offer the surplus properties, works, rights and interests of the Agency for sale in accordance with applicable law to any governmental agency, private entity or persons for good and adequate consideration.

Article XII: Miscellaneous Provisions

Section 12.01 – Agreement Complete.

The foregoing constitutes the full and complete Agreement of the Members. This Agreement supersedes all prior agreements and understandings, whether in writing or oral, related to the subject matter of this Agreement that are not set forth in writing herein.

Section 12.02 – Amendment.

This Agreement may be amended from time to time by the unanimous consent of the Members, acting through their governing bodies. Such amendments shall be in the form of a writing signed by each Member.

Section 12.03 – Successors and Assigns.

The rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void. Any assignment or delegation permitted under the terms of this Agreement shall be consistent with the terms of any contracts, resolutions or indentures of the Agency then in effect.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Members hereto. This section does not prohibit a Member from entering into an independent agreement with another agency regarding the financing of that Member’s contributions to the Agency or the disposition of proceeds, which that Member receives under this Agreement so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Agency or the Members under this Agreement.

Section 12.04 – Dispute Resolution.

In the event there are disputes and/or controversies relating to the interpretation, construction, performance, termination, breach of, withdrawal from or other issue related to this Agreement, the Members that are party to the dispute (the “Disputing Parties”) agree to meet and confer in a good faith attempt to resolve the dispute. On the request of any Disputing Party to meet and confer, the other Disputing Parties agree to provide available dates within 21 days of the meet and confer request. The Disputing Parties may agree to schedule additional meet and confer sessions. If the Disputing Parties are unable to resolve the dispute by meeting and conferring, they shall mediate the dispute. The cost of any such mediation will be borne equally by the Disputing Parties. If the Disputing Parties cannot agree on a mediator, they may select a mediator by alternately striking names from a list of available mediators from JAMS or a similar mediation service provider. The Disputing Parties will provide all other Members written notice of any scheduled mediation and the issues subject to mediation at least 10 business days prior to the mediation. One representative for each Member not party to the dispute and one Agency staff representative may attend any mediation under this section to represent the Members’ and the Agency’s interests related to the mediation. The cost of such representatives’ attendance shall be borne by the Members and the Agency so represented. The mediator may, in the mediator’s sole discretion limit the participation of representatives of Members not party to the dispute and/or any Agency representative in the interest of successfully mediating the dispute. No settlement of a dispute subject to this section will bind the Agency or any Members not party to the dispute except to the extent the settlement is approved by the Agency Board by unanimous vote of the Directors of the non-disputing Members.

Section 12.05 – Execution In Parts Or Counterparts.

This Agreement may be executed in parts or counterparts, each part or counterpart being an exact duplicate of all other parts or counterparts, and all parts or counterparts shall be considered as constituting one complete original and may be attached together when executed by the Members hereto. Facsimile or electronic signatures shall be binding.

Section 12.06 – Member Authorization.

The governing bodies of the Members have each authorized execution of this Agreement, as evidenced by the signatures of their respective authorized representatives, below.

Section 12.07 – No Predetermination or Irretrievable Commitment of Resources.

Nothing herein shall constitute a determination by the Agency or any of Members that any action shall be undertaken or that any unconditional or irretrievable commitment of resources shall be made, until such time as the required compliance with all local, state, or federal laws, including without limitation the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, have been completed.

Section 12.08 – Notices.

Notices authorized or required to be given pursuant to this Agreement shall be in writing

and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours to the addresses set forth for each of the Members hereto on Exhibit “A” of this Agreement, or to such other changed addresses communicated to the Agency and the Members in writing.

Section 12.09 – Severability And Validity Of Agreement.

Should the participation of any Member to this Agreement, or any part, term or provision of this Agreement be decided by the courts or the legislature to be illegal, in excess of that Member’s authority, in conflict with any law of the State of California, or otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms or provisions of this Agreement shall not be affected thereby and each Member hereby agrees it would have entered into this Agreement upon the same remaining terms as provided herein.

Section 12.10 – Singular Includes Plural.

Whenever used in this Agreement, the singular form of any term includes the plural form and the plural form includes the singular form.

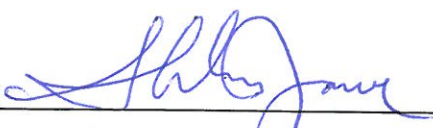
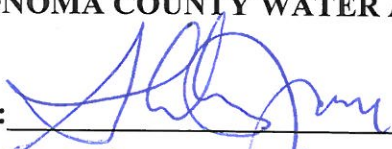
IN WITNESS WHEREOF, the Members hereto, pursuant to resolutions duly and regularly adopted by their respective Board of Directors or governing board, have caused their names to be affixed by their proper and respective officers as of the day and year first above-written.

SIGNATURE LINES

CITY OF PETALUMA: By: <u>David Glass</u> Name: <u>DAVID GLASS</u> Title: <u>MAYOR</u> Date: <u>6-22-17</u>	COUNTY OF SONOMA: By: _____ Name: _____ Title: _____ Date: _____
NORTH BAY WATER DISTRICT: By: _____ Name: _____ Title: _____ Date: _____	SONOMA COUNTY WATER AGENCY: By: _____ Name: _____ Title: _____ Date: _____
SONOMA RESOURCE CONSERVATION DISTRICT: By: _____ Name: _____ Title: _____ Date: _____	

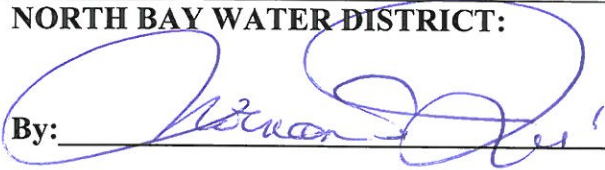
IN WITNESS WHEREOF, the Members hereto, pursuant to resolutions duly and regularly adopted by their respective Board of Directors or governing board, have caused their names to be affixed by their proper and respective officers as of the day and year first above-written.

SIGNATURE LINES

CITY OF PETALUMA: By: _____ Name: _____ Title: _____ Date: _____	COUNTY OF SONOMA: By:  _____ Name: <u>SHIRLEE ZANE</u> Title: <u>CHAIRWOMAN</u> Date: <u>MAY 10, 2017</u>
NORTH BAY WATER DISTRICT: By: _____ Name: _____ Title: _____ Date: _____	SONOMA COUNTY WATER AGENCY: By:  _____ Name: <u>SHIRLEE ZANE</u> Title: <u>CHAIRWOMAN</u> Date: <u>MAY 10, 2017</u>
SONOMA RESOURCE CONSERVATION DISTRICT: By: _____ Name: _____ Title: _____ Date: _____	

IN WITNESS WHEREOF, the Members hereto, pursuant to resolutions duly and regularly adopted by their respective Board of Directors or governing board, have caused their names to be affixed by their proper and respective officers as of the day and year first above-written.

SIGNATURE LINES

CITY OF PETALUMA: By: _____ Name: _____ Title: _____ Date: _____	COUNTY OF SONOMA: By: _____ Name: _____ Title: _____ Date: _____
NORTH BAY WATER DISTRICT: By:  _____ Name: <u>Norman D. Yenni</u> Title: <u>Acting chairman</u> Date: <u>5-9-2017</u>	SONOMA COUNTY WATER AGENCY: By: _____ Name: _____ Title: _____ Date: _____
SONOMA RESOURCE CONSERVATION DISTRICT: By: _____ Name: _____ Title: _____ Date: _____	

IN WITNESS WHEREOF, the Members hereto, pursuant to resolutions duly and regularly adopted by their respective Board of Directors or governing board, have caused their names to be affixed by their proper and respective officers as of the day and year first above-written.

SIGNATURE LINES

CITY OF PETALUMA: By: _____ Name: _____ Title: _____ Date: _____	COUNTY OF SONOMA: By: _____ Name: _____ Title: _____ Date: _____
NORTH BAY WATER DISTRICT: By: _____ Name: _____ Title: _____ Date: _____	SONOMA COUNTY WATER AGENCY: By: _____ Name: _____ Title: _____ Date: _____
SONOMA RESOURCE CONSERVATION DISTRICT: By: <u>Walter J. Ryan Jr</u> Name: <u>Walter J. Ryan Jr</u> Title: <u>Chair</u> Date: <u>5/25/17</u>	

EXHIBIT A

MEMBERS

City of Petaluma

County of Sonoma

North Bay Water District

Sonoma County Water Agency

Sonoma Resource Conservation District

EXHIBIT B

Advisory Committee to the Agency Board of Directors

The advisory committee will have ten (10) members based on the interest group and member agency designations described below:

Members shall each appoint one (1) at-large member.

Five (5) interest-based appointees shall be appointed by the Board:

1. Environmental representative (from an organization with a presence in the Basin)
2. Rural residential well owner
3. Business community
4. Agricultural interest (surface water or groundwater user)
5. At-large community representative (preference for disadvantaged community interest))

The Board will appoint members to fill the interest-based seats. Interested individuals from the community or local organizations may apply to the Board, designating in the application the seat that the applicant would intend to fill. Each Member's governing body will appoint its at-large seat. Panel members may not serve concurrently on the GSA governing board. Members must live or work within or represent an organization with a presence in the Petaluma Valley Groundwater Basin, identified by the Department of Water Resources current Bulletin 118.

The Board encourages interest groups to work together to recommend a single candidate to fill that interest's seat. The Board will give strong consideration to appointing candidates that have the backing of multiple organizations or individuals within that interest group and familiarity with groundwater and its management. The Board will also give preference to applicants with experience working with diverse community-based groups.

For the at-large community representative, the Board will give strong preference to a representative who lives or works within a Disadvantaged Community (as defined in SGMA), and will in any case give preference to appointees that can represent the interests of disadvantaged populations or interests that are otherwise under-represented on the Advisory Committee.

The Board will determine if alternates are necessary, and if so, the appointment process.

The Board will establish a timeline and process for appointment of the initial

advisory committee following Agency formation. The initial Advisory Committee appointments will include five seats with three-year terms (interest-based categories) and five two-year terms (at-large). Following initial committee appointment, all terms will be two years. Appointees are not term-limited; however, they must apply for each term. If a vacancy occurs for an interest-based seat before the end of the term, the Board will appoint a new individual to complete the term. At-large vacancies shall be filled by the appointing Member. By supermajority vote, the Board may add one or more additional interest-based appointee positions to the Advisory Committee.

The Board can remove an interest-based committee member by vote if member is not performing his or her responsibilities.

The purpose of the committee is to advise the Board on groundwater sustainability plan development and implementation and Agency policies. The intent of the committee is to provide community perspective and participation in the Agency. The Advisory Committee will review and/or provide recommendations to the Board on groundwater-related issues that may include:

- Development, adoption or amendment of the GSP
- Sustainability goals and objectives
- Technical and Reporting Standards, including Best Management Practices, data management and reporting
- Monitoring programs
- Annual Work Plans and Reports (including mandatory 5-year milestone reports)
- Modeling scenarios
- Inter-basin coordination activities
- Project and management actions to achieve sustainability
- Grant funding proposals
- Community outreach
- Local regulations to implement SGMA
- Fee proposals
- General advisory

The Advisory Committee will not be involved in Agency budgets or day-to-day operations, such as personnel staffing or contracting.

Pursuant to Board direction, Agency staff will develop the annual work plan and schedule for committee meetings. The Advisory Committee will adopt a charter and will appoint a chair and vice-chair.

To inform Board decision making, the Advisory Committee will provide written recommendations in reports. The recommendation reports will identify areas of agreement and disagreement. The committee will strive for consensus when possible, but reaching consensus is not necessary. Consensus means that everyone can at least “live with it.”

When unable to reach consensus on recommendations, the committee will outline the areas in which it does not agree, providing some explanation to inform Board decision-making.

The committee may request that one or more committee members present its recommendations to the Board, including areas of agreement and disagreement, consistent with committee deliberations. The Board will consider advisory committee recommendations when making decisions. If the Board does not agree with the recommendations of the Advisory Committee, the Board shall state the reasons for its decision.

All Advisory Panel meetings are subject to the Brown Act and will be open to the public. The GSA will announce panel meetings on its web site and through its regular communication channels.