JOINT EXERCISE OF POWERS AGREEMENT FOR THE
KERN WATER BANK GROUNDWATER SUSTAINABILITY AGENCY
[Kern Water Bank Lands Portion of the Basin]

THIS AGREEMENT is entered into and effective this 16th day of November, 2023 ("**Effective Date"**), pursuant to the Joint Exercise of Powers Act, California Government Code ["Gov. Code"] § 6500 *et seq.* ("**JPA Act**") by and among Dudley Ridge Water District, Kern County Water Agency, Semitropic Water Storage District, Tejon-Castac Water District, and Wheeler Ridge-Maricopa Water Storage District (collectively sometimes referred to herein as the "**Initial Members**"), forming the Kern Water Bank Groundwater Sustainability Agency ("**GSA**" or "**KWB GSA**") to serve as the GSA for the Kern Water Bank Lands portion of the Kern County Subbasin (Basin No. 5-022.14) of the San Joaquin Valley Groundwater Basin portion of the Tulare Lake Hydrologic Region, as described herein.

RECITALS

THIS AGREEMENT is made with reference to the following facts:

A. WHEREAS, the Sustainable Groundwater Management Act, including, but not limited to, Water Code § 10720 *et seq.* ("SGMA"), requires one or more Groundwater Sustainability Agencies ("GSAs") to manage medium and high priority groundwater basins throughout the state through the adoption and implementation of one or more Groundwater Sustainability Plans ("GSPs"). SGMA defines "basin" as a basin or sub-basin identified and defined in Bulletin 118, a publication of the California Department of Water Resources ("DWR").

B. WHEREAS, the Kern County Subbasin ("Basin"), identified and defined in Bulletin 118 as Basin No. 5-022.14, has been designated by DWR as a high priority basin.

C. WHEREAS, the Kern Water Bank Authority ("Authority" or "KWBA"), is a separate public entity formed on October 16, 1995, by and between the Initial Members and Westside Mutual Water Company, LLC ("WMWC" or "Participant") pursuant to the Joint Powers Agreement for the Kern Water Bank Authority ("KWBA JPA," as defined below) and the JPA Act. Since 1996, the Authority has exclusively owned about 20,600 acres of land within the Basin, hereafter referred to as the "Kern Water Bank Lands."

D. WHEREAS, the map attached hereto as **Exhibit A** depicts the existing boundaries of the Kern Water Bank Lands.

E. WHEREAS, the Kern Water Bank Lands are used for operation of the Kern Water Bank storage project ("KWB Project" or "Project"), are located within the boundaries of a local agency and Initial Member hereof, the Kern County Water Agency, and cover a portion of the Basin.

F. WHEREAS, the Authority has been participating in sustainable groundwater management relative to the KWB Project and the Kern Water Bank Lands through the Kern Groundwater Authority Groundwater Sustainability Agency ("KGA"), including the development and approval of the KWB Project chapter of KGA's GSP, which covers the Kern Water Bank Lands for purposes of SGMA compliance and is subject to change in light of DWR's determination that the Basin GSPs are inadequate (by letter dated March 2, 2023).

G. WHEREAS, the Authority previously elected to be a GSA for the Kern Water Bank Lands, but DWR and SWB staff have questioned the Authority's eligibility to become a GSA due to one of its six member entities being a mutual water company.

H. WHEREAS, to avoid a dispute regarding the Authority's eligibility to become a GSA and without admitting the Authority is not eligible, the Initial Members hereof, each of which is a local agency as defined by Water Code § 10721, subd. (n) of SGMA, are willing to combine to form a GSA for the portion of the Basin within and underlying the Kern Water Bank Lands pursuant to Water Code § 10723.6, subd. (a)(1), and also, as permitted by Water Code § 10723.6, subd. (b), authorize the GSA to enter into a separate legal agreement with WMWC, the Authority's sole mutual water company member entity, providing that WMWC shall have the same rights and duties of participation in the GSA as the Initial Members hereof, including representation on the GSA's Board of Directors and sharing and payment of all its financial obligations, as specified herein.

I. WHEREAS, each of the Initial Members is duly organized and existing under the laws of the State of California and is a local agency qualified to form a GSA under SGMA.

J. WHEREAS, pursuant to SGMA, specifically Water Code § 10723.6, subd. (a), and the JPA Act, the Initial Members, as a combination of local agencies, are authorized to create a joint powers agency to jointly exercise any power common to the Members together with such powers as are expressly set forth in the JPA Act and SGMA.

K. WHEREAS, the Initial Members desire, and as provided herein, agree to create the KWB GSA as a separate entity under the JPA Act for the purpose of undertaking and carrying out sustainable groundwater management pursuant to SGMA within the Kern Water Bank Lands portion of the Basin subject to the terms of this Agreement.

THEREFORE, in consideration of the mutual promises, covenants, and conditions herein set forth, the Members agree as follows:

ARTICLE 1:

DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, unless the context requires otherwise, the meaning of the terms hereinafter set forth shall be as follows:

(a) **"Agreement"** and **"JPA Agreement"** shall mean this Joint Exercise of Powers Agreement for the Kern Water Bank Groundwater Sustainability Agency.

(b) **"Authority"** and **"KWBA"** shall mean the Kern Water Bank Authority created as a separate public entity pursuant to the JPA Act and the Joint Powers Agreement for the Authority, dated October 16, 1995, as restated and amended, between the Initial Members which are signatories to this Agreement (DRWD, KCWA, SWSD, TCWD and WRMWSD, as defined below), and WMWC. The Authority exclusively holds fee title to the Kern Water Bank Lands and owns and operates the KWB Project thereon.

(c) **"Base Shares"** shall mean the respective shares of the parties to the KWBA JPA (as defined below) of the costs and benefits of the KWB Project, as allocated and set forth in Section 5.4 of the KWBA JPA, and as may be adjusted in the future pursuant to the KWBA JPA. Which allocations and adjustments thereto, if any, are deemed incorporated herein. As of the Effective Date, the parties' respective Base Shares are as follows: DRWD (9.62%), KCWA (9.62%), SWSD (6.67%), TCWD (2.00%), WMWC (48.06%), and WRMWSD (24.03%).

(d) **"Basin"** shall mean the Kern County Subbasin as identified and defined by DWR in Bulletin 118 (as Basin No. 5-022.14) as of the Effective Date of this Agreement or as modified pursuant to Water Code § 10722.2.

(e) **"Board of Directors"** and **"Board"** shall mean the governing body formed to implement this Agreement as established herein, and **"Director"** or **"Directors"** mean the individual member or members of the Board appointed pursuant to Section 3.1.

(f) **"Bonds"** shall mean any bonds, loans, notes or other evidences of indebtedness of the GSA (excluding warrants and checks), authorized and issued pursuant to the JPA Act.

(g) **"Bulletin 118"** shall mean DWR's report, "California Groundwater: Bulletin 118," updated in 2016 and 2020, and as it may be subsequently revised in accordance with Water Code § 12924.

(h) **"DRWD"** shall mean Dudley Ridge Water District, a California water district formed and existing pursuant to the California Water District Law (Water Code § 34000 *et seq.*).

(i) **"DWR"** shall mean the California Department of Water Resources.

(j) **"Effective Date"** shall mean the date set forth in the Preamble of this Agreement.

(k) **"GSP"** shall mean a Groundwater Sustainability Plan as defined by SGMA in Water Code § 10727 *et seq.*

(l) **"GSA"** or **"KWB GSA"** shall mean the Kern Water Bank Groundwater Sustainability Agency formed by the Initial Members pursuant to this Agreement in accordance with applicable provisions of SGMA including Water Code §§ 10723.6, 10723.8.

(m) **"Kern Water Bank Lands"** shall mean those lands located within the Basin as depicted in Exhibit A, attached hereto and incorporated herein.

(n) **"JPA Act"** shall mean the Joint Exercise of Powers Act, Gov. Code § 6500 *et seq.*

(o) **"KCWA"** shall mean the Kern County Water Agency, a California special district formed and existing pursuant to the Kern County Water Agency Act (uncodified Water Code Chapter 99).

(p) **"KWBA JPA"** shall mean the "Joint Powers Agreement for the Kern Water Bank Authority," dated October 16, 1995, among the Initial Members and WMWC and which created the Authority, as subsequently amended by the "First Amended and Restated Joint Powers Agreement for the Kern Water Bank Authority," dated July 19, 1999, the "Second Amendment to Joint Powers Agreement for Kern Water Bank Authority," dated March 15, 2001, the "Third Amendment to Joint Powers Agreement for Kern Water Bank Authority," dated January 1, 2004, the "Fourth Amendment to Joint Powers Agreement for Kern Water Bank Authority," dated January 1, 2006, and the "Fifth Amendment to Joint Powers Agreement for Kern Water Bank Authority," dated March 8, 2013, and as may be amended in the future.

(q) **"Member"** shall mean any of the signatories to this Agreement, and **"Members"** shall mean all of the signatories to this Agreement, collectively, and shall include the Initial Members.

(r) **"Operating Rules and Regulations"** shall have the meaning set forth in Section 2.5(l).

(s) **"SWSD"** shall mean Semitropic Water Storage District, a California water storage district formed and existing pursuant to the California Water Storage District Law (Water Code § 39000 *et seq.*).

(t) **"SGMA"** shall mean the Sustainable Groundwater Management Act, including Water Code § 10720 *et seq*., as SGMA may be amended from time to time.

(u) **"State"** shall mean the State of California.

(v) **"SWB"** and **"State Water Board"** shall mean the California State Water Resources Control Board.

(w) **"TCWD"** shall mean Tejon-Castac Water District, a California water district formed and existing pursuant to the California Water District Law (Water Code § 34000 *et seq.*).

(x) **"WMWC"** and **"Participant"** shall mean Westside Mutual Water Company, LLC.

(y) **"WRMWSD"** shall mean Wheeler Ridge-Maricopa Water Storage District, a California water storage district formed and existing pursuant to the California Water Storage District Law (Water Code § 39000 *et seq.*).

ARTICLE 2:

FORMATION, PURPOSE AND POWERS

Section 2.1 Recitals. The foregoing recitals are incorporated herein by reference.

Section 2.2 Creation of GSA. Pursuant to the JPA Act, the Initial Members hereby form and create a public entity to be known as the "Kern Water Bank Groundwater Sustainability Agency" ("KWB GSA" or "GSA"), as a public entity separate and apart from its Members.

Section 2.3 GSA for the Kern Water Bank Lands. The KWB GSA shall serve as the GSA for the portion of the Basin that is conterminous with the extent of the Kern Water Bank Lands as depicted in Exhibit A, attached hereto, which may be amended from time to time pursuant to SGMA. In approving this Agreement and deciding that the KWB GSA shall serve as the GSA for the Kern Water Bank Lands portion of the Basin, each of the parties signatory to this Agreement and the KWB GSA, as applicable, shall comply with Water Code § 10723, subd. (b), including any applicable public notice and hearing requirements, and as provided in Section 2.7, the GSA shall notify DWR of the GSA's intention to undertake sustainable groundwater management and provide all information required to become or form a GSA, including each party's resolution approving this Agreement and formation of the GSA, as required by Water Code § 10723.8, subd. (a), and shall also make any other filings with regulatory agencies or others as necessary to become and serve as a GSA for the Kern Water Bank Lands.

Section 2.4 Purposes. The purposes of this Agreement are to provide for the joint exercise, through the GSA, of the powers common to each of the Members to implement and comply with SGMA in the Kern Water Bank Lands portion of the Basin, consistent with the provisions of this Agreement, by serving as the GSA for the Kern Water Bank Lands portion of the Basin and preparing and implementing a legally compliant GSP, or chapter, management area plan, or other part of a GSP for the Kern Water Bank Lands, coordinating with the other GSAs in sustainably managing the Basin, participating in meetings, actions, and proceedings conducted pursuant or in relation to SGMA, and otherwise carrying out sustainable groundwater management in the Basin pursuant to and in compliance with SGMA.

Section 2.5 Powers. To achieve the purposes described in Section 2.4, the KWB GSA shall have and may exercise any powers as permitted by law from time to time consistent with the

limitations set forth in this Agreement. Such powers shall include, but not be limited to, the following powers subject to the limitations set forth in this Agreement:

(a) To prepare and adopt GSP revisions, amendments, and updates, prepare and submit annual reports, implement projects and management actions, and take all other actions required to carry out SGMA consistent with this Agreement.

(b) To make and enter contracts necessary to the fullest exercise of its powers.

(c) To contract for services of engineers, attorneys, planners, financial consultants, biologists, environmental consultants, accountants, and other consultants, and separate and apart therefrom, to employ such other persons and entities as it deems necessary to achieve its purposes including administration and management of this GSA and preparation of the GSP or part thereof for the Kern Water Bank Lands.

(d) To enter into agreements with the Members, the United States of America, the State, Participant, or any other public or private entity for any purpose authorized by this Agreement.

(e) To acquire, by eminent domain or otherwise, and to hold property necessary to the full exercise of its powers, and, subject to the limitations set forth herein, to dispose of property and any other assets.

(f) Subject to the limitations set forth herein, to incur debts, liabilities, or obligations, to issue bonds, notes, certificates of participation, guarantees, equipment leases, reimbursement obligations and other indebtedness, to pledge, mortgage, assign, encumber, and hypothecate assets and revenues of the GSA, to assess Members and Participant, to impose and collect user fees and charges and assessments, and to enter into leases, installment sales, and installment purchase contracts, all as hereinafter provided.

(g) To apply for, accept, and receive licenses, permits, approvals, agreements, grants, loans, gifts, contributions, donations, or other aid from any agency of the United States of America, the State of California, or other public or private person or entity necessary for the GSA's full exercise of its powers.

(h) To sue and be sued in its own name and participate in executive, administrative, regulatory, and court proceedings.

(i) To perform all acts necessary or proper to carry out fully the purposes and provisions of this Agreement.

(j) To appoint agents.

(k) To enforce all provisions of this Agreement.

(l) To adopt rules, regulations, polices, bylaws, and procedures covering the operation of the GSA (sometimes hereinafter referred to as the "Operating Rules and Regulations").

(m) To exercise any power necessary or incidental to the foregoing powers.

Section 2.6 Designation. For purposes of Gov. Code § 6509 and Water Code § 10730.6, subd. (d), the powers of the KWB GSA shall be exercised subject to the restrictions upon the manner of exercising such powers as are imposed on DRWD, and in the event of the withdrawal of DRWD as a Member under this Agreement the manner of exercising the GSA's powers shall be exercised subject to those restrictions imposed on TCWD.

Section 2.7 Notices. Within 30 days after the Effective Date, and after any amendment hereto, the KWB GSA shall cause a notice of this Agreement to be prepared and filed with the Office of the California Secretary of State containing the information required by Gov. Code § 6503.5. Within 70 days after the Effective Date, the KWB GSA shall cause a statement of the information concerning the GSA, as required by Gov. Code § 53051, to be filed with the Office of the California Secretary of State and with the County Clerk for the County of Kern, setting forth the facts required to be stated pursuant to Gov. Code § 53051, subd. (a), and within 10 days after any change in such facts cause to be filed an amended statement containing the information required by Gov. Code § 53051, subd. (a) as required by Gov. Code § 53051, subd. (b). Within 30 days after the Effective Date, or other time period required by law, the KWB GSA shall inform DWR of the Members' decision and intent to form the GSA and undertake sustainable groundwater management within the Kern Water Bank Lands through this GSA in accordance with Water Code § 10723.8.

Section 2.8 Term. This Agreement shall be effective as of the Effective Date and shall remain in effect until terminated by mutual agreement of all Members. The GSA shall continue in existence until dissolved pursuant to mutual agreement of all Members; provided, however, that the GSA shall continue to exist for the purposes of: disposing of all claims, payment of debt services with respect to any Bonds which have been issued or which have been authorized for issuance and satisfaction of other covenants contained in any resolution and trust indenture relating to said Bonds, reimbursement owed to financial institutions which have secured such Bonds or other parties advancing funds to the GSA and satisfaction of other covenants contained in reimbursement agreements with such financial institutions, and distribution of assets and all other functions necessary to conclude the affairs of the GSA. The Board of Directors is vested with all powers of the GSA for purpose of winding up and dissolving the business affirms of the GSA, as provided in Section 5.5 hereof.

Section 2.9 GSA Boundary. The KWB GSA's boundary is that portion of the Basin that will be managed by the KWB GSA pursuant to SGMA as depicted in Exhibit A attached hereto, and as may be adjusted from time to time pursuant to applicable provisions of law.

Section 2.10 Participation Agreement(s). Once this Agreement is fully executed, the KWB GSA is authorized to and shall before the first Board of Directors' Meeting offer to enter into a separate memorandum of agreement or other legal agreement with WMWC (Participant) in compliance with Water Code § 10723.6, subd. (b), of SGMA, wherein it is agreed that Participant shall have all the rights and duties of participation in the KWB GSA as if it were a Member, including representation on the Board of Directors and sharing and payment of KWB GSA costs,

debts, liabilities, and other financial obligations, consistent with applicable provisions of this Agreement, in substantially the form of agreement attached as **Exhibit B** hereto. The intention being that, except as otherwise provided herein and while said participation agreement is in effect, Participant shall have the same rights and duties of participation in the GSA as the Members. Accordingly, to the extent consistent with applicable law and for avoidance of doubt although Participant is not one of the Members combining to form the KWB GSA under this Agreement, the terms "Member" and "Members" as used herein regarding the Members' rights and duties of participation in the GSA shall, upon the execution of the Participation Agreement by WMWC under section 2.10, be construed to include Participant as necessary, unless the context requires otherwise. The GSA's Board of Directors shall have authority to authorize the KWB GSA to enter into additional participation agreements subject to the super-majority voting requirements described in Section 3.3(b) below, consistent with applicable provisions of law.

ARTICLE 3:

INTERNAL ORGANIZATION

Section 3.1 Governing Body.

(a) **Board of Directors.** The business of the KWB GSA will be conducted by a Board of Directors that is hereby established and shall consist of one Director appointed by each of the Members and the Participant; except, however, any Member or Participant holding in excess of 25 percent of the Base Shares shall have the right to designate two Directors. The Director and alternates for each Director, shall from time to time be selected from and designated in writing by the governing body of each of the Members. The governing body of each of the Members and Participant shall also designate the order in which the alternates shall serve in the absence of the Director, if more than one alternate is designated for a Director, i.e., the first alternate, second alternate, etc. The role of alternate Director shall be to assume the duties of the director appointed by his or her Member or Participant, in case of the absence or unavailability of such Director, including, but not limited to, participating in open session and closed session deliberations and casting votes on matters before the Board of Directors. The Directors and alternate Directors so named shall serve at the pleasure of their appointing governing body and shall continue to serve until the respective successors are appointed. Pursuant to Gov. Code § 54956.96, closed session information may be disclosed to each Member's and Participant's legal counsel and members of their legislative bodies as provided by that section, and alternates may participate in closed sessions as authorized by that section.

(b) **Voting.** Each of the Director's voting right and power shall be equal to his or her Member's or Participant's Base Shares, except that during any period that a Member or Participant appoints two Directors to the Board, pursuant to Section 3.1(a) above, each such Director shall have the power to vote 50 percent of the Base Shares of the Member he or she represents.

Section 3.2 Modifications to Board. The composition of the Board of Directors may be modified from time to time to reflect the withdrawal or termination of any Member or Participant or the admission of any new Member or Participant to the GSA, including but not

limited to pursuant to a participation agreement, subject to the procedures provided herein. Admission and withdrawal of new Members and modifications to the Board of Directors to reflect such changes shall not constitute an amendment of this Agreement.

Section 3.3 Meetings.

(a) The Board of Directors shall hold at least one regular meeting each year, and, by resolution, may provide for the holding of regular meetings at more frequent intervals. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by resolution of the Board; provided, however, the initial meeting of the Board shall occur not later than 90 days after the Effective Date. Special meetings of the Board may be called in accordance with the provisions of Gov. Code § 54956, as amended from time to time. All meetings of the Board shall be called, held, noticed and conducted subject to the provisions of the Ralph M. Brown Act (Gov. Code § 54950 *et seq.*). Compensation and reimbursable expenses of the Board members shall be set from time to time by resolution of the Board.

(b) A quorum of the Board for the transaction of business shall consist of Directors representing a majority of the Members' and Participant's Base Shares, except that less than a quorum may adjourn from time to time. The affirmative vote of the majority of the Base Shares represented at a duly called meeting at which a quorum is present and eligible to vote on the matter under consideration shall be required for any action of the Board of Directors on such matter, except that the following actions shall require an affirmative vote at least equal to either (i) the percentage of the Base Shares equivalent to that held by the two Members (including Participant) holding the largest percentage of Base Shares and eligible to vote on such action (regardless of how voting on a particular matter), plus one percent, or (ii) sixty percent of the Base Shares eligible to vote on such action, whichever percentage is greater:

(1) incur any indebtedness (other than debts incurred in the ordinary course of business) or make a discretionary distribution of any income, except for distributions upon termination of this Agreement or dissolution of the KWB GSA;

(2) sell, exchange, or transfer any real or personal property exceeding $100,000.00 in value;

(3) adopt, amend, or repeal bylaws or rules and regulations;

(4) as a debtor, file a petition for relief, or voluntarily seek the benefit of any bankruptcy law, seek the appointment of a trustee, receiver, or liquidator for all or substantially all the KWB GSA's assets or make a general assignment for the benefit of creditors;

(5) initiate litigation or other judicial arbitration or administrative actions where the amount claimed exceeds $500,000.00, or settle or compromise any claim against the KWB GSA where the settlement or compromise exceeds $500,000.00;

(6) levy an assessment as provided at Section 4.5(a);

(7) approve preparation or amendment, modification or update of a GSP, or chapter, management plan, or other portion of a GSP, relating to the Kern Water Bank

Lands, or approve implementation of any GSP project or management actions relating to such lands including KWB Project operations;

(8) approve any Basin coordination agreement; and

(9) approve any additional GSA participation agreements pursuant to Section 2.10.

Provided, however, if any Member or Participant does not vote upon such a matter requiring more than a majority vote for two consecutive meetings of the Board of Directors at which a quorum is present and eligible to vote and at which meetings the matters was brought up for a vote, then at a third meeting at which a quorum is present and eligible to vote and at which meetings the matter was brought for a vote, the vote shall be tabulated without consideration of such non-voting Member's Base Shares, unless such Member or Participant is eligible to vote at such third meeting and casts its vote for or against such matter. Such votes may be brought up over a period of time not less than two weeks, except in event of an emergency, such votes may be brought up over a shorter period of time. An "emergency" means a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, or essential public services.

(c) The Board of Directors shall select a Chair from among the Directors who shall be the presiding officer at all Board meetings and a Vice Chair from among the Directors who shall serve in the absence of the Chair. The terms of office of the Chair and the Vice Chair shall be set by the Board of Directors; provided, however, that the office shall be declared vacant if the person serving dies, resigns, or is removed by his or her Member or Participant as its representative on the GSA, or if his or her Member or Participant withdraws from this Agreement pursuant to any of the provisions hereof. The Board of Directors shall also appoint a Secretary, who shall be responsible for keeping and providing to all Members and Participant a copy of the minutes of all meetings of the Board and all other official records of the GSA, and the Board may also appoint or employ such other officers and employees as it deems necessary to carry out the purposes of this Agreement, including, but not limited to, a Treasurer as provided in Section 4.2(c) below. Such offices may be held by separate officers or employees or may be combined and held by one such officer or employee, as provided by the Board of Directors. Each officer shall hold office for a period of one year commencing the first day of each fiscal year. Any officer, employee, or agent of the Board may also be an officer, employee, or agent of any of the Members or Participant. The appointments by the Board of such person shall be evidence that the two positions are compatible.

(d) The Board of Directors may, as it deems appropriate, appoint committees to accomplish the purposes set forth herein. Any meeting of such a committee shall be deemed to be a meeting of the GSA for compensation purposes only and all such meetings shall be open to all Board Members. All meetings of committees shall be called, held, noticed, and conducted subject to the provisions of the Ralph M. Brown Act, to the extent applicable.

Section 3.4 Rules and Regulations, Bylaws, Resolutions, and Ordinances. The Board may from time to time adopt an official seal for the KWB GSA and may adopt rules and

regulations, bylaws, resolutions, and ordinances (sometimes referred to herein as "Operating Rules and Regulations") to, among other things, provide for the effective and efficient administration of the GSA. In the event of conflict between this Agreement and any rule, regulation, bylaw, resolution, or ordinance, the provisions of this Agreement shall govern.

Section 3.5 Administration and Management. The Members do not anticipate that the KWB GSA will need to hire its own employees and intend for the Board of Directors to provide for the most efficient administration, management, and carrying out of this Agreement and the GSA, by entering into an arrangement with the Authority whereby the Authority will be paid or reimbursed as appropriate to provide administration, management, and other services, including, but not limited to, preparation and keeping of separate books and records, plans, and reports, and staff support, for the GSA as needed. To the extent the Authority does not provide such services, the Board shall designate a willing Member or Participant or enter into an arrangement with some other appropriate party to provide such services as needed on mutually agreeable terms and conditions. Notwithstanding the foregoing, however, as determined appropriate by the Board, the GSA may hire or contract with employees, consultants, legal counsel, or others to provide administrative, management, legal, consulting, and other services to the GSA as needed.

Section 3.6 Principal Office. The office of the KWB GSA for purpose of holding meetings and conducting other business shall be 1620 Mill Rock Way, Suite 500, Bakersfield, CA 93311; provided; however, the Board of Directors may change the principal office from one location to another, in Kern County, which shall not constitute an amendment of this Agreement.

Section 3.7 Liability of Board and Officers. The funds of the KWB GSA may be used to defend, indemnify, and hold harmless the GSA, any Director, alternate Director, officer, or employee for actions taken within the scope of the authority of the GSA. Nothing herein shall limit the right of the GSA to purchase insurance to provide such coverage as is hereinabove set forth.

Section 3.8 Status of Officers and Employees. All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, worker's compensation, and other benefits which apply to officers, agents, or employees of any of the Members or Participant when performing functions for their respective Members or Participant shall apply to such persons to the same degree and extent while they are engaged in the performance of any of the functions and duties under this Agreement. None of the officers, agents, or employees appointed by the KWB GSA shall be deemed, by reason of their employment by the GSA, to be employed by any of the Members or Participant or, by reason of their employment by the GSA, to be subject to any of the requirements of such Members or Participant.

ARTICLE 4:

FINANCIAL PROVISIONS

Section 4.1 Fiscal Year. The fiscal year of the KWB GSA shall be the same as the calendar year (i.e., January 1st through December 31st) or as otherwise established by resolution of the Board of Directors.

Section 4.2 Depositary.

(a) The Board shall designate the Treasurer of the GSA, who shall be the depositary and have custody of all money of the GSA, from whatever source, subject to the applicable provisions of any indenture or resolution provided for a trustee or other fiscal agent. All funds of the GSA shall be held in separate accounts in the name of the GSA and not commingled with funds of any Member or Participant or any other person or entity, including those of the Authority.

(b) The Treasurer shall perform the duties specified in Gov. Code §§ 6505 and 6505.5.

(c) The Board may transfer the responsibilities of Treasurer to any person or entity as the JPA Act may provide from time to time.

(d) All funds of the GSA shall be strictly, and separately, accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the GSA shall be open to inspection by the Members and Participant at all reasonable times and by bondholders and lenders as and to the extent provided by resolution or indenture. The Board shall contract with a certified public account or public accountant to make an annual audit of the accounts and records of the GSA, which shall be conducted, at a minimum, in accordance with the requirements of the State Controller under Gov. Code § 26909 and shall conform to those standards published by the Government Accounting Standards Bureau, as they pertain to special districts.

(e) The compensation of the Treasurer shall be set by the Board.

(f) All expenditures within the designations and limitations of the applicable approved budget shall be made upon the approval of any officer so authorized by the Board in accordance with any rules and regulations adopted by the Board. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon approval and written order of the Board. The Board shall requisition the payment of funds only upon the approval of claims or disbursements and requisition for payment in accordance with rules, regulations, policies, procedures, and bylaws adopted by the Board.

Section 4.3 Fidelity Bonds. The Board shall from time to time designate the officers and persons, in addition to those specified in Section 4.2, above, who shall have charge of, handle, or have access to, any property of the GSA. Each such officer or person, including those specified in said Section 4.2, shall file a fidelity bond in an amount designated by the Board. Such designations shall be subject to ratification by the Members, in compliance with Gov. Code § 6505.1. Should the existing fidelity bond or bonds of any such officer or person be extended to cover the obligations provided herein, said bond shall be the official bond required herein. The premiums of any such fidelity bonds attributable to the coverage required herein shall be appropriate expenses of the GSA.

Section 4.4 Annual Budgets.

(a) As soon as practical after the Effective Date of this Agreement and thereafter at least thirty (30) days prior to the commencement of each fiscal year, the Board shall adopt for the ensuing fiscal year appropriate budgets, which may be more specifically identified and the method of apportionment described in rules and regulations adopted by the Board, including budgets for administration, fixed operation and maintenance costs, variable operation and maintenance costs, capital improvement costs, if any, including debt service for such improvements, and, so long as applicable, for start-up costs.

Section 4.5 Contributions/Assessments/Remedies for Non-Payment.

(a) In proportion to each of the Member's and Participant's respective Base Shares or as the Members and Participant may otherwise unanimously agree in writing, each of the Members and Participant agree to bear and share in payment of the administrative, operating, and all other costs and debt service, liabilities, and obligations associated with creation, administration, management, and implementation of the GSA for purposes of compliance with or carrying out SGMA, including, but not limited to, preparation and implementation of the GSP (or part thereof) applicable to the Kern Water Bank Lands and any projects and management actions of the GSA, participation in the Basin coordination committee, or other coordinated activities, and participation in meetings and any legal or other proceedings relating to the GSA's SGMA compliance.

(b) The Board may from time to time as it deems necessary and appropriate levy assessments, charges, or fees on the Members and Participant (herein collectively referred to as "Assessments"), which assessments shall be for all costs, debt service, liabilities, and other obligations of the GSA, as described in subsection (a) immediately above, within the adopted budgets or fee schedules or as otherwise approved by the Board. The overall structure for such assessments may be set forth in Operating Rules and Regulations adopted by the Board or as otherwise determined by the Board from time to time. Such assessments shall be paid in full within such time period as set forth below in subsection (c). Furthermore, notwithstanding any other provisions of this Agreement, the Board shall establish an Assessment for debt service to provide sufficient funds for the Authority to meet its debt service obligations for any Bonds issued by the GSA, which shall be levied in proportion to each of the Member's and Participant's respective Base Shares, provided, however, the rate of assessment shall vary depending on whether the Bonds attributed to each Member and Participant were issued on a tax-exempt basis, as applicable. For avoidance of any doubt, each of the Members and Participant agrees that the GSA may levy Assessments without having to comply with the requirements of Propositions 13, 26, or 218 (Cal. Constitution, Articles 13, 13A, 13B, 13C and 13D), Water Code §§ 10730 through 10730.6, inclusive, or any other existing or future constitutional amendment or other law that may impose additional procedural or substantive requirements on the GSA with respect levying of the Assessments and waives any and all rights it may have to challenge the Assessments based on any such laws, if applicable.

(c) In addition to other remedies which are otherwise available for breach of this Agreement or of any Operating Rules and Regulations adopted by the Board of Directors, the following shall apply with respect to non-payment or late payment of any Assessments:

(1) A Member and Participant shall be delinquent if Assessments are not paid within 60 days of receipt of an invoice for said assessment. Receipt is presumed to occur five days after mailing by first class mail, postage prepaid. A late charge of five percent of the delinquent amount due shall be assessed if the Assessment is not paid in full within 60 days after the invoice is deemed received. Thereafter, interest shall accrue on all sums in default (including late charges) at the rate of one and one-half percent per month until payment is received from currently available funds. If an Assessment (including interest and late charges) remains fully or partially unpaid for 90 days after the invoice was deemed received, an additional five percent late charge shall be assessed on the amount remaining delinquent.

(2) If payment for an Assessment is not received within 30 days after the initial date of delinquency (that is, 90 days after the invoice is deemed received), and following at least ten days' written notice, the delinquent Member and Participant shall be deemed to be suspended and shall no longer have any right to vote as a Member or Participant of the GSA, until payment is received for such delinquent amounts in currently available funds, including all late charges and interest due.

(3) If a Member or Participant has been delinquent in payment of any portion of an assessment for at least one year (that is, one year and 60 days after the invoice is deemed received), the GSA may at its election proceed directly against the delinquent Member or Participant to collect all amounts due to the GSA.

Section 4.6 Repayment or Return of Contributions. In accordance with Gov. Code § 6512.1, repayment or return to the Members or Participant of all or any part of any contributions made by the Members and Participant and any revenues received by the GSA may be directed by the Board at such time, and upon such terms, as the Board may decide. The GSA shall hold title to all funds, property, and works acquired by it during the term of this Agreement.

Section 4.7 Reimbursement of Members, Participant, and Authority.

(a) The KWB GSA shall reimburse to each Member, Participant, and the Authority, on a monthly basis, or such less frequent basis as the GSA and the Member or the Authority may agree upon, all reasonable and necessary expenses incurred by the Member, Participant, or Authority, or on their behalf for services rendered, or labor, or materials supplied to the GSA, pursuant to a prior written request or agreement. Reimbursable items may include, but are not limited to, expenses incidental to management of Kern Water Bank Lands pursuant to SGMA, charges for bookkeeping services, reasonably allocable salary and benefits of a Member's, Participant's or Authority's employee(s) for time spent in rendering services specifically for or on behalf of the GSA (excluding time spent acting in the capacity of a Director or alternate Director of the GSA) and such other items as are necessary and appropriate to the conduct of the GSA's affairs and properly allocable to the GSA. Without limiting the scope of the foregoing, upon request by the Authority, the GSA is authorized to reimburse the Authority for expenses incurred

by the Authority in connection with formation of the GSA, including, but not limited to, start-up costs and legal and bookkeeping services. Notwithstanding the foregoing, however, the Members and Participant shall not be entitled to reimbursement from the GSA for expenses incurred by the Members and Participant in connection with their individual efforts to form the GSA or enter into this Agreement.

(b) The KWB GSA shall have the right to inspect and audit the books and records of any Member or Participant which pertain to amounts for which the Member or Participant seeks reimbursement under subsection (a) above. Such inspection and audit may be requested at any time within one year after reimbursement is requested or paid. The Member and Participant shall make such books and records available for inspection within ten business days after receiving the GSA's written request to inspect or audit.

Section 4.8 Alternate Funding Sources. Without limiting the powers set forth in Section 2.5, the Board may obtain on behalf of the GSA alternative funding and contributions from third parties, including, but not limited to, grants from the State and the United States of America.

ARTICLE 5:

RELATIONSHIP OF THE GSA AND ITS MEMBERS

Section 5.1 Separate Entity. The GSA shall be a public entity separate and apart from the Members and Participant. All property, equipment, supplies, funds, and records of the GSA shall be owned by the GSA, except as otherwise provided in this Agreement. The parties to this Agreement and Participant do not intend hereby to be, and shall not be, obligated either jointly or severally for the debts, liabilities, or obligations of the GSA, except as may be specifically provided for in Gov. Code § 895.2. Provided, however, if the Members or Participant are held liable for the acts or omissions of the GSA caused by any negligent or wrongful act or omission occurring in the performance of this Agreement, such Members and Participant shall be entitled to contribution from each of the other Members and Participant pursuant to Gov. Code § 895.4 so that after said contribution each Member and Participant shall bear a portion of such liability in proportion to the Member's and Participant's Base Shares in existence at the time of occurrence of harm resulting from the subject act or omission. In accordance with Gov. Code § 6508.1, the debts, liabilities, and obligations of the GSA, other than any retirement liabilities if it contracts with a public retirement system, shall be the debts, liabilities, and obligations of the GSA alone and not of any of the Members or Participants individually or jointly.

Section 5.2 Indemnification and Insurance. The GSA and those persons, agencies, consultants, entities, and instrumentalities used by it to perform the functions authorized by this Agreement, SGMA, and other applicable law, whether by contract, employment, or otherwise, shall be exclusively liable for any and all injuries, costs, expenses, claims, suits, actions, proceedings, losses, liabilities, damages, judgments, or other obligations of whatever kind arising from or related to activities of the GSA. The GSA agrees to indemnify, defend, and hold harmless each Member and Participant, each Director and alternate Director, and each Member's and Participant's governing board, officers, officials, representatives, agents, and employees from and against any and all claims, suits, actions, arbitration proceedings, administrative proceedings,

regulatory proceedings, losses, liabilities, damages, judgments, expenses, costs, including, but not limited to, attorney's fees, consultant's fees, and expert fees, and/or other obligations of whatever kind arising from or related or attributable to the GSA or this Agreement ("Claims").

In addition to the foregoing, funds of the GSA may be used to defend, indemnify and hold harmless the GSA, each Member and Participant, each Director and alternate Director, and any officers, officials, agents, or employees of the GSA, for their actions taken within the course and scope of their duties, while acting on behalf of the GSA against any such Claims.

The GSA may procure appropriate policies of insurance, providing coverage to the GSA and its Directors, alternate Directors, officers, officials, agents, and employees for general liability, errors and omissions, property, worker's compensation, and any other coverage the Board deems appropriate. Such policies shall, if feasible, name the Members and Participant as additional insureds.

Section 5.3 Additional Parties. Additional parties may join in this Agreement and become a Member or Participant only if accepted and approved by all Initial Members and the Participant. The terms and conditions of such joinder shall be set forth in an amendment to and/or restatement of this Agreement signed by all of the then-existing and the joining Members and Participants and shall be consistent with any contracts, resolutions, indentures, or other obligations of the GSA then in effect. Notwithstanding the foregoing, however, the GSA may allow a party to participate in the GSA pursuant to a participation agreement as permitted by SGMA and consistent with Section 2.10, without the need to amend this Agreement if the Board approves such participation agreement subject to the super-majority voting requirement in Section 3.3, subsection (b), above.

Section 5.4 Withdrawal. Subject to the requirements of this section, any Member and Participant may voluntarily withdraw from this Agreement. The withdrawal of any Member or Participant either voluntarily or involuntarily pursuant to this Agreement, unless otherwise approved by all of the Initial Members and Participant, shall be conditioned as follows: (i) in the case of a voluntary withdrawal, written notice shall be given at least 180 days prior to the end of a fiscal year, (ii) withdrawal shall not relieve the Member or Participant of its proportionate share of any debts or other liabilities incurred by the GSA in the ordinary course of business prior to the effective date of the Member's or Participant's withdrawal, nor any liabilities imposed upon or incurred by the Member or Participant pursuant to this Agreement prior to the effective date of the Member's or Participant's withdrawal, and (iii) withdrawal shall result in the forfeiture of that Member's or Participant's rights to participate in the GSA. The withdrawal from or voluntary or involuntary termination of any Member or Participant from this Agreement shall not terminate this Agreement, and such Member or Participant, by withdrawing or being terminated, shall not be entitled to payment, return, or refund of any contribution, assessment, consideration, or other property paid, or donated by the Member or Participant to the GSA, or to any distribution of assets.

Section 5.5 Disposition of Property Upon Termination. Upon termination of this Agreement, any money on hand shall be used first to pay or provide reasonable reserves for the payment of all fixed and contingent debts, obligations, and liabilities of the GSA, and any balance

remaining shall be returned to the then Members and Participants of the GSA in proportion to their then existing respective Base Shares. The Board shall first offer any other property, works, rights, interests, and assets of the GSA for sale to the Members and Participants, and if no such sale is consummated, then the Board shall offer the property, works, rights, interests, and assets of the GSA for sale to any governmental agency, private entity, or persons for good and adequate consideration. The net proceeds from any sale shall be used first to pay or provide reasonable reserves for the payment of all fixed and contingent debts, obligations, and liabilities of the GSA and second distributed among the Members and Participants in proportion to their respective Base Shares.

If no such sale is consummated, then all property, works, rights, interests, assets, and obligations and liabilities of the GSA shall be allocated to the Members and Participants in the same manner as a sale, unless otherwise agreed to by all of the Members and Participants.

ARTICLE 6:

MISCELLANEOUS PROVISIONS

Section 6.1 Amendment of this Agreement. This Agreement may be amended only by a written agreement approved and executed by all Initial Members and the Participant, subject to any conditions or restrictions established by resolution or indenture authorizing the issuance of any bonds, loans, notes, or other evidences of indebtedness of the GSA (excluding warrants and checks) authorized and issued pursuant to the JPA Act. Approval of the GSA Board shall not be required for the amendment of this Agreement.

Section 6.2 Assignment; Binding on Successor. Except as otherwise expressly provided in this Agreement, the rights and duties of the Members to this Agreement and Participants may not by assigned or delegated without the advance written consent of all of the Members and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Members and Participants hereto. This section does not prohibit a Member or Participant from entering into an independent agreement with another agency, person, or entity regarding the financing of that Member's or Participant's contributions to the GSA, or the disposition of proceeds which that Member or Participant receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the GSA or the Members or Participants under this Agreement.

Section 6.3 Notices. Any notice 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 following addresses, or to such changed addresses as are communicated to the GSA, Members, and Participants in writing:

Dudley Ridge Water District
5555 California Ave., Suite 209
Bakersfield, CA 93309

Kern County Water Agency
3200 Rio Mirada Drive
Bakersfield, CA 93308

Semitropic Water Storage District
1101 Central Avenue
Wasco, CA 93280

Tejon-Castac Water District
PO Box 478
Lebec, CA 93243

Wheeler Ridge-Maricopa Water Storage District
12109 Highway 166
Bakersfield, CA 93313

Section 6.4 Withdrawal by Operation of Law. Should the participation of any Member or Participant to this Agreement be decided by the courts or the Legislature to be illegal or in excess of that Member's or Participant's authority or in conflict with any law, the Members and Participants shall cooperate in good faith to attempt to reorganize and/or formulate another entity or arrangement in which all the Members and Participants may participate in the GSA in a manner similar to that herein provided for; provided, however, if such effort is unsuccessful and/or pending such reorganization, the validity of the Agreement as to the remaining Members and Participants shall not be affected thereby.

Section 6.5 Multiple Originals. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 6.6 Choice of Law. This Agreement shall be governed by the laws of the State of California.

Section 6.7 Severability. If one or more clauses, sentences, paragraphs, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, it is hereby agreed by the Members that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs, or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.

Section 6.8 Dispute Resolution. It is the intent of the Members that any dispute which may arise between the Members or Participants or one or more Members or Participants and the GSA relating to this Agreement should be resolved promptly in a cost-effective manner. To that end, the following is provided for in resolving any disputes between the Members and/or between a Member(s) or Participant(s) and the GSA, which arises out of or is related to this Agreement.

(a) In event of any dispute arising out of or related to this Agreement, the Members or Participants involved in the dispute, whether among the Members or Participants and/or involving the GSA itself, shall promptly and in good faith seek to resolve the dispute through negotiations. Such negotiations shall be activated by any party giving written notice to the other Members and Participants involved, and within ten (10) days of such written notice, representatives of each of the Members involved who have the authority to act on behalf of their principals (or at least make a final recommendation to their governing bodies) shall commence

negotiations to attempt to resolve the dispute. If the matter is not resolved within twenty (20) days of the first meeting, any party may proceed to subsection (b) below. All negotiations conducted pursuant to this subsection (a) are confidential and shall be treated as compromise and settlement negotiations pursuant to Evidence Code § 1119.

(b) Following conclusion of the dispute resolution process above, any Member or Participant may pursue any judicial or administrative remedies otherwise available. Notwithstanding this Section 6.8, a Member may seek a preliminary injunction or other interlocutory judicial relief, if necessary to avoid irreparable damages or to preserve the status quo.

Section 6.9 Third Party Beneficiary. Except as expressly set forth herein, this Agreement is not intended to benefit any person or entity not a party hereto.

Section 6.10. Disclaimer. Nothing in this Agreement shall be interpreted to amend, modify, or limit in any way the rights, interests, or obligations of any party signatory to this Agreement or the Participant established by or pursuant to the KWBA JPA.

IN WITNESS WHEREOF, the Initial Members have executed this Agreement on the day and year first above-written.

By _____
Dudley Ridge Water District

By _____
Kern County Water Agency

By _____
Semitropic Water Storage District

By _____
Tejon-Castac Water District

By _____
Wheeler Ridge-Maricopa Water Storage District

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Wheeler Ridge-Maricopa Water Storage District

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Dudley Ridge Water District

By _____
Kern County Water Agency

By _____
Semitropic Water Storage District

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Tejon-Castac Water District

By _____
Wheeler Ridge-Maricopa Water Storage District

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By _____
Kern County Water Agency

By _____
Semitropic Water Storage District

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Tejon-Castac Water District

By _____
Wheeler Ridge-Maricopa Water Storage District

EXHIBIT A

[MAP OF KERN WATER BANK LANDS]

Kern Water Bank GSA Boundary [EXHIBIT A]

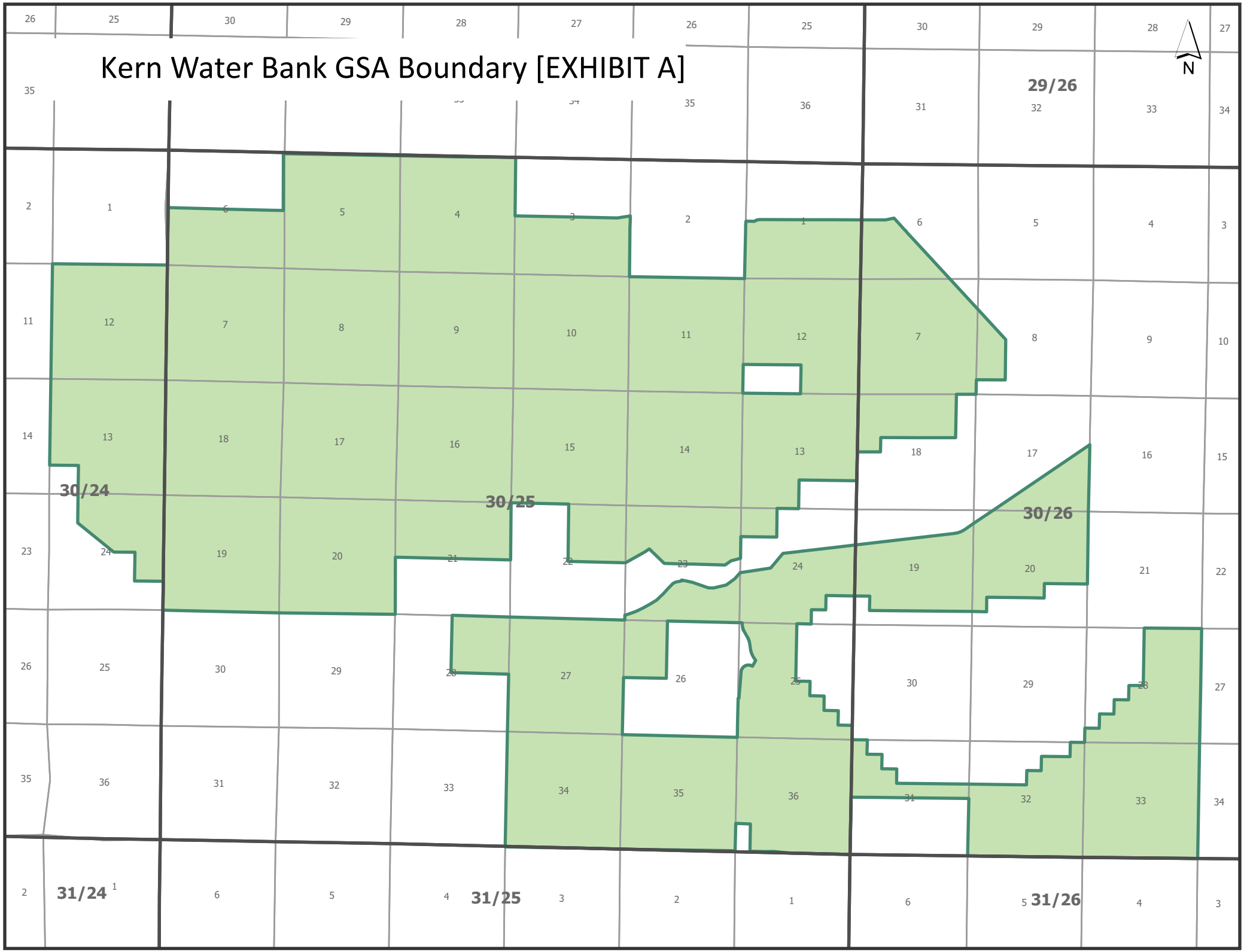

EXHIBIT B

[FORM OF LEGAL AGREEMENT BETWEEN GSA AND PARTICIPANT]

Memorandum of Agreement

Between Kern Water Bank Groundwater Sustainability Agency

and

Westside Mutual Water Company

THIS MEMORANDUM OF AGREEMENT ("MOA") is entered into effective _____ ___, 202__ by and between the **Kern Water Bank Groundwater Sustainability Agency** ("KWB GSA") and **Westside Mutual Water Company, LLC** ("WMWC" or "Participant") pursuant to Water Code § 10723.6, subd. (b). KWB GSA and Participant may hereinafter be referred to individually as a "Party" and collectively as "Parties."

RECITALS

A. WHEREAS, the Kern Water Bank Authority ("Authority" or "KWBA") is a separate public entity formed on October 16, 1995, by and among the following six member entities: Dudley Ridge Water District, Kern County Water Agency, Semitropic Water Storage District, Tejon-Castac Water District, and Wheeler Ridge-Maricopa Water Storage District (referred to hereinafter collectively as the "Members") and WMWC, a mutual water company, pursuant to the Joint Powers Agreement for the Kern Water Bank Authority (as restated and amended), "KWBA JPA," and existing pursuant to the Joint Exercise of Powers Act, Gov. Code § 6500 *et seq*., the "JPA Act." Since 1996, the Authority has exclusively held fee title to about 20,600 acres of land within the Basin, hereinafter the "Kern Water Bank Lands" as described in Exhibit A attached to the KWB GSA JPA (as defined below), on which Authority developed and operates the Kern Water Bank storage project ("KWB Project") on such lands.

B. WHEREAS, KWBA has been participating in sustainable groundwater management relative to the Kern Water Bank Lands pursuant to the Sustainable Groundwater Management Act ("SGMA") through the Kern Groundwater Authority Groundwater Sustainability Agency ("KGA"), including the development and approval of the KWB Project chapter of KGA's Groundwater Sustainability Plan ("GSP"), which covers the Kern Water Bank Lands for purposes of SGMA compliance and is subject to change in light of the California Department of Water Resources ("DWR") determination by letter dated March 2, 2023, that the Kern County Subbasin ("Basin") GSPs are inadequate.

C. WHEREAS, the Authority previously elected to be a GSA for the Kern Water Bank Lands, but DWR and State Water Resources Control Board ("SWB") staff question the Authority's eligibility to become a GSA due to WMWC being a member entity of the Authority.

D. WHEREAS, to avoid a dispute regarding the Authority's eligibility to be a GSA and without admitting that the Authority is not eligible, the Members, each of which is a local agency as defined by SGMA, have pursuant to Water Code § 10723.6, subd. (a)(1), entered into a joint powers agreement (the "KWB GSA JPA"), effective November ___, 2023, forming the KWB GSA for the portion of the Basin within and underlying the Kern Water Bank Lands. A

fully executed version of the KWB GSA JPA is attached as **Exhibit 1** to this MOA.

E. WHEREAS, as permitted by Water Code § 10723.6, subd. (b), the KWB GSA JPA authorizes the KWBA GSA to enter into a separate legal agreement with Participant, the Authority's mutual water company member entity, providing Participant with the same rights and duties of participation in the GSA as the Members, including representation on the GSA's Board of Directors and sharing of its financial obligations, as specified therein.

F. WHEREAS, in light of said questions having been raised by DWR and/or the SWB staff as to the eligibility of the Authority to be a GSA, which the Authority and Participant continue to firmly disagree with and find inconsistent with applicable law, the Participant elects to participate in KWB GSA through this MOA consistent with terms and conditions of the KWB GSA JPA, as hereinafter provided.

AGREEMENT

NOW, THEREFORE, the Parties agree as follows:

1. As of the effective date set forth in the preamble to this MOA and so long as this Agreement is effective, Participant shall participate in the KWB GSA through this MOA, as authorized by Water Code § 10723.6, subd. (b), and in that regard consistent with the provisions of the KWB GSA JPA, Participant shall have all the rights and duties to participate in the KWB GSA as if it were a Member of the GSA, including, but not limited to: (i) participating in the governance of the KWB GSA through representative appointments to its Board of Directors, (ii) sharing in and payment of the KWB GSA's costs, debts, liabilities, and obligations, (iii) participating in the development and implementation of a Groundwater Sustainability Plan ("GSP"), or chapter, management plan, or portion of the GSP, as applicable, concerning the Kern Water Bank Lands, all in the same manner as the Members of the KWB GSA, and (iv) enforcement of the terms and conditions of the KWB GSA JPA. Without limiting the scope of the foregoing, Participant agrees to pay a proportionate share of the Assessments levied on Members of the KWB GSA for the KWB GSA's costs, debts, liabilities, and obligations, as provided in Section 4.5 of the attached KWB GSA JPA and other appliable provisions thereof.

2. For purposes of providing Participant with notice pursuant to Section 6.3 of the KWB GSA JPA, the following addresses, or such changed addresses as are communicated to the Members and the GSA in writing, shall be used:

Westside Mutual Water Company, LLC
11444 W. Olympic Blvd., 10th Floor
Los Angeles, CA 90064

3. Neither this MOA, nor the KWB GSA JPA, shall be interpreted to amend, modify, or limit in any way the rights, interests, duties, or obligations of WMWC established by or existing pursuant to the KWBA JPA.

4. This MOA and the KWB GSA JPA set forth the entire agreement between the Parties regarding the subject matter hereof.

5. This MOA may be amended only by a written agreement approved and executed by KWB GSA and WMWC.

6. The Parties hereto agree that irreparable harm will occur in the event of a breach of this MOA or the KWB GSA JPA. In addition to any remedies provided by law, the Parties shall be entitled to injunctive relief to remedy any breach of this MOA or the KWB GSA JPA.

IN WITNESS WHEREOF, the Parties have caused this MOA to be executed by their proper and respective duly authorized officers as of the day and year first above written.

Westside Mutual Water Company	**Kern Water Bank Groundwater Sustainability Agency**
By_____	By_____ Chairman

EXHIBIT 1

[FULLY EXECUTED VERSION OF KWB GSA JPA]