

JOINT POWERS AGREEMENT
STATE WATER PROJECT CONTRACTORS AUTHORITY

This Agreement is made and entered into by and between the California public agencies that have contracts with the State of California, Department of Water Resources, for water supplies made available by the State Water Project which are parties signatory to this Agreement. These public agencies are sometimes referred to herein as “Parties” and/or “Members.”

RECITALS

WHEREAS, California Government Code Sections 6500, *et seq.*, provide that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, the Parties to this Agreement each have and possess the power to acquire, construct, operate and maintain works and facilities for the development, transmission and use of water resources and water rights including, without limitation, works and facilities to divert, store, pump, treat, transport and deliver water and to operate power facilities incidental to such pumping and delivery of water and to contract with the United States, the State of California, municipalities, districts and public and private corporations in the construction and operation of works and the provision of services for the purpose of conserving, providing and transporting water for beneficial uses; and

WHEREAS, the Parties to this Agreement desire to join together for the purposes specified in Section 4.1 (Purpose) hereof:

NOW, THEREFORE, it is agreed by and between the Parties hereto as follows:

Article 1

Definitions

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

(a) “Auditor” shall mean that person, designated by the Board of Directors, who is to perform the duties of the Auditor of the Authority as required by law and as directed by the Board of Directors.

(b) “Authority” shall mean the State Water Project Contractors Authority created by this Agreement.

(c) “Board of Directors” or “Board” shall mean the governing body of the Authority as established by Article 6 (Board of Directors) of this Agreement.

(d) “Contractor” or “State Water Project Contractor” shall mean any public agency contracting with the State of California for a Water Supply Contract, or any public agency assignee of rights under such a contract.

(e) “Department” or “DWR” shall mean the Department of Water Resources of the State of California.

(f) “Law” or “the Law” shall mean the Joint Exercise of Powers Act, being Articles 1 and 2 of Chapter 5 of Division 7 of Title I of the California Government Code (Sections 6500, *et seq.*).

(g) “Maximum Annual Table A Amount” shall mean the maximum amount specified in Table A of the Contractor’s Water Supply Contract.

(h) “Member” shall mean any Contractor that becomes a signatory to this Agreement.

(i) “Project Agreement” is an agreement of the type specified in Section 4.3 (Specific Projects).

(j) “Specific Project” has the meaning set forth in Section 4.3 (Specific Projects).

(k) “State” shall mean the State of California.

(l) “State Water Contractors” shall mean the nonprofit mutual benefit corporation of State Water Contractors.

(m) “State Water Project,” “Project” or “SWP” shall mean those project facilities defined in the respective Water Supply Contracts of Contractors.

(n) “Treasurer” shall mean that person, designated by the Board of Directors, who is to perform the duties of the Treasurer of the Authority as required by law and as directed by the Board of Directors.

(o) “Water Supply Contract” or “Contract” shall mean the respective Contract for a water supply between each Contractor and the State, made pursuant to the California Water Resources Development Bond Act, as amended (Water Code Sections 12930, *et seq.*), and any amendments to such Contracts.

Article 2

Creation of the State Water Project Contractors Authority

Section 2.1 Creation: There is hereby created pursuant to the Law, a public entity to be known as the “State Water Project Contractors Authority,” which shall be an agency or entity which is separate from the Parties to this Agreement.

Article 3

Term of Agreement

Section 3.1 Term: This Agreement shall become effective on the date on which the Chief Executive Officer (“CEO”) of the Metropolitan Water District of Southern California (“MWD”) and the General Manager of the Kern County Water Agency (“KCWA”) certify that it has been executed by five or more Contractors that have a combined total of at least seventy-five percent (75%) of the Maximum Annual Table A Amounts of all Contractors.

Article 4

Purposes and Powers

Section 4.1 Purpose: The purpose of this Agreement is to provide for the joint exercise, through the Authority, of powers common to each of the Parties, as described in the Recitals above, to provide services to and to operate and maintain, through contracts with the State, portions of the State Water Project and to acquire, construct, own, operate, maintain and replace other facilities appurtenant thereto, to acquire water and water rights and to do all acts related or incidental thereto, either by the Authority alone or in cooperation with the State, the United States or other entities, in order to provide for the development and delivery of water from the State Water Project to Contractors.

Section 4.2 Powers: The Authority shall have the power to exercise any power common to all of the Parties as authorized by the Law and is hereby authorized to do all acts necessary for the exercise of these common powers, including, but not limited to, any of the following:

- (a) To make and enter into contracts;
- (b) To incur debts, liabilities or obligations;
- (c) To acquire, by eminent domain or otherwise, and to hold and dispose of property necessary to the full exercise of its powers;
- (d) To contract for the services of engineers, attorneys, technical specialists, financial consultants, and separate and apart therefrom, to employ such other persons as it deems necessary;
- (e) To issue bonds, notes and other indebtedness, and to enter into leases, installment sale and installment purchase contracts, all as provided for in Section 11.8 (Issuance of Bonds, Notes and Other Indebtedness)
- (f) To apply for, accept and receive state, federal or local licenses, permits, grants, loans or other aid from any agency of the United States of America, the State or other public or private entities necessary for the Authority's full exercise of its powers;
- (g) To perform all acts necessary or proper to carry out fully the purposes of this Agreement; and

(h) To the extent not hereinafter specifically provided for, to exercise any powers in the manner and according to the methods provided under the laws applicable to the Coachella Valley Water District.

Section 4.3 Specific Projects: Except for investigations, studies and matters of general administration, the Authority shall function through agreements with the State Department of Water Resources, Members and others providing for the Authority to undertake Specific Projects, including but not limited to, the operation and maintenance of portions of the State Water Project and acts related or incidental thereto to implement Specific Projects. A Specific Project may involve all or less than all the Members of the Authority, provided that no Member shall be required to be involved in a Specific Project, as a Member of the Authority, involving less than all of the Members of the Authority without its approval. The details of each Specific Project involving less than all the Members shall be set forth in a Project Agreement executed by the participating Members. The Board of Directors of the Authority shall have the authority to disapprove Specific Project Agreements upon determination that the Project Agreement has specific, substantial adverse financial impacts upon Members not executing the Specific Project Agreement. If a Specific Project is to be undertaken for less than all of the Members of the Authority, the Members intending to participate in that Specific Project shall each appoint a representative to a project committee to develop the Project Agreement for that project. The Project Agreement shall set forth the duties, obligations and voting rights of the Members participating in the project.

Article 5

Members

Section 5.1 Membership: Each Contractor that possesses the powers described in the Recitals and in Section 4.2 (Powers) of this Agreement that executes this Agreement and any addenda, amendments or supplements thereto, and which has not, pursuant to the provisions hereof, withdrawn from this Agreement shall be a Member of the Authority. Any Contractor that executes this Agreement that does not possess such powers or who ceases to have such powers or who is subsequently determined not to have such powers shall be ineligible for Membership in the Authority.

Section 5.2 Classification of Members: The Authority shall have eight classes of Members, as follows, with no Contractor holding a membership in more than one class:

(a) Class 1

Those Feather River and North Bay Aqueduct Contractors, entitled to delivery of SWP water north of the Delta, or along the North Bay Aqueduct which are signatories to this Agreement.

(b) Class 2

Those South Bay Aqueduct Contractors entitled to delivery of SWP water along the South Bay Aqueduct which are signatories to this Agreement.

(c) Class 3

Those San Joaquin Valley Contractors entitled to delivery of SWP water within the San Joaquin Valley, except the Kern County Water Agency, which are signatories to this Agreement.

(d) Class 4

The Kern County Water Agency, if it is a signatory to this Agreement.

(e) Class 5

Those Coastal Aqueduct Contractors entitled to delivery of SWP water along the Coastal Aqueduct downstream of the Devil's Den Pumping Plant which are signatories to this Agreement.

(f) Class 6

The Metropolitan Water District of Southern California, if it is a signatory to this Agreement.

(g) Class 7

Those Southern California West Branch Contractors entitled to delivery of SWP water along the West Branch of the California Aqueduct, except The Metropolitan Water District of Southern California, which are signatories to this Agreement.

(h) Class 8

Those Southern California East Branch Contractors entitled to delivery of SWP water along the East Branch of the California Aqueduct, except The Metropolitan Water District of Southern California, which are signatories to this Agreement.

Section 5.3 Admission to Membership: Any Contractor that has not executed this Agreement on or before its effective date shall be admitted to membership upon the approval of the Board of Directors, the payment of any applicable fees and charges and upon becoming a signatory to this Agreement.

Section 5.4 Meetings of Members: The initial meeting of Members shall be called by the CEO of the MWD and the General Manager of the KCWA and held at a place within California within thirty (30) days of the effective date of this Agreement. Thereafter, meetings of Members shall be held at such locations in California as may be designated from time to time by the Board of Directors. Each Member shall certify to the Secretary of the Authority in writing the names of the persons appointed by the Member from time to time to be its representative and its alternate to represent and vote for the Member at all meetings of Members and meetings of classes of Members. Each representative (or alternate) shall have the voting rights provided for in Section 5.12 (Voting).

Section 5.5 Regular Annual Meeting: The Members shall meet annually during the second quarter of each calendar year, at a time and place set by the Board, or at such other times as may be determined by the Board, for receiving a report on activities of the Authority and holding the meeting of classes required pursuant to Section 5.7 (Meetings of Classes) for the purpose of holding the election of Directors. If the election of Directors does not occur at any such meeting of the Members, the Board shall cause the election of Directors to be held at a special meeting of the classes called and held as soon as it is reasonably possible after the adjournment of the regular meeting of the Members. If the date fixed for the regular meeting of Members falls on a legal holiday specified in Section 6700 of the Government Code, such meeting shall be held at the same hour and place on the next succeeding full business day.

Section 5.6 Special Meetings of Members: Special meetings of the Members shall be called by the Board of Directors and held at such times and places within California as may be ordered by action of the Directors. Five percent or more of the Members may also call special meetings for a purpose specified in Section 5.5 (Regular Annual Meeting).

Section 5.7 Meetings of Classes. Meetings of a class of Members may be called by any Member of that class and held at such times and places within California as selected by such Member for any purpose, including the purpose of voting on the removal of a Director selected by that class pursuant to Section 6.7(g) (Removal of Directors without Cause) of this Agreement. The remaining provisions of this Agreement shall apply to the extent practicable, to such special meetings of classes of Members.

Section 5.8 Notice of Meetings: Except in the case of emergencies or special meetings, written notice of every meeting of Members and of every meeting of classes of Members shall be either personally delivered or mailed by First Class United States Mail, postage prepaid, to each Member, at least seven (7) days before the date of the meeting. The notice shall state the place, date and time of the meeting. In the case of annual meetings, the notice shall state those matters which the Board of Directors, at the time that notice was given, intends to present for action by the Members. In the case of special meetings, the notice shall include the subject or subjects of the meeting. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to the Members.

Section 5.9 Quorum: A quorum of any meeting of Members or of any meeting of a class of Members shall consist of a majority of the Members or the Members of that class on the date the meeting is held. Except as otherwise provided in this Agreement, every act or decision made by a majority of the Members present at a meeting duly held at which a quorum is present is the act of the Members. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken, other than adjournment, is approved by at least a majority of the Members required to constitute a quorum.

In the absence of a quorum, any meeting of the Members may be adjourned from time to time by a vote of the majority present, but no other business may be transacted except as provided for in this section.

Section 5.10 Conduct of Meetings: The President of the Authority or, in the President's absence, the Vice President, shall be the Chair of and shall preside over meetings of the Members. The Secretary of the Authority shall act as the secretary of all meetings of Members, provided that in the Secretary's absence, the Chair shall appoint another person to act as secretary for the meeting.

Section 5.11 Rules of Order: A majority of the Members may adopt rules governing meetings if not inconsistent or in conflict with this Agreement. In the absence of rules adopted by the Members, Roberts' Rules of Order, as they may be amended from time to time, shall govern the meetings of Members in so far as they are not inconsistent or in conflict with this Agreement or any Authority bylaws.

Section 5.12 Voting. Except as otherwise provided by this Agreement, each Member shall have one vote.

Section 5.13 Review of Actions by the Board of Directors: On demand of any Member, any action of the Board shall be subject to a referendum by the Members. Such action shall be nullified if at the next regular or special meeting of the Members either:

- (a) a majority of the Members vote against it, or
- (b) Members who cumulatively have a majority of the Maximum Annual Table A Amounts of all of the Members vote against it.

Each such demand for referendum shall be received by the General Manager within fourteen (14) calendar days of the date of the Board's action. Each such demand may be made by telephone, facsimile, e-mail, hand delivery or mail. Any Member making such demand shall communicate that fact to all of the Members within the fourteen-day period. If such a demand is made, the contested action shall be suspended until the vote of the Members at the next meeting of the Members has occurred. The General Manager shall promptly communicate the results of the voting to the Members.

Article 6

Board of Directors

Section 6.1 Board of Directors: The Authority shall have a minimum of three (3) and no more than nine (9) Directors selected pursuant to Section 6.3 (Selection of Directors). Collectively, the Directors shall be known as the "Board of Directors" or the "Board."

Section 6.2 Qualifications: The Directors of the Authority shall be officers or employees of the Members or other designated representatives of the Members.

Section 6.3 Selection of Directors: Each class of membership as defined in Section 5.2 (Classification of Members) of this Agreement, is entitled to select one (1) Director, except Class 8, which is entitled to select two (2) Directors, if two or more Southern California East Branch Contractors are Members of the Authority. Each class may select one or more alternates for its Director to act in the absence of the Director. The Directors shall be selected as follows:

(a) The Directors selected by Classes 4 and 6 shall be appointed by the Kern County Water Agency and The Metropolitan Water District of Southern California, respectively. The

names of such Directors shall be announced by the representatives of these Members at the initial meeting of the Members and thereafter at the annual meetings of the Members.

(b) The Directors selected by Classes 1, 2, 3, 5, 7 and 8 shall be elected at the initial meeting of the Members and thereafter at the annual meetings of the Members. A majority vote of Members of the class shall be required for election of a Director of that class. Each Member of each class shall be entitled to one (1) vote for each Director to be elected by that class. If there is only one member in a class, the Director for that class shall be appointed by that Member.

(c) If no eligible Contractor in the class is a Member of the Authority, no Director shall be selected for that class and the total number of Directors of the Board shall be reduced accordingly.

Section 6.4 Terms of Office: The terms of office for Directors shall be one year, beginning on July 1 and ending on the following June 30, except that the terms of the Directors first elected shall be from the date of their election until the second June 30 thereafter. Each Director shall hold office until such Director's successor is elected or appointed and qualifies for such office. If a Director is removed at a special meeting of the appropriate class as provided for in Section 6.7(g) (Removal of Directors without Cause) of this Agreement, such Director shall hold office until his or her successor is elected or appointed and qualifies as a Director.

Section 6.5 Nomination and Election of Directors: Any person qualified to be a Director selected by a class may be nominated by any Member of that class by any method selected by Members of that class. The candidate in each class receiving the highest number of

votes is elected. The Directors shall be eligible for re-election, provided they continue to meet the qualifications required by this Agreement.

Section 6.6 Compensation: The Directors shall serve without compensation from the Authority.

Section 6.7 Board Meetings:

(a) **Place of Meetings.** All regular meetings of the Board shall be held in California at such times and places as determined by the Board.

(b) **Special Meetings.** Special meetings of the Board may be called by the President, the Vice President, the Secretary or any two (2) Directors. Except in the case of emergencies, special meetings shall be held on a minimum of four (4) days' notice by First Class Mail, postage prepaid, or on forty-eight (48) hours' notice delivered personally or by telephone or facsimile. Notices of special meetings need not be given to any Director who signs a waiver of notice or a written consent to the holding of the meeting or any approval of the minutes thereof, whether before or after the meeting, or attends the meeting without protesting, prior thereto or at its commencement, the lack of such notice to such Director. All such waivers, consents and approvals shall be filed with the Authority records or made a part of the minutes of the meeting.

(c) **Quorum.** A majority of the Directors then in office, or their respective alternates in the absence of a Director, constitutes a quorum of the Board for the transaction of business, except as hereinafter provided.

(d) **Acts or Decisions of the Board.** Except as otherwise provided in this Agreement, every act or decision made by a majority of the Directors or their alternates in the absence of a

Director present at a meeting duly held at which a quorum is present is the act of the Board, provided, however, that any meeting at which a quorum was initially present may continue to transact business notwithstanding the withdrawal of Directors if any action taken is approved by at least a majority of the required quorum for such meeting. A written summary of all Board actions shall be mailed by First Class Mail to all Members within three (3) working days after such action was taken.

(e) Conduct of Meetings. The President or, in the President's absence, the Vice President, shall preside at all meetings of the Board of Directors, the Secretary of the Authority or, in the Secretary's absence, any person appointed by the presiding officer shall act as Secretary of the Board.

(f) Adjournment. A majority of the Directors or their alternates present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned more than twenty-four (24) hours, notice of the adjournment to another time or place must be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

(g) Removal of Directors without Cause. At a special meeting of the appropriate class Members, a Director or alternate may be removed without cause if such removal is approved by two-thirds (2/3) of the Members of the class.

(h) Resignation of a Director. Any Director may resign effective on giving written notice to the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. A successor shall be elected as provided for in this Agreement.

(i) Vacancies on the Board. A vacancy on the Board of Directors shall exist on the death, resignation or removal of any Director, whenever the number of Directors is increased, or on the failure of the Members at any election to elect or appoint the full number of Directors authorized. Vacancies on the Board of Directors may not be filled by the Directors. A vacancy shall be filled only by the Members of the appropriate class of Members.

Article 7

Conduct of Meetings

Section 7.1 Compliance with Brown Act: All meetings of the representatives of the Members, of the representatives of the classes of Members, of the Board of Directors, and the directors of any Specific Project, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the Ralph M. Brown Act, California Government Code Sections 54950, *et seq.*, to the extent applicable.

Section 7.2 Teleconferencing: The Members, the Board of Directors, and the Members of a class with regard to meetings of that class, and the directors of any Specific Project, may use teleconferencing in connection with any meeting in conformance with, and to the extent authorized by, the Ralph M. Brown Act.

Article 8

Officers

Section 8.1 Numbers and Titles: The officers of the Authority shall be a President, a Vice President, a Secretary, a General Manager, a Treasurer, an Auditor, and such other officers with such titles and duties as shall be determined by the Board. Any number of offices may be held by the same person, provided that the President shall not also serve as the Treasurer or Auditor. The Board may authorize the Treasurer of one of the Members to serve as the

Treasurer; provided that the funds of the Authority are kept in accounts separate from those of that Member. The Vice President or, in the Vice President's absence, the Secretary shall exercise all powers of the President in the President's absence or inability to act. The President and the Vice President shall be members of the Board of Directors.

Section 8.2 Appointment and Resignation: The officers shall be chosen annually by, and serve at the pleasure of, the Board. Any officer may resign at any time on written notice to the Board.

Section 8.3 Chief Executive Officer: The General Manager appointed by the Board of Directors shall serve as the Chief Executive Officer of the Authority.

Article 9

Employees

Section 9.1 General Manager and Staff: The Board of Directors shall employ a General Manager. To fill positions approved by the Board, the General Manager shall employ such additional full-time and/or part-time employees and assistants and independent contractors as may be necessary from time to time to accomplish the purposes of the Authority.

Article 10

Committees

Section 10.1 Committees: The Board may, by the action of a majority of a number of the Directors then in office create from time to time various committees to carry on the business of the Authority.

Article 11

Financial Provisions

Section 11.1 Fiscal Year: The fiscal year of the Authority shall be from July 1 of each year to the succeeding June 30.

Section 11.2 Depository: The Treasurer shall be the depository and have custody of all money of the Authority from whatever source and shall perform the duties specified in Government Code Section 6505.5. All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered to the Board and the Members of all receipts and disbursements at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by a Member or Director at all reasonable times upon reasonable notice. The Auditor shall cause an independent audit to be made of the accounts and records of the Authority annually by a certified public accountant, which shall be conducted, at a minimum, in accordance with the requirements of the State Controller under Section 26909 of the California Government Code, and shall conform to generally accepted auditing standards.

Section 11.3 Property Bonds: The Board shall from time to time designate the officers and persons, in addition to the Treasurer and the Auditor, who shall have charge of, handle, or have access to any property of the Authority. Each such officer and person, including the Treasurer and the Auditor, shall file a bond in an amount designated by the Board. When fixing the amount of such bonds, the Board shall be deemed to be acting for and on behalf of the Members who appointed them in compliance with Government Code Section 6505.1

Section 11.4 Budget: As soon as practicable after the effective date of this Agreement, and thereafter at least thirty (30) days prior to the commencement of each fiscal year, the General

Manager shall present a proposed budget to the Board for the forthcoming fiscal year. Prior to the commencement of the fiscal year, the Board shall present a budget to the Members for the Members' adoption.

Section 11.5 Contributions to General Administration and Expense Account: This Account, which is to be used for the purpose of funding general overhead and administrative expenses for the ongoing operations of the Authority, shall be established by the Board and approved in connection with the annual budget process. Initial contributions to this account shall be allocated among the Members in proportion to their respective Maximum Annual Table A Amounts. Subsequent contributions shall be allocated among the Members in accordance with benefits and shall require the approval of a majority of the Members and of Members who have cumulatively a majority of the Maximum Annual Table A Amounts of all of the Members in order to be effective. Such subsequent contributions shall be established no later than ninety (90) days prior to the beginning of each fiscal year. Any Member that does not make its contribution to the Account within sixty (60) days after the beginning of the fiscal year shall be deemed to have withdrawn as a Member and ceased to be a Party to this Agreement.

Section 11.6 Other Contributions: Contributions or advances of other funds and of personnel, equipment or property may be made to the Authority by or on behalf of any Member for any purposes of this Agreement, and credited to the Member's obligations, with the consent of the Board. Any such advances may be made subject to repayment, and in such case shall be repaid in the manner agreed upon by the Member making the advance and the Authority.

Section 11.7 Return of Contributions and Revenue: In accordance with Government Code Section 6512.1, repayment or return to the Members of all or any part of any contributions

made by Members and any revenues received by the Authority may be directed by the Board at such time and upon such terms as the Board may decide. The Authority shall hold title to all funds, and property acquired by the Authority during the term of this Agreement.

Section 11.8 Issuance of Bonds, Notes and Other Indebtedness: The Authority may issue bonds, notes or other forms of indebtedness if such issuance is approved at a meeting of the Members by two-thirds of all of the Members and by Members who cumulatively have at least seventy-five percent (75%) of the Maximum Annual Table A Amounts, of all of the Members. Bonds, notes or other forms of indebtedness to be issued for Specific Projects must also be approved by the Members who are parties to the Project Agreement by the vote required for such indebtedness set forth in the Project Agreement. The Secretary shall notify all of the Members by certified mail, return receipt requested, of the approval for incurring of such indebtedness within ten (10) days after its approval. Any Member may within thirty (30) days of the receipt of such notice withdraw from this Agreement by giving written notice to the General Manager, provided that such withdrawal does not in any way impair any contracts, or other indebtedness of the Authority then in effect. This right to withdraw is in addition to the Member's right to withdraw set forth in Section 13.1 (Withdrawal of Membership). No such bonds, notes or indebtedness shall be issued before the expiration of the time given in this Section to Members to withdraw from this Agreement.

Article 12

Relationship of the Authority and Its Members

Section 12.1 Separate Entity: The Authority shall be a public entity separate from the Parties to this Agreement. Unless, and to the extent otherwise agreed herein, the debts, liabilities and obligations of the Authority shall not be the debts, liabilities or obligations of the Parties.

All property, equipment, supplies, funds and records of the Authority shall be owned by the Authority, except as otherwise provided in this Agreement.

Article 13

Withdrawal of Membership

Section 13.1 Withdrawal of Membership: Any Member may withdraw from this Agreement by giving sixty (60) days written notice of its election to do so, which notice shall be given to the General Manager and to each of the Directors; provided, that such withdrawal does not in any way impair any contracts, resolutions, indentures or other obligations of the Authority, including obligations for Specific Projects, then in effect. No refund or repayment of any portion of the Authority's assets shall be made to the Member ceasing to be a Party to this Agreement.

Section 13.2 Disposition of Property Upon Termination: Upon termination of this Agreement, any surplus money on hand shall be returned to the Members in proportion to their contributions made. The Board of Directors shall first offer any property, works, rights and interest of the Authority for sale to the Members on terms and conditions determined by the Board. If no such sale to Members is consummated, the Board shall offer the property, works, rights and interest of the Authority for sale to any governmental agency, private party or persons for good and adequate consideration. The net proceeds from any sale shall be distributed among the Members in proportion to their contributions made. If no such sale is consummated, then all property, works, rights and interests of the Authority shall be given to the State Water Contractors.

Article 14

Provision for Bylaws

Section 14.1: As soon as practicable after the first meeting of the Board of Directors, the Board shall cause to be developed Authority bylaws to govern the day-to-day operation of the Authority.

Article 15

Miscellaneous Provisions

Section 15.1 Notices: Notices to Members hereunder shall be sufficient if delivered to the principal office of the respective Member.

Section 15.2 Amendments To and Termination of Agreement: This Agreement may be amended or terminated at any time at any duly constituted meeting of Members by a two-thirds (2/3) vote of the Members representing at least seventy-five (75%) of the Maximum Annual Table A Amounts of all of the Members .

Section 15.3 Prohibition Against Assignment: No Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee, or third-party beneficiary of any Member shall have any right, claim or title to any part, share interest, fund, or asset of the Authority. This Agreement shall be binding upon, and shall inure to, the benefit of the successors of any Party

Section 15.4 Agreement Complete The foregoing constitutes the full and complete Agreement of the Parties. There are no oral understandings or agreements not set forth in writing herein.

Section 15.5 Severability: Should any part, term or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable Federal law or any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

Section 15.6 Withdrawal by Operation of Law: Should the participation of any Party to this Agreement be decided by the courts to be illegal or in excess of that Party's authority or in conflict with any law, the validity of the Agreement as to the remaining Parties shall not be affected thereby, and each Party hereby agrees that it would have entered into this Agreement upon the same terms as provided herein if that withdrawing party had not been a participant in this Agreement.

Section 15.7 Multiple Originals: This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 15.8 Limitations on Liability: The Authority shall be authorized to defend, indemnify and hold harmless any Director, officer, agent or employee for actions taken or not taken within the scope of the authority given or granted by the Authority and from and against any claim or suit arising out of any act or omission of the Authority, the Board or any Director, officer, agent and employee in connection with this Agreement and may purchase insurance as the Board may deem appropriate for this purpose. In contemplation of Section 895.2 of the Government Code, and pursuant to the authority contained in Sections 895.4 and 895.6 of that Code, each of the Members assumes that portion of the liability imposed upon the Authority or any of its Members, officers, agents or employees by law for injury caused by any negligent or

wrongful act or omission occurring during the performance of any Project Agreement entered into by that Member pursuant to Section 4.3 that is not covered by insurance, that is in proportion to its respective Maximum Annual Table A Amount to the total Maximum Annual Table A Amounts of all of the Members that are parties to such Project Agreement. As to any other injury caused by any negligent or wrongful act or omission occurring during the performance of this Agreement, each Member assumes that portion of the liability imposed upon the Authority or any of its Members, officers, agents or employees by law that is not covered by insurance, that is in proportion to its respective Maximum Annual Table A Amounts to the total Maximum Annual Table A Amounts of all of the Members. To achieve such purposes, each Member shall to the extent provided herein indemnify and hold harmless the other Members for any loss, costs or expenses that may be imposed on such other Members solely by virtue of Section 895.2. The provisions of Section 2778 of the Civil Code are made a part of this Agreement as though fully set forth in this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by authorized officials thereof on the dates indicated below, which Agreement may be executed in counterparts.

Date: _____

MEMBER

By: _____
Authorized Representative

736454.1