

**JOINT EXERCISE OF POWERS AGREEMENT
FOR ADMINISTRATION OF
THE PASO ROBLES AREA GROUNDWATER SUBBASIN
GROUNDWATER SUSTAINABILITY PLAN**

THIS AGREEMENT is entered into pursuant to the Joint Exercise of Powers Act, Government Code §§ 6500 et seq. (“JPA Act”), by and among the following Groundwater Sustainability Agencies (“GSAs”) within the Paso Robles Area Groundwater Subbasin : the City of El Paso de Robles (“City”), the County of San Luis Obispo (“County”), the Shandon-San Juan Water District (“SSJWD”) and the Estrella-El Pomar-Creston Water District (“EPCWD”) (each referred to individually as a “Member” and collectively as the “Members”), for the purposes of forming a joint powers agency to serve as the groundwater authority within their combined service area within the Paso Robles Area Groundwater Subbasin.

RECITALS

WHEREAS, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills (“SB”) 1168 and 1319 and Assembly Bill (“AB”) 1739, known collectively as the Sustainable Groundwater Management Act (Water Code §§ 10720 et seq.) (“SGMA”), which became effective on January 1, 2015 and which has been and may continue to be amended from time to time; and

WHEREAS, SGMA requires the establishment of a GSA or GSAs for all basins designated as medium or high priority by the California Department of Water Resources (“DWR”) on or before June 30, 2017; and

WHEREAS, SGMA further requires the adoption of a Groundwater Sustainability Plan (“GSP”) or coordinated GSPs for all basins designated by DWR as high or medium priority basins and subject to critical conditions of overdraft on or before January 31, 2020; and

WHEREAS, DWR designated the Paso Robles Area Subbasin (DWR Bulletin 118 Basin No. 3-004.06) (“Basin”) as a high priority basin subject to critical conditions of overdraft; and

WHEREAS, each of the Members is a GSA duly established in accordance with SGMA within its respective service area overlying the Basin; and

WHEREAS, the Members, with the exception of EPCWD, and the San Miguel Community Services District (“SMCSD”), previously entered into a Memorandum of Agreement

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Regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin (“MOA”) on or about September 20, 2017 and an Amendment No. 1 to the MOA on or about March 13, 2020 for purposes of coordinating preparation of a single GSP for the Basin and for continued cooperation pending development of a long-term governance structure, including, but not limited to, through the Paso Basin Cooperative Committee (“PBCC”), an advisory committee created thereunder; and

WHEREAS, the EPCWD became a party to the MOA on or about June 6, 2023, and all of the Members and the SMCSD entered into an Amendment No. 2 to the MOA on or about July 9, 2024 expressly permitting the County to contract with consultants on behalf of the PBCC subject to the terms and conditions of the MOA while the Members and SMCSD continued to explore long-term governance options; and

WHEREAS, the Members, together with the SMCSD, collectively developed, and separately adopted, a single GSP to sustainably manage the Basin underlying their combined service area which was first submitted to DWR on January 30, 2020 with the exception of the EPCWD which was not yet a GSA; and

WHEREAS, in response to comments provided by DWR, each of the Members and SMCSD separately adopted a single updated GSP (the “GSP”), except for EPCWD; and

WHEREAS, the EPCWD has since agreed to implement the GSP within its service area; and

WHEREAS, the updated GSP was formally approved by letter from DWR on June 20, 2023; and

WHEREAS, each of the Members desires to create a single entity to perform GSP / SGMA administrative and regulatory compliance actions, development and implementation of certain management actions as described herein and establishment of the funding necessary to support said actions within their combined service area within the Basin; and

WHEREAS, more specifically, the Members are entering into this Agreement to form the Paso Robles Area Groundwater Authority, a public entity separate and apart from the Members, to serve as the more formal governance structure anticipated under the MOA, which MOA is now outdated and is being replaced hereby.

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

ARTICLE 1: INCORPORATION OF RECITALS

- 1.1 The foregoing recitals are true and correct and are incorporated herein by reference.

ARTICLE 2: DEFINITIONS

The following terms shall have the following meanings for purposes of this Agreement:

2.1 “Agreement” means this Joint Exercise of Powers Agreement forming the Paso Robles Area Groundwater Authority for the Members’ combined service area within the Basin.

2.2 “Authority” means the Paso Robles Area Groundwater Authority formed pursuant to this Agreement.

2.3 “Basin” means the Paso Robles Area Groundwater Subbasin, California Department of Water Resources Basin No. 3-004.06 as its boundaries may be modified from time to time in accordance with Water Code section 10722.2.

2.4 “Board of Directors” or “Board” means the governing body of the Authority as established by Article 6.1 of this Agreement.

2.5 “Bulletin 118” means DWR’s report entitled “California Groundwater: Bulletin 118” updated in 2016 and 2022, and as it may be subsequently updated or revised in accordance with Water Code section 12924.

2.6 “Director(s)” and “Alternate Director(s)” means a Director or Alternate Director appointed by a Member pursuant to Articles 6.1 and 6.2 of this Agreement.

2.7 “DWR” means the California Department of Water Resources.

2.8 “Effective Date” is the date this Agreement has been signed by all of the Members.

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2.9 “Groundwater Sustainability Plan” or “GSP” means the Groundwater Sustainability Plan, as defined by SGMA in Water Code section 10727 et seq., adopted for the Basin and approved by DWR on June 20, 2023, and as may be subsequently amended by the Members.

2.10 “Joint Exercise of Powers Act” or “JPA Act” means Government Code section 6500 et seq., as amended from time to time.

2.11 “Member” means any of the signatories to this Agreement, and “Members” means all of the Signatories to this Agreement. Each Member is a GSA duly established in accordance with SGMA.

2.12 “Memorandum of Agreement” or “MOA” means the September 20, 2017 Memorandum of Agreement Regarding Preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin, including any amendments thereto.

2.13 “Officer(s)” means the Chair, Vice Chair, or Secretary of the Authority to be appointed by the Board of Directors pursuant to Article 6.5 of this Agreement.

2.14 “SGMA” means the Sustainable Groundwater Management Act of 2014 and all regulations adopted under the legislation (SB 1168, SB 1319 and AB 1739) that collectively comprises the Act, as that legislation and those regulations may be amended from time to time.

2.15 “State” means the State of California.

ARTICLE 3: PURPOSE

3.1 The purpose of this Agreement is to establish the Paso Robles Area Groundwater Authority and to set forth the terms and conditions under which the Authority is authorized to implement the GSP and otherwise manage the Basin under SGMA within the collective service area of the Members. This Agreement also sets forth, without limitation, how the Authority will be funded and the way it will operate. Nothing in this Agreement is intended to modify, limit, or otherwise interfere with individual Members’ municipal water use, authorities, or rights, including, but not limited to: police powers; land use authorities; well construction authorities; authorities to adopt or amend the GSP; authorities or rights regarding their respective water supplies and assets (including recycled water); and authorities or rights regarding their respective facilities, operations, or water management beyond those projects and initiatives identified in the GSP. By entering this Agreement, the Members make no commitment to contribute their water supply assets as part of the implementation of the GSP.

ARTICLE 4: CREATION OF THE AUTHORITY

4.1 Qualification of Members. Each Member certifies and declares that it is a public agency (as defined in Government Code Section 6500 et seq.) that is authorized to be a party to a joint exercise of powers agreement. Each Member certifies and declares that it is a GSA duly formed and existing pursuant to SGMA.

4.2 Creation of Authority. Pursuant to the JPA Act, the Members hereby create a joint powers agency which shall be known as the Paso Robles Area Groundwater Authority. The boundaries of the Authority shall be coterminous with the collective areas over which each Member is the GSA as of the Effective Date as depicted in Exhibit A attached hereto and incorporated herein by this reference or as may be modified over time. This Agreement forms the Authority as a public entity that is a separate and distinct legal entity from the Members. Should other local agencies become new Members of the Authority pursuant to Section 5.2 below after the Effective Date, the boundaries of the Authority shall be updated to include their service areas within the Basin.

4.3 Notice of Agreement. Within 30 days after the Effective Date, and after any amendment hereto, the County on behalf of the Authority 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 Government Code section 6503.5. Within 30 days after the Effective Date, the County on behalf of the Authority shall cause a statement of the information concerning the Authority, required by Government Code section 53051, to be filed with the office of the California Secretary of State and with the County Clerk, setting forth the facts required to be stated pursuant to Government Code section 53051, subd. (a).

4.4 Purposes of Authority. The purpose of the Authority is to establish the mechanism by which the Members will jointly carry out and fund (consistent with the provisions of Article 7 of this Agreement), certain administrative and regulatory functions under SGMA as well as development and implementation of certain management actions through coordinated exercise of the powers thereunder and other joint powers within the Basin subject to the limitations set forth herein. Nothing in this Section is intended to modify, limit, or otherwise interfere with individual Members' municipal water use, authorities, or rights as set forth in Section 3.1 above.

4.5 Initial Powers of Authority. The following are the initial authorities granted to the Authority and for which further individual Member approval is not required:

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- a. Completion of the regulatory requirements under SGMA including, but not limited to, preparing and submitting the annual reports described in section 356.2 of Title 23 of the California Code of Regulations (“CCR”) and section 9.3.1.3 of the GSP and the five-year GSP evaluations described in 23 CCR section 356.4 and section 9.3.1.4 of the GSP and serving as the plan manager on behalf of the Members as defined in 23 CCR section 351(z) in connection therewith.
- b. Development and implementation of the Communication and Engagement Plan set forth in Appendix M of the GSP and to otherwise undertake stakeholder outreach within the Members’ combined service area; however, this shall not preclude any Member from undertaking additional stakeholder outreach within its boundaries.
- c. Development and implementation of the Data Gap Plan set forth in Appendix L2 of the GSP and to otherwise develop and implement an enhanced monitoring program within the Members’ combined service area, provided that any update to the monitoring program shall not be in contravention of existing confidentiality or any other obligations under the existing San Luis Obispo Flood Control and Water Conservation District (“FCWCD”) Water Level Measuring Program as determined by the County Director of Public Works or designee.
- d. Development and implementation of a voluntary groundwater demand reduction program within the Members’ combined service area, which may include fallowing and other water demand reduction or land repurposing strategies as described in section 9.3.4 of the GSP; and development and implementation of a mandatory demand reduction program should the voluntary program prove inadequate.
- e. Development and adoption of an annual budget to exercise the authorities granted hereunder or as may be delegated by the Members in accordance with Section 4.6 below provided that nothing herein shall authorize the Authority to require Member contributions beyond those specifically identified in Section 7.1 below or otherwise approved by an affirmative vote of three (3) of the Directors consistent with Section 6.8(3) below.
- f. Development and adoption of a plan to fund exercise of the authorities granted hereunder or as may be subsequently delegated by the Members,

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including but not limited to, adoption by the Authority of a fee(s) pursuant to Water Code section 10730 et seq. and all actions necessary for the Authority to establish and collect said fee(s) and application and receipt of grant funds.

- g. Adoption or establishment of rules, regulations, policies, bylaws and procedures related to exercise of the authorities granted hereunder or as may be subsequently delegated by the Members, including, but not limited to, adoption of a procurement and purchasing policy and a conflict of interest code.
- h. Retention of consultants, contractors, or employees to assist the Authority in carrying out its purposes and day-to-day operations, including, without limitation, a financial consultant, legal counsel, accountant, administrative personnel, hydrogeologist, executive director, or other specialty services as may be deemed appropriate to carry out the terms of this Agreement and as more specifically set forth in Section 4.10 below.
- i. Perform all other acts reasonably necessary for the Authority to exercise the powers of the authority set forth in this Section 4.5 or as subsequently delegated pursuant to Section 4.7 below. Without limiting any other provision of this Agreement, this includes authorization to: make and enter contracts; employ agents and employees; acquire, hold or dispose of property; incur debts, liabilities or obligations; and to sue or be sued in the Authority's own name.

4.6 Restriction on Exercise of Powers Designation. For purposes of Government Code section 6509, all powers of the Authority shall be exercised subject to the restrictions upon the manner of exercising such powers as are imposed on the County, and in the event of the withdrawal of the County as a Member under this Agreement, then the manner of exercising the Authority's powers shall be exercised subject to those restrictions imposed on the City.

4.7. Additional Powers-Subsequent Implementation Activities. With the exception of activities within the authorities set forth in Section 4.5 above or necessary for the full exercise thereof, the Authority shall not undertake any GSP implementation activities within the service area of a particular Member(s) or that impact water use within the service area of a particular Member(s) without that Member(s)' prior written approval; and the Authority shall not undertake any GSP implementation activities throughout the Members' combined service area with the exception of activities within the authorities set forth in Section 4.5 above or necessary for the

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full exercise thereof unless approved by the governing bodies of at least three (3) of the four (4) Members. Said approval or future delegation shall not be deemed and need not require an amendment to this Agreement unless said activities cannot be conducted consistent with the terms of this Agreement. However, nothing herein prohibits any Member from exercising its individual authority to enact an ordinance or regulation imposing mandatory extraction limitations or other demand reduction measures in furtherance of GSP implementation within its service area. In addition, without limiting the foregoing, nothing herein shall be construed as authorizing the Authority to acquire a right to appropriate or otherwise receive surface water from Santa Margarita Lake, Lake Nacimiento or the Salinas River or to utilize infrastructure owned or operated by any Member or the FCWCD related thereto without their prior approval.

4.8 Term. This Agreement shall be effective as of the Effective Date and shall remain in effect until terminated in accordance with Section 8.2 or Section 8.3 of this Agreement.

4.9 Role of Member Agencies. Although it is anticipated that the Authority will hire its own staff, the Members will provide support to the Board of Directors by making information and meeting facilities available, Member resources permitting and subject to the execution of any necessary acknowledgement of confidentiality agreement(s) (e.g. with respect to confidential private well data). The Members will endeavor to respond quickly to any recommendations or requests made by the Board of Directors or its staff.

4.10 Executive Director and Employees. The Board may appoint an Executive Director or other designated manager (“Executive Director”) or other employees.

- a. The Executive Director’s compensation shall be determined by the Board.
- b. The Executive Director shall serve at the pleasure of the Board and shall be responsible to the Board for the proper and efficient administration of the Authority. The Executive Director shall have the powers designated by the Board.
- c. The Executive Director shall serve until s/he resigns or the Board terminates her/his appointment.
- d. The Board shall have the power to employ such other consultants or personnel as set forth in Section 4.5(h) above.

ARTICLE 5: MEMBERSHIP

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5.1 Members. The Members of the Authority shall be:

- a. City of El Paso de Robles;
- b. County of San Luis Obispo;
- c. Shandon-San Juan Water District; and
- d. Estrella-El Pomar-Creston Water District

as long as they have not, pursuant to the provisions hereof, withdrawn from this Agreement.

5.2 New Members. Any local agency, as defined by SGMA, that is not a Member on the Effective Date of this Agreement may become a Member upon all of the following:

- a. Amendment of the Agreement in accordance with Section 9.2;
- b. Successful enactment / establishment within the service area of the local agency of any applicable fee(s) or charges on extraction that have been levied by the Authority; and
- c. The local agency is presumed to be the exclusive GSA within its service area as described in Water Code section 10723.8 and adoption of the GSP by the local agency.

ARTICLE 6: GOVERNANCE

6.1 Board of Directors. The business of the Authority will be conducted by a Board of Directors that is hereby established and that shall be initially composed of one primary representative appointed by each Member. Without amending this Agreement, the composition of the Board of Directors shall be altered from time to time to reflect the withdrawal of any Member or the admission of a Member pursuant to Section 5.2. Members of the Board of Directors are required to be members of the governing board of the appointing Member.

6.2 Alternate Directors. Each Member shall designate one alternate to serve in the absence of that Member’s primary representative on the Board of Directors. Alternate Directors shall not vote or participate in any deliberations unless appearing as a substitute for a Director due to absence or conflict of interest. If the Director is not present, or if the Director has a

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conflict of interest which precludes participation by the Director in any decision-making process of the Board, the Alternate Director appointed to act in his/her place shall assume all rights of the Director and shall have the authority to act in his/her absence, including casting votes on matters before the Board. Alternate Directors are required to be members of the governing board of the appointing Member.

6.3 Statement of Economic Interests. All primary members of the Board of Directors and all alternates shall file a Statement of Economic Interests (FPPC Form 700). Each Member shall notify the Authority in writing of its designated primary and alternate representatives on the Board of Directors.

6.4 Term of Directors. Each Member of the Board of Directors will serve until replaced by the appointing Member.

6.5 Officers. The Board of Directors shall elect a Chair, Vice Chair, and Secretary. Officers shall be elected at the first Board meeting, and thereafter at the first Board meeting following January 1st of each year.

- a. Chair. The Chair shall preside at all meetings of the Board of Directors.
- b. Vice Chair. The Vice Chair shall exercise all powers of the Chair in the Chair's absence or inability to act.
- c. Secretary. The Secretary shall keep minutes of the Board of Director meetings.

Consistent with Government Code section 6505.6, it is anticipated that the Authority will appoint its Executive Director as Treasurer and Auditor of the Authority to comply with the duties and responsibilities of the offices as set forth in Government Code section 6505.1 and 6505.5, including, without limitation, causing an annual independent audit to be made by a certified public accountant, or public accountant, in compliance with Government Code section 6505. Nothing herein shall be construed as limiting the Executive Director's ability to otherwise retain the services of an accountant or bookkeeper to assist him or her in fulfillment of the obligations hereunder in a manner consistent with Authority procurement procedures or as otherwise authorized by the Board of Directors. In addition, nothing herein shall be construed as preventing the Authority from appointing someone other than the Executive Director as Treasurer and Auditor consistent with Government Code section 6505.6. At the first meeting of the Board of Directors, the Authority shall appoint one of the officers specifically identified above to the position of interim Treasurer and Auditor to comply with the duties and

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responsibilities described above pending retention of an Executive Director to serve in such position.

6.6 Powers and Limitations. All the powers and authority of the Authority shall be exercised by the Board, subject, however, to the rights reserved by the Members as set forth in this Agreement.

6.7 Quorum. A majority of the Members of the Board of Directors will constitute a quorum.

6.8 Voting. On all matters considered by the Authority, each Director shall have one vote and action shall require a majority vote of the Board of Directors subject to the following matters, which shall require the affirmative vote of three (3) Directors regardless of how many Directors are present and voting: (1) approval of the annual budget and any amendment or adjustment thereto; (2) decisions related to the imposition of mandatory limitations on groundwater extractions; and (3) decisions related to requiring Member contributions beyond those identified in Section 7.1 to cover the cost of any budgeted costs not covered by extraction fees.

6.9 Meetings. The Board of Directors shall provide for regular and special meetings in accordance with Chapter 9, Division 2, Title 5 of the Government Code (the “Ralph M. Brown Act” commencing at section 54950), and any subsequent amendments of those provisions.

6.10 By-Laws. The Board of Directors may adopt by-laws to supplement this Agreement. In the event of conflict between this Agreement and the by-laws, the provisions of this Agreement shall govern.

6.11 Advisory Committees. The Board of Directors may establish one or more advisory committees, technical committees or other committees for any purpose.

6.12 Compensation. No Director or member of an advisory committee shall be compensated by the Authority for preparation for or attendance at meetings of the Board of Directors or meetings of any committee created by the Board. Nothing in this Section 6.12 is intended to prohibit a Member from compensating its representatives on the Board of Directors or on a committee for attending such meetings.

ARTICLE 7: FINANCIAL PROVISIONS

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7.1 Contributions and Expenses. It is anticipated that the vast majority of costs associated with the GSP implementation activities described herein will be funded through a fee(s) on all extractors within the Members’ combined service area within the Basin under Water Code section 10730 et seq. in effect not later than December 2025. Thus, the Members agree to contribute the Members’ share of costs allocated under the Fiscal Year 2024-2025 PBCC budget previously approved by each of the Members under the terms of the MOA (“FY 2024-2025 PBCC Budget”) to the Authority’s initial and Fiscal Year 2025-2026 budgets. In addition, and without limiting the SMCSD’s obligations under the MOA, should the SMCSD fail to continue to pay its share of consultant costs for the annual report and five-year GSP evaluation under development as of the Effective Date and included in the FY 2024-2025 PBCC Budget, the Members agree to contribute a pro rata share of said costs based on the same percentage shares approved by the Members in connection with said budget while the Members pursue any and all available remedies against SMCSD. To the extent the FY 2024-2025 PBCC Budget is insufficient to cover Authority costs through December 2025 and additional funding has been approved by an affirmative vote of three (3) of the four (4) Directors, the Members agree to contribute to the additional funding based on the same percentage shares approved by the Members in connection with the FY 2024-2025 PBCC Budget for costs through December 2025. Payment will be made to the Treasurer or interim Treasurer.

7.2 Liability of Board and Officers. The funds of the Authority may be used to defend, indemnify and hold harmless the Authority, and any Director, officer, employee, or agent for actions taken within the scope of the authority of the Authority. Nothing herein shall limit the right of the Authority to purchase insurance including, but not limited to, directors and officers liability insurance.

7.3 Repayment of Funds. No refund or repayment of the funds set forth in Section 7.1 above or otherwise approved by an affirmative vote of three (3) of the four (4) Directors consistent with Section 6.8(3) above will be made to a Member ceasing to be a Member of this Agreement pursuant to a withdrawal described in Section 8.1 except as expressly required thereby.

7.4 Budget. The Authority’s fiscal year shall run from July 1 through June 30. Each fiscal year, the Board shall adopt a budget for the Authority for the ensuing fiscal year. Within ninety (90) days of the Effective Date of this Agreement, the Board shall adopt an initial budget that is consistent with the FY 2024-2025 PBCC Budget. Thereafter, a budget shall be adopted no later than April 30 of the preceding fiscal year.

7.5 Depositary. The Treasurer shall (i) be the depositary of the Authority, (ii) have custody of all funds of the Authority, and (iii) have the duties and obligations of the Treasurer as

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set forth in Section 6.5 above. All funds of the Authority shall be held in separate accounts in the name of the Authority and shall not be commingled with funds of any Member or any other person or entity.

7.6 Accounting. Full books and accounts shall be maintained for the Authority in accordance with practices established by, or consistent with, those utilized by the Controller of the State of California for like public entities. The books and records of the Authority shall be open to inspection by the Members at all reasonable times, and by bondholders and lenders as and to the extent provided by resolution or indenture.

7.7 Auditor. The Auditor shall have the duties and obligations as Auditor of the Authority as set forth in Section 6.5 above. The Auditor shall ensure strict accountability of all receipts and disbursements of the Authority. Copies of reports from the annual audit described in Section 6.5 above shall be filed with the State Controller and each Member within six (6) months of the end of the fiscal year under examination.

7.8 Expenditures. 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 Authority Board of Directors. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the approval and written order of the Board. The Board shall requisition the payments of funds only upon approval or claims or disbursements and requisition for payment in accordance with policies and procedures adopted by the Board.

ARTICLE 8: CHANGES TO MEMBERSHIP, WITHDRAWAL AND TERMINATION

8.1 Withdrawal of Members.

8.1.1. Automatic Withdrawal. A Member shall be deemed to have unilaterally withdrawn from this Agreement at the time it ceases to exist as a GSA provided that said withdrawal shall not be effective unless and until another Member(s) elects to include the withdrawing Member's service area within their boundaries such that fees can continue to be collected therein. However, this requirement shall not apply if the Member ceases to be a GSA because its service area is no longer subject to SGMA.

8.1.2. Voluntary Withdrawal. A Member may, in its sole discretion, unilaterally choose to withdraw from the Authority, effective upon ninety (90) days' prior written notice to the Authority provided that the withdrawing Member shall remain obligated to pay a percentage share of costs as outlined in the current Authority annual budget

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incurred, accrued or encumbered up to the date the withdrawing Member provides notice of withdrawal in an amount equal to the percentage of fees collected within the withdrawing Member's service area. The withdrawing Member will thereafter be solely responsible for funding SGMA compliance and GSP implementation within its service area. Notwithstanding the foregoing or anything in this Agreement to the contrary, the Authority shall not rely on funding from any Member that does not concur with (i) an approved annual budget, (ii) an amendment to the budget, or (iii) a Member contribution described in Section 6.8(3) above, and the non-concurring Member shall not be liable for any costs that are incurred, accrued or encumbered following the non-concurring Member's vote against an approved annual budget, amendment to the budget, or Member contribution, provided the non-concurring Member notices its intent to withdraw from the Authority in the manner provided for in this Section 8.1.2 within thirty (30) days of the Authority's approval of any annual budget, amendment to the budget, or Member contribution.

8.1.3. Voting following a Member's Withdrawal. In the event of the withdrawal of a Member, such that three (3) Members will remain, the remaining Members shall amend this Agreement in accordance with Section 9.2 below to address voting thresholds and other procedural matters. Without limiting Section 8.3 below, the failure of the remaining Members to agree to an amendment within sixty (60) days of the effective date of withdrawal will result in automatic termination of this Agreement.

8.2 Automatic Termination. This Agreement will automatically terminate on June 30, 2026 if the Authority has not yet established a fee or fees to fund its activities as described above. However, nothing herein shall be construed as preventing the Members or a subset thereof from entering into a subsequent agreement related to Basin management and implementation of the GSP. In the event of automatic termination under this Section 8.2, each of the Members shall remain obligated to pay the contributions described in Section 7.1 or otherwise approved by an affirmative vote of three (3) Directors consistent with Section 6.8(3) above accrued or encumbered prior to the date of termination.

8.3 Termination. This Agreement and the Authority may be terminated by the written consent of three (3) of the four (4) Members subject to the terms and conditions herein. Approval of a Member is valid only after that Member's governing body approves the termination at a public meeting. Neither individual Directors nor individual members of the Members' governing boards have the authority, express or implied, to terminate this Agreement. In the event of termination under this Section 8.3, each of the Members shall remain obligated to pay the contributions described in Section 7.1 above or otherwise approved by an affirmative vote of

three (3) of the Directors consistent with Section 6.8(3) above accrued or encumbered prior to the date of termination.

8.4 Disposition of Property upon Termination. Upon termination of this Agreement, the assets of the Authority shall be transferred to the Authority’s successor, provided that a public entity will succeed the Authority, or in the event that there is no successor public entity, to the Members in proportion to the contributions made by each Member. If the successor public entity will not assume all of the Authority’s assets, the Board shall distribute the Authority’s assets between the successor entity and the Members in proportion to the obligation described in Section 7.1 above or as otherwise approved by an affirmative vote of three (3) of the Directors consistent with Section 6.8(3) above. With respect to revenue collected by the Authority through a fee(s) on extractors within the Basin, upon termination of this Agreement in the event of no successor public entity, the Board shall distribute any such revenue on hand to the Members in proportion to the amount of revenue collected from extractors within each Member’s service area or as otherwise required by law.

8.5 Use of Data and GSP. Upon withdrawal or termination, any Member shall be entitled to use any data or other information developed by the Authority during its time as a Member after signing and subject to an acknowledgement of confidentiality agreement with the Authority, FCWCD, County and any other Member or agency that provided confidential data to the Authority that prohibits the Member from disclosing confidential information, including but not limited to private well data, or privileged communications, including, but not limited to, attorney-client communications, or from otherwise making a disclosure in contravention of applicable law or agreement and that requires the Member to indemnify the providing parties from any breach of this prohibition.

ARTICLE 9: MISCELLANEOUS PROVISIONS

9.1 Indemnification. The Authority shall hold harmless, defend and indemnify the Members, and their agents, officers and employees from and against any liability, claims, actions, costs, damages or losses of any kind, including death or injury to any person and/or damage to property arising out of the activities of the Authority, or its agents, officers and employees under this Agreement. These indemnification obligations shall continue beyond the Term of this Agreement, as defined in Section 4.8 above, as to any acts or omissions occurring before or under this Agreement or any extension of this Agreement.

9.2 Amendments. This Agreement may be amended from time to time by the consent of the Members. Minor Amendments may be made by consent of a majority of the Members, whereas all other amendments shall require unanimous consent of all Members. A “Minor

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Amendment” is one that does not change the overall substance of this Agreement and does not affect the rights and/or obligations of any or all of the Members, or that is required simply to comply with the procedural requirements of the JPA Act or other applicable law; all other amendments shall be considered “Major Amendments.” Approval of a Member is valid only after that Member’s governing body approves the amendment at a public meeting. Neither individual Directors nor individual members of the Members’ governing boards have the authority, express or implied, to amend, modify, waive or in any way alter this Agreement or the terms and conditions hereof. To provide non-concurring Members an opportunity to withdraw from the Authority, any amendment to this Agreement shall be binding on all Members thirty (30) days after the required concurrence has been obtained. If an amendment to the Agreement results in there being more than four (4) Members, it is anticipated that said amendment will also revise all of the provisions of this Agreement requiring the affirmative vote of (3) of the four (4) Directors regardless of the number of Directors voting to requiring a 4/5 vote of the Board of Directors.

9.3 Binding on Successors. Except as otherwise provided in this Agreement, the rights and duties of the Members may not be assigned or delegated without the written consent of three (3) of the four (4) Members. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Members hereto.

9.4 Notice. Any notice or instrument required to be given or delivered under this Agreement may be made by: (a) depositing the same in any United States Post Office, postage prepaid, and shall be deemed to have been received at the expiration of 72 hours after its deposit in the United States Post Office; (b) transmission by facsimile copy to the addressee; (c) transmission by electronic mail; or (d) personal delivery. On the signature page of this Agreement, each party shall provide contact information for the purpose of notification and said contact information can be updated by written notice to each Member in accordance with this Section 9.4.

9.5 Counterparts. This Agreement may be executed by the Members in separate counterparts, each of which when so executed and delivered shall be an original. All such counterparts shall together constitute but one and the same instrument.

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

9.7 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement is held to be unlawful, invalid or unenforceable, it is hereby agreed by the Members

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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.

9.8 Headings. The paragraph headings used in this Agreement are intended for convenience only and shall not be used in interpreting this Agreement or in determining any of the rights or obligations of the Members to this Agreement.

9.9 Construction and Interpretation. This Agreement has been arrived at through negotiation and each Member has had a full and fair opportunity to revise the terms of this Agreement. As a result, the normal rule of construction that any ambiguities are to be resolved against the drafting Member shall not apply in the construction or interpretation of this Agreement.

9.10 Entire Agreement and Termination of MOA and Existence of PBCC. This Agreement constitutes the entire agreement among the Members and supersedes all prior agreements and understandings, written or oral. Execution of this Agreement by all of the Members shall constitute each Member’s written consent to terminate the MOA pursuant to section 9.2 of the MOA. Should the SMCSD refuse to consent to the termination of the MOA, then execution of this Agreement by the Members shall constitute each Member’s decision to withdrawal from the MOA, and the County shall provide notice of said collective action to the SMCSD in accordance with section 9.1 of the MOA. Without limiting the powers of the Authority set forth in section 4.5 above, the Authority is hereby authorized to take actions necessary to resolve administrative matters related to SMCSD’s choice not to become a Member as of the Effective Date, including, but not limited to, the SMCSD’s continued obligation to fund the consultant costs identified in Section 7.1 above.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be executed on the dates set forth below:

CITY OF EL PASO DE ROBLES

By: _____

Date: _____

Contact information: _____

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APPROVED AS TO FORM AND LEGAL
EFFECT:

By: _____

Its: _____

Date: _____

SHANDON SAN JUAN WATER DISTRICT

By: _____

Date: _____

Contact information: _____

APPROVED AS TO FORM AND LEGAL
EFFECT:

By: _____

Its: _____

Date: _____

COUNTY OF SAN LUIS OBISPO

By: _____

Date: _____

Contact information: _____

APPROVED AS TO FORM AND LEGAL
EFFECT:

By: _____

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Its: _____

Date: _____

ESTRELLA-EL POMAR-CRESTON WATER DISTRICT

By: _____

Date: _____

Contact information: _____

**APPROVED AS TO FORM AND LEGAL
EFFECT:**

By: _____

Its: _____

Date: _____

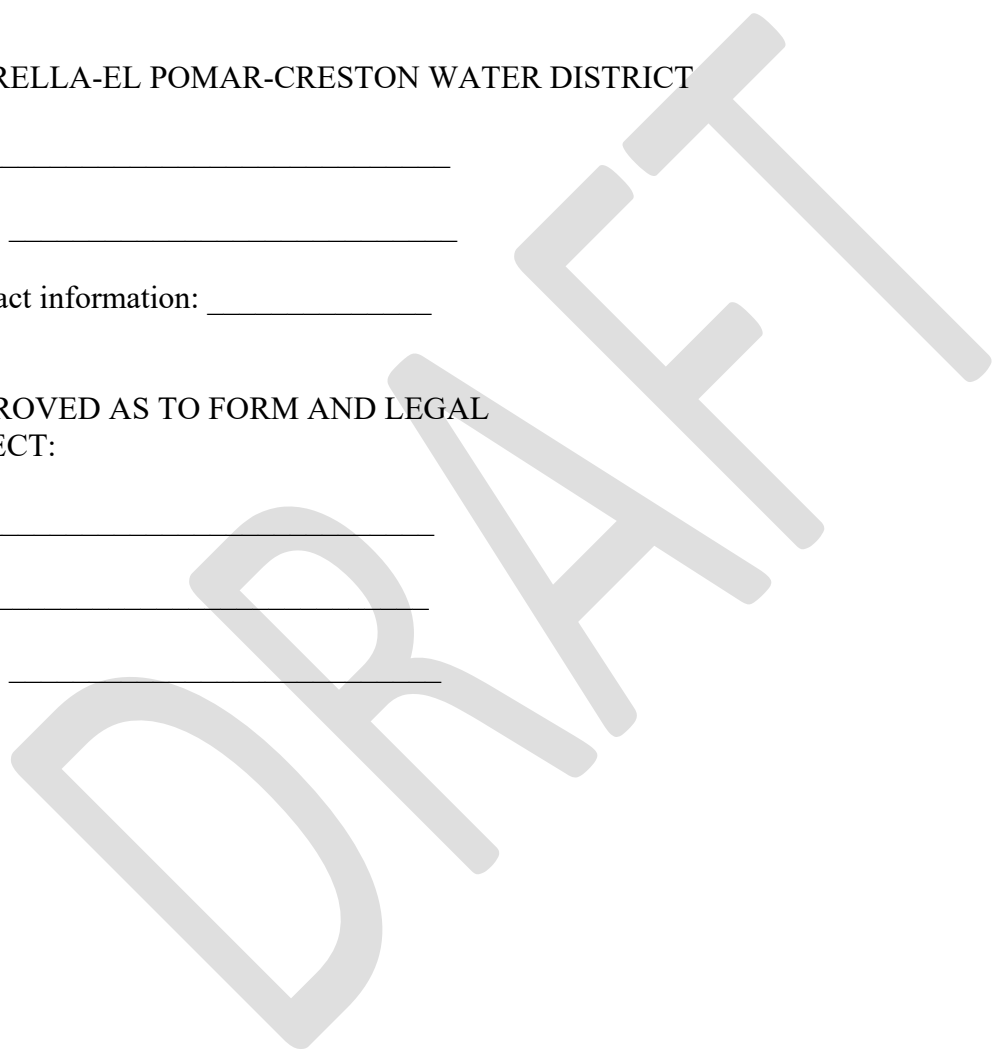


EXHIBIT A

DRAFT