JOINT EXERCISE OF POWERS AGREEMENT CREATING THE SOUTHWEST KINGS GROUNDWATER SUSTAINABILITY AGENCY

THIS JOINT EXERCISE OF POWERS AGREEMENT CREATING THE SOUTHWEST KINGS GROUNDWATER SUSTAINABILITY AGENCY (this "Agreement") is made and entered into this 10th day of 164 Mary, 201 1 (the "Effective Date"), by and between DUDLEY RIDGE WATER DISTRICT, a California water district ("DRWD"), TULARE LAKE RECLAMATION DISTRICT NO. 761 ("RD 761"), KETTLEMAN CITY COMMUNITY SERVICES DISTRICT ("CSD"), TULARE LAKE BASIN WATER STORAGE DISTRICT, a California water storage district ("TLBWSD"), and COUNTY OF KINGS, a political subdivision of the State of California as defined by California Government Code § 23000 et seq. ("County"). DRWD, RD 761, CSD, TLBWSD, and the County are sometimes collectively referred to herein as "Members" or singularly as a "Member."

RECITALS

- A. WHEREAS, on September 16, 2014, the Governor of the State of California signed into law Senate Bills 1168 and 1319, and Assembly Bill 1739 collectively, the Sustainable Groundwater Management Act ("SGMA"), which is codified at Water Code sections 10720 *et seq.*, as amended, to manage groundwater in the State of California; and
- B. WHEREAS, SGMA allows certain local agencies to become a Groundwater Sustainability Agency ("GSA") and adopt a Groundwater Sustainability Plan ("GSP") as a means to manage and regulate groundwater in an underlying groundwater basin, which is defined as a basin or subbasin identified and defined in California Department of Water Resources ("DWR") Bulletin 118; and
- C. WHEREAS, each of the Members is a public entity organized and operating under the laws of the State of California, and/or a public agency as defined in California Government Code section 6500, and is a local agency as defined in California Water Code section 10721(n); and
- D. WHEREAS, each Member overlies a portion of the Tulare Lake Subbasin of the San Joaquin Valley Groundwater Basin (Subbasin No. 5-22.12 as identified by DWR); and
- E. WHEREAS, pursuant to the terms of this Agreement, the Members intend to create a joint powers agency that will serve as a GSA for all of or a portion of their jurisdictional areas covering the Tulare Lake Subbasin; and
- F. WHEREAS, subject to the terms of this Agreement, the Members intend to provide a framework for cooperative efforts to implement SGMA in the most reasonable, effective, and efficient manner; and
- G. WHEREAS, the Members, by and through their respective governing bodies, have determined that it will be mutually beneficial to enter into this Agreement and desire to create the Southwest Kings Groundwater Sustainability Agency; and

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H. WHEREAS, the County intends to participate as a Member in order to ensure complete SGMA coverage in this area of the Tulare Lake Subbasin. The County intends for the Southwest Kings Groundwater Sustainability Agency to manage SGMA implementation, reserving to the County a possible future participatory role in SGMA implementation. Such a future role is separate and distinct from the County's regulatory, land use, and police powers, which are reserved unto the County by State statute and Constitution, and to which any GSA within the County's boundaries is subject pursuant thereto. The areas included through the County's political boundary are generally in "white areas" within Kings County, but outside the boundaries of the other Members' external boundaries (the "White Areas"). The geographic boundaries of the Southwest Kings Groundwater Sustainability Agency contemplated by the Members are set forth in the map attached hereto as Exhibit "A", which is incorporated herein by this reference.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth and the above Recitals, which are hereby incorporated herein by this reference, it is agreed by and among the Members hereto as follows:

1. Creation of Agency.

- (a) The Southwest Kings Groundwater Sustainability Agency (the "Agency") is hereby created as a joint powers agency pursuant to the provisions of the Government Code of the State of California relating to the joint exercise of powers common to public agencies. (Gov. Code §6500, et seq.) The Agency is a public entity separate from its Members. Pursuant to Government Code section 6509, the County is the designated agency with respect to the Agency's exercise of power.
- (b) Upon complete execution of this Agreement by and on behalf of each Member, and formation of the Agency, a Notice of Joint Powers Agreement shall be filed with the California Secretary of State in accordance with Government Code section 6503.5. The Agency shall comply with all other formation requirements provided under California law.

2. Purpose.

- (a) This Agreement provides for the creation of a public entity separate and apart from the Members, to administer this Agreement and for the purpose of:
 - (i) serving as a GSA for a portion of the Tulare Lake Subbasin depicted in Exhibit "A", as those boundaries may be amended from time to time;
 - (ii) collecting information relating to the Tulare Lake Subbasin, including, but not limited to, the amount of groundwater extracted, applied to land, recharged, and the sustainability of the Tulare Lake Subbasin;
 - (iii) developing, adopting, and implementing a GSP within the Tulare Lake Subbasin for the sustainable management of groundwater in accordance with the requirements of SGMA and to achieve the sustainability goals outlined in SGMA;

- (iv) entering into a coordination agreement(s) or similar agreement with other GSAs in the Tulare Lake Subbasin for the purpose of meeting sustainability requirements defined in SGMA;
- (v) involving the public and local stakeholders through outreach and engagement in developing and implementing a GSP;
- (vi) coordinating and cooperating to achieve inter-basin coordination with GSAs operating in neighboring subbasins; and
- (vii) all ancillary activities related to the functions contained herein and SGMA.
- (b) Notwithstanding their intent to collectively develop, adopt, and implement a GSP, the Members shall maintain complete control and autonomy over the surface water and groundwater supply assets to which they are currently legally and individually entitled, and make no commitments by entering into this Agreement to share or otherwise contribute their water supply assets as part of the preparation or participation in a GSP.
- (c) Each Member shall adhere to the terms of this Agreement and constructively participate in the efforts to achieve compliance with SGMA.
- (d) The Agency shall not undertake activities unrelated to the sustainable management of groundwater in the Tulare Lake Subbasin as provided in SGMA.

3. <u>Powers of the Agency.</u>

The Agency is hereby authorized, in its own name, to do all acts necessary for the exercise of its authority to accomplish the purpose as set forth herein including, but not limited to, any or all of the following:

- (a) To make and enter into contracts;
- (b) To create standing committees and ad hoc committees;
- (c) To prepare reports and other documents for the purpose of applying for and accepting grants, advances, and contributions;
- (d) To employ or contract for services directly or indirectly related to its purposes;
- (e) To receive contributions and donations of property, funds, services, and other forms of assistance from any source, including Members;
 - (f) To acquire and condemn property for the purposes of the Agency;
 - (g) To sue and be sued in its own name;

- (h) To incur debts, liabilities, or obligations, subject to limitations herein set forth;
- (i) To undertake, on behalf of the Members, all actions authorized and required by DWR and the State Water Resources Control Board for GSA purposes, pursuant to SGMA;
- (j) To conduct research and investigations and to compile appropriate reports for preparing a GSP, and to develop coordination agreements, as defined in Water Code Section 10721(d), with other GSAs;
 - (k) To develop, adopt and implement a GSP;
 - (l) To impose fees as authorized by SGMA; and
- (m) To assist Members in groundwater sustainability projects related to SGMA.

4. Use of Public Funds and Insurance.

The Agency shall be empowered to use for its purposes, public funds, property and other resources received from the Members and/or from other sources. Where applicable, the Agency's Board of Directors ("Board") may permit one or more of the Members to provide in-kind services, including the use of property.

The Agency shall obtain insurance to cover the assets of the Agency and its operations, including, but not limited to director and officer liability insurance.

5. Membership; Financial Contribution.

- (a) <u>Initial Voting Members; Financial Contribution</u>.
- (i) The initial voting Members of the Agency shall be DRWD and RD 761. Both of these Members will financially contribute to the formation of this Agency, filing of a GSA application with DWR, and preparing and implementing the GSP. As such, DRWD and RD 761 shall each appoint two representatives to serve on the Board of the Agency.
- (ii) DRWD and RD 761 will financially support the Agency only until the Agency develops a reliable funding stream through assessments, water charges or other potential fees as provided by SGMA to wholly fund the Agency's operations. It is anticipated that it may take one year for the Agency to financially sustain itself. When this occurs, DRWD and RD 761 shall be reimbursed by the Agency for their funding provided to the Agency under this subsection. The method of cost allocation among the Members is envisioned to evolve over time. However, while only DRWD and RD 761 are providing the Agency's financial support, costs will be split between DRWD and RD 761 based on acres of land within each of those Member's coverage area. As provided below, there will be

no cost to the County, the CSD or TLBWSD, unless and until that entity becomes a voting Member.

(b) Non-Voting Members.

- (i) The County shall be a non-voting Member of the Agency. The County is a Member for the purpose of bringing its land use powers to bear to cover the White Areas. As a non-voting Member, the County will not be assessed any financial support for the Agency, but the County must continue to help apply for grant funding for the Agency. Should the County decide to take a more active role in the implementation of the Agency's purposes, then the County (a) shall pay its proportionate share for SGMA coverage of the White Areas until the Agency develops a reliable funding stream through assessments, water charges, or other potential fees as provided by SGMA, to wholly fund the Agency's operations, and (b) may elect to change its status to a voting Member of the Board with the consent of the then-existing voting Members through a majority vote of the Board.
- (ii) The CSD shall be a non-voting Member of the Agency. As a non-voting Member, the CSD will not contribute any financial support for the Agency, but the CSD must help apply for grant funding for the Agency.
- (iii) TLBWSD shall be a non-voting Member of the Agency. As a non-voting Member, TLBWSD will not contribute any financial support for the Agency, but TLBWSD must help apply for grant funding for the Agency.
- Member of the Agency, provided that the prospective new member, (i) is eligible to enter into a joint powers agreement pursuant to the Government Code, (ii) is eligible to be a GSA or participate in a GSA as provided by SGMA, (iii) receives an affirmative vote from a majority of the Board of the Agency, (iv) pays all previously incurred costs that the Board determines have resulted in a benefit to the entity, (v) pays all applicable fees and charges associated with the GSA and development and implementation of a GSP, and (vi) agrees in writing to the terms and conditions of this Agreement.

6. Governance; Voting.

- (a) The Agency shall be governed by an initial five-person Board composed of Directors. The Agency's Bylaws shall govern how such Board may be modified. All voting powers of the Agency shall reside in the Board. Each Director on the Board shall have one vote. The Board shall be composed of:
 - (i) two members of the governing body of DRWD;
 - (ii) two members of the governing body of RD 761; and
 - (iii) one Director selected by a majority vote of the other four Directors on the Board.

- (b) DRWD and RD 761 shall each appoint two members from its governing body to serve on the Board of the Agency. DRWD and RD 761 shall also each appoint one alternate to serve on the Board in the absence of one of those two Directors who shall either be a member or staff person of the appointing governing body. The representative and alternate for the fifth Director seat shall, subject to County's option under section 5(b)(i), be a landowner, or his/her representative, who owns land in the White Areas and he or she shall represent lands within the White Areas.
- (c) Directors and alternate Directors shall serve at the pleasure of the Member appointing him or her and may be removed or replaced as follows:
 - (i) Directors and alternate Directors may be removed or replaced at any time by their appointing governing board; and
 - (ii) Directors may be removed by the Board for failure to attend at least three consecutive Board meetings without excuse (e.g. illness, medical or family emergency, jury duty, other legally required appearance); and
 - (iii) The office of a Director or alternate Director who is no longer either a member of the governing body of his/her appointing agency nor on the staff of such entity that qualified such Director to serve on the Board shall be deemed automatically vacant.

A Board vacancy shall be filled in the same manner as the initial appointment for that Director seat.

7. Terms of Office.

The initial term of office for one DRWD appointee and one RD 761 appointee serving on the Board is four years. For the purpose of providing staggered terms of office, the initial term of one DRWD appointee, one RD 761 appointee, and the non-DRWD/RD 761 appointee shall be for a period of two years. Thereafter, the term of office for each Director shall be for a period of four years.

8. Meetings.

The Board shall fix the hour, date, and place for its regular meetings.

9. Administration and Officers.

- (a) The officers of the Agency are the Chair, Vice-Chair, Secretary, and a Treasurer, if any.
 - (i) The Board shall, at its first meeting and thereafter at its first meeting following January 1 of each succeeding year, elect a Chair and Vice-Chair from among its members. The Vice-Chair shall assume the responsibilities of the Chair in the absence of the Chair.

- (ii) The Board may appoint an Executive Director under whose general supervision and control the activities of the Agency shall be conducted. The Executive Director has such other powers and duties as may be prescribed by the Board or the Bylaws.
- (iii) The Secretary will (1) keep or cause to be kept, at the principal executive office or such other place as the Board may direct, a book of summary minutes of all meetings and actions of Directors and committees of the Agency, with the time and place of holding, whether regular or special, and if special, how authorized, the notice given, the names of those present at such meetings and the proceedings of such meetings; and (2) give, or cause to be given, notice of all meetings of the Board and committees of the Agency required by the Bylaws to be given. The Secretary has such other powers and may perform such other duties as may be prescribed by the Board.
- (iv) The Board shall designate a qualified person to act as the Treasurer of the Agency. In the event that the person designated by the Agency is not a member of the Board, the person serving as Treasurer may be reasonably compensated for performing such work. In the event that the person designated by the Agency to perform such services is an employee of a Member, the governing body of that Member shall determine the reasonable charges to be made against the Agency for the services of Treasurer. The person holding the position of Treasurer of the Agency shall have charge of the depositing and custody of all funds held by the Agency. The Treasurer shall perform such other duties as may be imposed by provisions of applicable law, including those duties described in Government Code section 6505.5, and that may be prescribed by the Board or the Bylaws.
- (b) Officers may delegate certain duties and responsibilities to staff in accordance with the Bylaws and/or the Board's resolutions, and in compliance with all applicable laws.

10. Term, Termination; Disposition of Assets; Withdrawal; Removal.

- (a) The Agency created pursuant to this Agreement shall commence on the Effective Date and shall continue in existence unless terminated by the governing board of each of the Members then a party to this Agreement; provided, however, that the Agency and this Agreement shall continue to exist for the purpose of disposing of liabilities, distributing funds, property and/or other assets (such funds, property and/or other assets, collectively, the "Agency Assets"), and all other functions necessary to conclude the business of the Agency.
- (b) Upon termination of this Agreement, after the payment of all obligations of the Agency, any Agency Assets remaining shall be distributed to the Members in proportion to the contribution made by the Members toward the funding of the Agency. The Agency shall cease to exist when the Agency Assets have been distributed according to the provisions contained in this Section, this Agreement generally, and the Joint Exercise of Powers Act (Gov. Code § 6500, et seq.).

(c) Withdrawal.

- (i) A Member may unilaterally withdraw from this Agreement without causing or requiring termination of this Agreement, effective upon sixty (60) days written notice to the remaining Members. Upon withdrawal, a Member will have a continuing obligation to comply with SGMA and shall, if prior to June 30, 2017, and prior to the Agency becoming an exclusive GSA, notify DWR that it shall act as its own GSA, or join an alternate GSA, that has entered into or will enter into a coordination agreement with the Agency under SGMA in order to avoid an adverse effect upon the continuing Members. Until July 1, 2017, the County may also elect to cover the area of the withdrawing Member. If after July 1, 2017, that withdrawing Member shall remain subject to the terms of the GSP that is prepared by the Agency so as to not put the Tulare Lake Subbasin in jeopardy, unless a mutually agreed upon resolution is reach between the Agency, DWR and the withdrawing Member. This obligation shall survive withdrawal from this Agreement, is for the express benefit of the remaining Members, and is subject to the indemnification provisions of Section 16 of this Agreement.
- (ii) Effect of Withdrawal. Any Member who withdraws shall remain obligated to pay its share of all debts, liabilities, and obligations of the Agency incurred or accrued prior to the effective date of such withdrawal. A withdrawing Member shall in all events remain liable for its proportionate share of (A) its full amount of the adopted fiscal year budget; and (B) any call for funds or assessment levied by the Agency prior to the date it provides its notice of withdrawal.
- (d) Removal of Member. A Member may be removed from the Agency for good cause, upon a vote of the Board by the affirmative vote of four Directors of the Board, and upon removal shall no longer be a Member of the Agency. A Member removed pursuant to this section shall not be liable to the Agency for any further monetary obligations, except to the extent those obligations: (i) were due and owing by Member as of the date the Member is removed from the Agency, or (ii) are otherwise imposed by the Agency as a fee, tax or other charge in accordance with SGMA. As used herein, "for cause" shall mean conduct by a Member which is detrimental to the function and/or authority of the Agency, including but not limited to the failure to make monetary contributions to the Agency after 90 days written demand for payment. In the event a Member is removed pursuant to this section and the removal results in the change in the number of seats for the Board, the remaining Members may amend this Agreement.

11. Application of Laws to Agency Functions.

The Agency shall comply with all applicable laws in the conduct of its affairs, including, but not limited to, the Joint Exercise of Powers Act (Gov. Code §6500, et seq.); Ralph M. Brown Act (Gov. Code § 54950, et seq.); and conflict of interest laws/regulations (such as Gov. Code §1090, et seq.), the requirements of the California Political Reform Act, Gov. Code § 87100, et seq., and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification, 2 California Code of Regulations §18700, et seq., as amended.

12. Accounting.

- (a) The Board shall establish and maintain such funds and accounts as may be required by Generally Accepted Accounting Principles and by Federal and State statute and regulation, as applicable.
- (b) The Agency shall comply with the accounting and auditing requirements contained in California Government Code sections 6505-6505.6.
- (c) The Board will appoint one of its officers to serve as auditor of the Agency. The auditor shall comply with the duties and responsibilities of the office as set forth in subdivisions (a) to (d), inclusive, of California Government Code section 6505.5.

13. Fiscal Year.

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by the Agency, being, at the date of this Agreement, the period from January 1 to and including the following December 31.

14. Legal Counsel.

The Board shall retain legal counsel for the Agency.

15. Privileges and Immunities.

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, all pension, relief, disability, workers' compensation, and other benefits that may apply to the activities of officers, agents or employees of public agencies when performing their respective functions within their respective territorial limits, shall apply to them to the same degree and extent while engaged as Members of the Agency or otherwise as an officer, agent, Director, or other representative of the Agency or while engaged in the performance of any of their functions or duties extraterritorially under the provisions of this Agreement.

16. Liability; Indemnification.

- (a) The debts, liabilities, and obligations of the Agency shall be the debts, liabilities, or obligations of the Agency alone, and not any of the Members of this Agreement.
- (b) The Agency, and those persons, agencies and instrumentalities used by it to perform the functions authorized herein, whether by contract, employment or otherwise, shall be exclusively liable for any/all injuries, costs, claims, liabilities, damages of whatever kind to any person arising from or related to activities of the Agency.
- (c) The Agency shall hold harmless and indemnify Members, and each of them, including their officers and employees, from any claim or liability arising from acts or omissions of the Agency in pursuit of this Agreement, and in so doing, shall provide Members, and each of them, with legal defense of any and all claims or liabilities and shall pay reasonable

attorney's fees and costs incurred in providing such defense. The County shall not be obligated to fund any indemnification pursuant to this Agreement while it is a non-voting Member.

(d) Funds of the Agency may be used to defend, indemnify, and hold harmless the Agency, each Member, and any officers, agents, and employees for their actions taken within the scope of their duties while acting on behalf of the Agency.

17. Notices.

All notices required or permitted by this Agreement or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified, or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by electronic transmission (email) and shall be deemed sufficiently given if served in a manner specified in this Section 17. The addresses and addressees noted below are that Member's designated address and addressee for delivery or mailing of notices.

To DRWD:

Dudley Ridge Water District

c/o General Manager 286 W. Cromwell Avenue Fresno, California 93711 Telephone: (559) 449-2700

To RD 761:

Tulare Lake Reclamation District No. 761

c/o Jaime Howe

23311 Newton Avenue Stratford, California 93266 Telephone: (559) 947-3328

To CSD:

Kettleman City Community Services District

c/o Rosa Maldonado

P.O. Box 179

Kettleman City, California 93239 Telephone: (559) 386-5702

To TLBWSD:

Tulare Lake Basin Water Storage District

c/o Mark Gilkey 1001 Chase Avenue

Corcoran, California 93212 Telephone: (559) 992-4127

To County:

County of Kings

c/o Community Development Director

1400 W. Lacey Blvd., Bldg. #6 Hanford, California 93230 Telephone: 559-852-2680 With copy to:

Kings County Counsel 1400 W. Lacey Blvd., Bldg. #4

Hanford, California 93230 Telephone: 559-852-2445

Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, three days after the postmark date. If sent by regular mail, the notice shall be deemed given 48 hours after it is addressed as required in this section and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means (including email) shall be deemed delivered upon telephone or similar confirmation of delivery (conformation report from fax machine is sufficient), provided a copy is also delivered via personal delivery or mail. If notice is received after 4:00 p.m. or on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

18. Entire Agreement.

It is understood and agreed that the entire Agreement by and among the Members is contained herein and that this Agreement supersedes all oral agreements and negotiations between the Members relating to the subject matter hereof. All items and exhibits referred to in this Agreement are incorporated or attached and are deemed to be part of this Agreement.

19. Severability.

Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

20. Amendment.

This Agreement may be modified at any time by written amendment executed by all the Members.

21. Successors

This Agreement shall be binding upon and shall inure to the benefit of the successors of the Members hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of all the other Members.

22. Counterparts

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

23. Headings

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section to which referred.

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24. Consent; Choice of Law; Venue

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld. This Agreement is made in the State of California, under the Constitution and laws of such state and is to be so construed. Venue for litigation related to this Agreement shall be in the Superior Court of any county in which a Member is located.

IN WITNESS THEREOF, the Members have executed this Agreement on the dates hereafter set forth.

"DRWD"	"CSD"
Dudley Ridge Water District, a California water district	Kettleman City Community Services District
By: Olthulill	Ву:
Name: Dale K. Melville	Name:
Name: Dale K. Melville Its: Manager-Engineer	Its:
"RD 761"	"County"
Tulare Lake Reclamation District No. 761	County of Kings, a Political Subdivision of the State of California By: Craig Pedersen
Ву:	Name:
Name:	Its: Chairman
Its:	
"TLBWSD"	
Tulare Lake Basin Water Storage District	
By: Mary	
Name: MARKGIKEY	
Its: GENERAL MANAGER	

24. Consent; Choice of Law; Venue

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"DRWD"	"CSD"
Dudley Ridge Water District, a California water district	Kettleman City Community Services District
Ву:	By: Sl Mald
Name:	Name: SILVIA MALDONADO
Its:	Its: CHAIRPERSON
"RD 761"	"County"
Tulare Lake Reclamation District No. 761	County of Kings, a Political Subdivision of the State of California By: Lafe Pea Court
Ву:	Name: Craig Pedersen
Name:	Its: Chairman
Its:	
"TLBWSD"	
Tulare Lake Basin Water Storage District	
Ву:	
Name:	
Its:	

24. Consent; Choice of Law; Venue

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"DRWD"	"CSD"
Dudley Ridge Water District, a California water district	Kettleman City Community Services District
By:	By:
Name:	Name:
Its:	Its:
"RD 761"	"County"
Tulare Lake Reclamation District No. 761	County of Kings, a Political Subdivision of the State of California
	By:
By: Coil Chause Name: Coil W Howe Jr Its: Australia	Name; Its;
"TLBWSD"	
Tulare Lake Basin Water Storage District	
By:	
Name:	
Its:	

