JOINT EXERCISE OF POWERS AGREEMENT

by and among

SANTA CLARITA VALLEY WATER AGENCY,

THE CITY OF SANTA CLARITA,

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE,

and

THE COUNTY OF LOS ANGELES

modifying and assuming the role of

THE SANTA CLARITA VALLEY

GROUNDWATER SUSTAINABILITY AGENCY

2018

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JOINT EXERCISE OF POWERS AGREEMENT

THE SANTA CLARITA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

This Joint Exercise of Powers Agreement ("JPA" or "Agreement") is made and effective on the last date executed ("Effective Date"), by and among the Santa Clarita Valley Water Agency ("SCV-Water"), the City of Santa Clarita, Los Angeles County Waterworks District No. 36,Val Verde, and the County of Los Angeles, sometimes referred to herein individually as a "Member" and collectively as the "Members" for purposes of modifying and assuming the role of the Santa Clarita Valley Groundwater Sustainability Agency ("SCV-GSA") and setting forth the terms pursuant to which the SCV-GSA shall operate. Capitalized defined terms used herein shall have the meanings given to them in Article 1 of this Agreement.

The SCV-GSA was formed pursuant to the Sustainable Groundwater Management Act to be the Groundwater Sustainability Agency (GSA) for the Santa Clara River Valley East Subbasin, groundwater basin number 4-4.07 ("Basin"), per the State of California, Department of Water Resources (DWR) Groundwater Bulletin 118.

RECITALS

A. On September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319, and Assembly Bill 1739, collectively known as the Sustainable Groundwater Management Act (SGMA), codified in Part 2.74 of Division 6 of the California Water Code, commencing with Section 10720.

B. SGMA became effective on January 1, 2015, and various clarifying amendments to SGMA, including Senate Bills 13 and 226 and Assembly Bills 617 and 939, were signed in 2015 and became effective on January 1, 2016.

C. The legislative intent of SGMA is to provide sustainable management of California's groundwater basins, to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to provide local agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater.

D. The Members are all local public agencies with water supply, water management, and/or land use responsibilities in at least some portion of the Basin and as a result, each has the statutory authority to participate in GSAs for the Basin. A map of the basin and the service area boundary of each Member is included in **Exhibit A.**

E. The Basin, identified and designated by Department of Water Resources Bulletin 118 as Subbasin No. 4-4.07, is a high priority basin and therefore, is subject to the requirements of SGMA.

F. SGMA Section 10735.2 required the formation of one or more GSAs to manage the Basin by June 30, 2017. SGMA Section 10723.6 authorizes multiple local agencies in a basin to form a GSA by way of memorandum of agreement or other legal agreement.

G. Castaic Lake Water Agency, Newhall County Water District, Los Angeles County Waterworks District No. 36, Val Verde, the Santa Clarita Water Division, the City of Santa Clarita, and the County of Los Angeles formed the SCV-GSA by Memorandum of Understanding (MOU) dated May 24, 2017. The parties to the MOU set forth their intention and reserved the right to prepare a joint powers agreement to assume the role of the SCV-GSA.

H. Santa Clarita Valley Water Agency (SCV Water) is the successor to Castaic Lake Water Agency, the Santa Clarita Water Division, and Newhall County Water District, which were dissolved, pursuant to Senate Bill 634, Chapter 833 (SB 634). In addition, SB 634 required SCV Water to dissolve Valencia Water Company, a large private retail water provider in the area whose stock was owned by SCV Water, and transfer its assets into SCV Water. This transfer was accomplished in January 2018 and as a result, the Valencia Water Division is operated as a retail service division and is part of the public agency, SCV Water.

I. Under SGMA and pursuant to Government Code Section 6500, et seq., a combination of local agencies may form a GSA through a joint exercise of powers agreement.

J. The Members have determined that the sustainable management of the Basin pursuant to SGMA may best be achieved through the cooperation of the Members operating through a joint powers agreement.

K. The Joint Exercise of Powers Act of 2000 ("Act") authorizes the Members to create a joint powers authority and to jointly exercise any power common to the Members and to exercise additional powers granted under the Act.

L. The Act, including the Marks-Roos Local Bond Pooling Act of 1985 (Government Code sections 6584, et seq.), authorizes an entity created pursuant to the Act to issue bonds, and under certain circumstances, to purchase bonds issued by, or to make loans to, the Members for financing public capital improvements, working capital, liability and other insurance needs or projects whenever doing so would result in significant public benefits, as determined by the Members. The Act further authorizes and empowers a joint powers authority to sell bonds so issued or purchased to public or private purchasers at public or negotiated sales.

M. Based on the foregoing legal authority, as well as the authority granted in SGMA, the Members desire to create a joint powers authority for the purpose of taking all actions deemed necessary by the joint powers authority to ensure sustainable management of the Basin as required by SGMA.

N. The governing board of each Member has determined it to be in the Member's best interest and in the public interest that this Agreement be executed.

O. This Agreement supersedes and terminates the previously executed MOU and the joint powers authority created herein herby assumes the role of the SCV-GSA.

TERMS OF AGREEMENT

In consideration of the mutual promises and covenants herein contained, the Members agree as follows:

ARTICLE 1.
DEFINITIONS

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

1.1 "Act" means The Joint Exercise of Powers Act, set forth in Chapter 5 of division 7 of Title 1 of the Government Code, sections 6500, et seq., including all laws supplemental thereto.

1.2 "Agreement" has the meaning assigned thereto in the Preamble.

1.3 "Auditor" means the auditor of the financial affairs of the SCV-GSA appointed by the Board of Directors pursuant to Section 13.3 of this Agreement.

1.4 "Basin" means the Santa Clara River Valley East Groundwater Subbasin, groundwater basin number 4-4.07 per Bulletin 118, as further depicted in **Exhibit A** to this MOU.

1.5 "Board of Directors" or "Board" means the governing body of the SCV-GSA as established by Article 6 of this Agreement.

1.6 "Director" and "Alternate Director" shall mean a director and alternate director appointed pursuant to Article 6 of this Agreement.

1.7 "DWR" means the California Department of Water Resources.

1.8 "Effective Date" has the meaning assigned thereto in the Preamble.

1.9 "GSA" means Groundwater Sustainability Agency, as defined by SGMA, that implements the provisions of SGMA.

1.10 "GSP" means Groundwater Sustainability Plan, as defined by SGMA, proposed or adopted by a GSA pursuant to SGMA.

1.11 "Member" has the meaning in the Preamble and further means each party to this Agreement that satisfies the requirements of Section 5.1 of this Agreement, including any new members as may be approved by the Members pursuant to Section 5.2 of this Agreement.

1.12 "Officer(s)" means the Chair, Vice Chair, and Secretary to be appointed by the Board of Directors pursuant to Section 7.1 of this Agreement.

1.13 "SCV-GSA" means the Santa Clarita Groundwater Sustainability Agency and consists of the following members: Santa Clarita Valley Water Agency, the City of Santa Clarita, Los Angeles County Waterworks District No. 36 Val Verde, and the County of Los Angeles.

1.14 "SGMA" refers to the Sustainable Groundwater Management Act as defined in the Recitals.

1.15 "State" means the State of California.

1.16 "Supermajority Vote" means five (5) affirmative votes.

ARTICLE 2.
CREATION OF THE AUTHORITY

2.1 Creation of Authority. There is hereby created pursuant to the Act a joint powers authority, which shall be a public entity separate from the Members to this Agreement. This Agreement terminates the MOU and the joint powers authority hereby assumes the role of the SCV-GSA and shall be known as the SCV-GSA. Within ten (10) days after the Effective Date of this Agreement, the SCV-GSA shall cause a statement of the information concerning the SCV-GSA, required by Government Code section 53051, to be filed with the office of the California Secretary of State and with the County Clerk for the County of Los Angeles, setting forth the facts required to be stated pursuant to Government Code section 53051(a). Within thirty (30) days after the Effective Date of this Agreement and after any amendment, the SCV-GSA shall cause a notice of this Agreement or amendment 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 thirty (30) days after the Effective Date, the SCV-GSA shall send a copy of this Agreement to DWR.

2.2 Purpose of the Joint Powers Authority. Each Member to this Agreement has in common the power to study, plan, develop, finance, acquire, construct, maintain, repair, manage, operate, control, and govern water supply projects and exercise groundwater management authority within the Basin either alone or in cooperation with other public or private non-member entities, and each is a local agency eligible to serve as the GSA, either alone or jointly through a joint powers agreement as provided for by SGMA. This Agreement is being entered into in order to jointly exercise some or all of the foregoing common powers, as appropriate, and for the exercise of such additional powers as may be authorized by law in the manner herein set forth, in order to effectuate the purposes of this Agreement. The purpose of the SCV-GSA is to serve as the GSA for the Basin and to develop, adopt, and implement the GSP for the Basin pursuant to SGMA and other applicable provisions of law.

ARTICLE 3.
TERM

This Agreement shall become effective upon its execution by each of the Members and shall remain in effect until terminated pursuant to the provisions of Article 16 (Withdrawal of Members) of this Agreement.

ARTICLE 4.
POWERS

The SCV-GSA shall possess the power in its own name to exercise any and all common powers of its Members reasonably related to the purposes of the SCV-GSA, including but not limited to the following powers, together with such other powers as are expressly set forth in SGMA and as it may be amended in the future. For purposes of Government Code section 6509, the powers of the SCV-GSA

shall be exercised subject to the restrictions upon the manner of exercising such powers as are imposed on SCV Water, and in the event of the withdrawal of SCV Water as a Member under this Agreement, then the manner of exercising the SCV-GSA's powers shall be those restrictions imposed on the County of Los Angeles.

4.1 To exercise all powers afforded to the SCV-GSA under SGMA, including without limitation:

4.1.1 To adopt rules, regulations, policies, bylaws, and procedures governing the operation of the SCV-GSA.

4.1.2 To develop, adopt, and implement a GSP for the Basin, and to exercise jointly the common powers of the Members in doing so.

4.1.3 To obtain rights, permits, and other authorizations for, or pertaining to, implementation of a GSP for the Basin.

4.1.4 To collect and monitor data on the extraction of groundwater from, and the quality of groundwater in, the Basin.

4.1.5 To acquire property and other assets by grant, lease, purchase, bequest, devise, gift, or eminent domain, and to hold, enjoy, lease or sell, or otherwise dispose of, property, including real property, water rights, and personal property, necessary for the full exercise of the SCV-GSA's powers.

4.1.6 To establish and administer a conjunctive use program for the purposes of maintaining sustainable yield in the Basin consistent with the requirements of SGMA.

4.1.7 To exchange and distribute water.

4.1.8 To regulate groundwater extractions as permitted by SGMA.

4.1.9 To spread, sink, and inject water into the basin to recharge the groundwater Basin.

4.1.10 To store, transport, recapture, recycle, purify, treat, or otherwise manage and control water for beneficial use.

4.1.11 To develop and facilitate market-based solutions for the use, sale, or lease, and management of water rights.

4.1.12 To impose assessments, groundwater extraction fees, or other charges, and to undertake other means of financing the SCV-GSA as authorized by Chapter 8 of SGMA, commencing at section 10730 of the Water Code.

4.1.13 To exercise the common powers of its Members to develop, collect, provide, and disseminate information that furthers the purposes of the SCV-GSA, including but not limited to the operation of the SCV-GSA and adoption and implementation of a GSP for the Basin to the Members' legislative, administrative, and judicial bodies, as well as the public generally.

4.1.14 To perform other ancillary tasks relating to the operation of the SCV-GSA pursuant to SGMA, including without limitation, environmental review, engineering, and design.

4.2 To apply for, accept, and receive licenses, permits, water rights, approvals, agreements, grants, loans, contributions, donations, or other aid from any agency of the United States, the State of California, or other public agencies or private persons or entities necessary for the SCV-GSA's purposes.

4.3 To make and enter contracts necessary to the full exercise of the SCV-GSA's power.

4.4 To employ, designate, or otherwise contract for the services of agents, officers, employees, attorneys, engineers, planners, financial consultants, technical specialists, advisors, and independent contractors.

4.5 To incur debts, liabilities, or obligations, to issue bonds, notes, certificates of participation, guarantees, equipment leases, reimbursement obligations, and other indebtedness, as authorized by the Act.

4.6 To cooperate, act in conjunction, and contract with the United States, the State of California, or any agency thereof, counties, municipalities, public and private corporations of any kind (including without limitation, investor-owned utilities), and individuals, or any of them, for any and all purposes necessary or convenient for the full exercise of the powers of the SCV-GSA.

4.7 To sue and be sued in the SCV-GSA's own name. Third parties must comply with the requirements of the Government Claims Act prior to filing any action for money or damages against the SCV-GSA.

4.8 To provide for the prosecution of, defense of, or other participation in, actions or proceedings at law or in public hearings in which the Members, pursuant to this Agreement, have an interest and employ counsel and other expert assistance for these purposes.

4.9 To accumulate operating and reserve funds for the purposes herein stated.

4.10 To invest money that is not required for the immediate necessities of the SCV-GSA, as the SCV-GSA determines is advisable, in the same manner and upon the same conditions as Members, pursuant to Government Code section 53601, as that section now exists or may hereafter be amended.

4.11 To undertake any investigations, studies, and matters of general administration.

4.12 To perform all other acts necessary or proper to carry out fully the purposes of this Agreement.

ARTICLE 5.
MEMBERSHIP

5.1 Members. The Members of the SCV-GSA shall be the Santa Clarita Valley Water Agency, the City of Santa Clarita, Los Angeles County Waterworks District No. 36 Val Verde, and the

County of Los Angeles, as long as they have not, pursuant to the provisions hereof, withdrawn or been terminated from this Agreement.

5.2 New Members. It is recognized that a public agency that is not a Member on the Effective Date of this Agreement may wish to participate in the SCV-GSA. Additional public agencies or mutual water companies may become members of the SCV-GSA upon such terms and conditions as established by the Board of Directors and upon the unanimous consent of the existing Members, evidenced by the execution of a written amendment to this Agreement signed by all of the Members, including the additional public agency or mutual water company. The addition of new Members shall not affect any rights of existing Members without the consent of all affected Members.

ARTICLE 6.
BOARD OF DIRECTORS

6.1 Formation of the Board of Directors. The SCV-GSA shall be governed by a Board of Directors ("Board of Directors" or "Board"). The Board shall consist of seven (7) Directors who shall be appointed in the manner set forth as follows:

6.1.1 Four (4) Directors appointed by the Board of Directors for the Santa Clarita Valley Water Agency, which is the successor entity to the Castaic Lake Water Agency, the Newhall County Water District, the Santa Clarita Water Division, and the Valencia Water Company.

6.1.2 One (1) Director appointed by the City Council for the City of Santa Clarita.

6.1.3 One (1) Director appointed by the County of Los Angeles Board of Supervisors.

6.1.4 One (1) Director appointed by Los Angeles County Waterworks District No. 36, Val Verde.

6.2 Initial Directors. The six (6) individuals who were appointed to the predecessor SCV-GSA pursuant to the MOU by a Member or a predecessor in interest to a Member are hereby deemed by the Members to be appointed to the Board of Directors. Consistent with Section 6.1.1 above, the Santa Clarita Valley Water Agency shall appoint one additional director so it has a total of four appointed Directors.

6.3 Alternate Directors. Each Member may also appoint Alternate Directors for its members of the Board of Directors. Unless appearing as a substitute for a Director due to absence or conflict of interest, Alternate Directors shall have no vote, and shall not participate in any discussions or deliberations of the Board. In such instances, Alternate Directors are not prohibited from attending meetings and may participate in public comment. If a Director is not present, or if a Director has a 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.

6.4 Duties of the Board of Directors. The business and affairs of the SCV-GSA, and all of the powers of the SCV-GSA, including without limitation all powers set forth in Article 4 (Powers), are reserved to and shall be exercised by and through the Board of Directors, except as may be expressly delegated pursuant to this Agreement, bylaws, or by specific action of the Board of Directors.

6.5 Director Terms and Removal. Each Director shall be appointed to serve for a term of two years. A Member's Director may be removed during his or her term or reappointed for multiple terms at the pleasure of the Member that appointed him or her. No individual Director may be removed in any other manner, including by the affirmative vote of the other Directors. The term of an Initial Director shall begin on the date this Agreement becomes effective.

6.6 Vacancies. A vacancy on the Board of Directors shall occur when a Director resigns, is removed, or at the end of the Director's term as set forth in Section 6.5. Upon the vacancy of a Director, the seat shall remain vacant until a replacement Director is appointed as set forth in Section 6.1. Replacement Directors who are appointed to fill vacant seats before the term of such seats have concluded shall inherit the term of the Director they are replacing. Members shall submit any changes in Director positions to the Board Secretary by written notice signed by an authorized representative of the Member.

ARTICLE 7.
OFFICERS

7.1 Officers. Officers of the SCV-GSA shall be a chair, vice chair, and secretary. A treasurer shall be appointed consistent with the provisions of Section 13.3. The vice chair shall exercise all powers of the chair in the chair's absence or inability to act.

7.2 Appointment of Officers. Officers shall be appointed annually by, and serve at the pleasure of, the Board of Directors. The initial Officers shall be those that were selected as officers by the members of the predecessor SCV-GSA pursuant to the MOU. Officers shall be appointed thereafter at the first Board meeting following January 1st of each year. Any Officer may resign at any time upon written notice to the Board.

7.3 Principal Office. The principal office of the SCV-GSA shall be established by the Board of Directors, and may thereafter be changed by a simple majority vote of the full Board. The principal office of the SCV-GSA shall be located within the jurisdictional boundaries of one or more of the Members.

ARTICLE 8.
DIRECTOR MEETINGS

8.1 Initial Meeting. The initial meeting of the Board of Directors shall be held in the County of Los Angeles, California within sixty (60) days of the Effective Date of this Agreement.

8.2 Time and Place. The Board of Directors shall meet at least quarterly, at a date, time and place set by the Board within the jurisdictional boundaries of one or more of the Members, and at such times as may be determined by the Board.

8.3 Meetings. All meetings of the Board of Directors, including special meetings, shall be noticed, held, and conducted in accordance with the Ralph M. Brown Act (Government Code sections 54950, et seq.). The Board may use teleconferencing in connection with any meeting in conformance with and to the extent authorized by applicable law.

8.4 Local Conflict of Interest Code. The Board of Directors shall adopt a local conflict of interest code pursuant to the provisions of the Political Reform Act of 1974 (Government Code sections 81000, et seq.) at the first meeting following the appointment of the Directors.

ARTICLE 9.
VOTING

9.1 Quorum. A quorum of any meeting of the Board of Directors shall consist of a majority of the Directors. In the absence of a quorum, any meeting of the Directors may be adjourned by a vote of a simple majority of Directors present, but no other business may be transacted. For purposes of this Article, a Director shall be deemed present if the Director appears at the meeting in person or participates telephonically or by other electronic means, provided the telephone or electronic appearance is consistent with the requirements of the Ralph M. Brown Act.

9.2 Director Votes. Voting by the Board of Directors shall be made on the basis of one vote for each Director.

9.3 Affirmative Decisions of the Board of Directors - Simple Majority Vote. Except as otherwise specified in this Agreement, all decisions of the Board of Directors shall require the affirmative vote of at least four (4) Directors.

9.4 Matters Requiring Supermajority Vote. Decisions concerning the following matters shall require a supermajority vote of the Directors in order to pass: (1) the adoption of the GSP and any amendments thereto; (2) any amendments to the bylaws; (3) approval of the annual budget; (4) the adoption of any groundwater regulatory or extraction fees; (5) the adoption of any taxes, fees or assessments subject to Proposition 218; (6) a decision to initiate or settle litigation; (7) a decision to commence eminent domain proceedings; and (8) the approval of any agreement between the SCV-GSA and any Member.

ARTICLE 10.
STAFF AND SERVICES

10.1 Staff and Services. The SCV-GSA may employ full-time and/or part-time employees, assistants, and independent contractors who may be necessary from time to time to accomplish the purposes of the SCV-GSA, subject to the approval of the Board of Directors. The SCV-GSA may contract with a Member or other public agency or private entity for various services, including without limitation, those related to the SCV-GSA's finances, purchasing, risk management, information technology, and human resources. A written agreement shall be entered between the SCV-GSA and the Member or other public agency or private entity contracting to provide such service, and that agreement shall specify the terms on which such services shall be provided, including without limitation, the compensation, if any, that shall be made for the provision of such services.

10.2 Initial Administration and Staffing. Unless otherwise determined by the Board, SCV Water will manage the administrative operations of the SCV-GSA and the development of the GSP. In connection with this role and pursuant to a separate agreement between SCV Water and the SCV-GSA, SCV Water will provide staff resources to administer the operations of the SCV-GSA and will be authorized to contract directly with consultants and other parties, including the State of California, as required to carry out the direction of the SCV-GSA Board. Unless otherwise provided by the Board,

any procurement, purchasing, and contracting shall be done in accordance with SCV Water's adopted policies. The separate agreement between SCV Water and the SCV-GSA contemplated in this Section shall address the reimbursement of costs and expenses incurred by SCV Water in fulfilling its role and may be reviewed by the Board at any time. A draft of this separate agreement is attached.

ARTICLE 11.
BYLAWS

11.1 The Board of Directors may adopt bylaws of the SCV-GSA to govern the day-to-day operations of the SCV-GSA.

ARTICLE 12.
COMMITTEES

12.1 Board Committees. The Board of Directors may from time to time establish one or more standing or ad hoc committees consisting of Directors to assist in carrying out the purposes and objectives of the SCV-GSA, including but not limited to a Budget and Finance Committee, Planning Committee, and an Executive Committee. The Board of Directors shall determine the purpose and need for such committees. Meetings of standing committees shall be subject to the requirements of the Brown Act.

12.2 Other Committees. The Board may from time to time and in its discretion establish any other committees to assist in carrying out the purposes and objectives of the SCV-GSA.

ARTICLE 13.
ACCOUNTING PRACTICES

13.1 General. The Board of Directors shall establish and maintain such funds and accounts as may be required by generally accepted public agency accounting practices. The SCV-GSA shall maintain strict accountability of all funds and report all receipts and disbursements of the SCV-GSA.

13.2 Fiscal Year. Unless the Board of Directors decides otherwise, the fiscal year for the SCV-GSA shall run concurrent with the fiscal year of SCV Water.

13.3 Appointment of Treasurer and Auditor; Duties. The Treasurer shall be the Chief Finance Officer of SCV Water and the Auditor shall be appointed by the Board in the manner, and shall perform such duties and responsibilities, specified in sections 6505, 6505.5 and 6505.6 of the Act. The Treasurer shall be bonded in accordance with the provisions of section 6505.1 of the Act.

ARTICLE 14.
BUDGET AND EXPENSES

14.1 Budget. Within one hundred twenty (120) days after the first meeting of the Board of Directors, and thereafter prior to the commencement of each fiscal year, the Board shall adopt a budget for the SCV-GSA for the ensuing fiscal year. In the event that a budget is not so approved, the prior year's budget shall be deemed approved for the ensuing fiscal year, and any groundwater extraction fee or assessment(s) of contributions of Members, or both, approved by the Board during the prior fiscal year shall again be assessed in the same amount and terms for the ensuing fiscal year.

14.2 SCV-GSA Funding and Initial Contributions.

14.2.1 Funding Account. For the purpose of funding the expenses and ongoing operations of the SCV-GSA, the Board of Directors shall maintain a funding account in connection with the annual budget process. The Board of Directors may fund the SCV-GSA as provided in Chapter 8 of SGMA, commencing with section 10730 of the Water Code.

14.2.2 Annual Member Contributions. In order to fund the SCV-GSA and continue to develop the GSP, prior to the adoption and approval of a GSP, the Members must and hereby agree to contribute a non-reimbursable twenty thousand dollars ($20,000) each fiscal year to the SCV-GSA for the first five fiscal years. After the fifth fiscal year, the Board shall consider the appropriate level of annual payments. The first payment of twenty thousand dollars ($20,000) shall be paid to the SCV-GSA within thirty (30) days of the execution of this Agreement for fiscal year 2017-18. Payments for subsequent fiscal years shall be paid to the SCV-GSA within thirty (30) days after the start of each fiscal year thereafter. These contributions shall be used for any purpose authorized for payment from fees imposed pursuant to California Water Code Section 10730, including administrative and consulting costs.

14.3 Issuance of Indebtedness. The SCV-GSA may issue bonds, notes, or other forms of indebtedness, as permitted under Section 4.5, provided such issuance be approved at a meeting of the Board.

14.4 Future Member Contributions. In the event the cost of the ongoing administration of the SCV-GSA and/or the development, adoption, and ongoing administration of the GSP exceeds the Members' initial contributions, the Board may, by a super-majority vote, adopt a resolution requiring each of the Members to provide additional non-reimbursable funding, above the annual contributions, to the SCV-GSA and demonstrating in detail (1) the need for funding and (2) the purposes for which additional funding will be utilized. Upon receipt of the resolution requiring additional funding, the Members may meet and confer regarding the resolution. However, each Member shall consider and act upon the resolution no later than ninety (90) days following the adoption of the resolution by the Board unless otherwise extended by the Board. Failure by a Member to affirm the resolution may be grounds for termination pursuant to Section 16.2.

14.5 Voluntary Member Contributions. Nothing in this Agreement shall prohibit a member from making voluntary monetary or in-kind contributions to the SCV-GSA at any time. To the extent the SCV-GSA is able to secure other funding sources, and to the extent permitted by law, the SCV-GSA shall reimburse voluntary Member contributions provided pursuant to this Section 14.5. The SCV-GSA's authority to reimburse such contributions shall be considered a cost of the SCV-GSA's groundwater sustainability program. Notwithstanding the SCV-GSA's obligation to reimburse voluntary Member contributions pursuant to this Section 14.5, a Member who makes a voluntary contribution may, in its discretion, elect to make any such voluntary contribution non-reimbursable.

ARTICLE 15.
LIABILITIES

15.1 Liability. In accordance with Government Code section 6507, and as authorized by Government Code Section 6508.1, the debt, liabilities, and obligations of the SCV-GSA shall be the debts, liabilities, and obligations of the SCV-GSA alone, and not the Members.

15.2 Indemnity. To the fullest extent permitted by law, funds of the SCV-GSA may be used to defend, indemnify, and hold harmless the SCV-GSA, each Member, each Director, and any officers, agents, and employees of the SCV-GSA for their actions taken within the course and scope of their duties while acting on behalf of the SCV-GSA. To the fullest extent permitted by law, the SCV-GSA agrees to save, indemnify, defend, and hold harmless each Member from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees, where the same arise out of, or are in any way attributable in whole or in part, to acts or omissions of the SCV-GSA or its employees, officers or agents or negligent acts or omissions (not including gross negligence or wrongful conduct) of the employees, officers or agents of any Member, while acting within the course and scope of a Member relationship with the SCV-GSA. In addition, to the fullest extent permitted by law, the SCV-GSA shall indemnify, defend and hold harmless, each Member from any liabilities incurred as a result of handling, receipt, use, or disposal of hazardous materials, hazardous substances, and hazardous wastes however defined under Federal, State, or local laws, ordinances, or regulations.

15.3 Privileges and Immunities. All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers compensation, and other benefits which apply to the activity of officers, agents, or employees of any of the Members when performing their respective functions shall apply to them to the same degree and extent while engaged in the performance of any of the functions and other duties under this Agreement. None of the officers, agents, or employees appointed by the Board of Directors shall be deemed, by reason of their employment by the Board of Directors, to be employed by any of the Members or, by reason of their employment by the Board of Directors to be subject to any of the requirements of such Members.

15.4 Liability Insurance. The Board of Directors shall obtain, and maintain in effect, appropriate liability insurance to cover the activities of the SCV-GSA's Directors and staff in the ordinary course of their duties.

15.5 Bond – Property of the Agency. Whomever is designated to be responsible for the handling of SCV-GSA property shall be required to file an official bond in an amount to be determined by the Board consistent with Government Code section 6505.1. SCV-GSA shall pay for the required bond.

ARTICLE 16.
WITHDRAWAL AND TERMINATION

16.1 Unilateral Withdrawal. Any Member may unilaterally withdraw from this Agreement without causing or requiring termination of this Agreement, effective upon one hundred eighty (180) days written notice. Such notice shall be provided to the Board Secretary, the Board of Directors, and each of the Members. If a Member withdraws, this Agreement will continue in full force and effect among the remaining Members.

16.2 Termination of Members. As an alternative to pursuing litigation against a Member for failure to meet its obligations as set forth in this Agreement or as may be adopted by the Board from time to time, the Board may vote to terminate such Member. Termination may be effected by the vote of all but one of the current Directors. In the event of a termination, this Agreement shall continue in full force and effect among the remaining members.

16.3 Rescission or Termination of SCV-GSA. This Agreement may be rescinded and the SCV-GSA terminated by unanimous written consent of all Members, except during the outstanding term of any SCV-GSA indebtedness.

16.4 Effect of Withdrawal or Termination. Upon termination of this Agreement, unilateral withdrawal, or termination of a Member, a Member shall remain obligated to pay its share of all debts, liabilities, and obligations required of the Member pursuant to terms of this Agreement, and that were incurred or accrued prior to the effective date of such termination or withdrawal, including, without limitation, those debts, liabilities, and obligations pursuant to Sections 4 and 14. For purposes of this Agreement, annual contributions are incurred or accrued as of the effective date of this Agreement and the first day of every fiscal year thereafter. Any Member who withdraws or is terminated from the SCV-GSA shall have no right to participate in the business and affairs of the SCV-GSA or to exercise any rights of a Member under this Agreement or the Act, but shall continue to share in reimbursements, if any, from the SCV-GSA on the same basis as if such Member had not withdrawn, provided that a Member that has withdrawn from the SCV-GSA shall not receive reimbursements, if any, in excess of the reimbursable contributions made to the SCV-GSA while a Member.

16.5 Return of Contribution. Upon termination of this Agreement, any surplus money on-hand shall be returned to the Members in proportion to their contributions made. To the extent permitted by law, the Board of Directors shall first offer any property, works, rights, and interests of the SCV-GSA for sale to the Members on terms and conditions determined by the Board of Directors. If no such sale to Members is consummated, the Board of Directors shall offer the property, works, rights, and interest of the SCV-GSA for sale to any non-member for good and adequate consideration. The net proceeds from any sale shall be distributed among the Members in proportion to their contributions made.

ARTICLE 17.
SPECIAL PROJECTS

17.1 Special Projects and Committees. In addition to the general activities undertaken by all Members of the SCV-GSA, the SCV-GSA may initiate Special Projects and form Special Project Committees that involve fewer than all Members. No Member shall be required to be involved in a Special Project that involves fewer than all Members.

17.2 Special Project Agreement. With the unanimous approval of the Directors, Members may undertake Special Projects in the name of the SCV-GSA. Prior to undertaking a Special Project, the Members electing to participate in the Special Project shall enter into an activity agreement. Such activity agreement shall provide that (i) no Special Project undertaken pursuant to such agreement shall conflict with the terms of this Agreement; and (ii) the Members to the activity agreement shall indemnify, defend, and hold the SCV-GSA, and the SCV-GSA's other Members, harmless from and against any liabilities, costs, or expenses of any kind resulting from the Special Project described in the

activity agreement. All assets, rights, benefits, debts, liabilities, and obligations attributable to a Special Project shall be assets, rights, benefits, debts, liabilities, and obligations solely of the Members that have entered into the activity agreement for that Special Project, in accordance with the terms of the activity agreement, and shall not be the assets, rights, benefits, debts, liabilities, and obligations of those Members that have not executed the activity agreement. Members not electing to participate in the Special Project shall have no rights, benefits, debts, liabilities, or obligations attributable to such Special Project.

ARTICLE 18.
MISCELLANEOUS PROVISIONS

18.1 No Predetermination or Irretrievable Commitment of Resources. Nothing herein shall constitute a determination by the SCV-GSA or any of its Members that any action shall be undertaken or that any unconditional or irretrievable commitment of resources shall be made, until such time as the required compliance with all local, state, or federal laws, including without limitation the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, has been completed.

18.2 Public Involvement. The SCV-GSA shall comply with all of the requirements in SGMA regarding public outreach and involvement, including but not limited to Water Code sections 10723.2 and 10723.4.

18.3 Notices. Notices to a Director or Member hereunder shall be sufficient if delivered to the Board Clerk, City Clerk, or Board Secretary of the respective Director or Member and addressed to the Director or Member. Delivery may be accomplished by U.S. Postal Service, private mail service, or electronic mail.

18.4 Amendments to Agreement. This Agreement may be amended or modified at any time only by subsequent written agreement approved and executed by all of the Members.

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

18.6 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 of this Agreement shall not be affected thereby, provided, however, that if the remaining parts, terms, or provisions do not comply with the Act, this Agreement shall terminate.

18.7 Withdrawal by Operation of Law. Should the participation of any Member to this Agreement be decided by the courts to be illegal or in excess of that Member's authority or in conflict with any law, the validity of this Agreement as to the remaining Members shall not be affected thereby.

18.8 Assignment. The rights and duties of the Members may not be assigned or delegated without the written consent of all Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

18.9 Binding on Successors. This Agreement shall inure to the benefit of, and be binding upon, the successors, and assigns of the Members, whose assignments have complied with Section 18.7 herein.

18.10 Dispute Resolution. In the event that any dispute arises among the Members relating to (i) this Agreement, (ii) the rights and obligations arising from this Agreement, (iii) a Member proposing to withdraw from membership in the SCV-GSA, or (iv) a Member proposing to initiate litigation in relation to legal rights to groundwater within, or the management of, the Basin, the aggrieved Member or Members proposing to withdraw from membership shall provide written notice to the other Members of the controversy or proposal to withdraw from membership. Within thirty (30) days after such written notice, the Members shall attempt in good faith to resolve the controversy through informal means. If the Members cannot agree upon a resolution of the controversy within thirty (30) days from the providing of written notice specified above, the dispute shall be submitted to mediation prior to commencement of any legal action or prior to withdrawal of a Member proposing to withdraw from membership. The mediation shall be no less than a full day (unless agreed otherwise among the Members) and the cost of mediation shall be paid in equal proportion among the Members. The mediator shall be either voluntarily agreed to, or, if the parties cannot agree upon a mediator, appointed by the Superior Court upon a suit and motion for appointment of a neutral mediator. Upon completion of mediation, if the controversy has not been resolved, any Member may exercise all rights to bring a legal action relating to the controversy or withdraw from membership as otherwise authorized pursuant to this Agreement. The SCV-GSA shall also participate in mediation upon request by a Director concerning a dispute alleged by the Director concerning the management of the Basin or rights to extract groundwater from the Basin, with the terms of such mediation to be conducted in the same manner provided for in this Section 18.9 for disputes between or among Members.

18.11 Counterparts. This Agreement may be executed in counterparts. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterpart executed by the other Members to this Agreement is in the physical possession of the Member seeking enforcement thereof.

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

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

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

[Signatures on Following Pages]

SANTA CLARITA VALLEY WATER AGENCY

DATED: 9-18-18

By: Matthew D

Title: GENERAL MANAGER

APPROVED AS TO FORM:

By: Joseph Byrne

Title: General Counsel

CITY OF SANTA CLARITA

DATED: 9.27.18

By: _____

Title: Assistant City Manager

APPROVED AS TO FORM:

By: _____

Title: CITY ATTORNEY

COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL
648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

TELEPHONE
(213) 893-0924
FACSIMILE
(213) 687-7337
TDD
(213) 633-0901

MARY C. WICKHAM
County Counsel

September 18, 2018

VIA EXPRESS MAIL

Rick Viergutz
26521 Summit Circle
Santa Clarita, California 91350-3049

Re: Santa Clarita Valley Water Agency Joint Exercise of Power Agreement

Dear Mr. Viergutz,:

Pursuant to Michael Moore's instructions enclosed herein are the signatures pages for the Santa Clarita Valley Water Agency Joint Exercise of Power Agreement. If you have any questions or comments, please contact me.

Very truly yours,

MARY C. WICKHAM
County Counsel

By Rocio Murillo
ROCIO MURILLO
Legal Office Support Assistant I
Public Works Division

RM:rm

Enclosure

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE

DATED: 9.17.18

By: _____

Title: Assistant Deputy Director

APPROVED AS TO FORM:

By: _____ FOR A.M.

Title: Deputy

THE COUNTY OF LOS ANGELES

DATED: 9/13/18

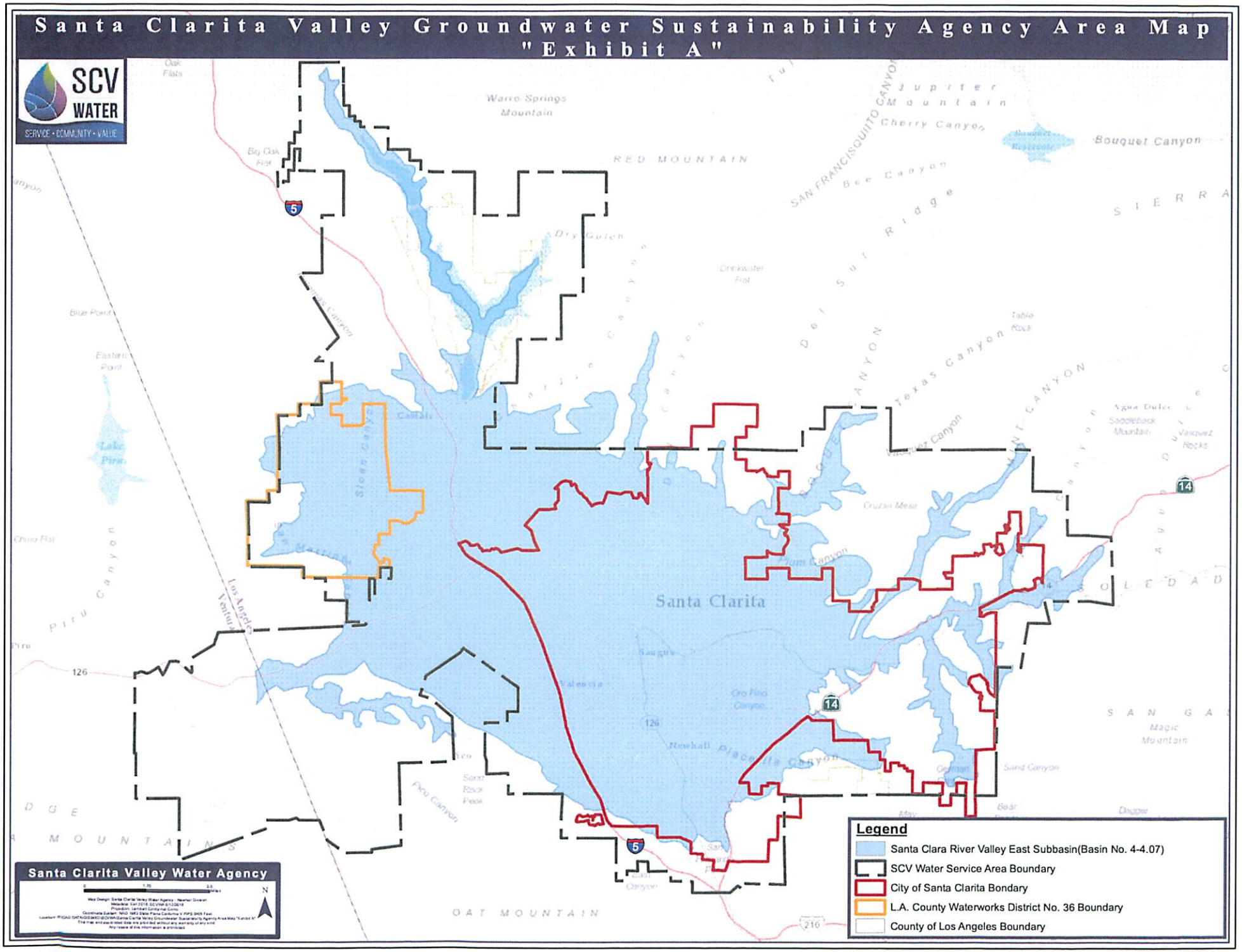
By: _____

Title: DIRECTOR OF REGIONAL PLANNING

APPROVED AS TO FORM:

By: _____ FOR MICHAEL MOORE

Title: DEP. COUNTY COUNSEL

EXHIBIT "A"

Santa Clarita Valley Groundwater Sustainability Agency Area Map
"Exhibit A"