

PARTICIPATION AGREEMENT FOR THE SANTA ROSA PLAIN GROUNDWATER SUSTAINABILITY AGENCY

THIS PARTICIPATION AGREEMENT FOR THE SANTA ROSA PLAIN GROUNDWATER SUSTAINABILITY AGENCY (“Agreement”) is made and entered into by and between the Santa Rosa Plain Groundwater Sustainability Agency (“**Agency**”) and the California Public Utility Commission (CPUC) Regulated utilities and mutual water companies listed on the attached Exhibit A (“**IWS Parties**”). The Agency and the IWS Parties are sometimes collectively referred to herein as the “**Parties**.”

RECITALS

WHEREAS, the comprehensive groundwater legislation collectively enacted and referred to as the “Sustainable Groundwater Management Act” at California Water Code Section 10720 *et. seq.* (“**SGMA**”) initially became effective on January 1, 2015 and was amended effective January 1, 2016.

WHEREAS, the stated purpose of SGMA, as set forth in California Water Code section 10720.1, is to provide for the sustainable management of groundwater basins at a local level by providing local groundwater agencies with the authority and technical and financial assistance necessary to sustainably manage groundwater.

WHEREAS, SGMA requires the designation of Groundwater Sustainability Agencies for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans or an alternative plan for all medium and high priority basins as designated by the California Department of Water Resources.

WHEREAS, the public agencies listed on the attached Exhibit A entered into a Joint Exercise of Powers Agreement effective [INSERT], 2017 (“**JPA**”) to create the Agency and elected to be the Groundwater Sustainability Agency for the Santa Rosa Plain Groundwater Subbasin (“**Basin**”) which is designated basin number 1-055.01 in Department of Water Resources Bulletin No. 118 and which has been designated as a medium priority basin.

WHEREAS, pursuant to Section 10723.6 of the California Water Code, SGMA authorizes a water corporation regulated by the Public Utilities Commission or a mutual water company to participate in the Agency through agreement.

WHEREAS, the IWS Parties entered into a Memorandum of Understanding for the purpose of, among other things, selecting a common representative and alternate to serve as a member of the Agency Board of Directors as contemplated by the JPA (“**MOU**”).

WHEREAS, the Agency and the IWS Parties enter into this Agreement to formalize the IWS Parties’ participation in the Agency as authorized by SGMA and in accordance with the JPA.

NOW THEREFORE, in consideration of the matters recited and the mutual promises, covenants, and conditions set forth in this Agreement, the Parties agree as follows:

1. Defined Terms. Capitalized terms used but not separately defined in this Agreement have the meanings assigned to them in the JPA.
2. Board Membership. In accordance with the JPA, the IWS Parties shall have the right to appoint one voting representative and one alternate to the Board of Directors. The appointments shall be made in accordance with the MOU. The IWS Parties shall notify the Agency of the IWS Parties' appointments to the Board in accordance with JPA Section 12.08, Notices. The IWS Parties' Board representative and alternate shall be eligible to serve on the Agency's committees, to serve as an officer of the Agency, and, subject to any limitations of applicable law, shall have all other rights and duties as the other members of the Board.
3. Advisory Committee Membership. In accordance with the JPA, the IWS Parties shall have the right to appoint one voting representative to the Advisory Committee. The appointment shall be made in accordance with the MOU. The IWS Parties shall notify the Agency of the IWS Parties' appointments to the Advisory Committee in accordance with JPA Section 12.08, Notices.
4. Agency Administrative Costs. The IWS Parties agree to pay a portion of the Agency's annual general operating and administrative costs ("**Administrative Costs**") at the rate(s) determined from time to time by the Agency's Board of Directors, provided that the share of such costs allocated to each of the IWS Parties on a pro rata basis shall not be greater than the rate charged to Members.
5. Limitation of Liability/Indemnification. The liability of each the IWS Parties for debts and other obligations of the Agency shall be limited to the amount of payments for Administrative Costs agreed to respectively by each the IWS Parties under Paragraph 3 of this Agreement. To the fullest extent permitted by law, the Agency agrees to save, indemnify, defend and hold harmless each of the IWS Parties to the same extent as for each Member in accordance with Section 11.03 of the JPA.
6. Term. This Agreement shall remain in effect for the term of the JPA, unless sooner terminated as provided in Paragraph 7 of this Agreement.
7. Termination. This Agreement may be terminated by either the IWS Parties or the Agency as set forth below:
 - a. Termination by IWS Parties. The IWS Parties shall have the ability to withdraw by providing one hundred eighty (180) days written notice of its intention to withdraw. Said notice shall be given to the Board and to each of the other Members.

IWS Parties shall not be fiscally liable for the adopted budget provided that the IWS Parties provides written notice one hundred eighty (180) days prior to the adoption of the budget.

Notwithstanding the foregoing, The IWS Parties shall have the ability to withdraw by

providing not less than ninety (90) days written notice of its intention to withdraw prior to the adoption of the 2018-19 budget. IWS Parties shall not be fiscally liable for the fiscal year 2018-19 Funding Commitment provided that IWS Parties have provided a timely notice of its intent to withdraw to the Board and each of the other Members.

b. Termination by Agency. The Agency may terminate or suspend this Agreement in accordance with Section 11.06 if the IWS Parties collectively fail to perform a material obligation under this Agreement that remains uncured thirty (30) days after receipt of written notice of such failure to each of the IWS Parties.

8. Withdrawal. Any of the IWS Parties may withdraw from this Agreement by providing at least ninety (90) days' notice of its intention to withdraw to each of the other Parties. The withdrawing party shall remain responsible for its share of annual Administrative Costs incurred prior to the effective date of withdrawal. Upon withdrawal, this Agreement shall continue in full force and effect among the remaining Parties.

9. Amendment. This Agreement may be amended only by a subsequent writing, approved and signed by the IWS Parties and the Agency.

10. Assignment. Except as specifically authorized by this Paragraph 10, the rights and duties of any of the Parties under this Agreement may not be assigned without the written consent of all of the Parties. Any attempt to assign such right or duties in contravention of this Agreement shall be null and void. Notwithstanding the foregoing, with thirty (30) days prior written notice to the other Parties, any of the IWS Parties may, without the consent of the other Parties, assign its rights and duties under this Agreement to a water corporation regulated by the Public Utilities Commission that acquires all or substantially all of the assets of that party. This Agreement shall inure to the benefit of, and be binding upon, the permitted successors and assigns of Agency and the IWS Parties.

11. Notices. Notices permitted or required to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours to the addresses set forth for the Parties on Exhibit "A" attached hereto and incorporated herein, or to such other changed addresses noticed to each of the other Parties.

12. Counterparts. This Agreement may be executed in parts or counterparts, each part or counterpart being an exact duplicate of all other parts or counterparts, and all parts or counterparts shall be considered as constituting one complete original and may be attached together when executed by all of the Parties. Facsimile or electronic signatures shall be binding.

13. Governing Law/Disputes. This Agreement shall be governed by and construed in accordance with the laws of the State of California. The venue for any dispute concerning this Agreement shall be in the County of Sonoma. Disputes under this Agreement shall be resolved in the manner provided in Section 12.04 of the JPA.

14. Paragraph Headings. All paragraph headings in this Agreement are for convenience only and shall not be used to interpret the Agreement.

15. Effective Date. This Agreement shall be effective on the date it has been executed by all of the Parties.

16. New Parties. This Agreement may include new parties to the MOU that are added as a result of boundary changes to the basin.

17. Integration. The foregoing constitutes the full and complete agreement of the Parties. 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.

IN WITNESS WHEREOF, the Parties have executed this Agreement by and through their duly authorized representatives.

[INSERT SIGNATURE BLOCKS]

EXHIBIT A

IWS PARTIES

Party

Athena Terrace Mutual Water Company
Attn: [INSERT]
Branger Mutual Water Company
Attn: [INSERT]
California-American Water Company
Attn: Evan Jacobs
Hawkins Water Co-Cal Water Service
Attn: [INSERT]
Holland Heights Mutual Water Company
Attn: [INSERT]
Lawndale Mutual Water Company
Attn: [INSERT]
Madrone Mutual Water Company
Attn: [INSERT]
Park Royal Mutual Water
Attn: [INSERT]
Wendell Water Company
Attn: [INSERT]
Willowside Mutual Water Company
Attn: [INSERT]

Notice Address

[INSERT]

[INSERT]

4701 Beloit Drive
Sacramento, CA 95838
[INSERT]

[INSERT]

[INSERT]

[INSERT]

[INSERT]

[INSERT]

[INSERT]

[INSERT]

AGENCY

Agency Members

City of Cotati

City of Rohnert Park

City of Santa Rosa

City of Sebastopol

County of Sonoma

Sonoma County Water Agency

Sonoma Resource Conservation District

Town of Windsor

Agency Notice Address

[INSERT]
Attn: [INSERT]