

## **POWER AND WATER RESOURCES POOLING AUTHORITY FIRST AMENDED JOINT POWERS AGREEMENT**

This **Joint Powers Agreement** (“Agreement”), effective as of January 1, 2016, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 *et seq.*) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit A. The parties to this Agreement are all public agencies of the State of California established pursuant to Division 11 of the Water Code (Section 20500 *et seq.*, dealing with Irrigation Districts), and shall be referred to hereafter as “Parties.” The term “Parties” shall also include any entity added to this Agreement in accordance with Section 5.3.

### **RECITALS**

1. The Parties desire to establish an independent special agency, known as the Power and Water Resources Pooling Authority (“Authority”) under the provision of the Joint Exercise of Powers Act of the State of California (Government Code 6500, *et seq.*) to study, promote, develop, conduct, design, finance, acquire, construct, and/or operate water and energy related projects and programs.
2. The Parties are users of electric power and water resources for purposes such as providing irrigation and municipal and industrial water, and in order to serve their customers utilize such electrical and water resources through, among other things, pumping water, water transfers, storing water, and distributing and exchanging electrical power. The Parties desire to secure a dependable, economical, and reliable source of power to serve their customers. The Parties have the means to secure and manage their water and energy supplies and to form this Joint Powers Authority under California law.
3. The Parties are public agencies established pursuant to the California Water Code relating to Irrigation Districts (Water Code Division 11, Section 20500 *et seq.*).
4. The Authority shall be a separate public agency having authority under California law to provide wholesale and retail electric power service.
5. The Authority may utilize transmission or distribution facilities that it owns, controls, contracts for, or otherwise procures to deliver electrical energy to customers.
6. The provision of electric service by the Authority is expected, among other things, to optimize the efficient use of facilities and resources by allowing Project Participants (as defined hereunder) to more efficiently aggregate, schedule, dispatch and deliver energy resources owned, controlled, or operated by the Authority or the Project Participants.
7. The Parties have the authority and right to purchase and lease electric power from any agency or entity, public or private, and the authority to provide for the acquisition, operation, leasing and control of facilities for the generation, transmission, distribution, sale, and lease of electric power.
8. The Parties share the common power to distribute electric power for use outside of their immediate boundaries and to make sales to municipalities, public agencies, public utility districts, or persons, both within and outside of their boundaries.

9. The Parties utilize electric power to convey water and recognize that water delivery and electric power consumption are directly related and that exchange of water and electric power resources is a viable means of managing both electric power consumption and water supplies.
10. This Agreement includes provision for participation by “Stakeholders,” which are public agencies established pursuant to the California Water Code, comprised of California Water Districts (Water Code Division 13, Section 34000 *et seq.*), Reclamation Districts (Water Code Division 15, Section 50000 *et seq.*), California Water Storage Districts (Water Code Division 14, Section 39000 *et seq.*), California Water Conservation Districts (Water Code Division 21, Section 74000 *et seq.*), the Sonoma County Flood Control and Water Conservation Act (Statutes of 1949, Chapter 994, as amended, Water Code App., Sections 53-1 *et seq.*), and the Santa Clara Valley Water District Act (Statutes of 1951, Chapter 1405, as amended, Water Code App., Chapter 60, Sections 60-1 *et seq.*).
11. Congress’s enactment of the Energy Policy Act of 1992 (“EPA of 1992”) and the Federal Energy Regulatory Commission’s (“FERC”) subsequent promulgation of Order No. 888 and its progeny facilitated the acquisition by eligible public agencies of wheeling services from investor owned utilities and the use of such wheeling services by public agencies for purposes of making sales of electrical energy.
12. The Parties and some of the Stakeholders have contracted to purchase capacity and energy from the Western Area Power Administration (“WAPA”), a federal agency engaged in the marketing and delivery of power generated by federally owned facilities, including the Central Valley Project (“CVP”). Stakeholders that have not contracted to acquire WAPA or CVP power are precluded from sharing in or purchasing the WAPA power, but may be supplied power by other resources through the Authority. Additionally, the WAPA power may not be shared by or sold to entities that are not eligible public agencies.
13. All Parties have signed Base Resource Contracts with WAPA for a 20-year power supply beginning January 1, 2005.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

### ARTICLE 1 DEFINITIONS

As used in this Agreement, unless the context requires otherwise, the meaning of the terms used hereafter shall be as follows:

- 1.1 **Act:** the Joint Exercise of Powers Act, Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California commencing with Section 6500, and all laws which amend or supplement it.
- 1.2 **Agreement:** this joint powers agreement as it currently exists or as it may be amended or revised from time to time.

- 1.3 **Annual Energy Use**: the five-year average electricity usage, expressed in kilowatt hours (“kWhs”), associated with the electricity accounts that an individual Party or Stakeholder has the Authority manage on its behalf through Project Agreements. The initial year of the five-year average shall be calendar year 1998. The initial values for Annual Energy Use are designated in Exhibit B, and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1, in accordance with Section 8.10.
- 1.4 **Authority**: the Power and Water Resources Pooling Authority as organized by this Agreement.
- 1.5 **“Board of Directors” or “Board”**: the governing body of the Power and Water Resources Pooling Authority as established in Article 3 of this Agreement.
- 1.6 **Bond**: any bonds, loans, notes, or other evidences of indebtedness of the Authority (excluding warrants and checks), authorized and issued pursuant to the Law.
- 1.7 **Cost Sharing Agreement**: a single agreement entered into between the Authority and a Stakeholder to provide a means for collecting the costs and expenses incurred by the Authority specified in Section 4.5, a form of which is attached for informational purposes only as Exhibit D.
- 1.8 **General and Administrative Costs**: as more specifically described in Section 4.4, costs incurred for the common or joint objectives of all Parties and Stakeholders, and not incurred specifically in connection with a particular Project or Project Agreement.
- 1.9 **Operating Rules and Regulations**: as described in Section 2.4.10, the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.
- 1.10 **“Party” or “Parties”**: the signatories to this Agreement, including any Party added to this Agreement in accordance with Section 5.3, as listed in Exhibit A, consisting of public agencies established pursuant to the California Water Code relating to Irrigation Districts (Water Code Division 11, Section 20500 *et seq.*).
- 1.11 **Princeton/Provident**: for purposes of administering this Agreement, the Princeton-Codora-Glenn Irrigation District and the Provident Irrigation District shall constitute one Party in recognition of the fact that these districts collectively operate one electric meter point and constitute one electricity account.
- 1.12 **Project**: a project approved by and undertaken by the Authority for the benefit of all Project Participants. Participation in each Project shall be determined at the time of initiation of the Project by voluntary agreement among those Parties or Stakeholders wishing to participate.
- 1.13 **Project Agreement**: an agreement among the Authority and the Project Participants relating to a specific Project.
- 1.14 **“Project Participant” or “Project Participants”**: the Party or Parties and/or Stakeholder or Stakeholders undertaking a Project.
- 1.15 **Stakeholders**: public agencies lacking certain common powers to become a Party to this Agreement, but having similar interests in the purposes of the Authority, that have entered into a Cost Sharing Agreement with the Authority and are participating in a Project or Projects by the execution of Project Agreements, as listed in Exhibit A.

- 1.16 Stakeholder Appointing Body:** the Board members of the Parties appointed in accordance with Section 3.2.1 functioning with respect to the appointment or removal of Stakeholder representatives to the Board of Directors, as described in Sections 3.2.2 and 3.2.3.
- 1.17 Total Annual Energy:** the sum total of the Annual Energy Use, expressed in kWhs, of all Parties and Stakeholders.

## ARTICLE 2

### CREATION OF THE POWER AND WATER RESOURCES POOLING AUTHORITY

- 2.1 Creation:** Pursuant to the Act and effective as of the date of this Agreement, there is hereby created a separate public entity known as the Power and Water Resources Pooling Authority.
- 2.2 Term:** The effective date of this Agreement shall be the date of its execution by at least two of the Parties, and the Agreement shall continue until terminated by mutual agreement of the Parties. Termination shall follow the procedures set forth in Article 6 to this Agreement.
- 2.3 Purpose:** The purpose of this Agreement is to establish an independent joint powers authority in order to exercise powers common to the Parties to, among other things, effectively study, promote, develop, conduct, design, finance, acquire, construct, and operate water and energy related projects and programs.
- 2.4 Powers:** The Authority shall have the power to make and enter into contracts with entities in order to study, promote, develop, conduct, design, finance, acquire, construct, and operate water and energy-related projects and programs. The Authority is authorized to purchase and acquire electrical capacity and energy from any federal or state agency or authority, from any public or private entity or person, and to transmit, sell, or contract for the delivery of such energy to the Parties and Stakeholders and others entitled thereto. The Authority is authorized, in its own name, to do all acts necessary for the exercise of said powers for said purposes, including, but not limited to, any of the following:
- 2.4.1** to make and enter into contracts;
  - 2.4.2** to employ agents and employees;
  - 2.4.3** to acquire, construct, manage, maintain, and operate any buildings, works or improvements;
  - 2.4.4** to acquire by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
  - 2.4.5** to sue and be sued in its own name;
  - 2.4.6** to incur debts, liabilities, and obligations;
  - 2.4.7** to issue revenue bonds and other forms of indebtedness to the extent, and on the terms, provided by the Act;
  - 2.4.8** to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;
  - 2.4.9** to the extent not herein specifically provided for, to exercise any powers in the manner and according to methods provided under the laws applicable to the Glenn-Colusa Irrigation District; and

**2.4.10** to adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority ("Operating Rules and Regulations").

**2.5** **Exercise of Powers:** In accordance with Section 6509 of the Act, the foregoing powers shall be subject to the restrictions upon the manner of exercising such powers, pertaining to the Glenn-Colusa Irrigation District, as specified in the Irrigation District Law, Division 11 of the California Water Code, commencing at Section 20500.

### **ARTICLE 3 GOVERNANCE AND INTERNAL ORGANIZATION**

**3.1** **Board of Directors:** The governing body of the Authority shall be a Board of Directors consisting of the following representatives and appointed in accordance with Section 3.2 herein.

**3.1.1** One Board member for each of the Parties; provided, however, Princeton-Provident shall have one Board member.

**3.1.2** One Board member for each of the Stakeholders.

**3.2** **Appointment of the Board of Directors:** The members of the Board of Directors shall be appointed as follows:

**3.2.1** The Board member representing each Party shall be appointed by the governing body of each respective Party, except that the governing bodies of the Princeton-Codora-Glenn Irrigation District and Provident Irrigation District shall collectively appoint one Board member to represent Princeton-Provident; provided, however, the person appointed shall either be an elected member of the governing body of the Party or the manager (or comparable representative) of the Party.

**3.2.2** The Board members of the Parties appointed in accordance with Section 3.2.1 above shall constitute the Stakeholder Appointing Body. The Stakeholder Appointing Body shall have no other functions except to appoint and remove Stakeholder representatives to the Board of Directors, and in regard to these functions, each Board member on the Stakeholder Appointing Body shall have one vote. A majority vote of the Stakeholder Appointing Body shall be required to appoint or remove a Stakeholder representative.

**3.2.3** Prior to the appointment of the Stakeholder representatives, the Stakeholders shall submit to the Stakeholder Appointing Body a recommended appointment for their respective representatives. The recommended appointment shall either be an elected member of the governing body of the Stakeholder or the manager (or comparable representative) of the Stakeholder. The Stakeholder Appointing Body shall give consideration to the Stakeholders' recommendations, but shall retain the absolute discretion to disapprove appointments recommended by Stakeholders. If a Stakeholder appointment is disapproved, the Stakeholder may resubmit recommended appointments until a recommended appointment is approved.

**3.3** **Terms Of Office:** Subject to Section 3.2, each member of the Board of Directors shall serve at the pleasure of its respective governing body and may be removed as a member

of the Board of Directors by the member's respective governing body at any time. If at any time a vacancy occurs on the Board of Directors, a replacement shall be appointed to fill the position of the previous representative in accordance with the provisions of Section 3.2 within 90 days of the date that such position becomes vacant.

- 3.4 Appointment of Alternates:** Each of the Parties shall appoint and so designate in writing, from time to time, one alternate Board member having the qualifications described in Section 3.2.1. The role of each alternate Board member shall be to assume the duties of the Board member appointed by his/her Party, in the case of absence, unavailability, or conflict by such Board member or in the event such Board member declines to serve in a capacity otherwise required for such Board member. The Board members and alternates shall continue to serve until their respective successors are appointed. Written designation naming said successors and alternates shall be provided to the Board of Directors. Each Stakeholder may also recommend one alternate Board member who shall be appointed in accordance with Section 3.2.3, and whose appointment shall be otherwise consistent with this Section.
- 3.5 Quorum:** A majority of the members of the Board of Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.
- 3.6 Powers and Function of the Board of Directors:** The Board of Directors shall do all of the following:
- 3.6.1** appoint a Chair and Vice-Chair from among its Board members as described in Section 3.1, above;
  - 3.6.2** appoint officers to serve on behalf of the Authority, including but not limited to a Secretary and Treasurer;
  - 3.6.3** appoint a General Manager to conduct the business of the Authority;
  - 3.6.4** review, modify if necessary, and approve the annual operating budget of the Authority, as prepared and submitted by the General Manager and in accordance with Section 4.4;
  - 3.6.5** take appropriate measures to meet the financial requirements of the Authority, by assessment and other contributions, as described in Section 4.5, and make other provisions as they shall find necessary and appropriate for the work of the Board of Directors;
  - 3.6.6** conduct all business on behalf of the Authority, which the Authority may do consistent with the provisions of this Agreement and applicable law;
  - 3.6.7** approve or disapprove each Project proposed on behalf of the Authority;
  - 3.6.8** establish, adopt, and amend as needed, the Operating Rules and Regulations not inconsistent with this Agreement;
  - 3.6.9** establish compensation for the officers and employees of the Authority; and
  - 3.6.10** conduct any other activities consistent with the terms of this Agreement and provided for by law.

**3.7 Board of Directors' Compensation:** Compensation for expenses incurred by Board members and/or alternates for authorized meetings of the Authority shall be borne by the Party that appointed, or Stakeholder that recommended, that Board member or alternate, as the case may be. However, the Board of Directors, by resolution, may adopt a reimbursement and/or compensation policy as part of its Operating Rules and Regulations.

**3.8 Board Member Voting Rights:**

**3.8.1** Voting rights of each member of the Board of Directors shall be determined by Section 3.8 for all matters affecting or undertaken by the Authority.

**3.8.2** Unless otherwise stated herein, voting rights shall be determined as follows: (1) an equal number of voting shares for each Board member in accordance with the formula detailed in Section 3.8.2.1, below; and (2) an additional number of voting shares in accordance with the formula detailed in Section 3.8.2.2, below. The total voting shares for each Board member shall equal the sum of (1) and (2) for that member.

**3.8.2.1** Each Board member shall have an equal voting share as determined by the following formula:  $(1/(\text{total number of Board members}))$  multiplied by fifty.

**3.8.2.2** Each Board member shall have a voting share based upon its Annual Energy Use as determined by the following formula:  $(\text{Annual Energy Use}/\text{Total Annual Energy})$  multiplied by fifty. This voting share shall be annually recalculated as described in Section 1.3.

**3.8.2.3** For matters relating solely to Section 4.5.2 below, each Board member shall have an equal voting share as determined by the following formula:  $(1/(\text{total number of Board members}))$ .

**3.8.2.4** The voting shares are set forth in Exhibit C.

**3.8.3** The Authority shall take no action without a majority of the voting shares of all members of the Board, or such other voting methodology as expressly set forth herein.

**3.9 Executive Committee:** The Board of Directors may establish by its Operating Rules and Regulations an executive committee consisting of a smaller number of Board members. The Board may delegate to the executive committee such authority as the Board might exercise subject to constraints agreed upon by the Board in the Operating Rules and Regulations.

**3.10 Meetings and Special Meetings of the Board:**

**3.10.1** The Board of Directors shall hold at least one regular meeting per year, and by action of the Board entered on its minutes, may provide for the holding of regular or special meetings at more frequent intervals. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by action of the Board recorded on its minutes. Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the California Government Code. Board members may participate in all meetings telephonically, with full voting rights, pursuant to applicable statutes and

regulations. All meetings of the Board shall be called, held, noticed, and conducted subject to the provisions of the Ralph M. Brown Act (Sections 54950, *et seq.* of the California Government Code). Compensation and reimbursable expenses of the Board members shall be handled in accordance with Section 3.7. All meetings of the Board shall be held in locations selected by the Board considering all affected entities. Such meeting locations may be rotated between regions to reasonably accommodate all participating entities.

**3.10.2** Any executive committee established as described in Section 3.9 shall meet as necessary at the call of the Authority's General Manager and in accordance with applicable statutes and regulations.

### **3.11 Selection of Board Officers and General Manager:**

**3.11.1 Chair and Vice Chair:** The Board members shall select, from among themselves, a Chair who shall be the presiding officer of all Board of Director meetings, and a Vice Chair who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, as specified in Section 3.11.6 below, or less, if replaced by vote of the Board of Directors, provided however that the office shall be declared vacant if: (1) the person serving dies, resigns, or is removed by his or her appointing body as its representative on the Authority; (2) his or her Party withdraws from this Agreement pursuant to any of the provisions herein; or (3) his or her public agency withdraws from being a Stakeholder.

**3.11.2 Secretary:** The Board shall appoint a Secretary, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

**3.11.3 Treasurer and Auditor:** The Board shall, in accordance with applicable law, designate a qualified person to act as the Treasurer of the Authority and a qualified person to act as the Auditor of the Authority. If the Board so designates, and in accordance with provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Auditor of the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depositary of the Authority and have custody of all of the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of irrigation districts. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide from time to time. The duties and obligations of the Treasurer are further specified in Article 4 of this Agreement.

**3.11.4 General Manager:** The Board shall appoint a General Manager to conduct the business of the Authority in accordance with the policies of the Board. The General Manager shall serve at the pleasure of the Board and may be either a contractor or an employee of the Authority.



- 3.11.5 Additional Officers, Employees and Professionals:** The Board may also appoint such other officers, employees, independent counsel, accountants, and consultants it deems necessary to carry out the purposes of this Agreement. Offices may be held by separate officers or employees or may be combined and held by one such officer or employee, as provided by the Board.
- 3.11.6 Term:** Unless terminated earlier by the Board, each officer shall hold office for a period of one year commencing the first day of each fiscal year. Any officer, employee, or agent of the Board may also be an officer, employee, or agent of any of the Parties or Stakeholders. The appointments by the Board of such person shall be evidence that the two positions are compatible.
- 3.12 Official Seal:** The Board may adopt an official seal if determined to be in the best interest of the Authority.

## **ARTICLE 4 FINANCIAL PROVISIONS**

- 4.1 Fiscal Year:** The fiscal year shall be 12 months commencing January 1, and ending December 31. The fiscal year may be changed by resolution of the Board of Directors.
- 4.2 Depositary:**
- 4.2.1** All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.
- 4.2.2** All funds of the Authority shall be strictly, and separately, accounted for; and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties and Stakeholders at all reasonable times, and by bondholders, lenders, and the public, as and to the extent provided by law. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 4.2.3** 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 Board in accordance with its Operating Rules and Regulations. 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 payment of funds only upon approval of claims or disbursements and requisition for payment in accordance with its Operating Rules and Regulations.
- 4.3 Bonds:** The Board shall from time to time designate the officers or persons who have charge of, handle, or have access to any property of the Authority and shall require such officers or persons to file an official bond, at the Authority's expense, in an amount to be fixed by the Board.

**4.4 Budget and General and Administrative Costs:** The Authority's General Manager shall develop a budget for the Authority and submit a draft budget to each of the Parties and Stakeholders not later than 90 days prior to the commencement of the fiscal year. Each Party shall give its Board member the authority to approve a budget, the Party's funding of the budget, and authorize the Authority to spend the amount approved in the Authority budget in sufficient time for the General Manager to submit the budget to the Board of Directors for approval no later than 30 days prior to the beginning of each fiscal year. Stakeholders shall provide comparable authorization for the Authority budget pursuant to their respective Cost Sharing Agreement.

**4.4.1** General and Administrative Costs generally include those that have been incurred for the general operation and administration of the Authority. General and Administrative Costs do not include costs that relate solely to any specific Project. General and Administrative Costs may include costs relating to: administrative offices that serve the Authority; Authority-wide financial management, business services, budget and planning, and personnel management; operations of the Authority's central management information systems; general management of the Authority, such as strategic direction, Board functions, accounting, procurement, and legal services; operation and maintenance expense; depreciation and use allowances; and interest costs.

**4.4.2** General and Administrative Costs under this Agreement do not include costs incurred by the Authority directly as a result of any specific Project, any specific Project Agreement, or by the Authority acting as a Project Participant. The intent of the Parties is to ensure that all costs incurred by the Authority that are directly related to any specific Project will be paid only by the Project Participants of that specific Project.

**4.5 Recovery of General and Administrative Costs:**

**4.5.1** Assessments from each Party, and from each Stakeholder pursuant to their respective Cost Sharing Agreement, shall be made to the Authority to meet the expenses of the Authority in carrying out its purposes. Payments of public funds may be made to defray the costs incurred in carrying out such powers, and advances of funds may be made for such purposes, to be repaid as provided in this Agreement, or in amendments duly adopted hereto. Personnel, equipment or property of one or more of the Parties may be used in lieu of other contributions or advances, upon Board approval.

**4.5.2** General and Administrative Costs incurred by the Authority in carrying out its purposes, as described in Section 4.4, shall be shared on a pro rata basis by the Parties and Stakeholders in accordance with the appropriate formula used to calculate voting shares in Section 3.8.2.3, as reflected in Table 2 of Exhibit C. The obligations of Stakeholders with respect to the general and administrative costs described in this Article shall be governed by a Cost Sharing Agreement between the Stakeholder and the Authority.

**4.5.3** The Authority shall issue an invoice to each Party on the last day of each month reflecting the expenses attributable to that Party in accordance with this Agreement. Upon request of any Party, the Authority shall produce and allow the

inspection of all documents relating to the computation of the expenses attributable to Parties under this Agreement. The Authority must receive payment within 30 business days of the date listed on the invoice. If the Party does not agree with the amount listed on the invoice it must still make full payment, subject to dispute. A disputed amount must be noted by a cover letter to the Authority specifying the amount in dispute and providing a detailed explanation of the basis for disputing the amount. The Authority shall advise the disputing Party of the Authority's determination of the dispute within 30 business days. If the amounts in dispute cannot be resolved to the satisfaction of the disputing Party, the dispute shall be resolved pursuant to Section 8.1.

#### **4.6 Project Financing Authority:**

**4.6.1** At such time as the Board determines that permanent financing of a Project should be obtained, the Board shall give written notice to each Party and Stakeholder. The notice shall contain the following:

**4.6.1.1** a general description of the Project (or projects) proposed to be funded by the financing;

**4.6.1.2** the maximum amount of the bonds or other instrument proposed to be issued by said Authority;

**4.6.1.3** the anticipated sources of revenue to meet the obligations under the financing; and

**4.6.1.4** a reasonable period of time in which the Parties and Stakeholders must act to signify their concurrence.

**4.6.2** Within the time specified in said notice, each Party and Stakeholder desiring to participate in the Project shall take such action as may be required on its part to authorize the financing of the Project by the Authority, including execution of a Project Agreement as described in Article 7. In the event of financing of a Project that benefits a limited number of Parties and/or Stakeholders, only the Project Participants shall be responsible for its financing.

**4.7 Title to Funds, Property and Works:** The Authority shall hold title to all funds, property, and works acquired by it during the term of this Agreement.

## **ARTICLE 5 AUTHORITY MEMBERSHIP**

**5.1 Membership Generally:** Authority membership is comprised of Parties to this Agreement, as defined in Section 1.10. Stakeholders, as defined in Section 1.15, are not members of the Authority.

**5.2 Separate Entity:** The Authority is a public entity separate from the Parties and Stakeholders, pursuant to Sections 6506 and 6507 of the Act. Unless otherwise agreed, the debts, liabilities, and obligations of the Authority shall not be debts, liabilities or obligations of the Parties and Stakeholders. The foregoing disclaimer shall not apply to a Party with respect to which this Agreement has terminated, as specified in Article 6, or a

Stakeholder with respect to which the Cost Sharing Agreement has terminated, as specified in Article 4 of the Cost Sharing Agreement, to the extent of such Party's or Stakeholder's obligations incurred while a party to this Agreement or the Cost Sharing Agreement, as the case may be. All property, equipment, supplies, funds, and records of the Authority shall be owned by the Authority, except as otherwise provided in this Agreement.

- 5.3 Addition of Parties:** Legally qualified entities may subsequently become Parties upon (A) an affirmative vote of the Board of Directors consisting of no less than 75% of the voting shares of the then-existing Parties and (B) the execution of this Agreement, as may be amended, by the new Party; provided, however, during the first 90 days after the effective date of this Agreement, the entities shown in brackets in Exhibit A shall automatically become Parties upon the execution of this Agreement. Additional terms and conditions for new Party participation in the Authority, if any, shall be set forth in an amendment to this Agreement and such terms and conditions shall be consistent with this Agreement and any contracts, resolutions, or indentures of the Authority then in effect.
- 5.4 Addition of Stakeholders:** Additional entities may subsequently participate as Stakeholders, consistent with their existing enabling statute(s), upon (A) an affirmative vote of the Board of Directors consisting of no less than 75% of the voting shares of the then-existing Parties, (B) an affirmative vote of the Board of Directors consisting of no less than 75% of the voting shares of the then-existing Stakeholders, and (C) the execution of a Cost Sharing Agreement describing the terms and conditions of acceptance of additional entities as Stakeholders.

## **ARTICLE 6 WITHDRAWAL FROM AUTHORITY AND TERMINATION**

- 6.1 Mutual Termination; Termination of a Party by the Authority:**
- 6.1.1** This Agreement may be terminated by mutual agreement of all of the Parties hereto.
- 6.1.2** This Agreement may also be terminated with respect to any one Party upon an affirmative vote of the Board of Directors consisting of no less than 75% of the voting shares of all members of the Board. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination.
- 6.2 Disposition of Property Upon Termination of Authority:** Upon termination of this Agreement, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement, shall be returned to the then-existing Parties and the then-existing Stakeholders in proportion to the contributions made by each. Unless otherwise agreed, all other property, works, rights, and interests of the Authority shall be allocated to the

then-existing Parties and Stakeholders in the same manner upon such termination. Notwithstanding the foregoing, at the time of termination of this Agreement, upon a vote of the Board of Directors consisting of no less than a majority of the voting shares of all then-existing members of the Board to sell the property, works, rights and interests of the Authority to a public utility, governmental agency, or other entity or entities for good and adequate consideration, the Authority shall have the power to consummate such a sale, and the net proceeds from the sale shall be distributed in the same manner as set forth above.

- 6.3 Party Withdrawal from Authority:** Any Party may withdraw from this Agreement by giving no less than 30 days written notice of its election to do so, which notice shall be given to the Authority and each Party to this Agreement; provided, that such withdrawal does not in any way impair any contracts, or other obligations of the Authority then in effect. Prior to withdrawal, the withdrawing Party shall pay its share of General and Administrative Costs, described under Section 4.5; provided, however, the withdrawing Party shall only be liable for expenses incurred through the date of withdrawal. The withdrawing Party shall also be responsible for any claims, demands, damages, or liability arising from this Agreement through the date of withdrawal. With respect to a particular Project and subject to the terms of the applicable Project Agreement, (A) the withdrawing Party shall be responsible for its share of all costs, expenses, advances, and other obligations including bonds, notes, or other indebtedness issued by the Authority while such withdrawing entity was a Project Participant and (B) the remaining Project Participants shall have the option of discontinuing a Project and/or acquiring the interests of the withdrawing Party.
- 6.4 Refunds:** No Party shall be entitled to a refund of any payments made in connection with general and administrative expenses of the Authority or payments made in furtherance of a Project. Unexpended funds associated with any Project shall be remitted to the withdrawing Party in accordance with the terms of the applicable Project Agreement.

## **ARTICLE 7 PROJECT AGREEMENTS**

- 7.1 General:** Funding, participation, and withdrawal of participation in any Project undertaken by the Authority shall be governed by a Project Agreement.
- 7.2 Electric Power Rights:** Electric power acquired by the Authority from any Project shall be made available to Project Participants for use by them on terms and conditions consistent with the Project Agreement(s).
- 7.3 Projects Benefiting a Limited Number of Parties:** If approved by the Authority, a limited number of Parties and Stakeholders may undertake a Project which provides benefits to said Project Participants only, or which requires special obligations only affecting said Project Participants.
- 7.4 Failure by an Entity to Obtain Project Approval:**
- 7.4.1** Should any Party or Stakeholder, within the time specified in said notice described in Section 4.6., above, or any extensions thereof that may be granted by

the Board, fail to take such action, or having taken such action thereafter rescind or appeal it, or, having submitted the matter to an election by referendum or otherwise, fails to gain approval of its voters, that entity shall be considered to have discontinued its participation in such Project and it shall thereafter be considered a Project for the remaining Project Participants only.

**7.4.2** So long as still practicable, the remaining Project Participants shall have their respective shares of obligation to and benefit from said Project re-determined so that they bear the same proportional share relative to one another which existed prior to the non-concurring entity(s) ceasing to be a Project Participant.

**7.5** **Withdrawal from Project:** Any Party or Stakeholder that is a Project Participant to a Project Agreement shall be permitted to withdraw from said Project Agreement in accordance with the terms of the Project Agreement. Withdrawal by a Party that is a Project Participant from a Project shall not result in a withdrawal by the Party from this Joint Powers Agreement unless the procedures set forth in Sections 6.1 or 6.3 are followed.

**7.6** **Refunds:** The applicability and amount of any refund for a withdrawing Project Participant will be determined in accordance with the terms of the applicable Project Agreement.

## **ARTICLE 8 MISCELLANEOUS PROVISIONS**

**8.1** **Dispute Resolution:** The Parties, Stakeholders and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Should such efforts to settle a dispute, after reasonable efforts, fail, said dispute shall be settled by arbitration in accordance with the provisions of this paragraph. Within 30 days after any failure to settle a dispute, as described above, the complaining entity (or entities) shall give written notice to the Authority (even if the Authority is not a party to the dispute) and to the other entities that it desires arbitration, stating the controversy to be arbitrated. Within 14 days, thereafter, the parties to the dispute shall each select one arbitrator, and within 7 additional days after their selection, the two arbitrators shall select a third arbitrator. If the arbitration will involve multiple entities on either side of the dispute, each respective side of the dispute shall select one arbitrator and the two arbitrators shall select a third arbitrator in the same manner as outlined above. No dispute shall involve more than three arbitrators. The hearing shall be conducted within 21 days after the selection of the third arbitrator and shall be restricted to matters relative to those stated in the notice requesting arbitration. Each respective side to the dispute shall be given an opportunity to be heard and to present evidence. Within 14 days after the conclusion of the hearing, or hearings, the arbitrators shall state their findings of fact, conclusions of law and decision in writing, and shall sign the same and deliver a signed copy thereof to each party to the dispute and to the Authority. The decision shall be final and binding upon the parties to the arbitration. A majority finding shall govern if the arbitrators' determination is not unanimous. Each respective side of the dispute shall pay one-half of the expenses of the arbitration, including arbitrators' fees.

- 8.2 Liability of Authority, Officers, and Employees:** The Board members, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No Board member, officer, or employee will be responsible for any act or omission by another Board member, officer, or employee. The Authority shall indemnify and hold harmless the individual Board members, officers, and employees for any action taken lawfully and in good faith pursuant to this Agreement. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, Stakeholders, the Authority, or its Board members, officers, or employees.
- 8.3 Amendment of this Agreement:** This Agreement may be amended by an affirmative vote of the Board of Directors consisting of no less than 75% of the voting shares of the Parties, and consisting of no less than 75% of the voting shares of the Stakeholders. Any such amendment shall also be subject to any conditions or restrictions established by resolution or indenture authorizing the issuance of Bonds. The Authority shall provide notice to all Parties and Stakeholders of amendments to this Agreement, including the effective date of such amendments.
- 8.4 Assignment:** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties and Stakeholders, and any attempt to assign or delegate such rights or duties in contravention of this Section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties or Stakeholders under this Agreement. Assignment of interests under a Project Agreement shall be governed by that Agreement and consistent with the provisions herein.
- 8.5 Severability:** If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties 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.
- 8.6 Further Assurances.** Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.
- 8.7 Execution by Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

- 8.8 Parties to be Served Notice:** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by facsimile, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (i) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt; (ii) by mail shall be conclusively deemed given 48 hours after the deposit thereof if the sender receives the return receipt; and (iii) by facsimile, upon receipt by sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety and received at the recipient's facsimile number. All Notices shall be addressed as set forth in Exhibit E. Any Party may change its Notice address or may designate additional parties to receive Notices by written notice given in the manner provided herein.
- 8.9 Stakeholders to be Served Notice:** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by facsimile, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (i) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt; (ii) by mail shall be conclusively deemed given 48 hours after the deposit thereof if the sender receives the return receipt; and (iii) by facsimile, upon receipt by sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety and received at the recipient's facsimile number. All Notices shall be addressed as set forth in Exhibit E. Any Stakeholder may change its Notice address or may designate additional parties to receive Notices by written notice given in the manner provided herein.
- 8.10 Approval and Revision of Exhibits:** It is intended that the exhibits to this Agreement shall describe various administrative and financial methodologies necessary to implement this Agreement. The exhibits may be revised upon the review and approval of the Board. The Authority shall provide notice to Parties and Stakeholders of the revision of any exhibit. With the exception of Exhibit D (Form of Cost Sharing Agreement), the exhibits expressly referenced herein are hereby incorporated into this Agreement.



**ARTICLE 9  
SIGNATURE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Joint Powers Agreement creating the Power and Water Resources Pooling Authority.

BANTA-CARBONA IRRIGATION DISTRICT

By: James McLeod

Title: President

Date: 2/17/2016

**ARTICLE 9  
SIGNATURE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Joint Powers Agreement creating the Power and Water Resources Pooling Authority.

GLENN-COLUSA IRRIGATION DISTRICT

By: 

Title: General Manager

Date: January 21, 2016

**ARTICLE 9  
SIGNATURE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Joint Powers Agreement creating the Power and Water Resources Pooling Authority.

JAMES IRRIGATION DISTRICT

By: Steve P. Stadler

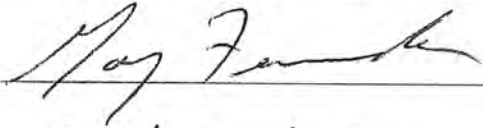
Title: GENERAL MANAGER

Date: FEB. 22, 2016

**ARTICLE 9  
SIGNATURE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Joint Powers Agreement creating the Power and Water Resources Pooling Authority.

LOWER TULE RIVER IRRIGATION DISTRICT

By: 

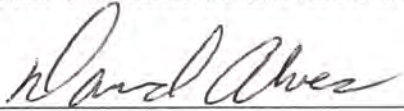
Title: Board President

Date: 1/12/16

**ARTICLE 9  
SIGNATURE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Joint Powers Agreement creating the Power and Water Resources Pooling Authority.

PRINCETON-CODORA-GLENN IRRIGATION DISTRICT

By: 

Title: DIRECTOR

Date: JAN 13, 2016

**ARTICLE 9  
SIGNATURE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Joint Powers Agreement creating the Power and Water Resources Pooling Authority.

PROVIDENT IRRIGATION DISTRICT

By: Elwood Weller

Title: DIRECTOR

Date: JAN 13, 2016

**ARTICLE 9  
SIGNATURE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Joint Powers Agreement creating the Power and Water Resources Pooling Authority.

THE WEST SIDE IRRIGATION DISTRICT

By: Juan Alvarez

Title: President

Date: 1-13-16

**ARTICLE 9  
SIGNATURE**

**IN WITNESS WHEREOF**, the Parties hereto have executed this Joint Powers Agreement creating the Power and Water Resources Pooling Authority.

WEST STANISLAUS IRRIGATION DISTRICT

By: Robert Paine

Title: General Manager

Date: 2/3/2016