AGENDA
Board of Trustees-Regular Meeting
Monday, April 14th, 2014, 5:00 pm @ the District Office

1. Roll Call
2. Public Expression- See End of Agenda for Information on Public Expression
3. Approval/Correction of Minutes from Regular Meeting of March 10th, 2014.
4. Approval/Correction of Minutes from Special Meeting of March 24th, 2014
5. Consent Calendar -- The following items are considered routine and will be enacted by a single motion and roll call of the Board.
   a. Per Diem for Trustees
   b. Rent & Utilities
   c. Ricoh
   d. Pam Rones
   e. Performance Pump
   f. Kathy Reed
   g. Jeanne Zolezzi
   h. Michael Woods
6. Committee Reports
   a. Engineering and Operations
   b. Finance and Audit
   c. Personnel and Organization
   d. Public Information and Governmental Affairs
   e. Inland Water & Power Commission
7. General Managers Report
8. Discussion and Possible Action re: Uniform Water Supply Agreement-Max Landes
9. Discussion and Possible Action re: Resolution 14-02 updating authorized signatures for bank accounts
10. Discussion and Possible Action re: Potential Supply Reduction and Conservation Actions
    a. Potential Supply Reductions
    b. Potential Temporary Rate Adjustment (Resolution 14-03 for temporary rate increase)
11. Discussion and Possible Action re: Redwood Valley CWD
    a. Review draft LAFCO application
12. Discussion and Possible Action re: License Inspection
    a. Review draft petition and maps
    b. Certify Negative Declaration (Change in Place of Use)
13. Discussion and Possible Action re: Revised District Contract
    a. Adoption of Resolution 14-04
    b. Certify Categorical Exemption
14. Adjournment

PUBLIC EXPRESSION-The Board welcomes participation in the Board meetings. Comments shall include any item not on the agenda that is within the subject matter jurisdiction and authority of the District. No action may be taken on any item not appearing on the agenda; however, the Board may direct such items to be placed on the agenda of a future meeting or may request additional information on any such item. The Board may limit testimony to three (3) minutes per person and not more than ten (10) minutes for a particular subject. All items are considered action items unless otherwise noted. All times indicated and the order of business are approximate and subject to change. (Posted 4/11/14)
Mendocino County
RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT
151 Laws Avenue, Suite D Ukiah, CA 95482
(707) 462-5278   rrfc@pacific.net

MINUTES
Regular Meeting
March 10th, 2014

President Paul Zellman called the regular meeting for March 10th to order at 5:00 p.m., at the District Offices at 151 Laws Ave. Suite D, Ukiah, CA 95482

ROLL CALL

Present:    Paul Zellman    -    President
            Richard Shoemaker  -  Vice President
            Alfred White  -  Treasurer
            Lee Howard  -  Trustee
            Judy Hatch  -  Trustee

Absent:

PUBLIC EXPRESSION

Jean Harmon expressed her frustration that nothing has changed to improve water supply in Ukiah in 20 years.

APPROVAL/CORRECTION OF MINUTES

Following edits suggested by Treasurer White the minutes from Regular Meeting of February 10th, 2014 were unanimously (5-0) approved via roll call vote on a motion from Trustee Hatch and a second from Trustee Shoemaker.

On a motion from Vice President Shoemaker and a second from Treasurer White the minutes from Regular Meeting of February 24th, 2014 were unanimously (5-0) approved via roll call vote on a motion from Trustee Hatch and a second from Trustee Shoemaker.

CONSENT

Trustee Hatch pulled items e and f from the Consent Calendar. Trustee Hatch then mad a motion to approve items a-d. On a second from Treasurer White the motion was approved unanimously (5-0). Items e-f were delayed until after the Closed Session. Trustee Hatch then asked about the legal research fees regarding approaches to contract adoption. Trustee Howard expressed his concern that the District wasn’t moving forward with an Ordinance.
COMMITTEE REPORTS

Engineering & Operations – The GM reported that the new telemetry stations are in.

Finance & Audit – The GM noted that the audit process is complete.

Personnel and Organization- The GM reported that he had found someone that can do the minutes for the District.

Governmental Affair and Public Information- Vice President Shoemaker reported that there had been a lot of drought related meetings thru the AdHoc. Trustee Shoemaker noted the USACE’s negative reaction to the notion of re-operating the lake at a meeting on the dam.

IWPC- The GM reported that the meeting was all centered on drought updates.

APPOINTMENTS: COMMITTEES, COMMISSIONS, AND SECRETARY

President Zellman stated that he had appointed committees not in accordance with 13-01. He had made nominations, but they were not approved by the Board as required by 13-01. The item was tabled.

DISCUSSION AND POSSIBLE ACTION RE: POTENTIAL SUPPLY REDUCTION AND CONSERVATION ACTIONS

The GM reported that previously the District and RVCWD had met with SCWA to ensure that once the District had “cut off” RVCWD, SCWA would begin serving them. The GM stated that SCWA has since retracted that offer and is no longer will to serve Redwood. The GM then reported that all of the municipalities will be meeting with CDPH on Wednesday to get their guidance on distributing supply allocations.

There was a lengthy discussion about how to respond to the changed conditions with SCWA, as well as other changes such as increased storage. Treasurer White and Trustee Hatch had legal concerns about a number of the developments. Trustee Howard expressed his concerns about the definition of “surplus” and the SWRCB’s efforts regarding curtailment. The GM noted that if significant curtailment occurs, sufficient “demand reduction” may occur without contract curtailment. The GM also noted that there may be a short list of contractors willing to forgo their 2014 contracts including Granite.

After a lengthy discussion about the myriad of scenarios that could develop, the Board tabled taking any action until the scheduled Special Meeting of March 24th.

DISCUSSION AND POSSIBLE ACTION RE: REDWOOD VALLEY CWD

The GM asked for support in getting a response from LAFCO staff re: narrative edits. There was a brief discussion about the merits of submitting the application prior to the departure of the existing LAFCO EO.
DISCUSSION AND POSSIBLE ACTION RE: REVISED DISTRICT CONTRACT

Treasure White and Trustee Hatch excused themselves from the meeting and went outside. The GM asked the Trustees if they had any final comments regarding minor language changes made to bring the revised contract into congruence with the ordinance. The GM stated that there will be a Closed Session to examine the legal merits and risks associated with different approaches to adopting the revised contract. Treasure White and Trustee Hatch returned after the discussion was complete.

GENERAL MANAGERS REPORT

Upcoming Holidays- None.

Vacations- None

Licensing Efforts- The comment period for the draft Initial Study/Negative Declaration closed on February 14th. We received comments from Willow CWD and Chris Neary. According to Mr. Neary he was acting as an individual and not on the part of Millview. I have had counsel draft proposed response to comments letters. We will discuss this issue in Closed Session.

Frost- No news update in the ongoing lawsuit. For this spring, unless base flows in the river are approximately 100 cfs (excluding any release from Lake Mendocino) it looks like we will not be able to make sufficient compensatory releases for direct diversions for frost protection. We should have sufficient water to make releases for pond recharge after frost events.

Meter standards/technology and billing options- Jim Nelson installed the new 4” meter at Devon Gordons. I will have Ranch systems add this meter as well as the new Flight Rail meter this month. We also recently added telemetry to the existing meter at Cox Ranch. We now have 16 telemeter locations as well as access to 3 other sites we used to read manually. We are making excellent headway.

Re-opening of 1610- We met with RVCWD, SCWA, and our UCD modelers regarding reservoir reoperation and D1610. SCWA has invited our team to help review some of the regimes and indices they have developed for the revised D1610.

District’s filing for 6000 Acre Feet on Partial Assignment of Application 12919 & 12920- No update

Recycled Water- I have been working with our elected officials to get funding for Ukiah through one of the many drought bills currently in circulation.

District Contracts- The contract is in its final form. We will discuss this adoption in Closed Session.

Reorganization with Redwood Valley CWD- I have completed the draft application and it is at Lafco for a pre submittal review. I have not heard from Bruce Baraco.

Lake Mendocino- Lake levels have increased over 10,000 af since our last meeting. Even with this increase situation remains dire as we should be 70,000 this time of year. Latest SCWA models showing 35% demand reduction and about 4 more inches of rain show the lake with only 6,000 af by mid-November. We may see Pillsbury move into the “Dry” year criteria on April 15, which would bump inflows and likely improve storage into late May and early June. I also filed
a “deviation request” with the USACE that will allow us to encroach early thru March should we be so fortunate.

I also met with Jared Huffman, the USACE, and a large State delegation at Lake Mendocino. It became rather apparent by their presentations, that USACE staff is clearly not supportive of the legislation and/or the concept of reoperation.

I attended the City Council meeting on March 5, and the City has agreed in principal to forgo their 800 af this year but will want to execute an agreement regarding the matter. David Rapport is preparing an agreement.

CLOSED SESSION

The Board entered Closed Session Conference with Legal Counsel (Anticipated Litigation - Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code section 54956.9: (2 cases) [Adoption of revised water supply agreement; and adoption of negative declaration and petition for change of place of use]) at 6:18. Treasurer White and Trustee Hatch left at the midpoint of the Closed Session to avoid potential conflict of interest issues regarding the revised water supply agreement.

OPEN SESSION

The meeting went back into open session at 7:27 pm. President Zellman reported that the Board had directed staff to forward the “response to comment” letters regarding the District’s proposed Negative Declaration (Change in Place of Use) that had been prepared by District Council. President Zellman also reported that the Board had directed staff to have the revised contract be on the agenda at the next Regular meeting (April 14th).

The Board then considered approval of the remaining items on the Consent Calendar (e-f). Vice President Richard Shoemaker made a motion for approval. The motion carried unanimously (3-0) on a second from Trustee Howard.
Following the vote on Consent Calendar Trustee Howard stated that he had made a trip to Sacramento to visit with John O’Hagan of the SWRCB. Trustee Howard reported that he was concerned that there was no legal “basis of right” for serving Redwood Valley CWD and he had expressed his concerns to Mr. O’Hagan. Trustee Howard said he had also expressed concern about a number of other regional drought issues as well as the District’s pending petition for Change in Place of Use with Mr. O’Hagan. Trustee Howard reported that Mr. O’Hagan had implied he would be conditioning its approval with new accounting terms and conditions such as “coloring the water”.

President Zellman and Vice President Shoemaker expressed their concerns that Trustee Howard had met with SWRCB staff, and incited actions contrary to recent Board approved direction. Trustee Howard stated he was meeting with SWRCB staff as an individual, and not as a Trustee. President Zellman and Vice President Shoemaker stated that Trustee Howard was likely unable to be “just be a citizen” regarding issues directly related to District business and of which Trustee Howard had voted on as a Trustee.

The meeting was adjourned at 7:56.

Respectfully submitted,

Sean White
President Paul Zellman called the Special Meeting of March 24th, 2014 to order at 5:00 p.m

1. Roll Call

Paul Zellman- President; Richard Shoemaker- Vice President; Al White-Treasurer; Trustees: Lee Howard, Judy Hatch

Staff Present

Sean White, General Manager

Members of the Public Present

Carre Brown, First District Supervisor; Ken Budrow, Millview County Water District President; Tim Bradley Millview County Water District General Manager; Jean Harmon; Greg Nelson; George Howard; Janet Pauli; Bill Koehler, Redwood Valley County Water District General Manager; Benj Thomas, City of Ukiah City Councilman; Granville Pool; Justine Fredericksen, Ukiah Daily Journal; Rosalind Petersen, Frank McMichael

2. Public Expression

Rosalind Petersen spoke to the Board on: her concerns in regards to the LAFCO merger.

3. Discussion and Possible Action re: Supply Reduction and Conservation Actions

3a. Redwood Valley

Sean White discussed and verified older motions made by the District and the history of why Redwood Valley County Water District (RVCWD) was not to get any water. The General Manager stated that he and staff from Willow, Millview, Ukiah, Redwood, CDPH, and the SWRCB had worked out a possible solution to serve Redwood Valley with 355 acre feet for municipal needs. An email was received from the SWRCB stating that the District could serve RVCWD 355 acre feet. Additional emails were received from SCWA and CDPH “approving” the staff proposal. The General Manager reported that RVCWD would work with Millview
County Water District to obtain additional water. The General Manager recounted some related history regarding Redwood Valley’s quest for water, their needs for health, safety, and daily rationing, and an assessment of what could be done to resolve the problem.

He also stated that recent rain had changed the status of water levels which helped with water storage and status from a Critical dry to Dry year in Lake Pillsbury. The combination of these factors would ease up the rationing of a 50% conservation reduction to be reduced to 25%.

After input from several sources, it was decided that there were four elements that could resolve the current RCVCWD water shortage as listed in an e-mail.

3b. Potential Supply Reductions

RVCWD will work with Millview County Water District (MCWD), plus roll back conservation to 25% and would work out something regarding frost protection and irrigation for ag customers. There is also some City of Ukiah and possible Granite water available.

Questions were fielded by the Board regarding the General Manager’s remarks and about water issues affecting Redwood Valley levels at the lake, past, current and potential conservation, including the District’s responsibility to non customers. There was a general discussion with all Board members adding their comments and questions. The General Manager answered their questions and gave them all of the possibilities, explaining in depth the details on what has been done, possible alternatives, etc.

Questions from the Public were accepted. Subjects were impacts on: RVCWD, South of Burke Hill. Other topics were: the per-day allowance using the number of household members and the inequities of that system, and the process after Agreement is approved.

3c. Potential Temporary Rate Adjustments

No action taken.

3d. SCWA Frost Water Release Policy

The General Manager related that the plan was for minimal frost releases to help the situation for the ag customers. It was also planned that if there was a heavy frost, that the District would have to make up some level of conservation.

There was a final discussion within the Board before the vote, stating both the pros and the cons.

6:30 pm Recess
6:35 pm Reconvene
6:40 pm Judy Hatch removed herself from the vote due to conflict of interest.

Russian River Flood Control & Water Conservation Improvement District
Board of Trustees Special Meeting March 24, 2014
2
MOTION: Implement Items 1 through 4 listed as listed in the email (see below:) and areas of study that: in Item 1- that RVCWD seek to find other alternatives such as the City of Ukiah (transfer); and the State Board of Water Resources taking on the responsibility for permission to use this water; and that the District receive a report by the May 2014 Board meeting of the outcome of those alternative programs. (Shoemaker/White)

1. RRFCWC can serve Redwood Valley up to 355 acre feet in 2014. Based on calculations done in concert with California Department of Public Health and RVCWD, this will meet the District’s needs for municipal use at a rate of 80 gallons per person per day. RVCWD will need to find an alternative source/basis of right for any additional water. RVCWD is currently working with MCWD to obtain additional water.

2. RRFC will relax mandatory conservation to 25%

3. Sonoma County Water Agency (SCWA) will make releases for frost in coordination with the District and the Mendocino County Farm Bureau.

4. Frost releases may affect the amount of water available for late season irrigation. Sonoma County Water Agency will work with ag customers to develop any necessary plans.

Roll Call - Howard- No, White- Yes, Shoemaker- Yes, Zellman- Yes

Results - The motion carried (3-1)

6:55 pm Judy Hatch returned to the meeting

4. Discussion and Possible Action regarding Committee Assignments

President Zellman commented that the previous nominations for the committees did not have Board approval. President Zellman then made the following nominations for Committee Assignments for 2014:

- Engineering and Operations: Lee Howard, Sean White
- Finance and Audit: Al White, Sean White
- Personnel and Organization: Judy Hatch, Richard Shoemaker, Sean White
- Public Information and Intergovernmental Affairs: Richard Shoemaker
- Policy – New: Judy Hatch, Al White
- Inland Water & Power Commission: Judy Hatch, Paul Zellman, Al White
MOTION: Approve Committee Assignments (Shoemaker/White)

Roll Call - Hatch- Yes, Howard- Yes, White- Yes, Shoemaker- Yes, Zellman- Yes

Results - The motion carried (5-0).

5. Discussion and Possible Action re: Letter re: Independent Activities of Lee Howard

Treasurer White read a letter which related text from Policy 05-1: Regarding Trustee Representation of Trustee Status and Board Policy- Members of the Board must exercise extreme caution... not to represent that they have the power or authority to speak for the Board unless that power or authority has been specifically granted by the board to the member for the specific purpose or event in which the member of the Board is engaged. Board policy authority and power is, and can only be, exercised by vote of the Board majority.

Treasurer White stated that letter was prompted by the public’s frequent misinterpretation of that Trustee Howard’s statements and opinions were those of the entire Board of RRFC. This has caused a confusion in the public and an excess of phone calls to the office by constituents that are under the impression that Trustee Howard’s statements represent actions or opinions of the full board.

The letter also stated: “The RRFC Board rejects the use of abusive behavior and language during public meetings, conversations and staff contact, and such action are neither condoned nor tolerated by the Board.”

Treasurer White stated that he fully recognizes that every Trustee may speak as an independent person stating his own opinions and actions and the amendment does not remove that right. It only pertains to how statements are made and for Trustees to be cognizant of how the public comprehends the source and actions stated.

Trustee Howard stated his objection to this amendment. The other trustees all made their opinions known. A lengthy discussion ensued.

MOTION: To reinforce Policy # 05-1 in regards to Trustee Howard’s comments outside the board that the public misconstrues as full board opinions. (Shoemaker/White)

Roll Call - Zellman- Yes, White- Yes, Howard- No, Hatch- No, Shoemaker- Yes

Results - The motion carried (3-2)
Vice President Shoemaker asked that the General Manager call the District Counsel on this matter for her opinion.

6. Adjournment

The meeting was adjourned at 7:15 pm.

Respectfully Submitted,

Sean White
General Manager/Secretary
Bill To

Russian River Flood Control District
151 Laws Avenue
Ukiah, CA 95482

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rent 04/01/14 through 04/30/14</td>
<td>520.00</td>
<td>520.00</td>
</tr>
<tr>
<td></td>
<td>Utilities</td>
<td>50.61</td>
<td>50.61</td>
</tr>
</tbody>
</table>

Total $570.61
Service For:
WILLLOW COUNTY WATER DISTRICT
151 LAWS AVE #A&B
UKIAH, CA 95482

Your Account Summary

Amount Due on Previous Statement
$115.52

Payment(s) Received Since Last Statement
-115.52

Previous Unpaid Balance
$0.00

Current Electric Charges
$54.90

Current Gas Charges
46.32

Total Amount Due by 03/21/2014
$101.22

Important Messages
For energy savings tips, visit www.pge.com/saveenergymoney.

Please return this portion with your payment. No staples or paper clips. Do not fold. Thank you.
**ACCOUNT NUMBER:** 1370572-1018510ML  

**DESCRIPTION** | **CURRENT CHARGES** | **TOTALS**
--- | --- | ---
**RENT**  |  | 88.00
**MIN. IMAGES:** | 1,000 | 88.00
**MODEL:** MP171SPF | **SERIAL:** C30037687 | 88.00
**METER FROM:** 12/16/2013 | **TO:** 03/14/2014 | 88.00
**METER BEG:** 29,139 | **END:** 30,378 | 88.00
**STATE TAX** | 5.72 | 5.72
**COUNTY TAX** | .88 | .88
**DISTRICT TAX** | .56 | .56

**MP171SPF COPIER C30037687**

**CURRENT BILLING PERIOD:** 03/25/2014 - 04/24/2014

**YOUR LEASE IS DUE TO EXPIRE ON 2014-06-24.**

**PLEASE REFER TO YOUR LEASE FOR BOTH YOUR NOTICE REQUIREMENTS AND END-OF-TERM OPTIONS.**

**YOU CAN ALSO MANAGE YOUR ACCOUNT ONLINE AT:**

**WWW.GETMYACCOUNTS.COM**
- GO GREEN AND OBTAIN YOUR INVOICE ELECTRONICALLY
- MAKE PAYMENTS
- VIEW ACCOUNT AND PAYMENT HISTORY

<table>
<thead>
<tr>
<th><strong>CURRENT</strong></th>
<th><strong>30 DAYS</strong></th>
<th><strong>60 DAYS</strong></th>
<th><strong>90 DAYS</strong></th>
<th><strong>THANK YOU FOR YOUR PROMPT PAYMENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>95.16</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td><strong>AMOUNT DUE</strong></td>
</tr>
</tbody>
</table>

**$95.16**

**RETAIN THIS INVOICE PORTION FOR YOUR RECORDS**
Pamela L. Rones, CPA
601 North State Street
Ukiah, CA 95482
707-468-5711 Fax # 707-468-0132

Bill To
Russian River Flood Control District
151 Laws Avenue, Suite D
Ukiah, CA 95482

<table>
<thead>
<tr>
<th>P.O. No.</th>
<th>Terms</th>
<th>Project</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pay March payroll taxes, QuickBooks backup and CalPers log-in problem</td>
<td>70.00</td>
<td>70.00</td>
</tr>
</tbody>
</table>

$70.00
Bill To: Russian River Flood Control District  
151 Laws Ave., Suite D  
Ukiah, Calif. 95482  

Job Name: Gordon meter

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Description</th>
<th>Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>inches of 4&quot; sch 40 pvc pipe</td>
<td>0.31</td>
<td>9.92T</td>
</tr>
<tr>
<td>1</td>
<td>4&quot; pvc slip coupler</td>
<td>10.94</td>
<td>10.94T</td>
</tr>
<tr>
<td>1</td>
<td>4&quot; IPS Morrill watertite compression coupler</td>
<td>81.00</td>
<td>81.00T</td>
</tr>
<tr>
<td>1</td>
<td>McCrometer M0304 saddle meter with remote mount digital head</td>
<td>1,660.00</td>
<td>1,660.00T</td>
</tr>
<tr>
<td>12</td>
<td>inches of 4&quot; od steel pipe</td>
<td>1.23</td>
<td>14.76T</td>
</tr>
<tr>
<td>1</td>
<td>4&quot; x 4&quot; x 8&quot; ft. post</td>
<td>15.68</td>
<td>15.68T</td>
</tr>
<tr>
<td>4</td>
<td>square drive screws</td>
<td>0.28</td>
<td>1.12T</td>
</tr>
<tr>
<td>2</td>
<td>3/8&quot; conduit clamps</td>
<td>0.62</td>
<td>1.24T</td>
</tr>
<tr>
<td>1</td>
<td>1/2&quot; x 4 ft. ground rod</td>
<td>20.27</td>
<td>20.27T</td>
</tr>
<tr>
<td>1</td>
<td>ground rod clamp</td>
<td>6.27</td>
<td>6.27T</td>
</tr>
<tr>
<td>2</td>
<td>feet of 4&quot; std. channel iron</td>
<td>13.08</td>
<td>26.16T</td>
</tr>
<tr>
<td>3</td>
<td>9&quot; nylon ties</td>
<td>0.08</td>
<td>0.24T</td>
</tr>
<tr>
<td>1</td>
<td>Freight-Taxable</td>
<td>33.32</td>
<td>33.32T</td>
</tr>
<tr>
<td>1.75</td>
<td>Hours pack, travel and repair (removal of old meter)</td>
<td>85.00</td>
<td>148.75</td>
</tr>
<tr>
<td>1</td>
<td>Hours shop fabrication and prep.</td>
<td>85.00</td>
<td>85.00T</td>
</tr>
<tr>
<td>3.25</td>
<td>Hours pack, travel and install</td>
<td>85.00</td>
<td>276.25T</td>
</tr>
</tbody>
</table>

Subtotal $2,390.92  
Sales Tax (7.625%) $170.97  
Total $2,561.89
Russian River Flood Control & Water District

INVOICE

Minutes of Special Board Meeting

Tuesday, March 24, 2014

A total of pages

Format Minutes (pre-meeting) 1.00 hours

Total Meeting 2.25 hours

Tape Transcription 1.50 hours

Typing/Editing of Minutes 2.75 hours

Hours 7.50 x $25 $187.50
### Russian River Flood Control District

#### Profit & Loss

**July 2013 through March 2014**

#### Ordinary Income/Expense

<table>
<thead>
<tr>
<th>Income</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-SBMC</td>
<td>99.36</td>
<td>82.79</td>
</tr>
<tr>
<td>Other Inc</td>
<td>0.00</td>
<td>120.54</td>
</tr>
</tbody>
</table>

#### Property Taxes

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Secured</td>
<td>18,227.99</td>
<td>20,217.41</td>
</tr>
<tr>
<td>Current Unsecured</td>
<td>1,302.10</td>
<td>1,358.99</td>
</tr>
<tr>
<td>ERAF Return</td>
<td>651.09</td>
<td>0.00</td>
</tr>
<tr>
<td>Highway Prop. Rental</td>
<td>0.00</td>
<td>4.80</td>
</tr>
<tr>
<td>HOPTR</td>
<td>211.87</td>
<td>212.23</td>
</tr>
<tr>
<td>Prior Secured</td>
<td>2.91</td>
<td>-638.95</td>
</tr>
<tr>
<td>Prior Unsecured</td>
<td>42.61</td>
<td>96.23</td>
</tr>
<tr>
<td>RDA Increment Return</td>
<td>0.00</td>
<td>403.93</td>
</tr>
<tr>
<td>SB813</td>
<td>0.45</td>
<td>-161.61</td>
</tr>
<tr>
<td>Teeter SB813</td>
<td>7.94</td>
<td>20.85</td>
</tr>
<tr>
<td>LMIH Funds URDA</td>
<td>0.00</td>
<td>3,087.61</td>
</tr>
<tr>
<td>LMIH Funds MCRA</td>
<td>0.00</td>
<td>1,220.42</td>
</tr>
<tr>
<td>MCRDA Pass thru</td>
<td>238.64</td>
<td>0.00</td>
</tr>
<tr>
<td>URDA Pass thru</td>
<td>1,079.15</td>
<td>0.00</td>
</tr>
<tr>
<td>Property Taxes - Other</td>
<td>2,765.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### Total Property Taxes

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24,529.75</td>
<td>25,821.91</td>
</tr>
</tbody>
</table>

#### Water Sales

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,829.81</td>
<td>6,996.45</td>
</tr>
</tbody>
</table>

#### Total Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35,458.92</td>
<td>33,021.69</td>
</tr>
</tbody>
</table>

#### Expense

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account-Audit</td>
<td>1,352.00</td>
<td>1,270.00</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>0.00</td>
<td>130.00</td>
</tr>
<tr>
<td>Consulting</td>
<td>3,689.84</td>
<td>2,015.76</td>
</tr>
<tr>
<td>Election</td>
<td>18,229.91</td>
<td>0.00</td>
</tr>
<tr>
<td>Engineering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Accounting</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### Total Engineering

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### ISRP

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>4,564.54</td>
</tr>
</tbody>
</table>

#### Fees

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Admin. Fees</td>
<td>3,486.39</td>
<td>1,373.95</td>
</tr>
<tr>
<td>Fees - Other</td>
<td>99.59</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### Total Fees

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,585.98</td>
<td>1,373.95</td>
</tr>
</tbody>
</table>

#### Gage

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>11,300.00</td>
</tr>
</tbody>
</table>

#### Insurance

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental</td>
<td>1,394.24</td>
<td>3,054.94</td>
</tr>
<tr>
<td>Health</td>
<td>17,878.80</td>
<td>9,795.35</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>50.00</td>
<td>2,584.33</td>
</tr>
<tr>
<td>Workmens Comp</td>
<td>625.71</td>
<td>889.08</td>
</tr>
</tbody>
</table>

#### Total Insurance

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19,948.75</td>
<td>16,323.70</td>
</tr>
</tbody>
</table>

#### Legal

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54,282.63</td>
<td>26,024.62</td>
</tr>
</tbody>
</table>

#### Meeting Stipends

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,000.00</td>
<td>3,750.00</td>
</tr>
</tbody>
</table>

#### Membership

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,010.00</td>
<td>302.00</td>
</tr>
</tbody>
</table>

#### Meters Expense

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>27,921.66</td>
<td>10,498.00</td>
</tr>
</tbody>
</table>

#### Office Expense

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,629.55</td>
<td>1,345.19</td>
</tr>
</tbody>
</table>

#### Payroll Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>CalPERS Company Match</td>
<td>9,733.40</td>
<td>8,486.35</td>
</tr>
<tr>
<td>CALPERS Fees</td>
<td>0.00</td>
<td>864.80</td>
</tr>
<tr>
<td>Gross Wages</td>
<td>91,034.60</td>
<td>90,311.70</td>
</tr>
</tbody>
</table>

#### Total Payroll Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100,768.00</td>
<td>99,662.85</td>
</tr>
</tbody>
</table>

#### Payroll Taxes

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICA</td>
<td>0.00</td>
<td>45.07</td>
</tr>
<tr>
<td>Medicare</td>
<td>1,254.97</td>
<td>1,311.03</td>
</tr>
<tr>
<td>SUICA</td>
<td>434.00</td>
<td>479.07</td>
</tr>
<tr>
<td>Training Tax</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Prior Year</td>
<td>0.00</td>
<td>775.59</td>
</tr>
</tbody>
</table>

#### Total Payroll Taxes

<table>
<thead>
<tr>
<th>Description</th>
<th>Jul '13 - Mar 14</th>
<th>Jul '12 - Mar 13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,688.97</td>
<td>2,610.76</td>
</tr>
<tr>
<td></td>
<td>Jul '13 - Mar 14</td>
<td>Jul '12 - Mar 13</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Postage, Copies &amp; Reproductions</td>
<td>87.26</td>
<td>43.80</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>300.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Rent</td>
<td>4,658.42</td>
<td>3,810.00</td>
</tr>
<tr>
<td>SWRCB Permits</td>
<td>8,877.17</td>
<td>7,924.25</td>
</tr>
<tr>
<td>Telephone</td>
<td>785.00</td>
<td>1,381.64</td>
</tr>
<tr>
<td>Transport/Mileage</td>
<td>2,962.72</td>
<td>2,076.69</td>
</tr>
<tr>
<td>UC Modeling</td>
<td>4,468.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>468.12</td>
<td>444.09</td>
</tr>
<tr>
<td>Total Expense</td>
<td>262,713.98</td>
<td>196,851.84</td>
</tr>
<tr>
<td>Net Ordinary Income</td>
<td>-227,255.06</td>
<td>-163,830.15</td>
</tr>
<tr>
<td>Net Income</td>
<td>-227,255.06</td>
<td>-163,830.15</td>
</tr>
</tbody>
</table>
Russian River Flood Control District  
Balance Sheet  
As of March 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 14</th>
<th>Mar 31, 13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checking/Savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SBMC Checking</td>
<td>29,393.56</td>
<td>19,864.72</td>
</tr>
<tr>
<td>SBMC Savings</td>
<td>299,607.14</td>
<td>273,916.34</td>
</tr>
<tr>
<td>LAIF</td>
<td>33,881.77</td>
<td>33,881.77</td>
</tr>
<tr>
<td>FERC</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Operating Reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total LAIF</td>
<td>33,882.77</td>
<td>33,882.77</td>
</tr>
<tr>
<td>Total Checking/Savings</td>
<td>362,883.47</td>
<td>327,663.83</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Accounts Receivable</td>
<td>-15,329.10</td>
<td>-19,160.10</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee advance</td>
<td>0.00</td>
<td>-4,484.46</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>588.26</td>
<td>588.26</td>
</tr>
<tr>
<td>Taxes Receivable</td>
<td>3,335.01</td>
<td>3,335.01</td>
</tr>
<tr>
<td>Total Other Current Assets</td>
<td>3,923.27</td>
<td>-561.19</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>351,477.64</td>
<td>307,942.54</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>19,635.04</td>
<td>16,909.20</td>
</tr>
<tr>
<td>Total Meters</td>
<td>19,635.04</td>
<td>16,909.20</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td>19,635.04</td>
<td>16,909.20</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>371,112.68</td>
<td>324,851.74</td>
</tr>
</tbody>
</table>

| **LIABILITIES & EQUITY** |            |            |
| **Liabilities**          |            |            |
| Current Liabilities      |            |            |
| *Accounts Payable        | 0.00       | 0.01       |
| Total Accounts Payable   | 0.00       | 0.01       |
| Other Current Liabilities|            |            |
| Accounts Payable         | 0.00       | 45.03      |
| Payroll Liabilities      |            |            |
| CalPERS                  | 896.30     | 314.85     |
| CalPERS Match            | 1,467.24   | 320.30     |
| Federal Withholding      | 1,832.00   | 1,298.00   |
| Medicare                 |            |            |
| Company                  | 133.95     | 130.05     |
| Employee                 | 133.95     | 130.05     |
| Total Medicare           | 267.90     | 260.10     |
| State Withholding CA     |            |            |
| SUICA                    | 493.52     | 637.96     |
| Company                  | 147.62     | 0.00       |
| Total SUICA              | 147.62     | 0.00       |
| Total Payroll Liabilities| 5,104.58   | 2,831.21   |
| Total Other Current Liabilities | 5,104.58 | 2,876.24 |
| Total Current Liabilities | 5,104.58  | 2,876.25  |
| Total Liabilities        | 5,104.58   | 2,876.25   |
Russian River Flood Control District
Balance Sheet
As of March 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Mar 31, 14</th>
<th>Mar 31, 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Bal Equity</td>
<td>462,253.39</td>
<td>462,253.39</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>131,009.77</td>
<td>23,552.25</td>
</tr>
<tr>
<td>Net Income</td>
<td>-227,255.06</td>
<td>-163,830.15</td>
</tr>
<tr>
<td>Total Equity</td>
<td>366,008.10</td>
<td>321,975.49</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; EQUITY</strong></td>
<td><strong>371,112.68</strong></td>
<td><strong>324,851.74</strong></td>
</tr>
</tbody>
</table>
Upcoming Holidays- None.

Vacations- I will be on vacation April 16th as well as the 24th-25th.

Licensing Efforts- The Negative Declaration is in your packet for approval/adoption. I have also included a final copy of the petition and maps for final comment. SWRCB staff have reviewed the draft materials and are ready for us to submit.

Frost- With increase storage and base flows we are now actively managing for frost. To date no releases have been made due to mild mornings and sufficient instream flows.

Meter standards/technology and billing options- I will begin preparing a new list of potential sites to update in FY14/15.

Re-opening of 1610- Nothing new to report other than SCWA modeling staff have embraced the utility of having Sam Sandoval-Solis as an alternate resource.

District’s filing for 6000 Acre Feet on Partial Assignment of Application 12919 & 12920- No update

Recycled Water- The City has applied for several drought grants for implementation of Phases 1 and 2.

District Contracts- The contract is in its final form and Jeanne has prepared a resolution for adoption. After significant discussion and legal analysis I noticed that there was a significant time gap between the adoption of the Ordinance and execution of the majority of the existing original contracts. After digging through the files I discovered that the existing UWSA was actually approved via resolution in 2004. A copy of Resolution 04-04 is in the packet for your review.

There is a UWSA in the packet for consideration. This ranch is already in the District, under a UWSA with different owner. This application will only reflect a change in ownership.

Reorganization with Redwood Valley CWD- I have included a draft of “narrative” and the completed application with comments from Bruce Barraco. None of his comments are substantive. I also met with the Auditor-Controller and she is working directly with Bruce and I to fine tune the tax section of the narrative.

I would like to get Board feedback on the draft materials, in particular the last section regarding personnel. Some existing RVCWD staff will likely want to become District employees and vest in CalPERS. For staff near retirement, this may not make sense. After the inclusion of Board input it is time to get this application officially submitted.

Lake Mendocino/Drought- Lake levels have increased approximately 10,000 af since our last meeting. Even with this increase we remain well below the typical storage (70,000 af) for this time of year. Latest SCWA models predict max storage in 2014 ranging from 50-60,000 af with only 15,000 af by mid-
November. Pillsbury has moved into the “Dry” year criteria which will likely improve storage into late May and early June. PG&E has also agreed to make an 800 af emergency transfer into Lake Mendocino for RVCWD. Depending on the amount that actually makes it thru the tunnel RVCWD may return some of the 355 the District has offered. The USACE still has not responded to our deviation request.

I attended a IWRSS meeting at SCWA on April 2nd that was excellent. IWRSS is a joint program between the USACE, NMFS, USGS, and the National Weather Service. They have selected reoperation of Lake Mendocino as one of the programs first demonstration projects. I am confident that this program, combined with the forecast act, will lead to good things.

The drought has created a lot of funding opportunities. SCWA, along with Healdsburg, and the City of Cloverdale are going to apply for a large water conservation grant. The have asked that water purveyors in Mendocino County also participate. With all eyes on this region, and the potential for leveraging matching funds, I feel it would be wise to engage. The consortium is looking for and total contribution from Mendocino County in the range of $30,000 to $50,000. As a 25% match we will triple our investment. The program that is being proposed includes a “direct install” toilet program, as well as a “cash for grass” program.

David Rapport has finished preparing the amendment for the temporary return the City’s water. The agreement has been reviewed by Jeanne and is in the packet for approval. There is also a memo from Jeanne regarding the legality of serving RVCWD with the water returned by the City.
UNIFORM WATER SUPPLY AGREEMENT

THIS WATER SUPPLY AGREEMENT (Agreement), entered into as of the latest of the dates shown opposite the signatures of the Parties to this Agreement, is made by and between Max Lander (hereinafter "Customer") and MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL AND WATER CONSERVATION IMPROVEMENT DISTRICT organized and operating pursuant to Water Agency Acts Chapter 54 (the "District"). Customer and District are sometimes referred to herein individually as a "Party" and collectively as the "Parties." The Parties hereby mutually agree to and confirm the following:

RECITALS

A. District is an improvement district organized and operating pursuant to the provisions of Chapter 54 of the Water Agency Acts entitled the Mendocino County Water Agency Act. Pursuant to Sections 101 and 102 of that Act, the District has all the rights, duties, powers, liabilities, purposes, privileges, and immunities conferred and specified by the Act on the Mendocino County Water Agency. Chapter 54 Section 3(s) of the Act provides that District, as an improvement district within the Mendocino County Water Agency, has the power "to divert, produce, store, transmit, distribute, and sell or otherwise furnish surface waters and groundwaters for beneficial uses within or without the Agency".

B. The District has been granted the right to divert East Fork Russian River water, redvert water released from storage in Lake Mendocino, and withdraw water from storage in Lake Mendocino in a total amount not to exceed 8,000 acre feet per year pursuant to Decision D-1030 and Permit No. 12947B issued by the California State Water Resources Control Board (hereinafter "Project Water").

C. Historically, the District, since securing its water rights pursuant to the provisions of SWRCB Decision 1030 and Permit No. 12947B, has provided to individual customers an amount of water annually that each of those customers has put to beneficial uses. For over forty years, these annual allocations of the District’s water supply have been
beneficially used by the District's customers and reported to the appropriate governmental and regulatory agencies. Those beneficial uses include permanent orchards, vines, vineyards, and existing and long-established agricultural, residential, commercial, and industrial uses that have greatly benefited and will continue to benefit and sustain the economy, the environment and environmental resources, the livelihoods, the health and safety, the jobs, and the communal and moral integrity of the residents of Mendocino County.

D. Within the past several years and due, in part, to diminishing or threatened alternate water allocations and supplies from other sources of Russian River water, the District has received and is experiencing increased and new requests and demands for the use of its water to a greater extent than its current water supplies can satisfy. The District desires to conserve its water supply and to provide for and satisfy the historic needs of the existing and continuing beneficial uses of its water by its long-term customers referenced above before it develops or allocates existing or new water supplies for new or expanded areas or uses. Consequently, the District has adopted Ordinance No. 00-1.

E. The District has adopted Ordinance No. 00-1 and Resolution No. 04-03 which provide a method by which Customers who wish to purchase a specific amount of the District's Project Water may file an application with the District to purchase such water and, upon approval of the application by District, enter into a Water Supply Agreement which provides that the Customer will install at its own expense a water meter or meters to measure the quantity of Project Water to be sold by the District to each such Customer.

F. The purposes of said Ordinance and said Resolution are to provide a method by which the District can properly promote conservation and conserve its water resources, can accurately measure the amount of its Project Water used by each of its Customers, and can sell such water to its Customers, for their sole properties or services areas, in order to acquire funds sufficient to pay for the District's operational and administrative costs and to finance acquisition of additional water supply to meet current and increased demand for water necessitated by growth within the District's jurisdictional boundaries and designated places of use. In order to implement these purposes, the District finds that it is in the public's interest to accept written applications from its Customers, who wish to utilize a specific amount of Project Water, to enter into Water Supply Agreements in the form of this Agreement by which the District will agree to supply a specific amount
of Project Water to each Customer submitting an application (for the Customer's consumptive use) for a period to be reflected in this Agreement and made a part in consideration for each such Customer agreeing to install at its own expense a water meter at each of Customer's Service Connections for the purpose of measuring the specific amount of Project Water utilized by each such Customer and payment of the "per acre foot purchase price to be charged" for water pursuant to Section 2 hereof. The amount of water agreed to be provided is not guaranteed and the availability of said water is based on the type of water year as designated in State Water Resources Control Board Decision D-1610 and explained in Section 9 below. The purpose of this Water Supply Agreement is (1) to enable the District both to accurately measure the demand for and usage of its Project Water by its customers during the terms of this agreement and to charge its customers for said Project Water and (2) to allow the District's Customers to utilize and consume a specific quantity of Project Water for uses specified in the District's water rights permits upon payment to the District of the required water charges.

G. Customer is a public water agency and/or individual which seeks to acquire a water supply for all of its historic and long-term uses, including its domestic uses and consumption and its agricultural uses, from the District's Project Water, and which hereby acknowledges, confirms and agrees to comply with and uphold both the aforementioned Ordinance and Resolution.

H. District expects to have a quantity of Project Water available for delivery to Customer during the term of this Agreement.

I. To accomplish the foregoing objectives of the parties, District is willing to supply, and Customer is willing to pay for, receive and consume a specific quantity of Project Water that it has historically used under the terms and conditions set forth in this Agreement.

J. The purpose of this Agreement is to set forth the terms and conditions under which Customer will take delivery from District of a specified quantity of Project Water for Customer's consumptive use pursuant to the beneficial uses allowed under the District's permit and California law as in effect on the effective date of this Agreement. The Project Water delivered by District to Customer pursuant to the terms of this Agreement shall be acquired by District pursuant to those water rights by which District is entitled to 8,000 acre feet per year of water stored in Lake Mendocino pursuant to Permit No. 12947B, and this Agreement shall have no effect on District's water rights described in
said Permit No. 129478. The Parties hereto do not intend, and under this Agreement do not in any manner or way transfer, assign, encumber, or grant to Customer any ownership interest or control over any of District's water rights. As part of the consideration for District in this Agreement, Customer promises and agrees to use District's water only pursuant to and in compliance with each and all of the requirements and provisions of Permit No. 129478, California Law, and D-1030.

K. The Parties acknowledge that this Agreement will not become effective unless and until District has obtained any and all necessary authorizations, consents, and permits from certain governmental and public agencies necessary, if any, to deliver Project Water to Customer.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

SECTION 1 - DELIVERY OF PROJECT WATER

1. Subject to the terms and conditions hereof and to satisfaction and occurrence of all of the conditions precedent to the effectiveness of this Agreement set forth herein, District will cause to be delivered to Customer up to a maximum of \( \frac{41.5}{\text{acre-feet}} \) of Project Water at the Customer's Service Connection during the term of this Agreement. Customer agrees to properly install and maintain at its own expense appropriately sized water meter(s) at its Service Connections to accurately measure its usage of Project Water as a condition precedent to accepting delivery from District of that quantity of Project Water specified herein and further, agrees to pay for, purchase, use, and consume the water that Customer diverts during the District's water year in which it was diverted pursuant to the provision herein.

2. The Parties hereto agree that at the termination of this Agreement neither the terms of this Agreement nor the conduct of the Parties and performance of this Agreement confers upon Customer any legal or equitable right or claim to the Project Water delivered.

3. Project Water subject to this Agreement shall be delivered to Customer at its Service Connection located on the Russian River for use upon or within Customer's real property, or within Customer's service area if Customer is a regulated public or private agency, corporation, or municipal entity, created pursuant to the California Constitution,
statute, or regulations of the California Public Utilities Commission and which is legally authorized to sell and deliver water to its customers.

4. Customer acknowledges and agrees that this Agreement is a contract for the delivery of Project Water from the District during the Term. The quantity of Project Water delivered pursuant to this Agreement shall be measured by meter(s) to be installed at the location(s) where Customer proposes to divert Project Water from the District's public water system in the Russian River, as the case may be (the "Service Connection"). Prior to the effective date of this Agreement, Customer agrees to furnish and install meters of appropriate size at the Service Connection at Customer's sole cost and expense. The meters shall remain the property of Customer. District, as part of this Agreement, is granted and reserves the right to read, inspect, test, and to require Customer to service said meters, if necessary, at any time. Customer shall have and accepts the obligation to maintain the meter in good working order for the benefit of the District at all times. Failure to install the aforementioned meters by the date specified shall cause this contract to be void and terminated.

5. If deliveries of Project Water under the provisions of this Agreement are prevented, delayed, or made impracticable due to extended drought, flood, fire, earthquake, or other natural disaster, federal or state regulatory limitations, strike, unavailability of necessary materials, electrical power or fuel, civil rioting, war or military conflict, inability of District to obtain any approval for conveyance of Project Water from any government agency, including without limitation the State Water Resources Control Board ("SWRCB"), or if the cost of complying with any environmental requirements renders this transaction economically or physically impractical (collectively a Force Majeure Event), District shall not be required to deliver and Customer shall not be required to accept that portion of the Project Water the delivery of which has been prevented, delayed or made impracticable, for the period of prevention, delay or impracticability. Project Water not delivered as a result of such prevention, delay or impracticability may be delivered to Customer on a make-up basis on a schedule to be reasonable and agreed upon by the Parties, if such deliveries can legally be made up by the end of the Term of this Agreement.

6. Customer shall have the physical control of the taking of water from the Russian River at the point of its Service Connection. Customer shall bear all expenses of such taking, including but not limited to the furnishing and maintenance of intake facilities on the Russian River and shall obey the rules and regulations of the Corp of Engineers and
any other public authority with jurisdiction over the installation and maintenance of such facilities. Customer shall provide to District meter readings reflecting the total amount of water used by Customer from the Russian River. Said meter readings shall be provided on the first of each month and at such other intervals as may be requested by District or its authorized representatives.

SECTION 2 - PER ACRE FOOT PURCHASED PRICE TO BE CHARGED

7. Customer shall pay the “per acre foot purchase price to be charged” to the District in the amount of $47.00 per acre foot for each acre foot of Project Water which District contracts to deliver and that Customer diverts as specified in Paragraph 1 of this Agreement, whether such Project Water is actually used by Customer or not. Customer and District mutually hereby accept and agree that the annual “per acre foot purchase price to be charged” shall be calculated and adopted by resolution annually by the District, as follows: The “cost of administration” of the District in entering into, administering, and managing its water and Water Supply Agreements with Customers for each water year shall be divided by its 8,000 acre foot entitlement, or such other sum as is reserved to the District pursuant to State Water Resources Control Board Decision D-1030, or amendments thereto, to determine the District’s costs of administration for each acre foot. The “cost of administration” of the District in administering and entering into the subject “Water Supply Agreements” shall include the following: (a) all of the District’s costs of preparing and reviewing, the costs of processing, and all administration costs of evaluating Customer’s Application to enter into the Water Supply Agreement; (b) all of the District’s costs of administering and monitoring the installation of water meters by Customers as required by the terms of this Agreement; (c) all of the District’s annual administrative costs, including but not limited to all monitoring and legal costs, and all of the District’s annual environmental review and/or mitigation costs, including engineering and consultants costs and those costs involved in analyzing and responding to Customer Applications, and all costs encompassed in the managing, operating, monitoring, developing, expanding, preserving and defending, and administering of the District’s water system(s) and facilities, water supplies, and the Delivery of Project Water to Customer pursuant to the terms of this Agreement; (d) all costs of water meter inspection, water meter reading, water meter testing, and all costs of all administrative, operational, and regulatory reporting, and compliance requirements, entitlements, obligations, or duties. The total “per acre foot purchase price to be charged” payable by
Customer pursuant to the terms of this Agreement is the charge per acre foot times the number of acre feet of Project Water diverted by Customer as set forth in Section 1 hereof.

8. The "per acre foot purchase price to be charged" is due and payable monthly by Customer to District after this Water Supply Agreement is accepted by the District and both parties execute this Agreement. Customer's obligation to pay the "per acre foot purchase price to be charged", which will be due pursuant to this Agreement and upon diversion of water by Customer, shall be an absolute unconditional obligation of Customer, not subject to deduction, setoff, prior notice, demand, or inability of Customer to use, store or resell Project Water after delivery and diversion by Customer. Customer shall have no obligation to accept delivery of any Project Water in excess of the maximum amount diverted by Customer as specified in Section 1 hereof. Pursuant to the provisions of Paragraph 1, Section 1 herein, the maximum amount of water that may be delivered to Customer shall be 41,5 acre-feet annually. Because the demands for District water resources generally exceed the District's supplies and after the first full calendar year of this Agreement, and every year thereafter, the District shall review the total annual use of the District's water by Customer. If the annual use of District's water by Customer, based upon monthly meter readings and monthly billings, is less that the amount of water reserved for Customer, as referred to in Paragraph 1, Section 1 of this Agreement, the District shall reduce Customer's reserved water allotment to reflect actual use in the prior years. The unused water will then be made available to other water users at the sole discretion and determination of the District for the maximum beneficial use of the District's water resources.

SECTION 3 - TERM

9. The Term of this Agreement and for the delivery of Project Water pursuant to this Agreement shall commence on 01/01/2014, the Effective Date, and shall continue through December 31, 2014, the Termination Date, subject to the renewal provisions provided for herein. Either party to this Agreement may provide to the other party Notice to Terminate this Agreement subject to the following terms:

a. Upon the 31st of December of each calendar year after the Effective Date of this Agreement, if neither party to this Agreement has submitted to the other party a Notice to Terminate this Agreement in the prior 12 months, this Agreement and all of its terms shall be automatically
be extended for an additional 12 months (1 year) beyond the Termination Date in effect on the aforementioned 31st of December.

b. Any Notice to Terminate this Agreement, except for breach of its terms, shall be personally delivered by the party which seeks to terminate this Agreement to the other party not later than 5 P.m. (PST) on the 30th of December, five (5) years prior to the Termination Date in effect on the aforementioned 30th of December.

10. As used in this Agreement, the term "Effective Date" shall mean the date on which all of the conditions precedent set forth in Section 5 below have been satisfied or have occurred. At such time as all of said conditions precedent have been satisfied or have occurred, the Parties shall execute a supplement to this Agreement specifying a revised Effective Date.

SECTION 4 - FIRST OPTION TO PURCHASE PROJECT WATER

11. In consideration for entering into this Water Supply Agreement with the District, Customer shall have an option to purchase additional Project Water, if such water is available. This option shall not become effective (effective date) until after the District has completed new rate studies, water demand studies, and has completed accepting and processing applications from other Customers to purchase Project Water from the District. At such time as the District completes the application and approval process for other Customers to purchase Project Water from the District, Customer shall have the right to have its additional Application for Purchase and Delivery of Project Water considered upon providing written notice of such desire to the District. District solely shall have the right to determine the effective date of the option and shall notify Customer as to the date of completion of the aforementioned process. Said option shall entitle the Customer to have its additional Application for Purchase and Delivery of Project Water considered by the District prior to the consideration by District of any other Applications for Water Purchase submitted by parties who have not entered into a Water Supply Agreement by the completion of the aforementioned process and the effective date.

SECTION 5 - CONDITIONS PRECEDENT TO DISTRICT'S OBLIGATIONS
12. The obligations of District to deliver Project Water and the resulting obligations of Customer to accept and consume deliveries of Project Water are conditioned upon the satisfaction or occurrence of the following conditions precedent: (a) The installation of appropriately sized water meters by Customer at Customer's expense at Customer's Service Connection; (b) The approval and consent of the SWRCB, if applicable, for the water to be delivered and sold to Customer hereunder; (c) full and complete compliance by Customer, if necessary, with the requirements of the California Environmental Quality Act ("CEQA"), including the completion of an initial study, and if it is determined that the project is not exempt from CEQA, either (a) there shall have been adopted a negative declaration or a mitigated negative declaration, or (b) a final environmental impact report, all costs of CEQA compliance shall be borne by Customer, shall have been completed and approved, and the time shall have expired within which a judicial proceeding may be instituted challenging the validity or completeness of any such determination of exemption, or adoption of a negative declaration or of a mitigated negative declaration, or approval of a final environmental impact report. The Parties acknowledge and agree that they are proceeding with this Agreement on the basis that the transaction contemplated hereby is exempt from the requirements of CEQA due to Customer's historic use.

13. The Parties may agree to extend the date by which any of these conditions precedent may be satisfied or waived.

14. If the conditions precedent specified herein are not timely satisfied or waived, then this Agreement will be void and all rights granted by this Agreement will be terminated and forfeited.

SECTION 6 - PERMITS AND AUTHORIZATIONS

15. Customer agrees to support District in obtaining any Permits, Authorization, Environmental Approvals, or Approvals necessary to make this Agreement effective; and to fully cooperate with District in implementing all of the terms of this Agreement and achieving its objectives.

16. This Agreement may be terminated and abandoned at any time by written notice from either party if the SWRCB or any other governmental entity with jurisdiction over the subject matter of this Agreement rejects or fails to approve the transactions contemplated by this Agreement, or reduces or modifies District's water rights supply, or conditions its approval to such transaction on factors beyond the Parties' individual or
collective practical and/or economic ability to accommodate; or the transactions contemplated by this Agreement are enjoined or otherwise prohibited by a court of competent jurisdiction; or the Parties mutually agree the completion of the transactions contemplated by this Agreement are not feasible. Upon such termination and abandonment, this Agreement shall become null and void and each party shall be responsible for its own expenditures and out-of-pocket costs incurred in connection with this Agreement subject to the provisions of this Agreement with respect to Indemnification set forth below.

17. The delivery of Project Water pursuant to this Agreement shall not confer any appropriative, public trust, or any other right to water of any nature on any person or entity. Nothing in this Agreement shall act as a forfeiture, diminution or impairment of any rights or discretion that District may enjoy to the full use of the water to which it is entitled pursuant to State Water Resources Control Board Decision D-1030 and Permit No. 12947B, or from future sources, or shall in any way prejudice any of District's rights, title or interest thereto. The Parties hereto agree that Project Water deliveries under this Agreement and this Agreement itself is evidence of the beneficial use of the Project Water agreed to be delivered and consumed hereunder. The only rights granted to Customer as a result of this Agreement are those for use of the Project Water delivered pursuant to this Agreement as expressly set forth in this Agreement.

SECTION 7 - REPRESENTATIONS AND WARRANTIES OF DISTRICT

District makes the following representations, warranties and covenants to Customer, as of the date this Agreement is fully executed:

18. District is an improvement district formed within the Mendocino County Water Agency organized and operating pursuant to the provisions of Chapter 54 of the Water Agency Acts;
19. District has the right, power and authority to enter into this Agreement and to perform its obligations herein, and the persons executing this Agreement on behalf of District have the right, power and authority to do so;
20. This Agreement constitutes a legal, valid and binding obligation of District enforceable against District in accordance with its terms;
21. The execution and performance of this Agreement by District does not breach or constitute a default by District under any law, regulation, ruling, court order, agreement,
indenture, or undertaking or other instrument to which District is a party or by which
District or any of its property may be bound or affected.

SECTION 8 - REPRESENTATIONS AND WARRANTIES OF CUSTOMER
Customer makes the following representation, warranties and covenants to District, as of
the date this Agreement is fully executed:
22. Customer, by signing this Agreement, is not waiving, releasing, altering, or
transferring any other water right or facilities held by Customer, or right to use water,
vested or otherwise, that Customer may have or acquire, or which may be granted to
Customer by the State Water Resources Control Board. Customer does acknowledge
and agree that the District may seek to secure permits for, acquire, develop, construct,
and operate additional water facilities and systems in the future that will benefit
Customer and Customer's businesses and properties. This Agreement shall not
diminish, impair, supercede or otherwise affect any of the Customer's water rights, and
Customer's signature on this Agreement does not constitute a waiver, release, alteration
or transfer of any such rights, vested or otherwise, which Customer may have, acquire,
or which may be granted to Customer by the State Water Resources Control Board.
23. Customer acknowledges that, as a condition and partial consideration of this
Agreement, Customer shall not deliver, use, allow to be used, store, or resell District's
water granted to or used by Customer to any areas, lands or users outside of the
District's boundaries and/or the designated place of use for the District's water rights as
determined by the California State Water Resources Control Board. Further, Customer
acknowledges that it shall not sell water from its contract allocation to any entity for use
outside the District's designated place of use and/or the District's boundaries, and also
acknowledges and agrees that the "per acre foot purchase price to be charged" includes
water charges, capacity charges, water connection fees, and services charges.
24. Customer is a public water agency duly organized, valid and existing, and in good
standing under the laws of the State of California, and is qualified to do and is doing
business in the State of California and/or Customer is actively involved in agriculture
and/or is a private property owner of agricultural lands located within the District's
boundaries and place of use for its water supplies and resources;
25. Customer has the right, power, intent, and authority under this Agreement to perform all of its obligations hereunder, and the persons executing this Agreement on behalf of Customer have the right, power, intent, and authority to do so;

26. This Agreement, and all of its provisions, terms, and obligations herein, constitutes a legal, valid and binding obligation of Customer, enforceable against Customer in accordance with its terms;

27. The execution, delivery and performance of this Agreement by Customer will not breach or constitute a default under or grounds for the acceleration of maturity of any agreement, indenture, or undertaking or other instrument to which Customer is a party or by which Customer of any of its property may be bound or affected.

SECTION 9 - REDUCTIONS IN SUPPLY OF WATER AS A RESULT OF SHORTAGE CONDITIONS

28. In the event that a drought, reduction of supply, or shortage condition is declared by the District with respect to its water rights or supply in Lake Mendocino and the east fork of the Russian River, and evidence of such drought, reduction of supply, or shortage condition is of sufficient magnitude, in the District's sole opinion or findings, to require a reduction in diversions by District pursuant to its Permit, then District shall be entitled to reduce the amount of Project Water it is required to deliver to Customer pursuant to the terms of this Agreement in the manner set forth below without any form or manner of liability. District and Customer will share prorate in the reduction in District's allowed diversions from the Russian River and/or Lake Mendocino, as the case may be. District's delivery to Customer will be reduced by Customer's prorata share of the reduction in allowed diversions, calculated as: District's delivery obligation to Customer in a normal flow year divided by District's right to 8,000 acre feet per year multiplied by the amount of reduction in Project Water available to District under its Permit.

29. In the event of such shortage, District shall deliver a written "Notice of Impending Shortage" to Customer. Within thirty (30) days of delivery of such a Notice of Impending Shortage, the Parties shall conduct a meet and confer session for the purpose of negotiating a mutually acceptable "Supplemental Agreement" for the delivery by District of Project Water to Customer. This Supplemental Agreement shall contain the terms and provisions under which District will deliver Project Water to Customer for the period during which the shortage condition prevails.
30. Other events which will trigger a prorata reduction in any amount of Project Water that the District is required to deliver to Customer pursuant to this Agreement are as follows: (a) An adverse regulatory, legal or environmental determination to District, if not pursued or supported by the Customer, restricting District from diverting and using the entire 8,000 acre feet per year pursuant to its Permit based on public trust issues, environmental or endangered species protection issues or on theories of equitable apportionment, forfeiture, abandonment or other theory related to District's use; (b) the consent of District to restriction on its right to divert and use the entire 8,000 acre feet per year pursuant to its Permit; (c) the consent of District to, or an adverse determination against District, if not pursued or supported by Customer, finding that District is no longer reasonably and beneficially using all of its water; or (d) the risk of an unexpected event disrupting District's ability to transfer the water to be delivered to Customer, or an unexpected event disrupting Customer's ability to receive the water delivered by District, such as a flood, earthquake, fire, act of war or like emergency.

SECTION 10 - CONSERVATION PLAN

31. Customer, and each and any third parties to whom Customer may sell, give, or shall allow to be transferred District’s water acquired pursuant to the provisions of this Agreement, shall comply with the requirements of a comprehensive water conservation program and enforcement plan adopted by Customer and approved by District as partial consideration for this Agreement. Customer shall, within 90 days of the execution of this agreement, prepare, adopt, and present to the Executive Director of the District, a complete water conservation program and enforcement plan. Such programs and plans shall mandate and utilize California development, domestic, agricultural, and irrigation water conservation guidelines, including California Urban Water Association (CUWA) water conservation standards and agricultural irrigation conservation techniques as recognized by the California Department of Food and Agriculture as appropriate. Within 120 days of the execution of this agreement, the Executive Director shall approve the submitted plan, propose changes to the plan to Customer, or, in the case of the failure of Customer to submit the required plan, notify Customer of the termination of this Agreement due to the failure of consideration and breach of the terms of this Agreement. Upon approval by the Executive Director, Customer shall fully implement and enforce, in favor of the District, the plan and its provisions during the balance of the term of this Agreement. Failure of Customer to fully implement and enforce the conservation plan
and its provisions within its service area and against third parties (to whom it may sell, give, or allow the transference of District's water), for the benefit of District, shall constitute a breach of this agreement.

SECTION 11 - DEFAULT

32. Each of the following constitutes an “Event of Default” by Customer under this Agreement:

   (a) Payment. If Customer fails to pay the “per acre foot purchase price to be charged” when due and payable pursuant to the provisions of Section 2, or any other amount due and payable pursuant to this Agreement by the due date, said failure to pay shall constitute a default in this Agreement and any such delinquent payment will bear interest at the rate of ten percent (10%) per annum until paid in full.

   (b) Promises. Customer fails to perform, comply with, or observe any term, covenant, obligation, or undertaking in this Agreement that it is to perform or observe, and such default continues for ten (10) days after written notice of default has been sent by District to Customer. This provision shall include, but not be limited to, Customer’s excessive use of water which exceeds that water and water allocation that the Parties have agreed to pursuant to the terms of this Agreement. Any use of District’s water by Customer which exceeds the amount of water herein referred to and which is the subject of this Agreement, and which is not authorized in writing by the District, shall constitute a breach and a default of this Agreement.

   (c) Warranties and Representations. Any warranty, representation, or other statement made by or on behalf of Customer and contained in this Agreement or any other document furnished in compliance with or in reference to this Agreement is, on the date made or later proves to be false, misleading, or untrue in any material respect.

SECTION 12 - REMEDIES

33. In the event of any such default by Customer, District shall have the following rights and remedies, in addition to any rights and remedies now or hereafter provided by law. All such remedies are cumulative and may be exercised concurrently or separately:
(a) Upon default by Customer, District, at District's sole determination, may terminate this Agreement and discontinue furnishing water to Customer pursuant to the terms of this Agreement.

(b) In the event of default by Customer, District shall have the option to suspend delivery of water to Customer's Service Connection until such time as the default is remedied by Customer.

(c) In the event of default by Customer, District may, by mandamus or other action or proceeding or suit at law or in equity, enforce its rights against Customer, or by suit in equity enjoin any acts or things which are unlawful or violate the rights of District.

34. A waiver of any default or breach of duty or contract by District shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract by Customer. No delay or omission by District to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein.

35. No remedy herein conferred upon or reserved to District is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without regard to any other remedy conferred by any other law.

SECTION 13 – INDEMNIFICATION

36. Customer shall fully defend, indemnify, and hold harmless the District, its officers, directors, employees and agents, and each and every one of them, from and against any and all actions, liability, damages, claims, suits, proceedings, judgments, settlements, losses and expenses (including reasonable legal fees and expenses of attorneys chosen to represent District), including all expenses of every type and description to which it or they may be subjected or put to arising out of or related to: (1) Any breach or alleged breach of any express representation, warranty, covenant, provision, promise or agreement of Customer contained in this Agreement or in any document, instrument or agreement executed and delivered by Customer in connection herewith; (2) any loss, injury, adverse impact, or damage or alleged loss, injury, adverse impact, or damage to any person, entity, party, or property arising out of or related in any way to this
Agreement or to the Project Water delivered by District to Customer pursuant to this Agreement after delivery thereof to Customer’s Service Connection, it being understood that District shall not be liable to Customer for any loss or damage to person or property caused by flood, earthquake, theft, fire, act of God, acts of a public enemy, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or any other causes, or any consequential damages or inconvenience which may arise from or relate to use of the Project Water after delivery by District to Customer’s Service Connection. This indemnification is effective and shall apply whether or not any such action is alleged to have been caused in part by District as a party indemnified hereunder. This indemnification shall not include any claim arising from the sole active negligence or willful misconduct of District or any of its directors, officers, employees or agents.

37. District shall defend, indemnify and hold harmless Customer, its officers, directors, employees and agents, and each and every one of them, from and against any and all actions, liability, damages, claims, suits, proceedings, judgments, settlements, losses and expenses (including reasonable legal fees and expenses of attorneys chosen to represent Customer including expenses of every type and description to which it may be subjected or put to arising out of or related to: (1) Any willful breach or alleged breach of any express representation, warranty, covenant, promise or agreement of District contained in this Agreement or in any document, instrument or agreement executed and delivered by District in connection herewith.

38. Customer acknowledges and agrees that, as a condition and consideration of this Agreement, Customer, its officers, directors, employees, agents, or consultants, and each and every one of them, shall take no action of any kind, nor assist any other individual, party, or entity in any action or in any way to limit, diminish, impair, interrupt, or prohibit, either temporarily or permanently, the District's water rights, entitlements, or ability to perform its obligations under this or any other Agreement that the District may enter into to provide or deliver water to landowners within its boundaries. Further, Customer shall maintain in favor of District, during the entire term of this Agreement, a policy of general liability insurance in an amount of $1,000,000 naming District as an additional insured for the purposes enumerated in Paragraphs 35, 36, and 37 herein. Evidence of said policy shall be provided to the Executive Director of District. Failure to comply with this provision shall constitute an immediate default of this Agreement, notwithstanding the provisions of Section 10 hereto.
SECTION 14 - DEFENSE OF CLAIMS

39. No right to indemnification under the preceding paragraph shall be available unless the Party seeking indemnification (the "Indemnified Party") shall have given to the Party obligated to provide indemnification (the "Indemnitor") a notice (a "Claim Notice") describing in reasonable detail the facts giving rise to any claim for indemnification hereunder promptly after receipt of knowledge of the facts upon which such claim is based. Any delay or failure to so notify the Indemnitor shall relieve the Indemnitor of its obligations hereunder only to the extent, if at all, that it is prejudiced by reason of such delay or failure. Upon receipt by the Indemnitor of a Claim Notice from an Indemnified Party with respect to a claim of a third party, such Indemnitor shall assume the defense thereof with counsel reasonably satisfactory to the Indemnified Party, and the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such records, information, and testimony and attend all such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnitor in connection therewith. If the Indemnitor assumes such defense as provided above, the: (a) the Indemnitor shall have the right in its sole discretion, to settle any claim for which indemnification has been sought and is available hereunder, provided the Indemnified Party is fully released from all known and unknown claims of such third party and the Indemnified Party is not obligated to perform any actions or pay any money on account of such settlement. If the Indemnitor does not assume such defense as provided above: (a) The Indemnified Party shall have the right to employ its own counsel in any such case, and all of the fees and expenses of such counsel shall be the responsibility of Indemnitor which hereby agrees to promptly reimburse the Indemnified Party fully for such expenses; and (b) the Indemnified Party shall have the right, in its sole discretion, to settle any claim for which indemnification has been sought and is available hereunder, at the expense of Indemnitor, who hereby agrees to promptly reimburse the Indemnified Party all costs and expenses incurred by the Indemnified Party with respect to such settlement.

SECTION 15 - GENERAL PROVISIONS

40. No Third Party Rights. This Agreement is made solely for the benefit of the Parties and their respective permitted successors and assigns, if any. Except for such a
permitted successor and assign, no other person or entity shall have or acquire any right by virtue of this Agreement.

41. Assignment. Neither Party may assign any of its rights or delegate any of its duties under this Agreement. Any assignment or delegation made in violation of this Agreement is void and of no force or effect. This Agreement is and will be binding upon and will inure to the benefit of the Parties and, upon dissolution, the legal successors and assigns of their assets and liabilities. In the event that Customer proposes to sell its real property to which water from this Agreement is delivered, notwithstanding any other provision herein, Customer shall notify the District of the proposed sale concurrent with the close of escrow. If District is timely notified, and if no violations of this Agreement exist at the time of said notification, District shall agree to the assignment of the subject water supply to the proposed new owner on the condition that the proposed new owner executes this water supply agreement prior to the close of the escrow on the subject property. The execution of this Agreement by the new owner shall be the consideration for the District's agreement to the assignment of this Agreement by Customer."

42. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with the laws of the State of California.

43. Amendment. The terms of this Agreement may be modified only in writing by mutual agreement on signature of Customer and District. Said amendment shall be attached to this Agreement. Any amendment made in violation of this section shall be null and void.

44. Extension of Term. The duration of the Term of this Agreement may be extended only by mutual agreement of the Customer and District in writing signed by authorized representatives of both Customer and District. Such a written extension shall be attached to this Agreement.

45. Entire Agreement. This Agreement, together with all contract documents and ordinances of District expressly incorporated herein by reference, supersedes any and all other agreements, either oral or in writing, between the Parties hereto with respect to the delivery of Project Water to Customer by District and contains all the covenants and agreements between the Parties with respect thereto. Each Party to this Agreement acknowledges that no representations or promises have been made by any party hereto which are not embodied herein, and that no other agreement or promise not contained in this Agreement or in the other contract documents and ordinances of District shall be valid or binding.
46. **Severability.** If any provision in this Agreement is held by a court of competent jurisdiction or an arbitrator or arbitration panel to be invalid, void or unenforceable, the remaining provision shall nevertheless continue in full force and effect without being impaired or invalidated in any way notwithstanding such invalidity, illegality or unenforceability.

47. **Time is of the Essence.** It is expressly hereby agreed that time is of the essence of each and every provision of this Agreement, including all contract documents and ordinances incorporated herein.

48. **Attorneys Fees.** Should either Party to this Agreement reasonably retain counsel for the purpose of enforcing any provision of this Agreement, including without limitation the institution of any action or proceeding to enforce any provision of this Agreement, or to recover damages if otherwise available hereunder, or to obtain injunctive or other relief by reason of any alleged breach of any provision of this Agreement, or for a declaration based on a demonstrated necessity of such Party's rights or obligations under this Agreement, or for any other judicial or equitable remedy, then if the matter is resolved by judicial or quasi-judicial determination (including arbitration, if such arbitration is agreed to by the Parties), the prevailing Party shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing Party for all attorneys fees, expert fees and costs, and all litigation or arbitration fees and costs reasonably incurred, including without limitation all attorneys fees and costs for services rendered to the prevailing Party and all attorneys fees and costs reasonably incurred in enforcing any judgment or order entered on appeal. The prevailing Party shall be determined by the court (or arbitrator, if arbitration is agreed to by the Parties) in the initial or any subsequent proceeding.

49. **Notices.** Any notice, approval, consent, waiver or other communication required or permitted to be given or to be served upon either Party in connection with this Agreement shall be in writing. Such notice shall be personally served, sent by facsimile, telegram, or cable, or sent prepaid by registered or certified mail with return receipt requested, or sent by reputable overnight delivery service, such as Federal Express, and shall be deemed given: (a) If personally served, when delivered to the Party to whom such notice is addressed; (b) if given by facsimile, telegram, or cable, when sent; (c) if given by prepaid or certified mail with return receipt requested, on the date of execution of the return receipt; or (d) if sent by reputable overnight delivery service, such as Federal Express, when received with confirmation of delivery. Such notices shall be
addressed to the Party to whom such notice is to be given at the Party's address set forth below or as such Party shall otherwise direct in writing to the other Party delivered or sent in accordance with this section.

If to District: Mendocino County Russian River Flood Control and Water Conservation Improvement District
151 Laws Avenue, Suite D
Ukiah, California 95482
Phone: (707) 462-5278
Fax: (707) 462-5279

If to Customer: Max Landes
111 Aspen Loop
Union City, CA 94587
Phone: (510) 931-0312 (max.landese@yahoo.com)

50. Execution and Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the last date below written.

Date: ____________________

MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL AND WATER CONSERVATION IMPROVEMENT DISTRICT

By: ________________________

Title: ________________________

Date: 4/4/2014

By: ________________________

Title: Vineyard Owner
April 15th, 2014

Savings Bank of Mendocino County
1100 Airport Park Blvd.
Ukiah CA 95482

Attn: New Accounts

The District passed Resolution 14-04 on April 14th, 2014 to update the list of authorized signers for our checking (01643348) and savings (21365031) accounts. I have attached a copy for your records. The authorized signers for both accounts are Paul Zellman, Richard Shoemaker, Al White, Lee Howard, and Judy Hatch. The account shall remain two signatures required.

Please feel free to contact me if you have any additional questions or comments regarding this matter.

Sincerely

Sean K. White
General Manager

President
Paul Zellman

Vice President
Richard Shoemaker

Treasurer
Alfred White

Trustee
Lee Howard

Trustee
Judy Hatch
RESOLUTION AUTHORIZING SIGNATURE, ENDORSEMENT OF CHECKS, WARRANTS, LAIF ACCOUNT AND OTHER FINANCIAL INSTRUMENTS

The Board of Trustees of Mendocino County Russian River Flood Control & Water Conservation Improvement District (District) at a regular meeting held by the Board on April 14th, 2014 hereby resolves as follows:

WHEREAS, the Board of Trustees of the District have determined that it is in the interest of the District to utilize the banking services of the Savings Bank of Mendocino County.

WHEREAS, a new Signature Resolution is required by the Savings Bank of Mendocino to update information regarding Trustees.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Any prior resolutions, minute orders or other directives, policies or procedures related to the signing and endorsement of checks, warrants and financial instruments, including LAIF, are hereby rescinded and revoked, effective immediately.

2. All checks drawn on any District account, including but not limited to those for payroll and accounts payable, all warrants of the District, and transfers shall be signed by any two of the following authorized persons: Trustees-Paul Zellman, Richard Shoemaker, Al White, Lee Howard, and Judy Hatch, and Sean K. White, General Manager and Secretary to the Board.

3. The Savings Bank of Mendocino County may honor and pay all checks, warrants, and transfers of the District signed in accordance with this Resolution, and may accept for deposit all checks or other instruments payable to the District whether endorsed in writing or by the District stamp.

4. This Resolution shall remain in force and effect until the Board adopts a subsequent resolution rescinding it and approving new District signatories.
PASSED, ADOPTED AND APPROVED at a meeting of the Board of Directors of Mendocino County Russian River Flood Control and Water Conservation Improvement District on the 14th day of April, 2014 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

____________________
Paul Zellman, President
Board of Trustees

ATTEST:

____________________
Sean White, Secretary
Board of Trustees