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11/29/05
BOS AGREEMENT # 05-270*

AGREEMENT FOR SALE OF SURPLUS WATER

This Agreement is made this 15th day of November, 2005, among the Sonoma County Water Agency, hereinafter called the "Sonoma Agency," the Redwood Valley County Water District, hereinafter called "Redwood Valley," the County of Mendocino, hereinafter called the "County," and the Mendocino County Water Agency, hereinafter called the "Mendocino Agency." As provided in section 17 of this Agreement, any or all of the Mendocino County Inland Water and Power Commission, the Millview County Water District, the Willow County Water District, the Hopland Public Utilities District, the Potter Valley Irrigation District and the City of Ukiah, hereinafter collectively called the "Other Parties," may become parties to this Agreement.

RECITALS

A. In 1959, the United States Army Corps of Engineers completed its construction of Coyote Valley Dam and Lake Mendocino. These facilities are operated for flood-control, water-conservation and related purposes.

B. The Sonoma Agency holds water-right Permit 12947A, which authorizes the Sonoma Agency to store water in Lake Mendocino and to apply such water to beneficial uses, subject to the terms and conditions in the permit. Redwood Valley is included in the authorized place of use in Permit 12947A. Term 23 of Permit 12947A provides that withdrawals of water from storage in Lake Mendocino for use within Redwood Valley's service area are subject to the following conditions:

- (a) Said withdrawals shall be discontinued whenever cumulative inflow to Lake Pillsbury during the current water year is less than 50,000 acre-feet on April 1, or less than 90,000 acre-feet on May 1. Withdrawals shall not resume until storage in Lake Mendocino rises to more than 30,000 acre-feet subsequent to October 31 after having fallen below that level, or until permittee has projected, to the satisfaction of the Chief, Division of Water Rights, that storage at Lake Mendocino will not fall below 30,000 acre-feet.
- (b) Said withdrawals, if not already discontinued under condition (a) above, shall be restricted to a monthly quantity no greater than fifty percent of the average monthly use in the service area of the Redwood Valley County Water District during the same month of the previous three years, whenever storage in Lake Mendocino is below 30,000 acre-feet.

Term 24 of Permit 12947A provides:

Any agreement between permittee and the Redwood Valley County Water District for withdrawals from storage at Lake Mendocino under this permit shall be subject to discontinuation, curtailment, or special conditions placed on said withdrawals pursuant to this permit, as this permit is now or may be amended in the future. A copy of any such contract shall be submitted to the State Water Resources Control Board.

Term 28 of Permit 12947A provides:

Permittee shall consult with the Division of Water Rights and develop and implement a water conservation plan or actions for the service area of the Redwood Valley County Water District. The proposed plan or actions shall be presented to the State Water Resources Control Board for approval within one year from the execution of an agreement to deliver water to the service area of the Redwood Valley County Water District or such further time as may, for good cause shown, be allowed by the Board. A progress report on the development of a water conservation program may be required by the Board at any time within this period.

C. The Mendocino County Russian River Flood Control and Water Conservation Improvement District, hereinafter called the "Improvement District," holds water-right Permit 12947B, which authorizes the Improvement District to store water in Lake Mendocino

and to apply such water to beneficial uses, subject to the terms and conditions in the permit. Redwood Valley's service area is in the authorized place of use in Permit 12947B.

D. Redwood Valley holds water-right Permit 17593, which authorizes Redwood Valley to pump water from Lake Mendocino and to apply such water to beneficial uses within Redwood Valley, subject to the terms and conditions in the permit.

E. Redwood Valley has facilities through which it can pump water from Lake Mendocino, convey the pumped water, deliver some of the conveyed water to its agricultural customers, and treat and deliver some of the conveyed water to its domestic customers.

F. Under the criteria for the coordinated operation of the Coyote Valley Dam and Warm Springs Dam Projects, water may, at certain times, be available pursuant to Permit 12947A in quantities that exceed the amounts necessary to satisfy the needs of the Sonoma Agency's Other Customers and Contractors and the minimum streamflow requirements established by Decision 1610 or any successor decision or order of the State Water Resources Control Board.

G. Water is a scarce and precious resource and it is essential for the proper management of that resource that there be an accounting of all water pumped from Lake Mendocino by Redwood Valley.

H. On April 7, 2005, Redwood Valley, as lead agency under the California Environmental Quality Act (CEQA), adopted a negative declaration for this Agreement. Between April 7 and April 19, 2005, Redwood Valley filed copies of the notice of determination for this negative declaration with the Mendocino and Sonoma County Clerks

and with the State Clearinghouse of the Office of Planning and Research. No person or entity has filed any legal challenge to this negative declaration.

I. The Sonoma Agency is willing to sell to Redwood Valley water that is available for pumping under section 4 of this Agreement, and Redwood Valley is willing to purchase such water under the terms and conditions of this Agreement.

J. The Mendocino Agency is willing to receive, hold and manage the money that is paid by Redwood Valley under this Agreement, and to disburse this money according to the terms of this Agreement.

K. The parties to this Agreement now desire to enter into this Agreement, which will: (i) authorize Redwood Valley to pump water from Lake Mendocino pursuant to Permit 12947A, subject to the terms and conditions specified in this Agreement; (ii) provide a mechanism for funding new projects for water conservation, the use of recycled water and the protection, maintenance and enhancement of Russian River fisheries; and (iii) improve the exchange of hydrological data and provide for further cooperation and communication among the parties to this Agreement.

NOW, THEREFORE, in consideration of these recitals and the mutual promises made herein, the Sonoma Agency, Redwood Valley, the County and the Mendocino Agency agree as follows:

Section 1. Recitals. The preceding recitals are true.

Section 2. Definitions. When used in this Agreement, the following terms shall have the following meanings:

a. "Other Customers and Contractors" means all present and future Sonoma Agency customers within Sonoma County, including all entities within Sonoma County that divert or re-divert, or will divert or re-divert, water directly from the Russian River or Dry Creek under any of the Sonoma Agency's water rights, and all entities that receive or will receive water from the Transmission System operated by the Sonoma Agency pursuant to the Eleventh Amended Agreement for Water Supply dated January 26, 2001 (or any amended or successor agreement), including the North Marin Water District and the Marin Municipal Water District.

b. "Permit 12947A" means water-right Permit 12947A, which the State Water Resources Control Board issued to the Sonoma Agency pursuant to Applications 12919A and 12920A and Order WR 74-30, as such permit now exists or in the future may exist (including any license that may be issued to replace this permit).

c. "Permit 12947B" means water-right Permit 12947B, which the State Water Resources Control Board issued to the Improvement District pursuant to Applications 12919A and 12920A and Order 74-30, as such permit now exists or in the future may exist (including any license that may be issued to replace this permit).

d. "Permit 17593" means water-right Permit 17593, which the State Water Resources Control Board issued to Redwood Valley pursuant to Application 24955, as such permit now exists or in the future may exist (including any license that may be issued to replace this permit).

Section 3. Accounting Of Water Pumped By Redwood Valley From Lake Mendocino Under Permits 17593 and 12947B. To the extent authorized by Permit 17593, Redwood Valley shall account for the water that it pumps from Lake Mendocino as being diverted and used under Permit 17593. To the extent authorized by Permit 12947B and May 29, 1980 Stipulated Judgment in *Mendocino County Russian River Flood Control and Water Conservation Improvement District v. Redwood Valley County Water District*, Mendocino County Superior Court No. 42059 (the "1980 Stipulated Judgment"), Redwood Valley shall account for the water that it pumps from Lake Mendocino and that may not be diverted and used under Permit 17593 as being diverted and used under Permit 12947B.

Section 4. Authorization To Pump Water Under Permit 12947A. This Agreement authorizes Redwood Valley to pump up to 3,000 acre-feet of water from Lake Mendocino pursuant to Permit 12947A during each October 1 through September 30 water year when: (a) such pumping is not authorized by either (i) Permit 17593 or (ii) Permit 12947B and the 1980 Stipulated Judgment; (b) such pumping is authorized by Permit 12947A; and (c) the Sonoma Agency determines that water is available for pumping by Redwood Valley pursuant to Permit 12947A and this Agreement. This Agreement does not authorize, and this Agreement shall not be construed as authorizing, any pumping other than that authorized by the preceding sentence.

Section 5. Determinations Of Availability Of Water. Water shall be available for pumping by Redwood Valley pursuant to Permit 12947A and this Agreement if the Sonoma Agency determines, in its sole discretion, that it has water in excess of the amounts that it

needs to supply its Other Customers and Contractors, to meet its obligations to holders of senior appropriative rights, to meet instream flow requirements, and to maintain a prudent storage reserve, considering hydrologic conditions and other relevant factors.

On or before April 1 of each year, the Sonoma Agency shall estimate the amount of water that will be available that year for pumping by Redwood Valley pursuant to Permit 12947A and this Agreement during the following May 1 through October 31 period, and shall advise Redwood Valley of this estimate. On or before May 1 of each year, the Sonoma Agency shall update this estimate and advise Redwood Valley of this update. On or before June 1 of each year, the Sonoma Agency shall make a final determination of the amount of water that will be available for pumping by Redwood Valley pursuant to Permit 12947A and this Agreement during the May 1 through October 31 period, and shall advise Redwood Valley of this amount.

The Sonoma Agency shall advise Redwood Valley as soon as is practical under any particular hydrological conditions if water will not be available for pumping by Redwood Valley pursuant to Permit 12947A and this Agreement during any November 1 through April 30 period, or during any portion of any such period.

Section 6. Reductions In Pumping. During any drought or other low water-supply condition in which the Agency reduces its pumping of water from the Russian River at its Wohler Road/Mirabel Park facilities, Redwood Valley shall reduce its pumping of water from Lake Mendocino by the same percentage as the Agency reduces its pumping at these facilities. For any month, such percentage reductions shall be measured from baselines of

the average pumping during the corresponding months of the preceding three years. The provisions of this section shall be in addition to any other legal requirements on Redwood Valley to reduce its pumping of water from Lake Mendocino.

Section 7. Redwood Valley Subject To All Terms And Conditions Of Permit 12947A.

The pumping of water by Redwood Valley pursuant to this Agreement shall be subject to all of the applicable terms and conditions of Permit 12947A. Among other things, Redwood Valley shall not deliver any water pumped pursuant to Permit 12947A and this Agreement for any uses outside of the portion of Redwood Valley's service area that is within the authorized place of use in Permit 12947A.

Section 8. Reporting Of Amounts Of Water Pumped From Lake Mendocino. On or before October 31 of each year, Redwood Valley shall provide the Sonoma Agency and the Mendocino Agency with copies of the daily logs of the meter or meters that measure how much water Redwood Valley pumps from Lake Mendocino and an annual report that contains the following information for the preceding October 1 through September 30 water year (in acre-feet): (a) the amount of water that Redwood Valley pumped from Lake Mendocino on each day of the water year; (b) the total amount of water that Redwood Valley pumped from Lake Mendocino during the water year; (c) the amount of water that Redwood Valley pumped from Lake Mendocino during the water year pursuant to Permit 17593; (d) the amount of water that Redwood Valley pumped from Lake Mendocino during the water year pursuant to Permit 12947B; and (e) the amount of water that Redwood Valley pumped from Lake Mendocino during the water year pursuant to Permit 12947A. Each annual report

shall contain explanations, supported by adequate analyses and data, of the process that Redwood Valley used to determine how much water was pumped under each of these three water-right permits.

Redwood Valley shall maintain in good and accurate working order the meter or meters that measure the amounts of water that Redwood Valley pumps from Lake Mendocino and shall record and maintain daily readings of this meter or these meters. Redwood Valley shall provide proof of calibration of this meter or these meters to the Sonoma Agency at least once per year while this Agreement is in effect. Redwood Valley shall allow the Sonoma Agency and the Mendocino Agency to inspect this meter or these meters and to inspect and copy the records of these meter readings during normal business hours.

Section 9. Payments. On or before December 31 of each year, Redwood Valley shall pay to the Mendocino Agency an amount of money equal to the product of the number of acre-feet that Redwood Valley pumped from Lake Mendocino during the preceding October 1 through September 30 water year under Permit 12947A and this Agreement times the Russian River Conservation Charge that was in effect on April 30 of that water year. The Russian River Conservation Charge is the per-acre-foot charge that is described in section 4.17(a) of the Eleventh Amended Agreement For Water Supply, dated January 26, 2001, or any amended or successor agreement. The Sonoma Agency calculates the Russian River Conservation Charge by multiplying the tax rate levied by the Sonoma Agency in the then current fiscal year to pay the costs associated with the Warm Springs Dam Project times the

total assessed value of secured and unsecured property situated within the Cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, the Forestville County Water District, and the Valley of the Moon Water District, and dividing the product by the total number of acre-feet of water delivered during the twelve-month period ending on the preceding March 31 to those public agencies pursuant to Section 3.1 and 3.3 of the Eleventh Amended Agreement for Water Supply. The Russian River Conservation Charge for the 2005-2006 fiscal year (adopted by the Sonoma Agency on April 19, 2005) is \$44.88 per acre-foot.

Redwood Valley shall not make any payments under this Agreement except for the water that Redwood Valley is authorized to pump, and actually does pump, under section 4.

Section 10. Temporary Supply Only. Redwood Valley acknowledges that the water that the Sonoma Agency is authorizing Redwood Valley to pump pursuant to Permit 12947A and this Agreement is just a temporary supply of surplus water that will not be available in the future, as demands for water under Permit 12947A in places of use outside of Redwood Valley increase, or if imports of water by the Pacific Gas and Electric Company's Potter Valley Project into the Russian River Basin decrease. Because this supply is just a temporary supply of surplus water, the following provisions apply:

a. The only rights to pump water from Lake Mendocino that are granted by this Agreement are those expressly stated in this Agreement. Neither this Agreement nor the pumping of water under this Agreement confers any water right to Redwood Valley or any right to pump water under Permit 12947A after this Agreement terminates, and neither this Agreement nor the pumping of water under this Agreement establishes or will establish any

precedent for future pumping of water under Permit 12947A. Nothing in this Agreement is intended to, or shall be construed to, act as a forfeiture, diminution or impairment of any water right of any party to this Agreement. Consistent with sections 109, 475, 1011, 1014-1017, 1244 and 11961 of the California Water Code, the Sonoma Agency's authorizing Redwood Valley to pump water pursuant to Permit 12947A and this Agreement shall not be evidence of, or used to demonstrate, either the existence of any surplus water associated with Permit 12947A after this Agreement expires or terminates, or the lack of beneficial use of the water that Redwood Valley is authorized to pump under this Agreement, and no party to this Agreement shall contend otherwise. In accordance with section 1016 of the California Water Code and all other applicable provisions of California law, after this Agreement expires or terminates all rights under Permit 12947A and any other water-right permits held by the Sonoma Agency shall revert back to the Sonoma Agency, and Redwood Valley shall not: (i) bring any claim for continuation of the water supply made available by this Agreement; or (ii) claim any right to the continued supply of the water that is made available by this Agreement, because of reliance, estoppel, intervening public use, prescription, water shortage emergency, unforeseen or unforeseeable increases in demand, or any other cause.

b. While this Agreement is in effect, Redwood Valley shall maintain and enforce: (i) the moratorium on new connections to Redwood Valley's domestic water system that is specified in the January 24, 1989 Judgment and Peremptory Writ of Mandate in *Residents For Adequate Water, et al. v. State of California Department of Health Services, et al.*, Mendocino County Superior Court No. 55595; (ii) the moratorium on new connections

to Redwood Valley's agricultural water system that is specified in Redwood Valley's December 6, 2001 Resolution No. 2-01; and (iii) Redwood Valley's existing restrictions on the rates of deliveries of agricultural water to existing customers. Redwood Valley shall not use this Agreement to attempt to justify any termination or modification of these moratoria or these restrictions, or to attempt to justify any increases in the amounts of its water deliveries to any of its customers.

c. Redwood Valley acknowledges that the list of Redwood Valley's present domestic customers attached to this Agreement as Exhibit A is complete and accurate. Redwood Valley shall not allow any new domestic customers that are not listed in Exhibit A to receive water from Redwood Valley's domestic water system, except for new customers that replace existing customers because of their purchases or other conveyances of existing customers' properties, and except for new customers that the Department of Health Services authorizes to receive hardship domestic service, based on domestic water use from a well or wells that existed in 1986. Redwood Valley shall provide annual written notices to the Sonoma Agency and the Mendocino Agency of any changes in the list of Redwood Valley's domestic customers that occur because of a conveyance of any customer's property or any hardship domestic service connection authorized by the Department of Health Services.

d. Redwood Valley acknowledges that the list of Redwood Valley's present agricultural customers attached to this Agreement as Exhibit B is complete and accurate. Redwood Valley shall not allow any new agricultural customers that are not listed in Exhibit B to receive water from Redwood Valley's agricultural water system, except for new

customers that replace existing customers because of their purchases or other conveyances of existing customers' properties. However, this paragraph does not prohibit Redwood Valley from reconfiguring deliveries of agricultural water to a group of adjacent parcels that are owned or farmed by the same agricultural water user, so long as the reconfiguration does not increase the total deliveries of agricultural water to the group of parcels. Redwood Valley shall not allow any agricultural water customer to increase the annual average amounts of water that he, she or it receives from Redwood Valley over the amounts that were delivered to the same parcel or group of adjacent parcels before this Agreement was executed. Redwood Valley shall provide annual written notices to the Sonoma Agency and the Mendocino Agency of any changes in the list of Redwood Valley's agricultural customers that occur because of a conveyance of any customer's property or because of any reconfiguration of deliveries of agricultural water to a group of adjacent parcels.

e. Whenever the County, in connection with the County's actions on an application for any permit for a building, construction or other project or activity that would require any increases in Redwood Valley's deliveries of water or any new connections to Redwood Valley's agricultural or domestic water systems, asks Redwood Valley for any information regarding Redwood Valley's water supplies, Redwood Valley shall: (i) notify the County that the water supply under this Agreement is temporary and is not a reliable or continuing supply of water; (ii) notify the County that no additional amounts of water are available for domestic or agricultural use within Redwood Valley's service area; and (iii) ask the County to include in any such permits appropriate restrictions, limitations and

conservation measures to ensure that the water use from Redwood Valley's domestic and agricultural water systems will not increase if the permit is issued. Whenever the County acts on any such application, the County shall take into consideration Redwood Valley's comments and the fact that any water supply under this Agreement is temporary and is not a reliable or continuing supply of water.

f. Redwood Valley shall diligently pursue developing new water supplies for its present and potential future agricultural and domestic customers.

g. Redwood Valley shall not oppose the Sonoma Agency's Notice Group I and Notice Group II petitions to change its water-right Permits 12947A, 12949, 12950 and 16596, or the Agency's water-right Application 30981, all of which are described in the State Water Resources Control Board's July 14, 2000 public notices.

Section 11. Water Conservation and Management.

a. Each party to this Agreement that provides water for domestic or municipal purposes shall: (i) become a member of the California Urban Water Conservation Council within six months after the effective date of this Agreement and remain a member in good standing while this Agreement is in effect; and (ii) sign the California Urban Water Conservation Council's December 11, 2002 Memorandum of Understanding for Urban Water Conservation (available on the World Wide Web at www.cuwcc.org/home.html), and any updated version of this Memorandum.

b. Each party to this Agreement that provides water for agricultural purposes shall sign the California Department of Water Resources Agricultural Water Management

Planning Program's January 1, 1999 Memorandum of Understanding Regarding Efficient Water Management Practices By Agricultural Water Suppliers In California (available on the World Wide Web at www.owue.water.ca.gov/agmanage/index.cfm), and any updated version of this Memorandum.

c. If a party to this Agreement supplies water for both domestic or municipal and agricultural purposes, then that party shall sign both of these memoranda of understanding and any updated versions of them.

d. Each party to this Agreement shall, as a minimum, implement or use its best efforts to secure the implementation of, all appropriate water management practices specified in these memoranda of understanding within its service area. In the alternative, any party to this Agreement may implement alternative water conservation measures that obtain at least the same level of water savings as the applicable water management practices. Each party to this Agreement shall complete and file all annual reports required by these memoranda.

e. Pursuant to term 28 of Permit 12947A, Redwood Valley shall: (i) consult with the Sonoma Agency and the Division of Water Rights and develop and implement a water conservation plan or actions for Redwood Valley's service area; and (ii) present the proposed plan or actions to the State Water Resources Control Board for approval within one year from the execution of this Agreement.

f. Redwood Valley shall implement any water conservation measures applicable to it that may be imposed on the Sonoma Agency by the State Water Resources Control Board or any other governmental agency through Permit 12947A.

g. Whenever any party to this Agreement files any urban or agricultural water conservation or management plan, or any amendment or change to such a plan, with the Department of Water Resources or any other state agency, the party shall at the same time send copies of the plan, amendment or change to the Sonoma and Mendocino Agencies.

Section 12. California Environmental Quality Act. Pursuant to section 15051(d) of the California Environmental Quality Act (CEQA) Guidelines, Redwood Valley is designated as the lead agency under the California Environmental Quality Act for this Agreement and has prepared the Negative Declaration described in recital H. In compliance with CEQA, each party that is executing this Agreement has reviewed this Negative Declaration.

If there ever is any legal challenge to this Negative Declaration or to this Agreement by any person or entity that is not a Party to this Agreement, and such challenge is against any Party besides Redwood Valley, then such Party may tender to Redwood Valley the defense of any liability, claim, demand, damage, loss, disability or expense that is related to such challenge, and, if such tender is made, then Redwood Valley shall indemnify, hold harmless, protect and defend such Party against any and all liabilities, claims, demands, damages, losses, disabilities and expenses (including claims for attorney fees) that arise as a result of the Negative Declaration or any Party's approval of the Proposed Agreement.

Any Party to this Agreement that will be involved in any activity that is to be funded by expenditures from the RVCWD Contract Fund that is described in section 19 shall take all actions required by CEQA in connection with such activities and expenditures.

Section 13. Effective Date, Term and Termination. If this Agreement is signed by authorized representatives of the Sonoma Agency, Redwood Valley, the County and the Mendocino Agency on or before October 1, 2005, then it shall become effective on October 1, 2005. If this Agreement is signed by authorized representatives of these four entities after October 1, 2005, then it shall become effective on the date on which the last of these representatives signs this Agreement.

Any of the preceding four parties may terminate this Agreement at any time, with or without cause, by providing 30 days' written notice of its election to terminate this Agreement to all of the other parties to this Agreement. If not terminated earlier, this Agreement then shall remain in effect through October 31, 2009. This Agreement may be renewed for additional five-year periods with the written consent of these four parties.

Upon termination of this Agreement, the Mendocino County Water Conservation and Fishery Advisory Board that is described in sections 16 through 18 of this Agreement will cease to exist. If such termination occurs, and if there is any remaining balance in the RVCWD Contract Fund at the time of the termination, then expenditures from any such remaining balance may be made for any of the types of projects that are described in the first sentence of subsection 19.a. of this Agreement. Any such expenditures may be made only after: (i) the Mendocino Agency has adopted a resolution approving the proposed expenditure; and (ii) the Sonoma Agency's General Manager/Chief Engineer has made a written approval of the proposed expenditure and delivered the written approval to the Mendocino Agency. This paragraph will survive termination of this Agreement.

Section 14. Amendments Of Agreement. Although some or all of the Other Parties may become parties to this Agreement, this Agreement nevertheless may be amended by a writing signed only by authorized representatives of the Sonoma Agency, Redwood Valley, the County and the Mendocino Agency. If these four entities amend this Agreement, then any Other Party may become a party to the amended agreement by providing the notice described in section 17 of this Agreement. Until an Other Party provides such notice, it shall not be a party to the amended agreement.

Section 15. The RVCWD Contract Fund. The Mendocino Agency shall place all funds received from Redwood Valley under this Agreement in a separate account entitled the "RVCWD Contract Fund." The Mendocino Agency may spend money from this fund only according to the provisions of, and procedures described in, this Agreement.

Section 16. The Mendocino Water Conservation and Fishery Advisory Board. This Agreement creates the Mendocino Water Conservation and Fishery Advisory Board (the "Advisory Board"). The purpose of the Advisory Board is to review and approve projects that will be totally or partially funded from the RVCWD Contract Fund. When this Agreement becomes effective, Redwood Valley, the County and the Mendocino Agency shall be members of the Advisory Board.

Section 17. Joinder In Agreement. Any or all of the Other Parties may become parties to this Agreement and members of the Advisory Board by having an authorized representative of the Other Party sign the "Joinder in Agreement" form that is attached to this Agreement as Exhibit C, and by delivering the signed notice to the General Manager of the

Mendocino Agency. The General Manager of the Mendocino Agency shall deliver copies of any such notice to all other parties to this Agreement.

Section 18. Mendocino Water Conservation and Fishery Advisory Board Composition, Voting and Meetings.

a. The Advisory Board shall be composed of one representative appointed by each party to this Agreement, except that the Sonoma Agency shall not have a representative on the Advisory Board. Each such party may appoint an alternate to participate in the Advisory Board when its normal representative is absent. Each Board member and each alternate shall serve at the pleasure of his or her appointing public entity. A person may serve simultaneously as a Board member or alternate and as a member of the governing board of the appointing public entity. Board members and alternates shall serve without any compensation or reimbursement of expenses from the RVCWD Contract Fund.

b. A majority of the members of the Advisory Board shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn a meeting. An affirmative vote of a majority of the members of the Advisory Board in attendance at any meeting shall be required to approve any expenditure from the RVCWD Contract Fund.

c. All meetings of the Advisory Board shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code, sections 54950-54963). The Mendocino Agency shall provide a meeting room in Ukiah, California for Advisory Board meetings, and shall provide public notices and

agendas for, and maintain minutes of, Board meetings.

d. The Advisory Board shall meet at least twice during each calendar year.

Section 19. Criteria and Procedures For Expenditures From RVCWD Contract Fund.

a. Expenditures from the RVCWD Contract Fund may be made for all or part of the costs of: (i) cost-effective water conservation projects that will reduce the diversions of water from the Russian River; (ii) projects for the use of recycled water that will reduce diversions of water from the Russian River; or (iii) projects that will protect, maintain or enhance the populations or habitats of anadromous fish species in the Russian River that are listed as threatened or endangered species under the Federal Endangered Species Act. Expenditures from the RVCWD Contract Fund to entities that are water users or water purveyors shall be made only if the water user or water purveyor that will receive the money from the fund is a signatory to this Agreement and has satisfied all of the applicable requirements of section 11 of this Agreement.

b. Expenditures from the RVCWD Contract Fund may be made only after: (i) the Advisory Board has adopted a resolution approving the proposed expenditure; and (ii) the Sonoma Agency's General Manager/Chief Engineer has made a written approval of the proposed expenditure and delivered the written approval to the Mendocino Agency.

Section 20. Merger. This writing is intended both as the final expression of the agreement between the parties hereto with respect to the included terms and conditions and as a complete and exclusive statement of the terms of the agreement. Pursuant to Code of Civil Procedure section 1856, no modification of the Agreement shall be effective unless and

until such modification is evidenced by a writing that satisfies the requirements of section 14.

Section 21. Waiver. Redwood Valley waives, releases and forever discharges the Sonoma Agency, its officers, agents and employees from any and all liabilities, claims, demands, losses and costs relating to any of the following: (a) any property damage or personal injury arising from any reduction or elimination of the water that is available for pumping of water from Lake Mendocino by Redwood Valley pursuant to this Agreement, or from any Sonoma Agency action to limit or eliminate Redwood Valley's right to pump water from Lake Mendocino under this Agreement; (b) any property damage or personal injury arising from the quality of water pumped from Lake Mendocino pursuant to this Agreement; and (c) any property damage or personal injury arising from any decision of the Sonoma Agency regarding the repair (or non-repair) of the Pacific Gas and Electric Company's Potter Valley Project, Coyote Valley Dam or Warm Springs Dam. Redwood Valley's waiver, release and discharge described in this paragraph shall apply to all of the property damages or personal injuries described in this paragraph, whether or not such property damages or personal injuries were caused by the Sonoma Agency's negligence, unless such property damages or personal injuries resulted from the Sonoma Agency's sole negligence, willful misconduct or violation of law.

Section 22. Indemnification. Redwood Valley shall indemnify, hold harmless, protect and defend the Sonoma Agency, its officers, agents and employees from and against any and all liabilities, claims, demands, damages, losses, disabilities or expenses (including attorney

fees and litigation costs) of every nature arising out of, or in connection with: (a) the quality or quantity (or lack thereof) of water that has been made available by the Sonoma Agency to Redwood Valley pursuant to this Agreement; (b) the control, conveyance and disposition of water that has been pumped by Redwood Valley pursuant to this Agreement; or (c) any expenditures of money from the RVCWD Contract Fund. Redwood Valley shall provide such indemnification, holding harmless, protection and defense whether or not such liabilities, claims, demands, damages, losses, disabilities or expenses are based on the Sonoma Agency's negligence, unless such liabilities, claims, demands, damages losses, disabilities or expenses are based on the Sonoma Agency's sole negligence, willful misconduct or violation of law.

The provisions in this section regarding attorney fees shall not apply to any other section of this Agreement.

Section 23. Method and Place of Giving Notice and Making Payments. All notices shall be in writing and notice and payments may be given by personal delivery or by mail.

Notices and payments sent by mail shall be addressed as follows:

Sonoma Agency: Sonoma County Water Agency
P. O. Box 11628
Santa Rosa, CA 95406
Attention: General Manager/Chief Engineer

Redwood Valley: Redwood Valley County Water District
P. O. Box 399
Redwood Valley, CA 95470
Attention: General Manager

County: County of Mendocino
 501 Low Gap Road, Room 1010
 Ukiah, CA 95482
 Attention: County Administrator

Mendocino Agency: Mendocino County Water Agency
 890 North Bush Street, Room 20
 Ukiah, CA 95482
 Attention: General Manager

Notices to each Other Party shall be addressed to the address listed on the Other Party's "Joinder In Agreement" form filed pursuant to section 17. When so addressed, a notice shall be deemed given upon deposit in the United States Mail, postage prepaid. In all other instances, notices and payments shall be deemed given at the time of actual delivery. Changes may be made in the names and addresses of the person to whom notices and payments are to be given by giving notice pursuant to this section.

Section 24. No Third Party Beneficiaries. No third party beneficiaries are intended or established by this Agreement.

Section 25. No Waiver Of Rights. The waiver at any time by any party to this Agreement of any of its rights with respect to a default, breach or other matter by any other party arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default, breach or other matter.

Section 26. Representation by Counsel. Each party to this Agreement was represented by independent counsel in the negotiation and execution of this Agreement. For the purposes of interpretation of this Agreement, no party shall be deemed to have been the drafter of this Agreement.


Dated: 12/22/05

SONOMA COUNTY WATER AGENCY

By: 

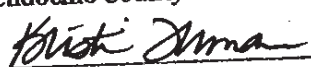
Dated: November 3, 2005

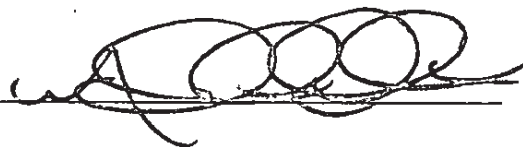
REDWOOD VALLEY WATER DISTRICT

By: 
Donald E. Butow, Chairman
Board of Directors

Dated: 11-15-05

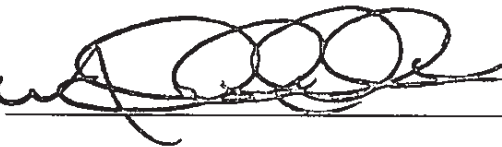
COUNTY OF MENDOCINO

ATTEST:
Kristi Furman, Clerk of the Board
Mendocino County Board of Supervisors


By: 

Dated: 11-15-05

MENDOCINO COUNTY WATER AGENCY

By: 

REVIEWED AS TO SUBSTANCE BY
SONOMA COUNTY WATER AGENCY:



I hereby certify that according to the provisions of Government Code Sections 25103, delivery of this document has been made.

KRISTI FURMAN
Clerk of the Board
By: 

REVIEWED AS TO FORM BY
SONOMA COUNTY COUNSEL:



APPROVED AS TO FORM
COUNTY COUNSEL OFFICE
by: 