

NORTH BAY WATER REUSE AUTHORITY

SECOND AMENDED

MEMORANDUM OF UNDERSTANDING

Supersedes

Memorandum of Understanding
First Amended Memorandum of Understanding

March 15, 2005
September 24, 2008

Table of Contents

| | |
|---|----|
| Recitals | 4 |
| Memorandum of Understanding | 6 |
| 1. Definitions | 6 |
| MOU..... | 6 |
| NBWRA | 6 |
| Board of Directors | 7 |
| Technical Advisory Committee..... | 7 |
| Member Agency” or “Member Agencies | 7 |
| North Bay Region..... | 7 |
| Administrative Agency | 7 |
| EIR/EIS..... | 7 |
| USBR..... | 7 |
| Phase 1 | 7 |
| Phase 2..... | 8 |
| 2. Purpose | 8 |
| 3. Objectives | 8 |
| 4. Establishment of NBWRA | 8 |
| 5. NBWRA Membership | 9 |
| 6. Governance | 9 |
| 7. Board of Directors | 9 |
| Membership | 9 |
| Voting and Authorization Requirements..... | 9 |
| Quorum..... | 10 |
| Open Meetings..... | 10 |
| 8. Technical Advisory Committee | 10 |
| Purpose | 10 |
| Membership | 11 |
| Voting and Authorization Requirements..... | 11 |
| Quorum..... | 11 |
| 9. Terms of Office | 11 |
| 10. Alternates | 12 |
| 11. Officers of the NBWRA | 12 |
| Chair | 12 |
| Vice-Chair..... | 12 |
| 12. Administrative Agency | 12 |
| 13. Staff and Consultants | 14 |
| 14. Sharing of Costs and Resources | 15 |
| 15. Distribution of Funds Received | 18 |
| 16. Initiation of Membership | 19 |
| 17. Termination of Membership | 19 |
| Causes..... | 19 |
| Resignation by Giving Notice | 20 |

| | |
|--|----|
| Nonpayment of Dues or Allocated Costs | 20 |
| Effect of Termination | 20 |
| 18. Procedures | 21 |
| 19. Meetings | 21 |
| 20. Reports to Member Agencies | 21 |
| 21. Offices | 21 |
| 22. Term | 21 |
| 23. Disposition of Property and Surplus Funds | 21 |
| 24. Minutes | 22 |
| 25. Effective Date | 22 |
| 26. Counterparts | 22 |
| Exhibit A | 25 |
| Exhibit B | 26 |
| Exhibit C | 27 |

MEMORANDUM OF UNDERSTANDING
ESTABLISHING THE
NORTH BAY WATER REUSE AUTHORITY

This Memorandum of Understanding (“MOU”) establishes the North Bay Water Reuse Authority (“NBWRA”) for the purposes described herein. This MOU is made and entered into by and between the parties that are signatories to this MOU. The MOU was first approved March 15, 2005. The first amendment to the MOU was approved September 24, 2008. This is the second amendment of the MOU that originally established the NBWRA. This second amendment to the MOU supersedes all previous versions of the MOU.

Recitals

WHEREAS, each of the parties to this MOU is a local government entity functioning within the North Bay Region, as depicted in **Exhibit A** attached hereto and incorporated by reference; and

WHEREAS, the parties desire to enter into an MOU to explore the feasibility of coordinating interagency efforts to expand the beneficial use of recycled water in the North Bay Region thereby promoting the conservation of limited surface water and groundwater resources; and

WHEREAS, the parties do not intend to create a separate public agency pursuant to Government Code §6500 et seq. through this MOU and no provision of this MOU should be so construed; and

WHEREAS, the parties hereto may later explore the feasibility of changing their organizational structure by establishing a Joint Powers Authority in a separate agreement that would advance the purpose and goals of the NBWRA, if construction projects are to be undertaken jointly or if such changes are necessary in order to receive federal or state funds; and

WHEREAS, the parties hereto recognize the value of using common resources effectively; and

WHEREAS, the parties hereto desire to be proactive on regulatory issues affecting the North Bay Region that transcend the traditional political boundaries of the parties; and

WHEREAS, the parties hereto desire to inform communities and the public in the North Bay Region about the importance of water conservation and the benefits of water reuse; and

WHEREAS, the parties hereto wish to coordinate their consideration and review of local, state and federal policies and programs related to the expansion of existing recycled water programs and the development of new recycled water programs in the North Bay Region; and

WHEREAS, the parties hereto find that promoting the stewardship of water resources in the North Bay Region is in the public interest and for the common benefit of all within the North Bay Region; and

WHEREAS, the parties recognize that there are current and future regulatory requirements which apply to water resources in the North Bay Region affecting one or more of said parties, and that these multiple regulatory requirements may be better addressed on a regional basis, and in a collaborative manner, and the parties wish to investigate more effective ways to share information and coordinate efforts to comply with said regulatory requirements; and

WHEREAS, the parties intend that participation in this MOU be entirely voluntary; and

WHEREAS, it is understood that the primary purpose of this MOU is to provide a governance structure, led by a Board of Directors consisting of members of the governing boards from the Member Agencies, for the successful completion of the projects described in Phase 1, of the EIR/EIS.

WHEREAS, the parties previously applied for federal funds to assist them with implementing their projects; and

WHEREAS, the parties did receive funding, which is part of a program that was authorized for construction in PL 111-11 that was signed into law in March 2009. The program can receive appropriations through the US Bureau of Reclamation's Title XVI program which can include funds from the American Recovery and Reinvestment Act of 2009 and the U.S.

Department of Interior, Bureau of Reclamation's Title XVI Program.

WHEREAS, Phase 1 includes receipt of the full \$25,000,000 federal authorization, and

WHEREAS, the parties understand that reallocation of costs described herein, can be made with the approval of the parties as provided herein.

NOW, THEREFORE, the parties hereto do hereby enter into this Memorandum of Understanding, as follows:

Memorandum of Understanding

1. Definitions. As used in this MOU, the following words and phrases shall have the meanings set forth below unless the context clearly indicates otherwise.

(a) "MOU" shall mean this second amended Memorandum of Understanding.

(b) "NBWRA" shall mean the unincorporated, cooperative group of public agencies organized through this MOU and otherwise referred to as the North Bay Water Reuse Authority.

- (c) “Board of Directors” shall mean the governing body composed of members of the governing boards of the Member Agencies established pursuant to this MOU.
- (d) “Technical Advisory Committee” shall mean the administrative body established at the discretion of the Board of Directors pursuant to this MOU.
- (e) “Member Agency” or “Member Agencies” shall mean the local and/or regional public agencies regulated under the Clean Water Act, 33 U.S.C. § 1251 et seq., the federal Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and/or the state Safe Drinking Water Act, Health & Safety Code § 116275 et seq., that operate within or have jurisdiction over any area within the North Bay Region, and that are signatories to this MOU.
- (f) “North Bay Region” shall mean the area depicted on the map attached hereto and incorporated herein as **Exhibit A**.
- (g) “Administrative Agency” shall mean that Member Agency authorized pursuant to Section 12 to enter into contracts and perform other administrative functions on behalf of the NBWRA.
- (h) “EIR/EIS” shall mean the Environmental Impact Report/Environmental Impact Statement, that was certified and or approved by the Member Agencies during December 2009 and January 2010 and which serves as the basis of the projects to be partially funded by USBR.
- (i) “USBR” shall mean the United States Bureau of Reclamation.
- (j) “Phase 1” shall mean the projects described as Phase 1 of Alternative 1 of the EIR/EIS. It is understood that minor modifications to said projects may occur as actual design and

construction occurs and that the individual agencies are responsible for possible modifications to the requirements of the EIR/EIS.

(k) "Phase 2" shall mean the remaining projects in the EIR/EIS Alternative 1 that are not included in Phase 1.

2. Purpose. The purpose of NBWRA is to provide recycled water for agricultural, urban, and environmental uses thereby reducing reliance on local and imported surface water and groundwater supplies and reducing the amount of treated effluent released to San Pablo Bay and its tributaries.

3. Objectives. NBWRA projects will promote the expanded beneficial use of recycled water in the North Bay region to:

- (a) Offset urban and agricultural demands on potable water supplies;
- (b) Enhance local and regional ecosystems;
- (c) Improve local and regional water supply reliability;
- (d) Maintain and protect public health and safety;
- (e) Promote sustainable practices;
- (f) Give top priority to local needs for recycled water, and
- (g) Implement recycled water facilities in an economically viable manner.

4. Establishment of the NBWRA. There is hereby established the North Bay Water Reuse Authority ("NBWRA"). The geographic boundaries of the NBWRA shall be the North Bay Region. (See **Exhibit A**). The NBWRA is an unincorporated association. By entering into this MOU, the parties do not intend to form a Joint Powers Authority pursuant to Government Code §6500 et seq.

5. NBWRA Membership. Any local and/or regional public agency regulated under the Clean Water Act, 33 U.S.C. § 1251 et seq., the federal Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and/or the state Safe Drinking Water Act, Health & Safety Code § 116275 et seq., that operates within or has jurisdiction over any area within the North Bay Region may be a Member Agency of the NBWRA. Each Member Agency must be a signatory to this MOU.

6. Governance. NBWRA governance structure shall consist of a Board of Directors. The composition and responsibilities of the Board of Directors is detailed in Section 7.

7. Board of Directors

(a) Membership. The Board of Directors of the NBWRA shall consist of one representative from each Member Agency. Such representative shall be a member of the governing board of the Member Agency. The Member Agency shall designate one representative and alternate(s) each of whom shall be members of the governing board of the Member Agency. In the event that the governing body representative and alternate(s) are unavailable for a particular meeting, the Member Agency's representative on the Technical Advisory Committee may serve as an alternate.

(b) Voting and Authorization Requirements. Each representative on the Board of Directors shall have one vote. Except as set forth in subsections (i) and (ii) below and as otherwise specified herein, the affirmative vote of the majority of all the members of the Board of Directors is required and is sufficient to approve any item.

(i) An affirmative vote of members of the Board of Directors representing two-thirds of all Member Agencies shall be required to adopt or modify the budget. The budget may not be increased by more than fifteen percent (15%) annually, without the unanimous

- approval of the Board of Directors.
- (ii) Votes of members of the Board of Directors to approve the budget may not be unreasonably withheld.
 - (iii) Approval by the governing bodies of two-thirds of all Member Agencies shall be required to modify this MOU.
- (c) Quorum. Representatives or alternates from a majority of the Member Agencies shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn a meeting or to set a date for the next meeting. If no more than a majority of members or alternates are present, the quorum will be able to conduct NBWRA business only by unanimous vote unless provided otherwise herein.
- (d) Open Meetings. The Board of Directors will comply with the Brown Act in holding its meetings.

8. Technical Advisory Committee

- (a) Purpose. The Board of Directors may create a Technical Advisory Committee as needed for the month-to-month management of budget, schedule, and scopes of work for the NBWRA. Typical duties of a Technical Advisory Committee include recommending contracting for a program manager; working through technical details of work scopes and products; authorizing the administrative agency to enter into, modify, or accept work under any contract that is consistent with the budget approved by the Board of Directors, and reviewing and recommending courses of action to the Board of Directors for their consideration. The Board of Directors may create or dissolve the Technical Advisory Committee at any time for any purpose, and may adopt a set of rules governing the

Technical Advisory Committee as it determines necessary to achieve the purpose and objectives stated herein.

- (b) Membership. If created by the Board of Directors, the Technical Advisory Committee shall consist of one representative, not from the governing body, from each Member Agency. Such representative shall be the general manager or a suitable staff member of the Member Agency. In the event that the general manager or staff member is unavailable for a meeting, he or she may designate an alternate.
- (c) Voting and Authorization Requirements: Each representative on the Technical Advisory Committee shall have one vote. If a quorum is present, the quorum will be able to conduct NBWRA business only by a unanimous vote unless provided otherwise herein.
- (d) Quorum. Representatives or alternates from a majority of the Member Agencies shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn a meeting or to set a date for the next meeting. If no more than a majority of members or alternates are present, the quorum will be able to conduct NBWRA business only by unanimous vote unless provided otherwise herein.

- 9. Terms of Office.** Each representative on the Board of Directors shall serve for as long as he or she is a member of the governing board of his or her Member Agency and is designated by the Member Agency to act as its representative. If at any time a vacancy occurs on the Board of Directors, a replacement shall be appointed by the Member Agency to fill the unexpired term of the previous representative within ninety (90) days of the date that such position becomes vacant.

10. Alternates. Alternate representatives to the Board of Directors or its Technical Advisory

Committee shall be empowered to cast votes in the absence of the regular representative or, in the event of a conflict of interest preventing the regular representative from voting, to vote because of such a conflict of interest.

11. Officers of the NBWRA. The Board of Directors of the NBWRA shall elect a Chair, a Vice-Chair and such other officers annually on the first meeting of the calendar year. The Board of Directors may choose to adopt a policy that requires the rotation of the Chair, by Member Agency, on an annual basis. The duties of the Chair and Vice-Chair are as follows:

- (a) Chair. The Chair shall direct the preparation of agendas, call meetings of the Board of Directors to order and conduct other activities as deemed appropriate by the Board of Directors. Any member of the Board of Directors may place an item on the NBWRA agenda.
- (b) Vice-Chair. The Vice-Chair shall serve as the Chair in the absence of the regularly-elected Chair. In the event both the Chair and Vice-Chair are absent from a meeting which would otherwise constitute a quorum and a temporary Chair was not designated by the Chair at the last regular meeting, any Board member may call the meeting to order, and a temporary chair may be elected by majority vote to serve until the Chair or Vice-Chair is present.

12. Administrative Agency. The Member Agencies hereby designate the Sonoma County Water Agency to act as the Administrative Agency for the purpose of carrying out the provisions of this MOU. The authority delegated herein to the Administrative Agency shall be subject to the restrictions upon the manner of exercising power applicable to the Administrative Agency,

including but not limited to the purchasing ordinances and purchasing procedures of the Administrative Agency. Within these limits, the Board of Directors may direct the Administrative Agency's actions with respect to this MOU. The Administrative Agency, for the benefit of the NBWRA Members, shall:

- (a) Award, execute in its own name, and administer such contracts on behalf of the NBWRA, as may be authorized as set forth in Sections 7 and 8.
- (b) Through its controller and treasurer, act as the financial officer or functional equivalent and be the depositor and have custody of all money of the NBWRA from whatever source. The Administrative Agency shall draw warrants to pay demands for expenditures authorized by the Board of Directors or by its authorized representative pursuant to any delegation of authority authorized by the Board of Directors. The Administrative Agency will strictly account for all NBWRA funds, and will hold the funds in trust in a segregated account.
- (c) Provide budget analyses, warrant lists and other financial documents as required by the Board of Directors. The Administrative Agency's financial activities with regards to the NBWRA shall be subject to an outside audit at any time at the request of the Board of Directors. As a matter of course, the Administrative Agency will provide a separate annual audit of NBWRA funds to the Board of Directors.
- (d) Determine charges to be made against the NBWRA for the Administrative Agency's services. Payment of these charges shall be subject to the approval of the Board of Directors.
- (e) Prepare the reports identified in Section 20 if the Board of Directors has not designated another party or person to complete that task.

- (f) Enter into contracts with values up to \$15,000 without the approval of the Board of Directors or the Technical Advisory Committee, if consistent with the budget approved by the Board of Directors.

The Administrative Agency may resign its position as Administrative Agency upon 120 days written notice to all Member Agencies, and shall, before the effective date of its resignation, transfer all funds held on behalf of the NBWRA to any designated successor Administrative Agency. The Board of Directors may designate a successor Administrative Agency by majority vote. Should no other party be designated to act as Administrative Agency by the effective date of the resignation, the MOU shall terminate and the Administrative Agency shall distribute all property held on behalf of the NBWRA pursuant to Section 23.

13. Staff and Consultants. Subject to the approval and procedural provisions of Sections 7 and 12, the Administrative Agency may employ or contract for any staff or consultants as may be reasonably necessary to carry out the purposes of this MOU. Such persons may include legal counsel, administrative executives and other types of specialists. If an employee from any Member Agency performs staff or consulting work for the NBWRA, the governing body of that Member Agency may determine the charges to be made against the NBWRA for the services of that employee. Payment of these charges by the Administrative Agency on behalf of the NBWRA shall be subject to the approval of the Board of Directors, which approval shall not be unreasonably withheld.

14. Sharing of Costs and Resources.

- (a) The Board of Directors may assess annual dues for membership in the NBWRA, not to exceed \$5,000.
- (b) The Board of Directors shall assess each Member Agency for costs associated with paying the Administrative Agency, staff or consultants and the funding of approved projects, under agreements approved by the Technical Advisory Committee pursuant to Section 8, or the Administrative Agency as provided in Section 12, or as authorized by the budget adopted by the Board of Directors as set forth in Section 7. Further, legal liabilities may arise out of actions of the Member Agencies (including the Administrative Agency) taken pursuant to this MOU. The activities of the NBWRA are part of a regional program that provides benefit to all agencies. Therefore, as described more particularly below, all Member Agencies shall pay a portion of ongoing costs equally and the remaining costs shall be based on approved project costs for Phase 1 of Alternative 1, as described in the Certified EIR/EIS or as amended pursuant to Sections 14(e) and 16. The costs and liabilities will be allocated among each of the Member Agencies as follows:
 - (i) one quarter (25%) of costs and liabilities shall be allocated equally among each of the Member Agencies; and
 - (ii) three quarters (75%) of costs and liabilities shall be allocated among Member Agencies in proportion to the benefit to each Member Agency of participating in the NBWRA, in the form of federal funding that is described in applications for federal funding that have been submitted to the USBR as of April 15, 2010 or as modified pursuant to Sections 14 (e) and 16 herein. The Sonoma County Water Agency shall pay its pro-

rata share of the quarter of costs allocated under subsection (i) above, but shall not pay any costs allocated under subsection (ii), as it does not have any individual projects to be funded.

- (c) The parties hereto agree that the criteria set forth in subsection (b)(ii) produce the allocations listed in **Exhibit B**, attached hereto, and incorporated by reference. The parties agree that **Exhibit B** may be modified pursuant to Sections 14 (e) and 16.
- (d) Member Agencies shall be afforded the opportunity to receive reimbursement for previously allocated costs and liabilities that were not based on benefits received during the period from the date this Second Amended MOU becomes effective back to Fiscal Year 2005-2006 (the "Reimbursement Period"). Reimbursements shall be equal to (i) the actual costs paid by a Member Agency during the Reimbursement Period minus (ii) the amount of costs that would have been allocated to that Member Agency during the Reimbursement Period if the percentages defined in **Exhibit B** had been in effect. The final determination of costs and reimbursements subject to this subsection (d) shall be approved by a majority of the Board of Directors. Notwithstanding the foregoing, a Member Agency's ability to pay and the timing of benefits received may be taken into consideration when determining the respective allocation of costs pursuant to this subsection (d). It is understood that said reimbursement shall occur as soon as practicable following issuance of the Record of Decision by USBR and receipt of federal funds pursuant to agreements with USBR.
- (e) Two or more Member Agencies can agree to reallocate project costs for Phase 1 among themselves, as long as the combined total for those agencies before and after reallocation

are the same as the combined total for those agencies in the project schedule, subject to the approval of the Board of Directors. Such approval shall not be unreasonably withheld.

- (f) In the case of non-contractual liabilities arising out of the activities of the parties under this MOU, the Member Agencies specifically repudiate the division of liability outlined in Government Code sections 895.2 *et seq.* and instead agree to share liability based on the relative fault of the parties.

Notwithstanding the foregoing paragraph, each Member Agency agrees that it is solely responsible for, and agrees to indemnify and defend the other Member Agencies from and against, any claims, liabilities, or losses relating to or arising out of the design, construction, inspection, operation, or maintenance of its separate project. Each Member Agency agrees that nothing in this MOU shall create, impose, or give rise to any liability, obligation, or duty of the Member Agency to the other Member Agencies or to any third party with respect to the manner in which the Member Agency designs, constructs, inspects, operates, or maintains its separate project.

- (g) A Separate agreement between the Administrative Agency and the Member Agencies will be developed based on the requirements of the American Recovery and Reinvestment Act and Title XVI.

- (h) Some Member Agencies may choose to pursue Phase 2 or other non-Phase 1 projects.

Should this occur, the budget will be split into Phase 1 and Phase 2/other non-Phase 1 tasks and their appropriate costs. Costs for Phase 1 tasks shall be allocated and assessed as described in Sections 14 (b) and (c), herein. Costs for Phase 2/other non-Phase 1 tasks

shall be allocated and assessed by a method agreed upon by those Member Agencies choosing to participate in Phase 2/other non-Phase 1 tasks.

- (i) If a Member Agency that chooses to opt out of Phase 2/other non-Phase 1 tasks later decides to participate, it will be subject to a buy-in fee approved by the Board of Directors. Said fee may include applicable costs plus interest from the inception of Phase 2/other non-Phase 1 tasks until such time that they decide to participate. Costs shall be based on the approved annual budget. Interest shall be based on the annual change in the Consumer Price Index - All Urban Consumers for San Francisco-Oakland-San Jose as determined by the Bureau of Labor Statistics, United States Department of Labor.

15. Distribution of Funds Received.

- (a) Distribution of funds received from USBR shall be based on the Phase 1 project schedule as described in applications for federal funding submitted to USBR as of April 15, 2010 or as modified pursuant to Sections 14 (e) and 16, herein. Those percentages are based on the \$25,000,000 federal funding authorization for projects totaling \$100,000,000 and are detailed in **Exhibit C**, attached hereto, and incorporated by reference. The parties agree that **Exhibit C** may be modified pursuant to Sections 14 (e) and 17. Once a Member Agency has received federal funds for a project, that Member Agency is required to remain a participant in the NBWRA and a signatory to this MOU throughout the term of this MOU as described in Section 22. Should State funding become available to the NBWRA, its distribution shall also be as described in this Section. It is acknowledged that the Member Agencies may receive state funding from programs on an individual basis,

and (i) this Section shall not apply to such individual State funding and (ii) the allocations set forth in this Section shall not be affected by the receipt of any State funding.

(b) Should NBWRA be designated to receive federal funds for Phase 2/other non-Phase 1 tasks, this MOU will be modified accordingly.

16. Initiation of Membership. If an eligible agency as defined in Section 5 requests to join the NBWRA as a new Member Agency, the Board of Directors shall establish a membership initiation fee to such agency as a condition of joining the NBWRA. Cost allocations as described in **Exhibits B** and **C** may be revised upon the addition of additional Member Agencies, subject to the approval of a majority of the existing Member Agencies at that time. By virtue of becoming a signatory agency to this MOU pursuant to this Section 16, a new Member Agency is subject to all provisions of this MOU, including Section 17 below.

17. Termination of Membership. Member Agencies that have received federal monies may not terminate their membership in the NBWRA before the expiration of three (3) years from the effective date of this MOU.

- (a) Causes. Notwithstanding the above, a Member Agency's membership in the NBWRA and participation in this MOU shall terminate on the occurrence of any of the following:
- (i) The nonpayment of dues or assessments, subject to the limitations set forth in subsection (c) below; or
 - (ii) The occurrence of an event which renders an entity no longer eligible for membership under Section 5 of this MOU, as determined by the Board of Directors.

(iii) If a Member Agency decides to implement no Phase 1 projects and has received no federal funds, that agency may voluntarily terminate its membership in the NBWRA as set forth in subsection (b), below.

(b) Resignation by Giving Notice. The membership of any Member Agency of the NBWRA shall terminate after the delivery of such Member Agency's written notice of resignation to the Chair of the Board of Directors. Such notice shall be given at least thirty (30) days before the effective date of such resignation. Refunds of any dues or assessments upon such resignation shall be based on a signed, negotiated agreement between the resigning Member Agency and the Member Agencies that remain signatory to this MOU.

(c) Nonpayment of Dues or Allocated Costs. The membership of any Member Agency of the NBWRA may be terminated if the Member Agency fails to pay its dues or allocated costs within one hundred and twenty (120) days after such dues or costs are due. Termination shall be effective upon the majority vote of all members of the Board of Directors. Member Agencies shall be given thirty (30) days prior written notice of a threatened termination and the reasons thereof. The notice may be delivered in person or by first-class certified mail, fax or e-mail to the Member Agency's representative on the Board of Directors.

(d) Effect of Termination. All rights of a Member Agency under this MOU shall cease on the termination of such Member Agency's membership. Termination shall not relieve the Member Agency from any obligation for charges, costs or liabilities incurred or arising from acts or omissions before the date of termination. The terminating Member Agency's responsibility for such charges, costs or liabilities shall be determined in a manner consistent with the allocations set forth in Section 14. Likewise, termination shall not preclude the

Member Agency from any benefits that fully accrue before the date of termination. However, a resigned or terminated agency has no right to receive a portion of surplus funds at the termination of the NBWRA.

- 18. Procedures.** The Board of Directors may adopt bylaws, rules of conduct for meetings and operating procedures for the NBWRA. To facilitate such efforts, the NBWRA may adopt the administrative procedures and policies of a Member Agency.
- 19. Meetings.** The Board of Directors and the Technical Advisory Committee shall provide for meetings, as necessary.
- 20. Reports to Member Agencies.** Each year the NBWRA shall submit a written report to the governing body of each of the Member Agencies. This report shall describe the financial activities of the NBWRA during the preceding year.
- 21. Offices.** For the purposes of forming the NBWRA and for initial operation, the principal office of the NBWRA shall be located at the Administrative Agency. The Board of Directors may change said principal office from one location to another after providing thirty (30) days notice of such a change. The Chair shall notify each Member Agency in writing of the change.
- 22. Term.** This MOU shall terminate three years from the effective date of this MOU, unless extended by some or all of the parties. This MOU shall also be terminated if the Administrative Agency has resigned pursuant to Section 12 and no other Member Agency has been designated to act as the Administrative Agency prior to the effective date of the resignation.
- 23. Disposition of Property and Surplus Funds.** At the termination of this MOU, any and all property, funds, assets, and interests therein held by the Administrative Agency on behalf of

the NBWRA shall become the property of and be distributed to the then-Member Agencies. Money collected from Member Agencies and held in reserve by the Administrative Agency for payment of the costs of programs shall be allocated among Member Agencies in proportion to each Member Agency's contributions to such reserves. All other property, funds, assets, and interests shall be distributed by the Administrative Agency to Member Agencies in proportion to each Member Agency's contributions to the NBWRA for dues and allocated costs. However, liabilities of the NBWRA in excess of those assets held by the Administrative Agency on behalf of the NBWRA at the time of termination shall be assessed against the Member Agencies and said Member Agencies shall be responsible for such liabilities. The allocation of responsibility for the payment of such liabilities shall be determined in a manner consistent with the provisions of Section 14.

24. Minutes. A secretary or clerk shall be appointed by the Board of Directors. The secretary or clerk shall cause to be kept minutes of all meetings of the Board of Directors and the Technical Advisory Committee, and shall cause a copy of the minutes to be forwarded to each Member Agency.

25. Effective Date. This MOU shall become effective and the NBWRA shall be established when at least five (5) agencies have authorized its execution.

26. Counterparts. This MOU may be executed in counterpart and each of these executed counterparts shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

Sonoma County Water Agency

Napa Sanitation District

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**Sonoma Valley County Sanitation
District**

Novato Sanitary District

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

Las Gallinas Valley Sanitary District

North Marin Water District

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

County of Napa

By: _____

Print Name: _____

Title: _____

Date: _____

Exhibit A

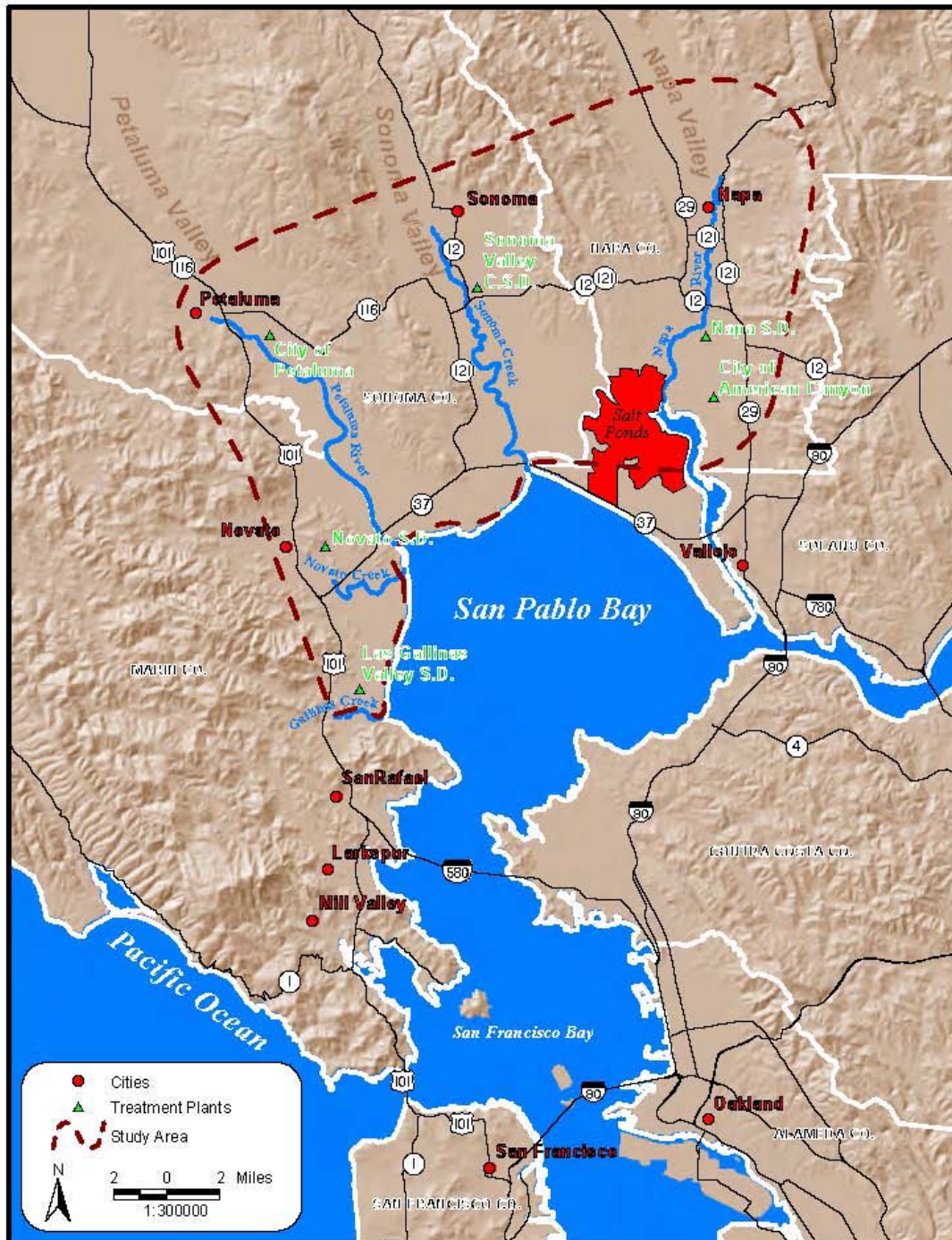


Exhibit A
Study Area

North Bay Water Reuse Authority - MOU

Exhibit B**Percentages for Ongoing NBWRA Costs**

| Agency | 25% Split Equally | Federal Authorization, Phase 1 | Percentage of Remaining 75% | Total of Percentages |
|---|------------------------------|---|--|---------------------------------|
| Las Gallinas Valley Sanitary District | 3.57% | \$1,222,473 | 3.67% | 7.24% |
| Novato Sanitary District | 3.57% | \$1,679,893 | 5.04% | 8.61% |
| North Marin Water District | 3.57% | 4,689,504 | 14.07% | 17.64% |
| Sonoma Valley County Sanitation District | 3.57% | \$7,967,134 | 23.90% | 27.47% |
| Sonoma County Water Agency | 3.57% | - | 0.00% | 3.57% |
| Napa Sanitation District | 3/57% | \$9,440,996 | 28.32% | 31.89% |
| Napa County | 3.57% | - | | 3.57% |
| TOTALS | 25.00% | \$25,000,000 | 75.00% | 100.00% |

Note: percentages may be revised pursuant to the provisions of this MOU based on adding additional signatory members, revisions to the projects in Phase 1, or continuation beyond Phase 1, subject to the approval of the parties.

Exhibit C**Percentages for Distribution of Federal Funds Received**

| Agency | Federal Authorization, Phase 1 | Percentage |
|---|---|-------------------|
| Las Gallinas Valley Sanitary District | \$1,222,473 | 4.89% |
| Novato Sanitary District | \$1,689,893 | 6.72% |
| North Marin Water District | \$4,689,504 | 18.76% |
| Sonoma Valley County Sanitation District | \$7,967,134 | 31.87% |
| Sonoma County Water Agency | - | - |
| Napa Sanitation District | \$9,440,996 | 37.76% |
| Napa County | - | - |
| TOTALS | \$25,000,000 | 100.00% |

Note: percentages may be revised pursuant to the provisions of this MOU based on adding additional signatory members, revisions to the projects in Phase 1, or continuation beyond Phase 1, subject to the approval of the parties.