

**MINUTES** of the Regular Meeting of the Board of Directors of Dudley Ridge Water District held on August 12, 2020 at 1:00 p.m. at the office of the District, 286 W. Cromwell Ave., Fresno, California.

**DIRECTORS PRESENT:** Kimberly Brown, President (via teleconference)  
 Steve Jackson, Secretary (via teleconference)  
 Bernard Puget (via teleconference)

**DIRECTORS ABSENT:** Larry Ritchie  
 John Vidovich

**OTHERS PRESENT:** Dale Melville, Manager-Engineer (via teleconference)  
 Rick Besecker, Assessor-Collector-Treasurer (via teleconference)  
 Larry Bross, Utica JLJ (via teleconference)  
 Kellie Welch, Irvine Ranch WD (via teleconference)  
 Joe Mastro, Cuttone & Mastro CPAs (via teleconference)

President Brown called the Board meeting to order at 1:00 p.m.

**MINUTES**

Director Puget made a motion to approve the minutes of the June 10, 2020 Regular Board Meeting. The motion was seconded by Director Jackson; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

**FINANCIAL REPORTS**

Mr. Besecker presented to the Board financial reports prepared for the current period ending August 12, 2020. The reports showed the following cash balances in each of the respective accounts after bills proposed for payment on August 12, 2020.

BANK ACCOUNTS		
General (Checking) Fund (Bank of America)		\$ 5,296.34
Operating (Checking) Fund (Bank of America)		9,117.20
Investment Fund (LAIF Account)		1,372,999.75
Investment Fund (CalTrust Short Term Account)		1,565,442.41
Investment Fund (CalTrust Medium Term Account)		<u>155,533.14</u>
	<b>TOTAL BANK ACCOUNTS</b>	<b>\$ 3,108,388.84</b>

The reports also included the cash receipts journal, the aged receivables report, the 2020 budget comparison report for the period from June 11, 2020 to August 12, 2020. Director Jackson made a motion to accept the Treasurer's Report. The motion was seconded by Director Puget; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

Next, Mr. Besecker reviewed with the Board the schedule of warrants to be ratified as paid by the District for the period from June 11, 2020 to August 12, 2020 as shown below.

Payee	Amount
Department of Water Resources	\$ 1,675,830.03
Fresno ID	8,050,000.00
State Water Contractors	88,308.00
Provost & Pritchard Consulting Group	21,117.03
Western Hills WD	18,376.28
Klein Denatale Goldner LLP	864.00
Pacific Gas & Electric	1,020.89
Wonderful Orchards	7,000.00
Total	<u>\$ 9,862,516.23</u>

Director Puget made a motion to ratify the schedule of warrants as paid. The motion was seconded by Director Jackson; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

Next, Mr. Besecker reviewed with the Board the schedule of warrants to be approved for payment by the District for the period from June 11, 2020 to August 12, 2020 as shown below.

Payee	Amount
Department of Water Resources	\$ 275,034.00
Pacific Gas & Electric	616.34
Provost & Pritchard Consulting Group	22,073.70
Underground Service Alert	150.00
Klein Denatale Goldner LLP	4,526.00
Total	<u>\$ 302,400.04</u>

Director Puget made a motion to ratify the schedule of warrants as paid. The motion was seconded by Director Jackson; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

Next, Mr. Mastro reviewed with the Board the District's Financial Statements and Independent Auditor's Report for the Year Ended December 31, 2019; copies of the report were distributed to the Directors prior to the meeting for review. He noted that the audit resulted in a clean opinion, that the District was conforming with generally accepted accounting principles, and that sufficient controls were in place. Director Jackson made a motion to accept the annual audit and to direct the Manager to file the audit as required by various public agencies. The motion was seconded by Director Puget and after discussion the Board voted to adopt the motion. Following the vote, President Brown announced that the Directors voted unanimously as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

At this time Mr. Mastro excused himself from the remainder of the meeting.

Next, the Manager asked for the Board to approve the FY 2019-2020 Ernst & Young auditing agreement for the SWP, noting that the contract represented a 0.2% percent increase in fees over the prior year. Director Puget motioned to authorize the Manager execute the agreement. The motion was seconded by Director Jackson; after discussion, the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

**WATER SUPPLY REPORTS**

The Manager reviewed the current water report with the Board, noting that there were certain water supplies that could not be carried over and needed to be delivered prior to the end of the year.

Regarding the Kern Fan Groundwater Storage Program, the Manager reported that he had met with Irvine Ranch WD on how DRWD could benefit from the program, and that IRWD was preparing principles and would provide a presentation at the next board meeting.

Regarding the San Gabriel Valley MWD, the Manager noted that the SGVMWD board had approved the agreement for SGVMWD banking with DRWD, a copy which is attached to and made a part of these Minutes. Director Jackson made a motion to authorize the President to execute the agreement. The motion was seconded by Director Puget; after discussion, the Board voted to approve the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

Regarding water supply programs in collaboration with the Westside Districts, the Manager reported the following:

- Browns Valley ID: 3,100 AF north of the Delta is being transferred now and would be completed by the weekend.
- Merced ID: 20,000 AF (less an estimated 25%) was transferred in the last two weeks of July.
- Fresno ID: 13,000 AF (less 5%) transfer started on July 2 and continues at 100 cfs.
- Solano County WA: 7,100 AF (no losses with 4:1 exchange) may not happen due to new DWR interpretation of Area of Origin settlement language.
- Orange Cove ID: <500 AF requested to be delivered in September/October while we test the process with the local area and DWR on the ability to move pre-a914 water from north of the Delta to DRWD.
- North Kern WSD: exploring multiple options to acquire some surface water and to fund wells that WS5 can use in shoulder months to recover water.

Regarding the Dry Year Transfer Program, the Manager reported that an American River group had offered 2,000 AF at \$150/AF north of the Delta to all of the Dry Year Transfer Program participants; delivery would be in October/November and would result in about 80 AF for the District. Both Wonderful and Sandridge indicated their willingness to participate.

Regarding water supply programs in participation with the South Valley Water Resources Authority, the Manager reported that the CEQA document was drafted and is being sent to Patterson ID for review, then to Reclamation to use for the NEPA document. He also noted that the transfer may incorporate a small exchange with a landowner in Pleasant Valley WD.

**STATE WATER PROJECT ISSUES**

The Manager provided updates on the following current SWP issues.

- Regarding the Delta Conveyance Facility (“DCF”) the SWP contractors have been attempting to determine each contractor’s participation level to complete the table in the Agreement in Principle (“AIP”). The non-Met, non-KCWA contractors need to participate in 29% of the DCF costs and benefits. DRWD’s level would be either 1.02% or 1.13%, depending on future board decisions. Updated schedule, costs, and modeling is anticipated to be available by August 31. Gap funding of \$386 million over 4 years is needed to begin in January 2021. A final decision on participation for the AIP table and the \$380M gap funding is needed from each contractor by November. Funding and individual contractor support for the AIP is remains pending several issues, including:
  - Updated modeling to reflect the new the BiOps, ITP, and similar;
  - Updated capital and operating costs for the DCP; and
  - MWDSC and KCWA negotiating a transfer program between them.

- Regarding the SWP Contract Extension Amendment, little progress has been made. DWR has indicated they will not sign the amendment until after the trial court decision on DWR's validation effort (decision 1-2 years away) and negotiating Article 13(b) to clarify liability for issues such as the \$50 billion lawsuit against DWR from Butte County.
- Regarding the Water Management Amendment, the Manager noted that he reviewed the near-final language; he was hopeful to be able to bring the amendment to the board at a meeting this fall. He then reported that a Notice of Determination on the EIR was projected to be filed by DWR in late August and that approval by 24 contractors by February 28, 2021 would implement the amendment.

**OTHER DISTRICT ISSUES**

Regarding the Westside Water Authority, the Manager reported that applications for the Executive Director position will close on August 14; the WWA Search Committee would be reviewing the top applications and conducting interviews with the goal to have the position filled by late October.

The Manager briefly reviewed the draft letter in the Board package related to DRWD's comments on the Jackson Ranch Specific Plan Draft EIR. The Board was supportive of the letter and directed the Manager to submit the comment letter to Kings County.

The Manager reviewed the status of a request from Utica JLJ to allow a portion of their Table A allocation to be delivered to Kings County (on behalf of Kettleman City CSD); in return, KCCSD would provide treated water to meet the potable water needs of the Utica development at the southwest corner of Utica and I-5. The original request was to deliver up to 150 AF of water to KCCSD's turnout; the current request is to allow a permanent transfer of 150 AF of Table A water to Kings County (on behalf of Kettleman City CSD), although a more recent option has been presented to provide 150 AF of Table A from a landowner in Kings County for use by KCCSD in exchange for Utica transferring 150 AF of DRWD Table A to said landowner in DRWD, thus avoiding approval from DWR and several other steps that a permanent transfer would incur. Utica indicated that they would re-evaluate their options and get back to the District on their course of action.

Additionally, the Manager reviewed the draft Indemnification Agreement between DRWD and Utica/Jacksons, noting that once it was clarified what delivery option Utica decides to take, he would modify the Indemnification Agreement accordingly and enter into the agreement as an administrative action. The Board was agreeable to this approach.

The Manager informed the Board that Sandridge Partners has requested 4,497 AF of their Table A be permanently transferred from Tulare Lake Basin WSD to DRWD. District staff will coordinate with Sandridge, TLBWSD, and DWR to assist in the transfer. Mr. Melville noted that he would work with legal counsel to develop and process an indemnification agreement between the District and Sandridge and bring back to the Board any specific agreements with TLBWSD and the contract amendment with DWR.

The Manager noted that the preliminary estimate for capital needs to implement a water supply plan for the SJV Water Blueprint is about \$6.9 billion. DWR and USBR have indicated their support for the effort and the Blueprint organization is preparing to submit for State funding to expand the planning and environmental processes.

The Manager then requested the Board authorize staff to begin developing the 2020 Ag Water Management Plan for the District; the Plan is due April 1, 2021. Director Puget motioned to authorize staff to prepare the Plan. The motion was seconded by Director Jackson; after discussion, the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Absent	Aye	Absent	Aye

**EXECTUVE (CLOSED) SESSION**

At 2:24 p.m. President Brown announced that the Board would convene in the scheduled

closed session to confer with Legal Counsel regarding litigation (Govt. Code, § 54956.9(d)(4)) regarding the State Water Contractors and Kern County Water Agency v. State of California Department of Fish and Wildlife and State of California Department of Water Resources. She noted that it was likely that an action by the Board was anticipated to come out of closed session. At this time, Ms. Welch and Mr. Bross left the meeting.

**RETURN TO OPEN SESSION**

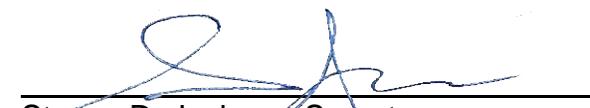
At 2:27 p.m., President Brown closed the Executive Session. Upon returning to the open session, President Brown reported that there were no reportable actions from the closed session.

**DATE, TIME, AND LOCATION OF NEXT BOARD MEETING**

The Manager noted that the next Board meeting was to be determined.

**ADJOURNMENT**

There being no further business to come before the Board, at 2:28 p.m. President Brown adjourned the meeting.

  
\_\_\_\_\_  
Steven D. Jackson, Secretary

APPROVED:

  
\_\_\_\_\_  
Kimberly M. Brown, President

## 2020 WATER BANKING AGREEMENT

This Water Banking Agreement is made effective as of \_\_\_\_\_, 2020 between Dudley Ridge Water District and San Gabriel Valley Municipal Water District (each a “Party” or collectively the “Parties”). The Parties agree as follows:

### Section 1. **Purpose**

(a) The Parties are water districts having contracts with the Department of Water Resources of the State of California for the supply of water from the State Water Project. The Parties desire to mitigate water shortages and capacity constraints in the State Water Project by exchanging and banking water to regulate their State Water Project deliveries. This agreement will increase water management opportunities as each party experiences different local conditions.

(b) In June 1995, Dudley Ridge Water District and San Gabriel Valley Municipal Water District entered into a “Water Banking Agreement” which defined the terms and conditions for a water banking program between the Parties. In December 2002, the earlier agreement was amended and restated in the “Amended and Restated Water Banking Agreement” (“2002 Agreement”) to better reflect the mutual needs of the Parties. In 2005, the Parties determined their mutual best interest would be served by amending and restating the 2002 Agreement. Accordingly, in March 2005 the Parties again amended and restated the 2002 Agreement with execution of the Amended and Restated Water Exchange Agreement (“2005 Agreement”). In 2017, the Parties again determined their mutual best interest would be served by amending and restating the 2005 Agreement, and, in January 2017 the Parties amended and restated the 2005 Agreement with execution of the 2017 Water Exchange Agreement (“2017 Agreement”).

(c) The Parties now desire to amend and restate the 2017 Agreement. Therefore, as of the effective date set forth above, this 2020 Water Banking Agreement, and not the 2017 Agreement, will govern the Parties' water banking and exchange program, and their obligations with respect thereto.

## Section 2. **Definitions**

The following terms are defined for the purpose of this Agreement unless otherwise apparent from context:

- (a) "Dudley Ridge" means Dudley Ridge Water District;
- (b) "San Gabriel" means San Gabriel Valley Municipal Water District;
- (c) "DWR" means the California Department of Water Resources;
- (d) "SWP" means the California State Water Project;
- (e) "Watermaster" means the Main San Gabriel Basin Watermaster;
- (f) "Main San Gabriel Basin" means the groundwater basin described in *Upper San Gabriel Valley Municipal Water District V. City of Alhambra, et al.* (LASC No. 924128);
- (g) "AF" means acre-feet and "AFY" means acre-feet per year;
- (h) "Fixed SWP costs" means the Delta Water Charge, Capital and Minimum Operation, Maintenance, Power and Replacement Components of the Transportation Charge and Water System Revenue Bond Surcharge in accordance with each Party's contract with California Department of Water Resources for water supply through the California State Water Project;
- (i) "Variable SWP Costs" means the Variable Operation, Maintenance, Power and Replacement Component of the Transportation Charge and Off-Aqueduct Power Facilities in accordance with each Party's contract with California Department of Water Resources for water supply through the California State Water Project;
- (j) "Reclassification" means the procedure whereby San Gabriel SWP water that has been delivered by DWR to San Gabriel is later exchanged with Dudley Ridge SWP water that has not yet been delivered by DWR to Dudley Ridge, whereupon the delivered San Gabriel SWP water is considered to be

water delivered on behalf of Dudley Ridge and Dudley Ridge's undelivered water is considered to be undelivered San Gabriel SWP water.

**Section 3. Term**

This Agreement commences January 1, 2021 and terminates on December 31, 2035, unless each Party's contract with DWR for SWP water is extended. In the event said contracts are extended, this Agreement will instead terminate on the new termination date under those contracts, which the Parties believe will be December 31, 2085.

**Section 4. Delivery of Dudley Ridge Water for Banking with San Gabriel**

(a) Dudley Ridge may deliver up to 22,222 AFY to San Gabriel and San Gabriel will allow up to 20,000 AF (90% of 22,222 AF) of Dudley Ridge water to be held on account in San Gabriel for future return to Dudley Ridge on the following conditions:

(1) Dudley Ridge may not have more than 20,000 AF on account with San Gabriel at any time. The amount on account shall be calculated as 90% of the water delivered by Dudley Ridge to San Gabriel, less water returned to Dudley Ridge pursuant to Section 5 of this Agreement.

(2) The delivery of water by Dudley Ridge to San Gabriel shall be made through existing facilities and/or by Reclassification of SWP water delivered to San Gabriel. San Gabriel shall maintain separate accounts for the water, based on whether the water is delivered on behalf of Dudley Ridge physically through existing facilities or by Reclassification of San Gabriel's SWP deliveries. The maximum amount that may be delivered by Dudley Ridge to San Gabriel by Reclassification is 5,000 AFY, unless the Parties' managers mutually agree to a larger quantity in any specific year.

(3) Any water delivered to San Gabriel shall be delivered in accordance with Watermaster rules and regulations.

(4) Water delivery by Dudley Ridge shall be through the SWP or other sources.

(b) San Gabriel shall request DWR to deliver San Gabriel's full annual Table A amount of 28,800 AF through the SWP.

(c) Water delivered to San Gabriel on behalf of Dudley Ridge may be used by San Gabriel within its service area and, at the discretion of San Gabriel, may (but need not) be held in physical storage by San Gabriel.

(d) San Gabriel shall actively and in good faith pursue opportunities to accept Dudley Ridge water for delivery in San Gabriel when requested by Dudley Ridge and when incremental delivery capacity is available within San Gabriel's facilities and/or San Gabriel's SWP deliveries are available for Reclassification.

#### **Section 5. Return of Water to Dudley Ridge**

San Gabriel shall authorize the DWR to deliver water to Dudley Ridge, to the extent necessary to meet Dudley Ridge's written request, for return of a portion of San Gabriel's SWP Table A water, not to exceed the amount of Dudley Ridge water on account with San Gabriel. However, San Gabriel shall be allowed to retain up to a total of 5,000 AFY of San Gabriel's SWP annual Table A water for delivery within San Gabriel's service area.

Notwithstanding the preceding paragraph, unless San Gabriel otherwise agrees, San Gabriel shall only be obligated to return water on account for Dudley Ridge and delivered to San Gabriel by Reclassification in years in which San Gabriel's SWP Table A allocation is fifty percent (50%) or greater.

If San Gabriel's SWP annual Table A water is not sufficient to satisfy Dudley Ridge's request, San Gabriel shall attempt to facilitate water transfers or exchanges available from other water purveyors to accommodate the balance of Dudley Ridge's request. But such transfers or exchanges shall be subject to Dudley Ridge's approval and Dudley Ridge shall be responsible for payment of additional charges incurred to accomplish such transfers or exchanges.

**Section 6. Mutual Obligations for SWP Costs of Banked Water**

(a) Each party shall pay the entire fixed SWP costs required to be paid under their respective contracts with DWR regardless of the amount of water delivered for or to San Gabriel under this Agreement.

(b) The party receiving water shall pay variable SWP costs for such water delivered. Such variable costs shall apply to all water delivered, without regard to any water loss retention.

(c) If new charges are imposed on SWP contractors, the Parties shall mutually determine how the new charges are to be allocated, or in the absence of agreement, changes based on the quantity of water delivered shall be allocated on the same basis as variable SWP costs are allocated in this Agreement; and charges not related to the quantity of water delivered shall be allocated on the same basis as fixed SWP costs are allocated in this Agreement.

**Section 7. San Gabriel Banking with Dudley Ridge**

(a) San Gabriel may bank water in the Kern Water Bank using Dudley Ridge's unused recharge and recovery capacity in that facility on a second priority basis at times and schedules determined by Dudley Ridge in its sole and absolute discretion. Additionally, San Gabriel may bank water with Dudley Ridge by delivery of water to Dudley Ridge to meet Dudley Ridge's in-district irrigation demands as those demands are determined by Dudley Ridge in its sole and absolute discretion. San Gabriel shall notify Dudley Ridge when San Gabriel desires to bank water with Dudley Ridge under this Agreement and Dudley Ridge shall, within seven days of receipt of that notice, respond to San Gabriel advising (1) if Dudley Ridge has available Kern Water Bank recharge capacity or in-district irrigation demand, as the case may be, and, if so, (2) the acceptable timing for San Gabriel's delivery to storage.

(b) When San Gabriel has sufficient capacity in the SWP to deliver any portion of its banked water from Dudley Ridge to its service area and notifies Dudley Ridge of San Gabriel's desire to take delivery of its banked water, Dudley Ridge shall return San Gabriel's stored water as soon as practicable if Dudley

Ridge has available recovery or exchange capacity to return the subject water, as determined by Dudley Ridge in its sole and absolute discretion. If Dudley Ridge does not have capacity at the time of San Gabriel's notice to recover water, the Parties shall cooperate in good faith to accommodate San Gabriel's request at the earliest practical time.

(c) Dudley Ridge shall maintain an account for the volume of water San Gabriel maintains in storage with Dudley Ridge. For every 1.0 AF of water San Gabriel delivers to Dudley Ridge for storage, Dudley Ridge shall credit that account with 0.9 AF of water, reflecting a loss of 10 percent of the water delivered to storage. In no event will Dudley Ridge be obligated to return to San Gabriel any water in excess of San Gabriel's then current account balance.

(d) San Gabriel shall pay the fixed and variable SWP costs required to be paid for all water delivered to storage with Dudley Ridge. San Gabriel shall also reimburse Dudley Ridge within 30 days of invoice for the direct pass-through Kern Water Bank operational costs<sup>1</sup> attributable to recharging and recovering San Gabriel's water stored in that facility. Additionally, San Gabriel shall pay Dudley Ridge within 30 days of invoice \$250 per AF of San Gabriel's water delivered for storage in either the Kern Water Bank or to meet Dudley Ridge's in-district irrigation demands as reimbursement for the capital cost of Kern Water Bank or Dudley Ridge facilities used to accommodate San Gabriel's banking of water under this Agreement. This capital cost reimbursement charge will be adjusted on each anniversary of this Agreement by the percentage change, if any, in the Consumer Price Index of the Bureau of Labor Statistics, United States Department of Labor, for all Urban Consumers, All Items, West Urban Region Size B/C (50,000—1,500,000).

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<sup>1</sup> Kern Water Bank's charges for 2020 are (a) \$15.50/AF for recharge (November-April) or \$18/AF (May-October) and (b) \$95/AF for recovery (November-April) or \$150/AF (May-October); the higher charges during the May-October period are due to increased "summer" energy rates.

**Section 8. Lead Agency**

(a) Dudley Ridge shall act as the lead agency with respect to complying with the California Environmental Quality Act and to obtain DWR's approval of this Agreement and implementation thereof.

(b) Dudley Ridge shall be responsible for any costs incurred as lead agency.

(c) Nothing in this Agreement shall be interpreted to require further compliance with the California Environmental Quality Act if Dudley Ridge determines that prior compliance in connection with 2007 Agreement and/or Dudley Ridge's CEQA compliance with their 2015 Agricultural Water Management Plan is sufficient.

**Section 9. Amendment**

The Parties intend this Agreement to be interpreted in a manner consistent with their SWP water supply contracts. If future revisions of the Parties' SWP water supply contracts are inconsistent with this Agreement, the Parties' will in good faith, negotiate an amendment to eliminate such inconsistencies.

**Section 10. Termination**

Prior to termination under Section 3 above, this Agreement may be terminated upon mutual consent of the Parties. If recoverable Dudley Ridge water remains in the Dudley Ridge account on the termination, Dudley Ridge may offer to sell the water to San Gabriel, take delivery of the water as set forth above in the next-following ten year period, and/or otherwise resolve the balance of water in the Dudley Ridge account in a manner acceptable to the Parties and DWR. Similarly, if recoverable San Gabriel water remains in the San Gabriel account on the termination, San Gabriel may offer to sell the water to Dudley Ridge, take delivery of the water as set forth above in the next-following ten year period, and/or otherwise resolve the balance of water in the San Gabriel account in a manner acceptable to the Parties and DWR.

## Section 11. **Water Rights**

No Transfer of water pursuant to this Agreement shall confer any appropriative, public trust, or other right to water on any other person or entity. Nothing in this Agreement shall act as a forfeiture, diminution or impairment of any rights of the Parties. As between, San Gabriel and Dudley Ridge the transfer of water pursuant to this Agreement shall be deemed a beneficial use of such water by both districts. The only rights granted to the Parties as a result of this Agreement are those expressly set forth herein. Neither party shall take action that would otherwise restrict or eliminate their ability to perform their responsibilities under this Agreement.

## Section 12. **Indemnification**

Without waiving the provisions of their respective State Water Project water supply contracts and notwithstanding the conditions of the State's approval of the transfer, the Parties enter into the following defense, indemnification, and hold harmless provisions.

Dudley Ridge shall defend, indemnify, and hold harmless San Gabriel, its directors, officers, employees, agents, and representatives from and against any and all claims and liabilities resulting from Dudley Ridge's agreement to deliver water outside its service area and to bank water for San Gabriel under this Agreement.

San Gabriel shall defend, indemnify, and hold harmless Dudley Ridge, its directors, officers, employees, agents, and representatives from and against any and all claims and liabilities resulting from San Gabriel's agreement to deliver water outside its service area and transport of that water to San Gabriel along the Governor Edmund G. Brown California Aqueduct and within the Main San Gabriel Basin.

IN WITNESS WHEREOF, the Parties hereto have entered into this 2020 Water Banking Agreement.

**DUDLEY RIDGE WATER DISTRICT**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Kimberly M. Brown, President

ATTEST BY: \_\_\_\_\_  
District Secretary

APPROVED AS TO FORM BY: \_\_\_\_\_  
District Counsel

**SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Thomas Wong, President

ATTEST BY: \_\_\_\_\_  
District Secretary

APPROVED AS TO FORM BY: \_\_\_\_\_  
District Counsel