

**AMENDMENT NUMBER 1
TO JOINT EXERCISE OF POWERS AGREEMENT
CREATING THE CENTRAL COAST BLUE
REGIONAL RECYCLED WATER AUTHORITY**

This Amendment Number 1 to Joint Exercise of Powers Agreement Creating the Central Coast Blue Regional Recycled Water Authority ("First Amendment") is effective as of June 30, 2024 (the "Effective Date").

WHEREAS, the Cities of Arroyo Grande, Grover Beach and Pismo Beach (each a "Member Agency" and collectively the "Member Agencies") entered into a joint exercise of powers agreement ("Agreement") for the Member Agencies' participation in the Central Coast Blue Project, which established the Central Coast Blue Regional Recycled Water Authority ("Authority"); and

WHEREAS, the Parties wish to amend the Agreement to reflect the withdrawal of Arroyo Grande and Grover Beach effective June 30, 2024; and

WHEREAS, the Parties wish to amend the Agreement with this First Amendment to reflect the addition of the Pismo Beach Public Financing Agency as a member agency under the Agreement effective June 30, 2024; and

WHEREAS, Section 8.5 of the Agreement requires that any amendment to the Agreement be approved by the governing body of each Member Agency upon recommendation of the Board of Directors of the Authority, which recommendation was given on June 3, 2024.

NOW, THEREFORE, Arroyo Grande, Grover Beach and Pismo Beach hereto agree as follows:

1. Section 1.1.9 is revised to read as follows:

"Construction Costs shall mean the cost incurred as of the effective date of the first construction contract for Phase 1 of the Project through the determination by the Parties that construction of Phase 1 is complete, including the cost of the purchase of the Facility site for the Project. Construction Cost does not include legal expenses attributable to each Party's City Attorney, retained counsel or their associates."

2. Section 1.1.13 is revised to read as follows:

Facility Site is defined in Section 1.5.2 herein.

3. Section 1.1.16 is revised to read as follows:

"Member Agency(ies) means Pismo Beach, the Pismo Beach Public Financing Agency, and any other entity added to this Agreement by subsequent amendment."

4. The first sentence of Section 1.2 is revised to read as follows:

“This Agreement is made pursuant to the Act by Pismo Beach and the Pismo Beach Public Financing Agency, each of which is authorized to contract with the other pursuant hereto.”

5. Section 1.5.1 is revised to read as follows:

Phase 1 of Project. Pismo Beach will be Lead Agency and act as project developer through final completion of Phase 1 of the Project. As the Lead Agency, Pismo Beach will act as the construction manager for Phase 1 and will provide administration of construction and start-up of Phase 1 on behalf of the Member Agencies. The Parties shall pay their pro rata shares of Pre-Construction costs for any professional service expenses incurred by Pismo Beach in connection with obtaining such Phase 1 approvals, in accordance with Section 6.3.2 below.

6. Section 1.5.2 is revised to read as follows:

“Pismo Beach has previously transferred to the Authority Facility Parcel #1, which is located in Grover Beach and identified as Assessor's Parcel Number 060-543-016. Prior to June 30, 2024, Grover Beach shall complete the transfer to the Authority of Facility Parcel #2, which is located in Grover Beach and identified as Assessor's Parcel Number 060-543-007 (collectively Facility Parcels #1 and #2 are referred to as the "Facility Site").” The Authority shall own all Facilities located at the Facility Site, including, but not limited to, the real property, buildings, water and treatment facilities, and support infrastructure and assets, injection wells and related transmission lines.”

7. Section 1.5.4 is revised to read as follows:

“To finance Construction Costs, the Authority shall apply for and obtain financing for such costs through the issuance of Bonds, entering into loans or Financing Agreements or any other financing mechanisms not otherwise covered by grant funding awarded to the Project. Any loans entered into and secured for construction of the Project may consist of separate installment sale agreements based on the respective share of each Member Agency, and any prepayment may be paid either directly to the Authority by each Party consistent with the Water Purveyor Contribution percentages identified in Section 6.3.2 hereof or directly to the grant funding agency or bond trustee, depending on the funding mechanism.”

8. Section 1.6.2(ii) is revised to read as follows:

“To employ agents, attorneys, consultants and employees or to contract for personnel to fulfill its mission and purpose.”

9. Section 2.1 is revised to read as follows:

“Creation. Until such time as additional member agencies are added to this Agreement through amendment under Section 8.5, the Authority shall be governed by a board of two (2) members, which is hereby established and which shall be composed of one (1) representative appointed from each Member

Agency. The governing board shall be known as the "Board of Directors of the Central Coast Blue Regional Recycled Water Authority." All voting power shall reside in the Board."

10. Section 2.2.1 is revised to add the following sentence at the end of the existing section:

"Any Member Agency which joins the Authority pursuant to an amendment to this Agreement shall designate and appoint a regular and alternate representative in the manner described in this section upon the effective date of such amendment."

11. Section 4.3 is revised to read as follows:

"Authority Attorney. The Attorney for the Authority shall be engaged by the Board of Directors and may be the attorney for one of the Member Agencies. The Attorney for the Authority or a designated deputy shall attend or participate in meetings of the Board of Directors; provided, however, that the absence of the Authority Attorney shall not affect the validity of any meeting. The Attorney shall perform such other duties the Board of Directors specifies."

12. The first sentence of Section 6.2.2 is revised to read as follows:

"Annually, in March of each year, the Board shall adopt a preliminary budget and an allocation of contributions from Member Agencies for presentation to each Member Agencies' governing body."

13. Section 6.3.2 of is revised to read as follows:

"The Parties shall pay their pro rata share of all Pre-Construction and Construction Costs incurred by Pismo Beach in connection with Phase 1 of the Project.

The Parties agree to the following cost allocation of the total Pre-Construction and Construction costs for Phase 1 for each Party:

i. Pismo Beach shall contribute 100%.

As provided in Section 6.2.2, annual contributions by Member Agencies for ongoing operations shall be consistent with the above percentages.

14. The existing second paragraph of Section 7.3 shall be stricken entirely and revised to read as follows:

"The respective obligation of each Party to make payments herein with respect to the Pre- Construction and Construction Costs of Phase 1 or in furtherance of the objective and purpose of this Agreement, is a special, limited obligation payable solely from net revenues of each party' s respective Enterprise fund(s), and does not constitute a debt or pledge of the faith and credit of each Party or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction. The payments made under this Agreement, if any, are payable from net revenues of each party's respective

Enterprise fund(s) on such a basis as is dictated by each Party's existing debt instruments. The respective obligation of each Party to make payments hereunder or in furtherance of the objective and purpose of this Agreement is further subject to the Parties establishing sufficient net revenues to fund the obligations of this Agreement, which includes, but is not limited to, approval by the Parties' governing bodies for an increase in enterprise user fees sufficient to meet the above obligations of this Agreement, the successful implementation of a Proposition 218 protest hearing wherein the Parties are authorized to proceed with approval of a fee increase, and the attainment of Proposition 1 Groundwater Grant Program Grant Funding by the State Water Resources Control Board."

15. Section 8.3 is revised to read as follows:

"The withdrawal of a Member Agency shall not terminate its responsibility to contribute its share of any obligation incurred by the Authority, including amounts determined by the Board for (1) liabilities and claims accrued during the time the agency was a Member Agency or (2) budgeted expenses for the Fiscal Year in which notice of intent to withdraw is given.

"Except as the withdrawing Member Agency may agree, in writing, with the Board, the withdrawing Member Agency shall automatically relinquish all rights as a Member Agency under this Agreement, on the effective date of the withdrawal. Upon termination of this Agreement, only those Member Agencies who are parties to this Agreement at the time of termination shall be permitted to participate in disbursement of Authority assets. Notwithstanding the foregoing sentence, Arroyo Grande and Grover Beach shall be entitled to reimbursement for their respective shares of the purchase price of Facility Parcel #1 and Facility Parcel #2 as follows: not later than 30 days following full execution of this First Amendment by the Parties, Pismo Beach shall remit to Arroyo Grande the sum of \$499,855.34, and to Grover Beach the sum of \$719,791.71.

Notwithstanding anything to the contrary set forth in any other agreements among the Parties approving the amendment revising this Section 8.3, and notwithstanding the withdrawal from this Agreement of any Party, the Parties hereto acknowledge and agree that the recycled water injected into the ground pursuant to this Agreement, as well as all new developed water subsequently extracted, is New Developed Water as defined in the January 25, 2008 Judgment entered by the Santa Clara Superior Court in the Santa Maria Groundwater Adjudication litigation."

16. Section 9.3 shall be revised to delete the last sentence in its entirety, which currently reads:

"This section shall not be deemed to supersede, extinguish, or modify the indemnification provisions in the Cost Sharing Agreement."

17. Section 10.2 is revised to read as follows:

"Notices. Notices required or permitted hereunder shall be sufficiently given if made in writing and delivered either personally or by registered or certified mail, postage prepaid to the respective Parties, as follows:

City of Pismo Beach
Attention: City Manager
760 Mattie Road Pismo Beach, CA 93449

Pismo Beach Public Financing Agency
Attention: Executive Director
760 Mattie Road Pismo Beach, CA 93449”

18. Section 10.3 is revised to read as follows:

“The responsibilities and obligations of each Party to this Agreement shall be, solely as provided in this Agreement, or as may be provided for in other agreements to be executed by the Parties.”

Except as set forth herein, all other terms and conditions of the Agreement, shall remain in full force and effect.

Dated: _____

City of Arroyo Grande

Caren Ray Russom, Mayor

Attest:

Jessica Matson, City Clerk

Dated: _____

City of Grover Beach

Karen Bright, Mayor

Attest:

Wendi Sims, City Clerk

Dated: _____

City of Pismo Beach

Ed Waage, Mayor

Attest:

Erica Inderlied, City Clerk