

**AGREEMENT REGARDING
ASSIGNMENT, ASSUMPTION, AND RELEASE
OF THE STATE WATER SUPPLY CONTRACT FOR SANTA BARBARA COUNTY**

This **AGREEMENT REGARDING ASSIGNMENT, ASSUMPTION, AND RELEASE OF THE STATE WATER SUPPLY CONTRACT FOR SANTA BARBARA COUNTY** (the “**Agreement**”) is made by and between the Santa Barbara County Flood Control and Water Conservation District (the “**District**”), the Central Coast Water Authority (“**CCWA**”), and the California Department of Water Resources (“**DWR**”) (each, a “**Party**” and collectively, the “**Parties**”), with reference to the following facts and intentions. This Agreement is effective as of _____, 2025, which is the last date of signature by all Parties hereto (the “**Effective Date**”).

RECITALS

A. On or about February 23, 1963, the District entered into a Water Supply Contract with DWR (the “**State Water Supply Contract**”) with respect to the delivery of 60,000 acre feet per year of water from the State Water Project to Santa Barbara County. In 1965, the District and DWR executed Amendment No. 2 to the State Water Supply Contract whereby this delivery amount was revised to 57,700 acre feet per year of water. Said quantity of water is set forth in “Table A” to the State Water Supply Contract and is referred to as the “**Maximum Annual Table A Amount**.” As permitted by Article 45(e) of the State Water Supply Contract, the District elected to delay construction of the facilities that would be required to permit delivery of the Maximum Annual Table A Amount.

B. In 1981, the District and DWR executed Amendment No. 9 to the State Water Supply Contract whereby the District agreed to reduce its annual deliveries by 12,214 acre feet per year to 45,486 acre feet per year. The balance of the Maximum Annual Table A Amount, which is 12,214 acre feet per year, is referred to herein as the “**Suspended Table A**” water. Pursuant to the “Stipulation for Settlement and Compromise and Order” dated March 12, 1987 (Judicial Council Coordination Proceeding No. 1879; Santa Barbara Sup. Ct., No. 142195), DWR granted to the District the option to reacquire any amount of the Suspended Table A water which the District relinquished under Amendment No. 9.

C. On various dates between 1985 and 1988, the District entered into a series of agreements, each called a “**Water Supply Retention Agreement**,” with various public water providers and end users of water (each a “**Contractor**” and collectively, the “**Contractors**”). Each Water Supply Retention Agreement provided that the District “assign[ed] all rights and obligations under the State Water Contract” with respect to a specified portion of the water supply and conveyance capacity made available by the State Water Supply Contract to the Contractor.

D. By letter dated April 2, 1991, certain Contractors, in coordination with the District, formally requested that DWR approve the assignment of rights embodied in the Water Supply Retention Agreements. By letter dated August 13, 1991, DWR expressly approved the Water Supply Retention Agreements insofar as those agreements pertained to the District transferring or setting over its rights pursuant to the State Water Supply Contract to the Contractors, but DWR

declined to release the District from its obligations to DWR pursuant to the State Water Supply Contract.

E. On August 1, 1991, eight of the Contractors, each a public agency and public water provider (each, a “**Member**” and collectively, the “**Members**”) formed CCWA when they each executed a Joint Exercise of Powers Agreement pursuant to Government Code section 6500, et seq. As of the Effective Date, each Member, or its successor-in-interest, remains a member of CCWA.

F. Following its formation, CCWA entered into a series of agreements, each called a “**Water Supply Agreement**,” with 13 of the Contractors, including the Members. Each party to a Water Supply Agreement with CCWA is referred to as a “**Participant**” and collectively, as the “**Participants**.” Each of the Water Supply Agreements includes a provision that the rights held by each Participant under its Water Supply Retention Agreement with the District were assigned to CCWA, in return for CCWA’s delivery of the water made available by those rights to the Participant. The remaining Contractors elected to terminate their participation in the State Water Project and assigned their respective rights under their Water Supply Retention Agreement with the District to CCWA. The terminating Contractors have no retained, remaining, or other rights whatsoever under such agreements.

G. On November 12, 1991, CCWA and the District entered into a “**Transfer of Financial Responsibility Agreement**” under which CCWA agreed, *inter alia*, to accept responsibility for all financial obligations of the District under the State Water Supply Contract.

H. On June 3, 1993, the District and CCWA entered into an “**Assignment Agreement**” pursuant to which the District assigned all of its retained right to 250-acre feet that was not previously transferred or set over pursuant to a Water Supply Retention Agreement to CCWA.

I. In August 1997, CCWA completed construction of the transportation and treatment system by which water under the State Water Supply Contract would be delivered to Santa Barbara County and the first delivery of water pursuant to the State Water Supply Contract was made to CCWA, which in turn delivered the water to the Participants pursuant to the Water Supply Agreements.

J. On December 12, 2017, the Members amended the 1991 Joint Exercise of Powers Agreement creating CCWA to include the power to “contract with DWR for delivery of water from the State Water Project, along with all necessary and incidental powers as may be required by [CCWA] to carry out [CCWA’s] rights and obligations under the State Water Supply Contract, including, but not limited to, the right to levy a tax or assessment on all properties within the jurisdiction of [CCWA] not exempt from taxation, as mandated by the California Water Code and the State Water Supply Contract.”

K. In reliance on DWR’s consent and release, as set forth below, the Parties enter into this Agreement to assign the District’s rights, title, and interest in the State Water Supply Contract, and to effectuate an assumption and release of the District’s obligations under the State Water Supply Contract. It is the intention of the Parties that the result of this Agreement shall be that the

District shall no longer have any rights or obligations under the State Water Contract and that CCWA shall replace the District as a party to the State Water Contract as if CCWA were the original counterparty with DWR.

NOW, THEREFORE, in consideration of the mutual promises set forth below and the foregoing recitals, which are incorporated into the operative provisions of this Agreement by this reference, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Assignment. The District hereby assigns, transfers, and sets over to CCWA, without recourse and without representation or warranty of any kind, all of the District's rights, title, and interest in, to, and under the State Water Supply Contract (including, but not limited to, the right to delivery of the Table A water, inclusive of the right to reacquire the Suspended Table A water, and the reimbursement provided for in Amendment No. 9 (Article 45(j)) of the State Water Supply Contract), along with all liabilities and obligations of the District arising from or under the State Water Supply Contract. This assignment is absolute and presently effective.

2. Assumption. CCWA accepts such assignment without recourse and without representation or warranty of any kind, and assumes all of the District's liabilities and obligations arising from or under the State Water Supply Contract, including any and all obligations to make payments, indemnifications or reimbursements thereunder, and agrees to be bound by and to keep, perform and observe the terms, covenants and conditions placed on the District under the State Water Supply Contract. CCWA agrees to be bound by the State Water Supply Contract to the same extent as if it had been an original party to said instrument and accepts and agrees to perform all of the District's obligations therein.

3. CCWA Indemnification and Release.

a. **CCWA Indemnifies District.** CCWA releases, forever acquits, discharges and indemnifies the District from and against any and all liabilities (at law or in equity), obligations, liens, claims, orders, rulings, losses, damages, assessments, fines, penalties, injuries, demands, actions, judgments, suits, costs, expenses, or disbursements of any kind (including reasonable attorneys' fees and costs) which may at any time on or after the Effective Date be imposed on, incurred by, or asserted against the District by any third party, based on, resulting from, in any way relating to, in connection with, or arising out of the State Water Supply Contract, except to the extent caused by the District's gross negligence or willful misconduct. In the event the District's right to indemnification under this Section is triggered by an administrative proceeding or legal action by a third party seeking to invalidate or otherwise limit the effectiveness of this Agreement, CCWA shall be entitled to appoint the counsel of its choice to represent the District at CCWA's expense and, to the extent CCWA appears in such action, the District consents to such counsel jointly representing the District and CCWA and will agree in writing to waive any potential legal conflict that might arise as a result of such joint representation, unless impermissible pursuant to the California Rules of Professional Responsibility or as a matter of law, in which case the District shall be entitled to appoint the counsel of its choice to represent the District at the District's expense.

b. **CCWA Indemnifies DWR.** CCWA agrees to defend and hold DWR, its officers, employees, and agents harmless from any direct or indirect loss, liability, lawsuits, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees, and agents from all lawsuits, costs, damages, judgments, attorney's fees, and liabilities that DWR, its officers, employees and agents incur as a result of this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees and agents.

4. **DWR Consent and Release.** DWR consents to and approves the assignment, transfer, and assumption of the State Water Supply Contract to and by CCWA, as described in this Agreement, and releases the District from all liabilities and obligations arising from or under the State Water Supply Contract. DWR shall hold CCWA, as the contracting party pursuant to this Agreement, responsible for all liabilities and obligations arising from or under the State Water Supply Contract to the same extent as if CCWA had been an original party to said instrument. Upon the Effective Date, all references in the State Water Supply Contract to the "Santa Barbara County Flood Control and Water Conservation District," or "District," or "Agency" shall be deemed to refer to CCWA.

5. **Termination of Other Agreements**

a. **Transfer of Financial Responsibility Agreement.** Upon the Effective Date, the Transfer of Financial Responsibility Agreement shall automatically terminate and this Agreement shall supersede all provisions of the Transfer of Financial Responsibility Agreement.

b. **Water Supply Retention Agreements.** Upon the Effective Date, the Water Supply Retention Agreements shall automatically terminate and this Agreement shall supersede all provisions of the Water Supply Retention Agreements.

c. **Contingent Revival of Prior Agreements.** (i) If a court of competent jurisdiction determines in a final non-appealable order that this Agreement or the assignment contemplated herein is void, unenforceable, or otherwise fails to take legal effect, or (ii) if DWR determines in its sole discretion that a final non-appealable order from a court of competent jurisdiction issued in connection with litigation arising from this Agreement or the assignment is likely to result in a downgrade of the ratings issued by Moody's Investor Services or S&P Global Ratings for bonds issued under DWR's 1986 General Bond Resolution, as amended or (iii) if within [time period] of the Effective Date of this Agreement Moody's Investor Services or S&P Global Ratings provides a rating (including, if applicable an indicative rating) for bonds issued under DWR's 1986 General Bond Resolution, as amended, that is lower than the last rating issued for such bonds prior to the assignment contemplated herein, which includes a statement or finding that the reduction in rating is, in whole or in substantive part (as determined by DWR), a result of such assignment, then, prior to the revival and reinstatement described in this Section 5.c. below ("**Revival**"), the Parties shall have sixty (60) days from the date of such court order, DWR determination following such court order, or such indicative rating to assess, attempt to cure, or otherwise address the matter consistent with the intentions, purpose, and directives of this Agreement. During such sixty (60) day period, the Parties shall confer in good faith and use reasonable best efforts to identify and implement measures to avoid Revival, provided that each Party shall retain sole discretion as to whether any such measures are acceptable. If, following the expiration of such sixty (60) day period or any additional period as may be agreed to by the Parties

in writing pursuant to Section 9.a of this Agreement, the matter has not been resolved to the satisfaction of the Parties in their sole discretion, then the Transfer of Financial Responsibility Agreement and the Water Supply Retention Agreements shall automatically be revived and reinstated as if they had never been terminated, effective as of the date of the determination described in clause (i) or (ii) or the indicative rating described in clause (iii) hereof. The sixty (60) day cure period established in this Section may be extended upon the written Agreement of the Parties in accordance with Section 9.a of this Agreement.

6. Representations and Warranties. CCWA represents and warrants that it has the power, authority, ability and intent to fulfill each and every one of its obligations under the State Water Supply Contract upon and after the assignment contemplated by this Agreement including, but not limited to, obligations imposed by Article 15 of the State Water Supply Contract.

7. Further Agreements. As soon as reasonably practical following execution of this Agreement by the Parties, District and CCWA agree to execute an amendment to the State Water Supply Contract in form and substance acceptable to the DWR memorializing the assignment of the State Water Supply Contract to CCWA accomplished by this Agreement. In connection therewith, CCWA agrees to provide the map contemplated by Article 15(c) of the State Water Supply Contract delineating CCWA's boundaries as of the date of this Agreement. Said map shall be included as an exhibit to the amendment.

8. Compliance with the Environmental Quality Act. Each Party shall be responsible for complying with the California Environmental Quality Act ("CEQA"), if applicable, in connection with such Party's approval of this Agreement.

9. General Provisions

a. **Amendment.** This Agreement may only be modified or amended by a writing signed by all of the Parties. Each Party waives its right to assert that this Agreement was affected by oral agreement, course of conduct, waiver or estoppel.

b. **Authorization.** Each signatory represents and warrants that he or she has the appropriate authorization to enter into this Agreement on behalf of the Party for whom he or she signs.

c. **Construction and Interpretation.** The Parties agree and acknowledge that the terms of this Agreement have been negotiated by the Parties and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument to be drafted, or in favor of the party receiving a particular benefit under this Agreement.

d. **Counterparts; Electronic Signatures; Delivery by Email.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same document. Counterparts may be delivered via electronic mail (including PDF or any electronic signature complying with the federal Electronic Signatures in Global and National Commerce (ESIGN) Act of 2000 (P.L. 106-229),

e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

e. **Entire Agreement.** Other than the Settlement Agreement and Release entered between CCWA and the District on October 2, 2025, this Agreement is the entire understanding of the Parties in respect of the subject matter hereof. There are no other promises, representations, agreements or warranties by any of the Parties.

f. **Governing Law and Jurisdiction.** This Agreement and all matters relating to this Agreement shall be governed by the laws of the State of California. Venue for any disputes under this Agreement shall be in Santa Barbara County, California.

g. **Notices.** All communications or notices in connection with this Agreement shall be in writing and either hand-delivered or sent by U.S. first class mail, postage prepaid, or electronic mail followed by written notice sent by U.S. mail and addressed to the Parties as follows, or at such other address as any Party may from time to time specify to the other Party in writing, provided that no notice of a change of address shall be effective until actual receipt of the notice by the receiving Party:

Santa Barbara County Flood Control and Water Conservation District
Matthew Young, Water Agency Manager
130 East Victoria Street, Suite 200
Santa Barbara, CA 93101-2019
Tel: (805) 568-3440
mcyoung@countyofsb.org

Central Coast Water Authority
Ray Stokes, Executive Director
255 Industrial Way
Buellton, CA 93427-9565
Tel: (805) 697-5214
ras@ccwa.com

California Department of Water Resources
John Yarbrough, State Water Project Deputy Director
715 P Street
Sacramento, CA 95814
Tel: (916) 653-5791
JohnYarbrough@water.ca.gov

h. **Waiver.** Any waiver or failure to declare a breach as a result of the violation of any term or condition of this Agreement shall not constitute a waiver of that term or condition and shall not provide the basis for a claim of estoppel or waiver by any Party to that term or condition.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the Effective Date.

—signatures following on next page—

**SANTA BARBARA COUNTY FLOOD
CONTROL AND WATER
CONSERVATION DISTRICT**

APPROVED AS TO FORM:

By: _____
Chris Sneddon
County Public Works Director

By: _____
Amber Holderness
Santa Barbara County Office of County
Counsel

Date: _____

CENTRAL COAST WATER AUTHORITY

APPROVED AS TO FORM:

By: _____
Ray Stokes, Executive Director

By: _____
Stephanie Osler Hastings
Brownstein Hyatt Farber Schreck, LLP

Date: _____

**CALIFORNIA DEPARTMENT OF WATER
RESOURCES**

APPROVED AS TO FORM:

By: _____
Karla Nemeth, Director

By: _____
Ann K. B. Carroll, General Counsel
Department of Water Resources

Date: _____