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Los Banos, CA 93635-5501



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BOARD OF DIRECTORS

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General Counsel

December 22, 2016

VIA U.S. MAIL AND E-MAIL

Mr. Mark Nordberg, GSA Project Manager
Sustainable Groundwater Management Program
California Department of Water Resources
901 P Street, Room 213-B
P.O. Box 942836
Sacramento, California 94236
E-mail: Mark.Nordberg@water.ca.gov

Mike McKenzie, Senior Engineering Geologist
Sustainable Groundwater Management Program
California Department of Water Resources
South Central Region
3374 East Shields Avenue
Fresno, CA 93726
E-mail: Charles.McKenzie@water.ca.gov

Re: Notice of the Grassland Water District and Grassland Resource Conservation District's Intent to Jointly Become a Groundwater Sustainability Agency

Dear Mr. Nordberg and Mr. McKenzie:

This letter serves as notification to the California Department of Water Resources pursuant to Water Code section 10723.8 that the Grassland Water District ("GWD") and the Grassland Resource Conservation District ("GRCD") (collectively, "Districts") have elected to jointly become a Groundwater Sustainability Agency ("GSA"). The Districts intend to undertake sustainable groundwater management for those portions of the Delta-Mendota Subbasin of the San Joaquin Valley Groundwater Basin (Subbasin 5-022.07) that lie within the combined service areas of the Districts.

Copies of the Districts' resolutions electing to jointly become a GSA (the "Grassland GSA") for a portion of the Subbasin are attached hereto. Maps showing the boundaries of the Delta-Mendota Subbasin, the Districts' combined service areas and the proposed area of the Grassland GSA are included as **Exhibit 2** to the attached resolutions. A shapefile is also enclosed with this notice.

The Districts are in discussions with other agencies overlying the Subbasin, and intend to work cooperatively with them. To the best of the Districts' knowledge, other entities that have formed GSAs within the Delta-Mendota Subbasin include:

- San Joaquin River Exchange Contractors Water Authority ("SJRECWA")
- City of Newman
- Farmers Water District
- Aliso Water District
- Patterson Irrigation District
- West Stanislaus Irrigation District

The SJRECWA is the only entity whose GSA boundary is located in close proximity to the boundary of the proposed Grassland GSA. Therefore, the attached maps show the boundaries of the area to be managed by SJRECWA. The Districts consulted with SJRECWA and agreed to exclude from the proposed Grassland GSA several parcels within the Districts' combined service areas that are already included within the boundaries of the SJRECWA GSA. These excluded parcels are identified on the attached maps.

The adjacent City of Los Banos is considering formation of a GSA but has not yet formally proposed a GSA boundary. The Districts consulted with the city and agreed to exclude from the proposed Grassland GSA several parcels within the Districts' combined service areas that lie within the Los Banos city limits. These excluded parcels are identified on the attached maps.

Prior to the election to become a GSA, a duly noticed joint public hearing was held on November 22, 2016, pursuant to Water Code section 10723(b). A copy of the notice of the public hearing is labelled **Exhibit 1** to the attached resolutions of the Districts. The Districts received no written or oral comments regarding the proposed formation of a GSA.

Pursuant to Water Code section 10723.6, the Districts adopted a Memorandum of Agreement to elect to become a GSA. The Memorandum of Agreement is labelled **Exhibit 3** to the attached resolutions of the Districts.

As required by Water Code section 10723.4, the Districts developed a list of interested parties, and this list will continue to be amended as necessary during the Groundwater Sustainability Plan ("GSP") development process. As required by the Sustainable Groundwater Management Act ("SGMA"), the Districts will consider all beneficial uses and users of groundwater within the Subbasin, as well as those responsible for developing GSPs. The Districts will solicit feedback and participate in discussions with interested parties during GSP development. These interests include, but are not limited to the following:

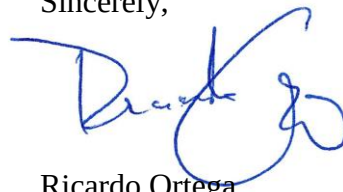
- Holders of overlying groundwater rights, including:
 - Agricultural users: There are very few agricultural water users within the proposed Grassland GSA, and all have preexisting relationships with the GWD and GRCD.
 - Domestic well owners: There are very few domestic wells within the proposed Grassland GSA. It is anticipated that domestic wells will qualify as “de minimus extractors” under SGMA and will be excluded from certain regulatory requirements of the GSP.
- Municipal well operators: There are no municipal wells within the proposed Grassland GSA. Nearby municipal well operators within the Subbasin include the Cities of Los Banos, Newman, Gustine, and Dos Palos; the South Dos Palos County Water District, North Dos Palos Water District, Volta Community Services District, and Santa Nella County Water District. The Districts consulted with the adjacent City of Los Banos when considering the formation of the proposed Grassland GSA.
- Public water systems: There are no known public water systems within the Grassland GSA other than the water delivery system owned and operated by GWD.
- Local land use planning agencies: The proposed Grassland GSA lies entirely within Merced County. The Districts consulted with Merced County when considering the formation of the Grassland GSA. Other counties within the Subbasin include the Counties of San Joaquin, Stanislaus, Madera and Fresno.
- Environmental users of groundwater: The primary use of groundwater within the proposed Grassland GSA is the limited environmental use of groundwater on public wildlife refuges owned and managed by the California Department of Fish and Wildlife (“CDFW”), the U.S. Fish and Wildlife Service (“USFWS”), the U.S. Bureau of Reclamation (“USBOR”), and private wetland landowners. These environmental users of groundwater have preexisting relationships with the Districts. The Boards of Directors of the Districts are each comprised of five members representing environmental users of water within the proposed Grassland GSA. The Districts consulted with CDFW, USFWS, and USBOR when considering the formation of a GSA.
- Surface water users, if there is a hydrologic connection to groundwater: GWD, CDFW, and USFWS hold the surface water rights that are used within the proposed Grassland GSA. The interests of other nearby holders of surface water rights will be considered in the development of the GSP.
- The federal government, including, but not limited to, the military and managers of federal lands: The USFWS and USBOR manage federal lands within the proposed Grassland GSA. The Districts consulted with both agencies when considering the formation of a GSA. GWD has a contractual relationship with USBOR and will continue to work with the federal government when developing a GSP.

- California Native American Tribes: N/A. There are no Native American Tribes within or adjacent to the proposed Grassland GSA.
- Disadvantaged communities, including, but not limited to, those served by private or domestic wells or small community water systems: There are no disadvantaged communities within the proposed Grassland GSA. Nearby disadvantaged communities include the Cities of Newman, Gustine, Los Banos and Dos Palos, and the Census Designated Places of Santa Nella, Volta, Dos Palos Y, and South Dos Palos.
- Entities listed in Water Code section 10927 that are monitoring and reporting groundwater elevations in all or part of a groundwater basin: The San Luis and Delta-Mendota Water Authority (“SLDMWA”) monitors groundwater elevations within the Subbasin. The Districts consulted with SLDMWA when considering the formation of a GSA.

The interests of the parties identified above will be considered in the operation of the proposed Grassland GSA and the development and implementation of a GSP. The Districts are committed to an open and inclusive process to implement SGMA. Interested parties will have opportunities to provide input through written public comments and opportunities to appear and provide comments at regular and special board meetings of the Districts.

The Districts intend to work cooperatively with other agencies, water providers, and other interested stakeholders within Merced County, surrounding counties, and the State of California, regarding the sustainable management of groundwater within the Subbasin.

Sincerely,



Ricardo Ortega
GWD General Manager
GRCD General Manager

Attachments:

Copy of resolutions of GWD and GRCD electing to jointly become a GSA

Exhibit 1 – Proof of Publication of Notice of Public Hearing

Exhibit 2 – Maps showing Subbasin and proposed Grassland GSA

Exhibit 3 – Memorandum of Agreement to Form a GSA

Attachments

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE GRASSLAND WATER DISTRICT NO. 2016-009
APPROVING THE FORMATION OF A GROUNDWATER SUSTAINABILITY
AGENCY WITH THE GRASSLAND RESOURCE CONSERVATION DISTRICT**

WHEREAS, the Sustainable Groundwater Management Act, Water Code section 10720 et seq. (“SGMA”), requires that each California groundwater basin or subbasin be managed by a Groundwater Sustainability Agency (“GSA”), or multiple GSAs, and that groundwater management be implemented through an approved Groundwater Sustainability Plan (“GSP”) or multiple GSPs; and

WHEREAS, Water Code section 10723.6 authorizes a combination of local public agencies to form a GSA through a memorandum of agreement or other legal agreement; and

WHEREAS, the Grassland Water District (“GWD”) is a local public agency formed under California Water Code section 34000 et seq., and the Grassland Resource Conservation District (“GRCD”) is a local public agency formed under California Public Resources Code section 9151 et seq.; and

WHEREAS, the combined boundaries of the GWD and GRCD are located in Merced County and overly the Delta-Mendota Subbasin of the San Joaquin Valley Groundwater Basin (“Subbasin”); and

WHEREAS, pursuant to Water Code section 10723(b), a notice of a public hearing to consider whether GWD and GRCD should form a GSA was published in the Merced Sun-Star on November 8, 2016 and November 15, 2016 and is attached hereto as Exhibit 1; and

WHEREAS, an effort was made to provide notice to potentially interested entities, including federal, state, and local public agencies that overly the Subbasin; and

WHEREAS, the City of Los Banos identified four parcels within its boundaries, totaling approximately 303 acres, which are within the boundaries of the GRCD and or GWD, but are proposed for inclusion in a separate GSA to be formed by the City of Los Banos; and

WHEREAS, GWD’s Board of Directors held a public hearing on November 22, 2016, to consider joint formation of a GSA with GRCD through a Memorandum of Agreement; and

WHEREAS, it is in GWD’s best interest to form a GSA with GRCD for that portion of the Subbasin that lies within the combined service area boundaries of GWD and GRCD, excluding four parcels within the City of Los Banos;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the GRASSLAND WATER DISTRICT, as follows:

1. The Grassland Water District hereby elects to form, jointly with the Grassland Resource Conservation District, an exclusive Groundwater Sustainability Agency for that portion of the Delta-Mendota Subbasin that lies within the combined service area boundaries of the Grassland Water District and Grassland Resource Conservation District, not including Merced County Assessor Parcel numbers 073-220-005, 073-220-006, and 073-220-011, 084-010-077, which lie within the City of Los Banos. The boundaries of the GWD/GRCD Groundwater Sustainability Agency (Grassland GSA) are shown on the map attached hereto as Exhibit 2.
2. The Memorandum of Agreement to Form a Groundwater Sustainability Agency between Grassland Water District and Grassland Resource Conservation District, attached hereto as Exhibit 3, is hereby approved.
3. The Grassland Water District and Grassland Resource Conservation District shall submit a notice of intent to the Department of Water Resources within 30 days, pursuant to Water Code section 10723.8.
4. The General Manager shall begin the process of developing a Groundwater Sustainability Plan for the Subbasin in accordance with SGMA, and shall provide regular reports to the Board regarding SGMA implementation.

APPROVED AND ADOPTED the 22nd day of November, 2016, by the Grassland Water District.

AYES: Medford "Pepper" Snyder, Bob Nardi, Doug Federighi, Tom Mackey, Byron Hisey

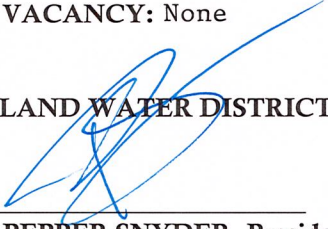
NOES: None

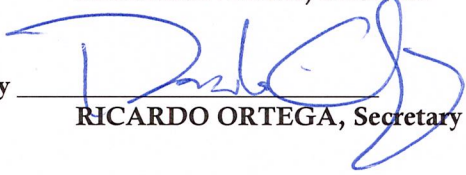
ABSENT: None

ABSTAIN: None

VACANCY: None

GRASSLAND WATER DISTRICT

By _____
PEPPER SNYDER, President

By _____
RICARDO ORTEGA, Secretary

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE GRASSLAND RESOURCE CONSERVATION DISTRICT NO. 2016-002
APPROVING THE FORMATION OF A GROUNDWATER SUSTAINABILITY
AGENCY WITH THE GRASSLAND WATER DISTRICT**

WHEREAS, the Sustainable Groundwater Management Act, Water Code section 10720 et seq. (“SGMA”), requires that each California groundwater basin or subbasin be managed by a Groundwater Sustainability Agency (“GSA”), or multiple GSAs, and that groundwater management be implemented through an approved Groundwater Sustainability Plan (“GSP”) or multiple GSPs; and

WHEREAS, Water Code section 10723.6 authorizes a combination of local public agencies to form a GSA through a memorandum of agreement or other legal agreement; and

WHEREAS, the Grassland Resource Conservation District (“GRCD”) is a local public agency formed under California Public Resources Code section 9151 et seq., and the Grassland Water District (“GWD”) is a local public agency formed under California Water Code section 34000 et seq.; and

WHEREAS, the combined boundaries of the GRCD and GWD are located in Merced County and overly the Delta-Mendota Subbasin of the San Joaquin Valley Groundwater Basin (“Subbasin”); and

WHEREAS, pursuant to Water Code section 10723(b), a notice of a public hearing to consider whether GRCD and GWD should form a GSA was published in the Merced Sun-Star on November 8, 2016 and November 15, 2016 and is attached hereto as Exhibit 1; and

WHEREAS, an effort was made to provide notice to potentially interested entities, including federal, state, and local public agencies that overly the Subbasin; and

WHEREAS, the City of Los Banos identified four parcels within its boundaries, totaling approximately 303 acres, which are within the boundaries of the GRCD and or GWD, but are proposed for inclusion in a separate GSA to be formed by the City of Los Banos; and

WHEREAS, GRCD’s Board of Directors held a public hearing on November 22, 2016, to consider joint formation of a GSA with GWD through a Memorandum of Agreement; and

WHEREAS, it is in GRCD’s best interest to form a GSA with GWD for that portion of the Subbasin that lies within the combined service area boundaries of GRCD and GWD, excluding four parcels within the City of Los Banos;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the GRASSLAND RESOURCE CONSERVATION DISTRICT, as follows:

1. The Grassland Resource Conservation District hereby elects to form, jointly with the Grassland Water District, an exclusive Groundwater Sustainability Agency for that portion of the Delta-Mendota Subbasin that lies within the combined service area boundaries of the Grassland Resource Conservation District and the Grassland Water District, not including Merced County Assessor Parcel numbers 073-220-005, 073-220-006, and 073-220-011, 084-010-077, which lie within the City of Los Banos. The boundaries of the GWD/GRCD Groundwater Sustainability Agency (Grassland GSA) are shown on the map attached hereto as Exhibit 2.
2. The Memorandum of Agreement to Form a Groundwater Sustainability Agency between Grassland Water District and Grassland Resource Conservation District, attached hereto as Exhibit 3, is hereby approved.
3. The Grassland Resource Conservation District and Grassland Water District shall submit a notice of intent to the Department of Water Resources within 30 days, pursuant to Water Code section 10723.8.
4. The General Manager shall begin the process of developing a Groundwater Sustainability Plan for the Subbasin in accordance with SGMA, and shall provide regular reports to the Board regarding SGMA implementation.

APPROVED AND ADOPTED the 22nd day of November, 2016, by the Grassland Resource Conservation District.

AYES: Dennis Campini, Keith Toon, Dale Boust

NOES: None

ABSENT: Dan Whitehead, Bill Parham

ABSTAIN: None

VACANCY: None

GRASSLAND RESOURCE CONSERVATION DISTRICT

By


DENNIS CAMPINI, President

By

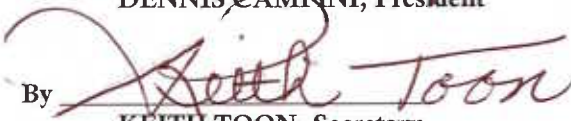

KEITH TOON, Secretary

Exhibit 1

AFFIDAVIT OF PUBLICATION

Account #	Ad Number	Identification	PO	Cols	Lines
442896	0002767593	HEARING 11/22/16 VERONICA WOODRUFF	IRING 11/22/16 VERONICA WOC	1	28

Attention:

GRASSLAND WATER DISTRICT
 200 W. WILLMOTT AVE
 LOS BANOS, CA 93635

NOTICE OF PUBLIC HEARING
 GRASSLAND WATER DISTRICT
 AND GRASSLAND RESOURCE
 CONSERVATION DISTRICT TO
 CONSIDER FORMATION OF A
 G R O U N D W A T E R
 SUSTAINABILITY AGENCY UN-
 DER THE SUSTAINABLE
 GROUNDWATER MANAGEMENT
 ACT
 NOTICE IS HEREBY GIVEN that
 the Boards of Directors of the Grass-
 land Water District and Grassland
 Resource Conservation District will
 hold a public hearing, pursuant to
 Water Code section 10723, to consid-
 er whether the two districts will
 jointly form a Groundwater
 Sustainability Agency for a portion
 of the Delta-Mendota Groundwater
 Subbasin of the San Joaquin Valley
 Groundwater Basin. The hearing
 will commence at 3:00 PM on Tues-
 day, November 22, 2016 at the Grass-
 land Water District office, located at
 200 West Willmott Avenue, Los Ba-
 nos, CA 93635.
 MER- 2767593 11/8, 15

Declaration of Publication 2015.5 C.C.P.

STATE OF CALIFORNIA)
) ss.
 County of Merced)

I am a citizen of the United States and a
 resident of the County aforesaid; I am
 over the age of eighteen years, and not a
 party to or interested in the above entitled
 matter. I am the principal clerk of the
 printer of the Merced Sun-Star, a
 newspaper of general circulation, printed
 and published in the city of Merced,
 County of Merced, and which newspaper
 has been adjudged a newspaper of
 general circulation by the Superior Court
 of the County of Merced, State of
 California, under the date of July 14, 1964
 Case Number 33224 that the notice, of
 which the annexed is a printed copy, has
 been published in each regular and entire
 issue of said newspaper and not in any
 supplement thereof on the following
 dates, to wit:

November 08, 2016, November
 15, 2016

RECEIVED

NOV 18 2016

GRASSLAND WATER DISTRICT
 FILE: _____

I certify (or declare) under penalty of
 perjury that the foregoing is true and
 correct and that this declaration was
 executed at Merced, California on:

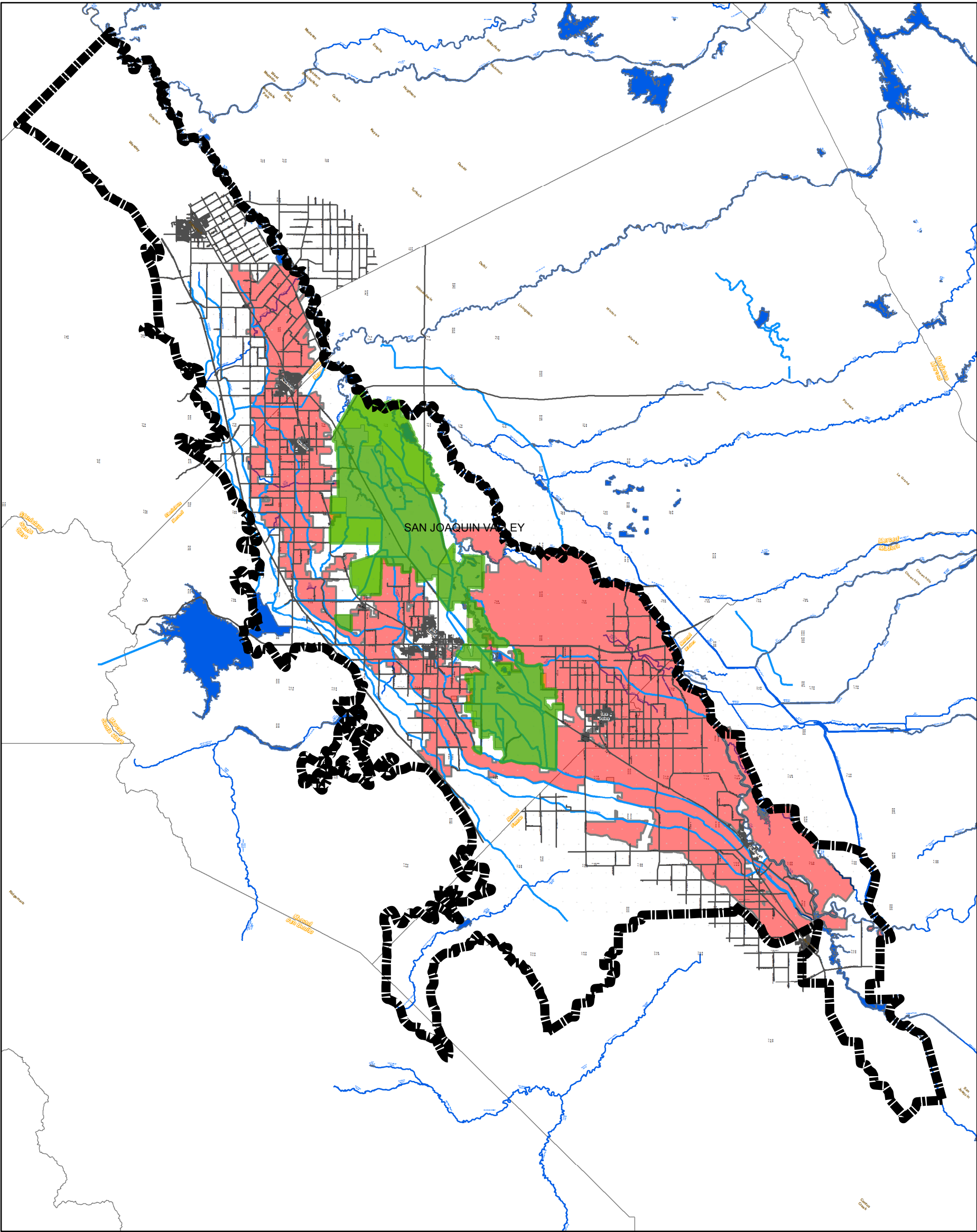
Date: 8th, day of November, 2016



Signature

Exhibit 2

Delta-Mendota Subbasin and Grassland Groundwater Sustainability Agency



Legend

Grassland GSA

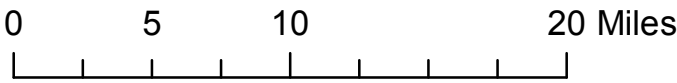
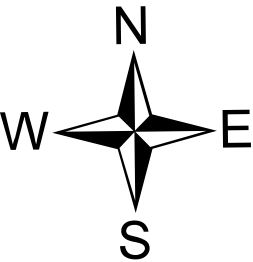
SJRECWA GSA

Delta-Mendota Subbasin Boundary

Roads

Lakes

Canals and Waterways



Grassland Groundwater Sustainability Agency

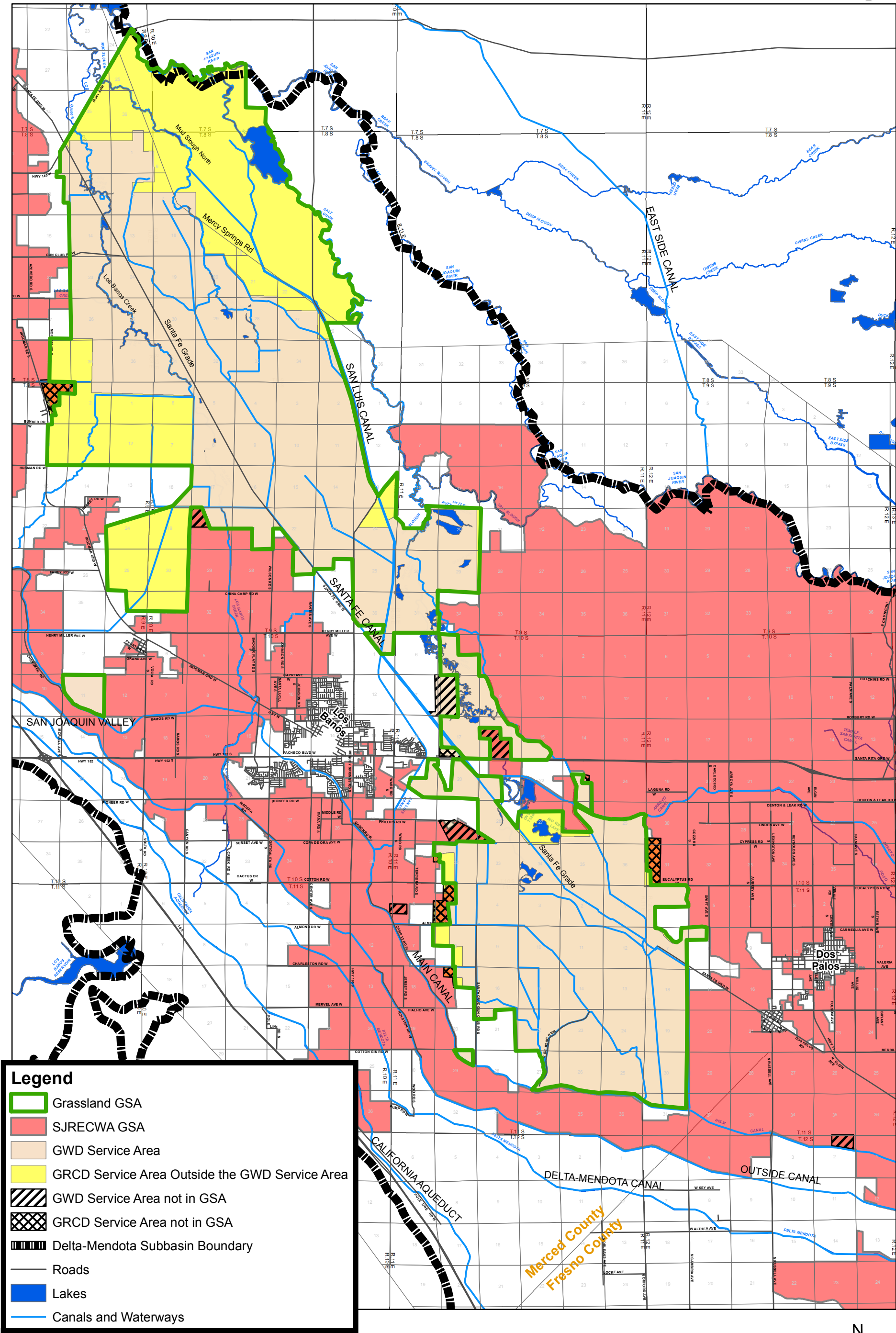


Exhibit 3

**MEMORANDUM OF AGREEMENT
TO FORM A GROUNDWATER SUSTAINABILITY AGENCY**

This Memorandum of Agreement (“MOA”), dated November 22, 2016 by and between the Grassland Water District (“GWD”) and the Grassland Resource Conservation District (“GRCD”) is for the purpose of forming a Groundwater Sustainability Agency (“GSA”) pursuant to the Sustainable Groundwater Management Act of 2014 (“SGMA”), California Water Code section 10720 et seq. GWD and GRCD are collectively referred to herein as “Parties” and separately referred to as a “Party” to this MOA.

Recitals

1. SGMA authorizes each groundwater basin or subbasin to be regulated by one or more GSAs. Water Code section 10723.6 authorizes a combination of local public agencies to form a GSA for the portion of a basin or subbasin within their service areas, through a memorandum of agreement or other legal agreement.

2. Once a GSA is formed, SGMA requires the development of a groundwater sustainability plan (“GSP”), or multiple coordinated plans, for each basin or subbasin.

3. The Parties overlie a portion of the Delta-Mendota Subbasin of the San Joaquin Valley Groundwater Basin, as identified in the California Department of Water Resources (“DWR”) Bulletin 118 (“Subbasin”). DWR has designated the Subbasin as critically overdrafted, which means that GSAs must be formed by June 30, 2017, and must submit GSPs to DWR by January 31, 2020.

4. The Parties are local agencies authorized to exercise powers related to groundwater management and land use within their jurisdictional boundaries. The Parties enter into this MOA to form a multi-agency GSA (the “Grassland GSA”) for the purpose of implementing cost-effective, sustainable groundwater management and coordinating the use of their existing powers and those powers described in Water Code section 10725.

Agreement

In consideration of the recitals above, GWD and GRCD agree as follows:

1. Formation of the Grassland GSA

The purpose of this MOA is to establish terms and conditions for the formation and administration of an exclusive multi-agency Grassland GSA and the preparation and implementation of a GSP. This MOA is not intended to form a new legal entity. The boundaries of the Grassland GSA shall encompass the portion of the Delta-Mendota Subbasin that lies within the combined service area boundaries of the GWD and GRCD, not including approximately 303 acres within the GRCD identified as Merced County Assessor Parcel numbers 073-220-005, 073-220-006, 073-220-011, and 084-010-77, which lie within the boundary of the City of Los Banos. This MOA shall take effect immediately and remain in effect unless one or both Parties withdraw.

2. Activities

Each Party warrants that it has authority to perform the activities required to accomplish the purposes of this MOA, and will cooperate to implement the following activities and other activities consistent with SGMA:

- a. Preparing and maintaining a list of interested parties.
- b. Obtaining DWR approval of the Grassland GSA.
- c. Coordinating boundary modifications if necessary.
- d. Conducting public outreach and engagement.
- e. Consulting and contracting with the United States, State of California, County of Merced, City of Los Banos, and adjacent water agencies and individual landowners.
- f. Entering into coordination agreements with other GSAs.
- g. Conducting investigations and analyzing data.
- h. Developing, adopting and implementing a GSP, which may be part of a broader GSP for the Subbasin.
- i. Approving and collecting groundwater management fees.
- j. Pursuing financial assistance through grants or similar opportunities.
- k. Obtaining third-party services for groundwater modeling, data collection and reports, as needed.

3. Administration

The Parties acknowledge that SGMA is a complex law, and implementation regulations

are still under development. Demonstrating and maintaining sustainable groundwater use under SGMA will require coordination among the Parties and other entities, and will likely require third-party services. The Parties may independently or jointly provide services utilizing their own staff or consultants, and may jointly enter into contracts to obtain services necessary for the operation of the Grassland GSA. Nothing in this MOA shall be construed to limit or otherwise interfere with a Party's rights and authorities, including but not limited to surface water supplies, groundwater supplies, facilities, finances and operations, subject to terms of this MOA. The following terms shall govern the formation and administration of the Grassland GSA:

a. Principal Administration by GWD. Subject to the terms of this MOA, GWD shall assume the principal responsibilities for administering the GSA and developing and implementing a GSP. Principal responsibilities will include selecting and recommending third-party consultants, coordinating with other GSAs, conducting outreach to interested parties, collecting and administering fees, developing and implementing a GSP, collecting data, and monitoring groundwater use within the Grassland GSA boundary.

b. Approval by the Parties. When the terms of this MOA or applicable law require the approval of a Party, written documentation of such approval, whether by Resolution, motion, or other form of authorization, shall be included in the permanent records of the GSA. Approval by the Parties shall be required for the following actions:

- i. Approval of an annual budget to implement this MOA, and the allocation of expenses to each Party;
- ii. Amendment of this MOA;
- iii. Adoption of a GSP;
- iv. A Party becoming obligated to take specific actions to implement SGMA;
- v. A recommendation that the Parties should utilize SGMA's enforcement powers set forth in Water Code section 10732;
- vi. A recommendation that the Parties should impose fees authorized by SGMA;
- vii. A recommendation for adoption by the Parties of rules, regulations, policies and procedures; and

viii. A recommendation to appoint a mediator to resolve disputes among the Parties.

c. Discretion to Appoint Advisory Committee. If deemed necessary by the Parties for efficient administration of the Grassland GSA, the governing body of each Party may appoint two of its members to a GSA Advisory Committee. The General Manager of GWD shall serve as a fifth member of the GSA Advisory Committee. Vacancies shall be filled in the same manner as the appointment of initial Advisory Committee members. Any compensation of an Advisory Committee member shall be paid by the Party appointing such representative. Subject to the authorization from the Parties, the Advisory Committee shall coordinate, advise, and recommend, or shall determine, the actions necessary for carrying out the MOA. The Advisory Committee shall meet regularly on a designated meeting date selected by the Advisory Committee from time to time, and is authorized to call special meetings as necessary. Advisory Committee Meetings shall be subject to the Ralph M. Brown Act, California Government Code section 54950. Informational sessions may be conducted by less than a quorum of the Advisory Committee members. A majority of Advisory Committee members present constitutes a quorum. Each Advisory Committee member shall have one vote, and all actions of the Advisory Committee must be taken by majority vote of the members present.

d. Recordkeeping. The Parties shall maintain books and accounts for this MOA in accordance with that Party's practices. The books and records shall be open to inspection by the Parties at all reasonable times, and shall be made available to the issuers of any grants or loans to the extent required by the terms of any such grants or loans.

4. Termination

Any Party may voluntarily withdraw from this MOA by giving written notice not less than 30 days prior to the withdrawal date. Upon withdrawal, the Party shall notify DWR that it shall act as its own GSA or join an alternate GSA that has entered into or will enter into a Coordination Agreement with the Grassland GSA. Unless the withdrawing Party is covered by an alternate GSP, the withdrawing Party shall remain subject to the terms of the GSP prepared by the Grassland GSA, so as to not put the Subbasin in jeopardy under SGMA.

5. Dispute Resolution

Should any controversy arise between the Parties concerning the interpretation of this

MOA or the rights and duties of any Party under this Agreement, the Parties shall submit the matter to a third person appointed by mutual agreement of the Parties. The appointed mediator shall have knowledge of and experience in the management of groundwater resources. The appointed mediator shall utilize best efforts to reach an agreement settling the matter in dispute and will be compensated as an expense under this MOA. This provision shall be a condition precedent to but shall not otherwise replace the rights of the Parties to seek arbitration under the procedures set forth in the Code of Civil Procedure or judicial resolution of their disputes.

6. Indemnification

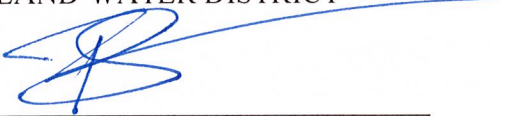
Each Party agrees that it shall indemnify the other Party from the costs, losses, damages, claims or liabilities arising from such Party's performance or non-performance of its obligations under this Agreement.

7. Miscellaneous

- a. Amendments. This Agreement may only be amended in a writing signed by the Parties hereto.
- b. Assignment; Binding on Successors. Except as otherwise provided in this MOA, the rights and duties of the Parties may not be assigned or delegated without the written consent of the other Parties. This MOA shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties.
- c. Counterparts. This MOA may be executed by the Parties in separate counterparts.
- d. Governing Law. This MOA shall be governed by the laws of the State of California.
- e. Severability. If one or more provisions of this MOA shall be held to be unlawful, invalid or unenforceable, the remainder of the MOA shall not be affected thereby.
- f. Signature Authorization. Each Party represents that the representative executing this MOA on its behalf has been duly authorized to execute the MOA on behalf of the Party.

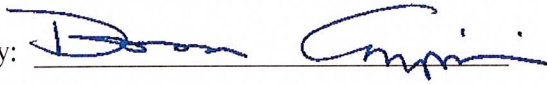
IN WITNESS, WHEREOF, the Parties have executed this MOA as of the date first above written.

GRASSLAND WATER DISTRICT

By:  _____

Title: President

GRASSLAND RESOURCE CONSERVATION DISTRICT

By:  _____

Title: President