

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY

DEPT: Environmental Resources

BOARD AGENDA #: *B-9

AGENDA DATE: March 28, 2017

SUBJECT:

Approval of the Sustainable Groundwater Management Act Services Memorandum of Agreement with the San Luis & Delta-Mendota Water Authority

BOARD ACTION AS FOLLOWS:

No. 2017-132

On motion of Supervisor Withrow, Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended


2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

ATTEST:

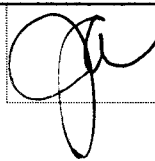

PAM VILLARREAL, Assistant Clerk

File No. GSA-3-2

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Environmental Resources
Urgent Routine

BOARD AGENDA #: *B-9



AGENDA DATE: March 28, 2017

CEO CONCURRENCE: *pht*

4/5 Vote Required: Yes No

SUBJECT:

Approval of the Sustainable Groundwater Management Act Services Memorandum of Agreement with the San Luis & Delta-Mendota Water Authority

STAFF RECOMMENDATIONS:

1. Approve and Adopt via Resolution the Sustainable Groundwater Management Act (SGMA) Services Memorandum of Agreement (MOA) with the San Luis & Delta-Mendota Water Authority.
2. Authorize the Chairman of the Stanislaus County Board of Supervisors to sign the SGMA Services Memorandum of Agreement with the San Luis & Delta-Mendota Water Authority.
3. Appoint the Stanislaus County Water Resources Manager as the primary member and the Director of the Department of Environmental Resources as the alternate member to the SGMA Services MOA Management Committee.

DISCUSSION:

On February 14, 2017, the Board of Supervisors approved and adopted the Memorandum of Understanding (MOU) forming the Northwestern Delta-Mendota Groundwater Sustainability Agency (GSA) in partnership with Merced County. Merced County also approved the MOU creating the Northwestern Delta-Mendota GSA on March 7, 2017. Other GSA entities in the region are:

1. Del Puerto Water District GSA (including the Oak Flat Water District)
2. City of Patterson GSA
3. Patterson Irrigation District GSA
4. West Stanislaus Irrigation District GSA

One of the key provisions of the MOU is the commitment to work together with all of the other GSA entities in this region of the Delta-Mendota Groundwater Basin toward the development, adoption and implementation of a basin-wide Groundwater Sustainability Plan (GSP). It is intended that the work effort related to the GSP will be conducted under the umbrella of a Joint Powers Authority (JPA) called the San Luis & Delta Mendota Water Authority (Authority). The Del Puerto Water District, West Stanislaus Irrigation District, and the Patterson Irrigation

Approval of the Sustainable Groundwater Management Act Services Memorandum of Agreement with the San Luis & Delta-Mendota Water Authority

District are long-term members of the Authority and have entered into an "Activity Agreement" specifically related to SGMA services. The City of Patterson, Oak Flat Water District, Merced County, and Stanislaus County are not members of the Authority and, as such, are not represented by the JPA or included in the above referenced Activity Agreement.

In order to allow Stanislaus County, and other non-members of the Authority, to join with the Authority members as participants in the GSP planning, development and implementation, a mechanism needed to be developed to allow this to occur under the form of the previously referenced Activity Agreement for SGMA services. This was deemed necessary in order to efficiently and cost-effectively obtain services from the Authority to assist public agencies, acting through GSAs in the Northern Delta-Mendota Subbasin region, in complying with SGMA.

The Sustainable Groundwater Management Act (SGMA) Services Memorandum of Agreement (SGMA Services MOA) is a proposed agreement between Stanislaus County and the Authority. Through this agreement, the Authority may provide services to assist with: (1) planning, preparing, and implementing a GSP for the Northern Delta-Mendota region; and (2) coordinating with other GSAs in the subbasin. The Authority's Activities Agreement is incorporated and made a part of the SGMA Services MOA as Appendix 1.

The role of the Authority, under this agreement, will be to provide services directed by a Management Committee, which will be made up of one representative of each Activity Participant, and supported by funding contributions (further described in the Fiscal Impact section of this report) from each Activity Participant. The Management Committee is intended to be a staff level, technical committee, not a policy making body. Through the direction of the Management Committee, the Activity Participants may: make and/or assume contracts within the approved budget to employ agents and consultants, including engineering and hydrogeological consultants, attorneys, and others; conduct necessary research and investigations to compile data in preparation for a GSP; apply for grants; assist in developing policies and procedures for governing the adoption and implementation of a GSP; assist in developing policies for utilizing SGMA enforcement powers; and other actions necessary for carrying out the Activity Agreement.

The business of this Authority agreement will be directed through the established Management Committee, except for certain approvals required by each Activity Participant, including: appointing a representative to the Management Committee, approving a Management Committee recommended budget, establishing or modifying the Participation Percentage, amending this agreement, and adopting a Northern Delta-Mendota regional GSP.

POLICY ISSUE:

This proposed action is in compliance with State legislation known as the Sustainable Groundwater Management Act which mandates that the development and adoption of a long-term Groundwater Sustainability Plan for this basin by January 31, 2020. Failure to create a

Approval of the Sustainable Groundwater Management Act Services Memorandum of Agreement with the San Luis & Delta-Mendota Water Authority

GSP would result in the groundwater resources of the basin being subject to regulation by the State of California.

FISCAL IMPACT:

The initial budget for this Activity Agreement, which includes services by the Authority from March 2016 through February 2017, is \$36,465.54 to be shared equally between all seven Activity Agreement and Services MOA participants. The contribution from Stanislaus County for the initial budget will be \$5,209.36. Sufficient funds for this purpose were included within the Fiscal Year 2016-2017 Mid-Year Financial Report for the Department of Environmental Resources.

The cost allocation for future budgets will be in accordance with participation percentages on a pro-rata basis. The participation percentage formula is an equal split of the Authority operating and legal costs among the five GSAs in the Northern Delta-Mendota region and a percentage split of Other Professional Costs (including consultant contracts) by acreage among the five GSAs. The cost allocation formula and determination of shared costs toward GSP development is still in development but it can be reasonably projected that Stanislaus County's share of this cost over the next +30 months will be around \$125,000. Appropriations for this purpose will be included in the Department of Environmental Resources' 2017-2018 Proposed Budget.

BOARD OF SUPERVISORS' PRIORITY:

The recommended actions are consistent with the Board's priorities of a Safe Community, a Healthy Community, a Strong Local Economy, Effective Partnerships, and a Well Planned Infrastructure System by ensuring a coordinated approach towards regional groundwater resources management.

STAFFING IMPACT:

Existing staff will continue to oversee the work associated with this item.

CONTACT PERSON:

Jami Aggers, Director, Department of Environmental Resources Telephone: 209-525-6770
Walter Ward, Water Resources Manager Telephone: 209-525-6710

ATTACHMENT(S):

1. Memorandum of Agreement for Northern Delta-Mendota Region Sustainable Groundwater Management Act Services, including Appendix 1: the Northern Delta-Mendota Region Sustainable Groundwater Management Act Services Activity Agreement
2. Board Resolution

Attachment 1

**MEMORANDUM OF AGREEMENT FOR
NORTHERN DELTA-MENDOTA REGION
SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES**

This **MEMORANDUM OF AGREEMENT FOR NORTHERN DELTA-MENDOTA REGION SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES** (“SS-MOA”), is made effective as of _____, 2017 (the “Effective Date”), by and between the San Luis & Delta-Mendota Water Authority, a joint powers agency of the State of California (“Authority”), and _____, a _____ (“SS-MOA Participant”). Unless expressly and differently defined in this MOA, capitalized terms used in this MOA shall have the meanings set forth in Section 2 of Appendix 1 to this MOA, a copy of which is attached hereto and by this reference incorporated herein.

1. RECITALS

A. The Authority and certain of its member agencies have entered into that certain Northern Delta-Mendota Region Sustainable Groundwater Management Act Services Activity Agreement (the “Activity Agreement”) to efficiently and cost-effectively obtain services from the Authority to assist the Activity Agreement Members acting through individual or multi-agency groundwater sustainability agencies (“GSA” or “GSAs”) that are independent and separate from the Authority in complying with the Sustainable Groundwater Management Act (the “Act”). Appendix 1 incorporated into this MOA is a copy of the Activity Agreement.

B. The SS-MOA Participant is not a member of the Authority but is a county, local agency or mutual water company with jurisdictional boundaries including lands that are subject to the Act and that are located in a portion of the Delta-Mendota Subbasin number 5-22.07 of the San Joaquin Valley Groundwater Basin identified in the California Department of Water Resources (“DWR”) Bulletin 118 (the “DM Subbasin”), said portion being designated as the Northern Delta-Mendota Region (“Northern DM Region”) as its boundaries may be modified from time to time.

C. The SS-MOA Participant is empowered by statute to exercise

powers under the Act and is or will become either its own groundwater sustainability agency or part of a multi-agency groundwater sustainability agency within the boundaries of the Northern DM Region that is independent and separate from the Authority.

D. The SS-MOA Participant has the power to enter into agreements with other public agencies or private entities, including for purposes of assuring that lands within its boundaries are within the coverage of a groundwater sustainability plan as required by the Act.

E. The Activity Agreement contemplates that the “Activity Participants” under the Activity Agreement shall be comprised of the Activity Agreement Members, this SS-MOA Participant and all other local agencies participating through separate Memoranda of Agreements that contain substantially the same terms as contained in this Memorandum of Agreement.

F. The objective of the SS-MOA Participant under this Memorandum of Agreement is to obtain coordinated access to the administrative and technical resources and services available through the Authority and to provide the mechanisms to share the benefits and expenses of obtaining such resources and services to assist in (1) if requested, the formation of a multi-agency groundwater sustainability agency in the Northern DM Region of the Delta-Mendota Subbasin that is separate and independent from the Authority; and (2) the planning, preparation and potential assistance with implementation of a groundwater sustainability plan for the Northern DM Region; and (3) for coordination with other such plans within the Delta-Mendota Subbasin or other subbasins as may be required by the Act.

G. The SS-MOA Participant expressly intends that neither the Authority nor the Activity Agreement Members or other local agencies participating through their separate Memoranda of Agreement acting through the Activity Agreement Management Committee (as defined in the Activity Agreement) will have the authority to limit or interfere with the respective participants’ rights and authorities over their own internal matters, including but not limited to, an Activity Participant’s surface water supplies, groundwater supplies, facilities, operations and water management, subject to terms of the Activity Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the true and correct facts recited above, and of the covenants, terms and conditions set forth herein, the Authority and the SS-MOA Participant agree as follows:

Section 1. The SS-MOA Participant hereby agrees to be bound by and to perform the obligations of SS-MOA Participants established under the Activity Agreement, and the Authority agrees that the SS-MOA Participant so agreeing and performing shall have the rights and be entitled to share in the benefits of the activities under the SGMA Services Activity Agreement on the terms and conditions described in the Activity Agreement, Appendix 1 incorporated by reference into this MOA.

Section 2. The Authority and the SS-MOA Participant acknowledge and agree that although the SS-MOA Participant is not a signatory to the Activity Agreement for the Northern DM Region, the SS-MOA Participant shall be, in all respects, entitled to representation and to vote as part of the Management Committee as described in Section 6 of the Activity Agreement.

Section 3. Miscellaneous Provisions.

3.1. Amendments. This SS-MOA may be amended in writing and signed by both the Authority and the SS-MOA Participant.

3.2. Assignment; Binding on Successors. Except as otherwise provided in this SS-MOA, the rights and duties of the SS-MOA Participant may not be assigned or delegated without the written consent of the Authority. Any attempt to assign or delegate such rights or duties in contravention of this SS-MOA shall be null and void. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This SS-MOA shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the SS-MOA Participant.

3.3. Counterparts. This SS-MOA may be executed by the Authority and the SS-MOA Participant in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

3.4. Governing Law. This SS-MOA shall be governed by the laws of the State of California.

3.5. Severability. If one or more clauses, sentences, paragraphs or provisions of this SS-MOA shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the SS-MOA Participant and the Authority that the remainder of the Activity Agreement shall not be affected thereby.


3.6. Headings. The titles of sections of this SS-MOA are for convenience only and no presumption or implication of the intent of the SS-MOA Participant and the Authority as to the construction of this SS-MOA shall be drawn therefrom.

IN WITNESS WHEREOF, the Authority and the SS-MOA Participant have executed this Memorandum of Agreement as of the date first above written.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

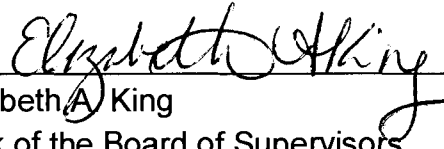
By: _____
Name: _____
Title: _____
Date: _____

**SS-MOA PARTICIPANT
STANISLAUS COUNTY**

By: 
Vito Chiesa
Chairman of the Board of Supervisors

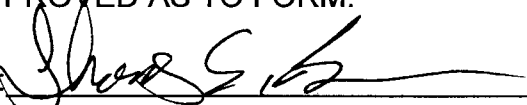
Date: 3/28/17

ATTEST:

By: 
Elizabeth A. King
Clerk of the Board of Supervisors

Date: 3/28/17

APPROVED AS TO FORM:

By  _____

Thomas E. Boze
Assistant County Counsel

Date: 3/20/2017

APPENDIX 1

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY NORTHERN DELTA-MENDOTA REGION SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES ACTIVITY AGREEMENT

This **NORTHERN DELTA-MENDOTA REGION SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES ACTIVITY AGREEMENT** (“Activity Agreement”), is made effective as of February 24, 2017 (the “Effective Date”), by and among the San Luis & Delta-Mendota Water Authority, a joint powers agency of the State of California (“Authority”), and Del Puerto Water District; Patterson Irrigation District; and West Stanislaus Irrigation District, its members who execute this Activity Agreement (“Members”). Capitalized terms used in this Activity Agreement shall have the meanings set forth in Section 2 below.

1. **RECITALS**

A. The Members, together with certain other local agencies, have entered into an amended and restated Joint Exercise of Powers Agreement-San Luis & Delta-Mendota Water Authority dated as of January 1, 1992 (the “JPA”), by and among the parties indicated therein, establishing the San Luis & Delta-Mendota Water Authority for the purpose of exercising the common powers of the Members, including those powers described in this Activity Agreement.

B. The Members are each empowered, among other powers, to provide water service to lands within their boundaries; to operate and maintain works and facilities for the development, distribution and use of water for irrigation and for any drainage or reclamation works connected therewith or incidental thereto and/or to operate and maintain works and facilities for the development, distribution and use of water for municipal and industrial use; to contract with the United States, the State and other public agencies and, effective January 1, 1995, with mutual water companies, for such purposes; to control the quality of water accepted into their respective systems; to exercise powers related to groundwater management and

groundwater management plans; and to adopt rules and regulations necessary to the exercise of such powers

C. In August 2014 the California Legislature passed comprehensive groundwater legislation creating the Sustainable Groundwater Management Act of 2014 (“SGMA” or the “Act”), intended “to provide local groundwater agencies with the authority and technical and financial assistance necessary to sustainably manage groundwater” (California Water Code Section 10720(d)).

D. The Sustainable Groundwater Management Act anticipates that each affected groundwater basin or subbasin will be regulated separately by one or more groundwater sustainability agencies (“GSAs” or individually, a “GSA”) and the Members and certain counties and local agencies organizing themselves outside of the Authority umbrella have formed or are forming individual or multi-agency GSAs for purposes of compliance with the Act.

E. Groundwater sustainability under the Act is to be achieved through groundwater sustainability plans, (“GSPs” or individually, a “GSP”) which can be a single plan developed by one or more GSAs, or multiple coordinated plans within a basin or subbasin (California Water Code Section 10727).

F. The Members overlie a portion of the Delta-Mendota Subbasin number 5-22.07 of the San Joaquin Valley Groundwater Basin identified in the California Department of Water Resources (“DWR”) Bulletin 118 (the “DM Subbasin”), said portion being designated as the Northern Delta-Mendota Region (“Northern DM Region”), as its boundaries may be modified from time to time.

G. The DWR has designated the entire DM Subbasin as critically overdrafted, and under the Act, each GSA is required to assume its regulatory role by June 30, 2017, and to submit a GSP to DWR by January 31, 2020; the California State Water Resources Control Board (“SWRCB”) may identify a basin or subbasin as probationary on the basis of the failure to identify a GSA, adopt a GSP, or upon a finding that a GSP is inadequate.

H. The objective of the Members under this Activity Agreement and the agencies who execute MOAs under SGMA Services Memoranda of Agreement as defined below is to obtain coordinated access to the administrative and technical resources and services available through the Authority and to provide the mechanisms to share the benefits and expenses of obtaining such resources and services to assist in (1) upon request, completing the procedural

requirements for the formation of any groundwater sustainability agencies as requested for the Northern DM Region of the Delta-Mendota Subbasin; (2) the planning, preparation, and potential assistance with implementation of a groundwater sustainability plan for the Northern DM Region; and (3) and for its coordination with other such plans within the DM Subbasin or other subbasins as may be required by the Act.

I. The Members desire to achieve the objectives recited above through the joint exercise of their common powers under this Activity Agreement and through the Authority entering into agreements to allow the participation in the program by counties, other local agencies or mutual water companies that are not members of the Authority, but that agree to participate under such agreements pursuant to the terms of this Activity Agreement.

J. The Members expressly intend that neither the Authority nor the other Members nor local agencies participating through separate memoranda of agreement acting through the Activity Agreement Management Committee (as defined below) will have the authority to limit or interfere with the respective Members' rights and authorities over their own internal matters, including but not limited to, a Member's surface water supplies, groundwater supplies, facilities, operations and water management, subject to terms of this Activity Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the true and correct facts recited above, and of the covenants, terms and conditions set forth herein, the Activity Agreement Members and the Authority agree as follows:

2. DEFINITIONS

2.1. "**Activity Agreement Member(s)**" or "**Members**" shall mean a member or members of the Authority who are signatories to this Activity Agreement

2.2. "**Activity Agreement**" or "**Agreement**" shall mean this Northern Delta-Mendota Region Groundwater Sustainability Management Act Services Activity Agreement.

2.3. "**Activity Agreement Expenses**" shall mean costs incurred by the Authority pursuant to this Activity Agreement and a share of Authority Operating Costs allocable to

Members of this Activity Agreement and allocable to any SS-MOA Participants through MOAs executed in conjunction with this Activity Agreement.

2.4. **“Activity Participants”** shall mean the Activity Agreement Members and the SS-MOA Participants, as defined below.

2.5. **“Administration Agreement(s)”** shall mean those certain agreements between the Authority and Activity Agreement Members for the undertaking of activities and sharing of costs and benefits pursuant to Sections 22 and 23 of the JPA.

2.6. **“Authority”** shall mean the San Luis & Delta-Mendota Water Authority.

2.7. **“Authority Operating Costs”** shall mean the Authority’s rent and other occupancy charges, acquisition costs of office furniture and equipment, including telephone, telecopy, photocopy, cost of cars and other vehicles, insurance premiums, salaries and wages of employees including payments in connection with retirement programs and other benefit programs, fees of creditors, lawyers, engineers and other consultants, travel, telephone, telecopy and photocopy expenses and any other general administrative expenses.

2.8. **“Basin”** or **“Delta-Mendota Subbasin”** shall mean the Delta-Mendota Subbasin of the San Joaquin Valley Groundwater Basin, subbasin number 5-22.07, as identified in Bulletin 118 prepared by the California Department of Water Resources.

2.9. **“Board of Directors”** shall mean the Board of Directors of the San Luis & Delta-Mendota Water Authority.

2.10. **“Coordination Agreement”** shall mean a legal agreement adopted between two or more GSA's that provides the basis for intra-basin or inter-basin coordination of the GSPs pursuant to SGMA.

2.11. **“GSA”** shall mean a groundwater sustainability agency enabled by SGMA to regulate a portion of a basin or subbasin cooperatively with all other GSA’s in the basin or subbasin, in compliance with the terms and provisions of SGMA.

2.12. **“JPA” shall mean** that certain Amended and Restated Joint Exercise of Powers Agreement effective January 1, 1992, establishing the San Luis & Delta-Mendota Water Authority.

2.13. **“Management Committee”** shall mean the steering committee established in Section 6 of this Activity Agreement to direct the activities under this Agreement and the SGMA Services Memoranda of Agreement.

2.14. **“Management Committee Member”** shall mean the duly appointed representative of an Activity Participant to be counted towards a quorum and having the right to vote on behalf of such Activity Participant at a meeting of the Management Committee.

2.15. **“Northern Delta-Mendota Region”** or **“Northern DM Region”** shall mean that portion of the Delta-Mendota Subbasin within the jurisdictional area of the Activity Agreement Members and SS-MOA Participants as set forth in the map attached hereto as **EXHIBIT A**.

2.16. **“Northern DM Region GSAs”** shall mean the individual or the multi-agency Groundwater Sustainability Agencies formed separate and independent from the Authority within the Region.

2.17. **“Northern DM Region GSP”** shall mean the Groundwater Sustainability Plan, as defined by Section 10721(k) of the Water Code, for the Northern DM Region that the Activity Participants intend to jointly develop and implement through participation in this Activity Agreement, whether as a stand-alone GSP, or as a portion of a broader GSP for the DM Subbasin covering the Northern DM Region.

2.18. **“Outside Service Area(s)”** of an Activity Participant shall mean an area or areas that are outside the political boundaries of the Activity Participant but that are included within the boundaries of such Activity Participant’s single-agency GSA. For a party to a multi-agency GSA, **“Outside Service Area(s)”** of the Activity Participants shall mean area(s) that are outside the political boundaries of the Activity Participant and outside the boundaries of any other Activity Participant that is not a county but that, through written agreement with the applicable county, shall be subject to the Activity Participant’s management for purposes of the implementation of SGMA.

2.19. **“Participation Percentage”** shall mean each Activity Participant’s allocated share of Activity Agreement Expenses determined as described in Section 11 of this Agreement and set forth on EXHIBIT “C” as updated from time to time.

2.20. **“SGMA”** shall mean the California Sustainable Groundwater Management Act of 2014 and all regulations adopted under the legislation (SB 1168, SB 1319 and AB 1739), Water Code Sections 10720-10755.4, which collectively comprise SGMA, as that legislation and those regulations may be amended from time to time.

2.21. **“SGMA Services Memorandum of Agreement”** or **“SS-MOA”** shall mean those certain individual agreements in substantially the form attached hereto as **EXHIBIT “B”**

between the Authority and a county, local agency or mutual water company; the respective entity not being a member of the Authority, to provide for such entity's participation in the activities subject to this Agreement; "SS-MOAs" shall refer collectively to all such SGMA Services Memoranda of Agreement.

2.22. "**Special Project Agreement**" shall mean an agreement entered into between certain Members and/or SS-MOA Participants that desire to collectively carry out a special project that is not carried out by all of the Activity Participants.

2.23. "**Special Project Expenses**" shall mean costs and expenses allocable to Activity Participants incurred pursuant to a Special Project Agreement, and shall also include Authority Operating Costs allocated to the Special Project Agreement.

2.24. "**Special Project Participants**" of a Special Project Agreement shall mean those Activity Participants who execute such Special Project Agreement.

2.25. "**SS-MOA Participant**" shall mean a local agency, county mutual water company that is statutorily authorized to implement SGMA who is not a Member of the Authority, but who has agreed by executing a SGMA Services Memorandum of Agreement to share with Activity Agreement Members the costs, obligations and benefits of participating in the activities contemplated by this Agreement. "**SS-MOA Participants**" shall refer collectively to all such entities.

2.26. "**Voting Alternate**" shall mean the duly appointed alternate of the Management Committee Member, such alternate being present at a meeting during the absence or disqualification due to conflict of interest of the Management Committee Member for whom the alternate has been appointed; said alternate being counted towards a quorum and having the right under those circumstances to cast the vote otherwise accorded to the Management Committee Member.

3. PURPOSE OF AGREEMENT

The purpose of this Activity Agreement is to provide the contractual basis for the Members in conjunction with the SS-MOA Participants that have independently formed or will form individual or multi-agency GSAs within the Northern DM Region to utilize the resources of the Authority to assist with (1) the procedural requirements for forming GSAs in the Northern DM Region that are separate and independent from the Authority, as may be requested; (2)

planning, preparation and, if requested by the Activity Participants through the Management Committee, implementation of a GSP for or including the Northern DM Region; (3) coordination with other such plans within the Delta-Mendota Subbasin and adjoining subbasins as required by SGMA; and (4) to achieve the objectives stated in the Recitals above through the joint exercise of some or all of the common powers of the Activity Agreement Members and through the contractual agreements with the SS-MOA Participants.

4. ROLE OF AUTHORITY; LIMITS THEREON

4.1. Role of the Authority. The role of the Authority under this Activity Agreement will be to provide, through Authority staff or contracts with consultants, and as directed by the Management Committee, services to assist the Activity Participants in conducting the activities contemplated by this Agreement. The Authority will provide only those services directed by the Management Committee and supported with funding from the Activity Participants in accordance with budgets recommended by the Management Committee and approved by the Board of Directors and the Activity Participants, as more specifically provided under the terms of this Agreement.

4.2. Authorized Activities of the Authority under the Activity Agreement. The types of activities authorized to carry out the purposes of this Activity Agreement shall specifically include, but shall not be limited to, the following:

(a) To provide to the Activity Participants administrative services to assist them, if requested, in forming and implementing individual or multi-agency GSAs that are not part of but are independent from the Authority.

(b) To provide staff resources or to solicit proposals from one or more consultants, and at the direction of the Management Committee, to accept proposals and enter into services agreements to acquire consulting services as needed to assist in organizing multiple parties in compiling data, conducting monitoring, undertaking a groundwater study or studies and developing models as needed to develop the Northern DM Region GSP for adoption by GSAs in the Northern DM Region.

(c) To provide funding mechanisms through budgets approved by the Management Committee, the Board of Directors, and the Activity Participants to obtain services necessary for the development and implementation of the Northern DM Region GSP.

(d) To provide accounting and billing services to collect from the Activity Participants the costs of services incurred under the Activity Agreement and SS-MOAs pursuant to the terms of this Activity Agreement.

(e) To provide services to facilitate outreach to interested parties as defined by SGMA that may be required for the developing and implementing any Northern DM Region GSAs, as requested, and the Northern DM Region GSP or GSPs.

(f) To provide services to facilitate coordination among the GSAs in other portions of the DM Subbasin, and GSAs in other subbasins to assist in the development or implementation of intra-basin or inter-basin Coordination Agreements required by SGMA.

(g) To propose for adoption by GSAs in the Northern DM Region forms of rules, regulations, policies and procedures for governing the adoption and implementation of a GSP as authorized by Chapter 5 of SGMA.

(h) To undertake such additional activities and responsibilities as may be requested and funded by the Activity Participants acting through the Management Committee.

4.3. Limitations on Authority Role. Notwithstanding the Activity Participants' agreement to acquire certain services through this Agreement, the Activity Participants intend to establish GSAs independent of this Agreement and to maintain complete control and autonomy over the surface water and groundwater assets to which they are currently legally entitled; nothing in this Activity Agreement authorizes the Authority to establish a GSA or commit the Activity Participants or SGMA implementation actions within their respective boundaries and Outside Service Areas. The geographic boundaries of the Northern DM Region, and of each Activity Participant, are set forth in the map attached hereto as **EXHIBIT "A."**

4.4. Powers Reserved to Board of Directors and Limitations Thereon.

(a) The Board of Directors shall have ultimate approval authority over all Activity Agreement annual budgets based upon the recommendation of the Management Committee and approval of the Activity Participants; provided, the Board of Directors may not alter the Activity Agreement annual budgets without the Management Committee's review and recommendation or Activity Participant approval of such alteration.

(b) The Board of Directors shall have the right, upon recommendation of or in consultation with the Management Committee, to approve all amendments to this Activity

Agreement, including any amendment terminating the Activity Agreement, and to approve the SS-MOA with each entity seeking to become a SS-MOA Participant; provided, that no amendment of this Activity Agreement shall be required to add new Activity Agreement Members prior to February 28, 2017.

(c) The Board of Directors shall have the right, upon recommendation of or in consultation with the Management Committee, to act on any claims and to make decisions concerning the prosecution of, defense of, or other participation in actions or proceedings at law brought against the Authority arising from this Activity Agreement.

(d) The Board of Directors delegates to the Management Committee the authority to conduct the activities described in this Activity Agreement pursuant to the terms of this Activity Agreement and SS-MOAs, without the required approval of the Board of Directors except as specifically provided in Sections 4.4(a-c). Also except as set forth in Sections 4.4(a-c) and 8.3, this delegation shall specifically include, but not be limited to, the authority to enter into contracts within approved Activity Agreement budgets.

**5. POWERS JOINTLY EXERCISED BY ACTIVITY AGREEMENT MEMBERS;
RESERVED POWERS**

5.1. Powers Exercised. The Members and the Authority intend that this Activity Agreement shall provide for the joint exercise of certain powers common to the Members in obtaining administrative and technical resources and services needed to support their efforts through GSAs in the Northern DM Region to implement SGMA within their respective jurisdictions, including, for example, services and resources to (1) develop data; (2) conduct outreach with interested parties as defined by SGMA; (3) assist in preparing and implementing a Groundwater Sustainability Plan; and (4) assist in preparing and entering into intra-basin or inter-basin Coordination Agreements. The Members are each empowered by the laws of the State of California to exercise the powers specified in this Activity Agreement, and to comply with the provisions of SGMA and other laws. These common powers shall be exercised for the benefit of any one or more of the Activity Participants in the manner set forth in this Activity Agreement. The Authority and the Members further intend that each SS-MOA Participant with powers to implement SGMA may, by executing an SS-MOAs, share the costs, obligations and benefits of this Agreement. Subject to the limitations set forth by statute applicable to any SS-MOA

Participant that is a mutual water company or in this Activity Agreement, the Activity Participants shall have the powers to perform all acts necessary to accomplish their purpose as stated in this Activity Agreement, to be exercised through the Management Committee, including but not limited to the following:

(a) To make and/or assume contracts and to employ agents, employees, consultants and such other persons (as the Management Committee may deem necessary), to the full exercise of its power, including, but not limited to, engineering, hydrogeological, and other consultants, attorneys, accountants and financial advisors, for the purpose of providing any service required to accomplish the purposes identified herein.

(b) To conduct all necessary research and investigations, and to compile appropriate reports and collect data from all available sources to assist in preparation of a GSP, and for development and implementation of intra-basin or inter-basin Coordination Agreements, so as to allow the Activity Participants to participate in the sustainable management of the Northern DM Region in compliance with SGMA.

(c) To cooperate, act in conjunction with, and contract with the United States, the State of California, or any agency thereof, Stanislaus and Merced Counties, and other Members, SS-MOA Participants, and GSAs, or any of them, in the full exercise of the powers of the Activity Participants for purposes of assisting in meeting the procedural requirements for forming a GSA, if so requested, and preparation, adoption and implementation of the Northern DM Region GSP and any Coordination Agreements required by SGMA.

(d) To apply on behalf of the Activity Participants for, or if directed by the Management Committee, to accept, receive and administer on behalf of the Activity Participants agreements, grants, loans, gifts, contributions, donations or other aid from any agency of the United States, the State of California or other public or private person or entity necessary or beneficial for assisting the Activity Participants with any GSA in the Northern DM Region for preparing or implementing the Northern DM Region GSP.

(e) To assist in developing forms of rules, regulations, policies and procedures for governing the adoption and implementation of a GSP as authorized by Chapter 5 of SGMA for use by the GSAs in the Northern DM Region.

(f) To assist in developing policies, rules or practices for utilizing the enforcement powers identified in SGMA (Water Code Section 10732), for use by GSAs in the

Northern DM Region, including the imposition and collection of civil penalties that shall be utilized in accordance with the requirements of SGMA.

(g) To investigate legislation and proposed legislation, regulations and proposed SWRCB actions affecting SGMA and the Northern DM Region and make appearances regarding such matters.

5.2. Powers Reserved to Activity Participants. There are expressly reserved to each Activity Participant the powers necessary to carry out the intent expressed in this section.

(a) Separate from this Agreement, to establish a GSA individually or collectively within the Activity Participant's boundaries or the area managed in whole or in part by such Activity Participant.

(b) To approve those actions under this Agreement set forth in Section 7.2.

(c) At each individual Activity Participant's election, acting through GSAs established by that Activity Participant, to implement SGMA and the GSP developed pursuant to this Activity Agreement within the Activity Participant's boundaries or Outside Service Area(s).

(d) Notwithstanding anything to the contrary in this Activity Agreement, the Authority shall not undertake any activities within the geographic or Outside Service Area boundaries of an Activity Participant pursuant to the GSP developed under this Activity Agreement unless the Activity Participant has formally and expressly consented and agreed to the activity proposed.

(e) The Activity Participants expressly intend that neither this Agreement nor any GSP prepared or being implemented utilizing services of the Authority through this Activity Agreement that is adopted by a GSA or GSAs within the Northern DM Region shall be construed as authorizing the Authority or the Activity Participants acting through the Activity Agreement Management Committee, or any dispute resolution process contained herein, to:

(1) determine or alter surface water rights or groundwater rights (California Water Code Section 10720.5(b));

(2) make binding determinations of the water rights of any person or entity (California Water Code Section 10726.8(b)); or

(3) supersede the existing land use authority of cities or counties, including the city or county general plan, within the overlying subbasin (California Water Code Section 10726.8(f)).

(f) The Activity Participants are organizing themselves into individual or multi-agency GSAs to implement the requirements of SGMA separate from this Agreement. The Activity Participants intend to maintain complete control and autonomy over the surface water and groundwater assets to which they are currently legally entitled, and make no commitments by entering into this Activity Agreement to share or otherwise contribute their water supply assets as part of the preparation or implementation of a GSP. The geographic boundaries of the Northern DM Region and the GSAs within that Region, and of each Member and SS-MOA Participant, are set forth in the map attached hereto as EXHIBIT "A".

6. ORGANIZATION

6.1. Governing Body. The business of the Activity Agreement shall be conducted by a Management Committee consisting of one (1) Management Committee Member and one (1) alternate Management Committee Member appointed by each Activity Participant.

(a) Management Committee Members and alternates shall be appointed by action of the governing body of the represented Activity Participant and such appointments shall be effective upon the appointment date as communicated in writing to the Authority. Each appointee shall serve on the Management Committee from the date of appointment by the governing body of the Activity Participant he/she represents at the pleasure of such governing body.

(b) Vacancies in the position of a Management Committee Member or alternate shall be filled by the represented Activity Participant in the same manner as the provided for the appointment of the initial Management Committee Member or alternate.

(c) The Executive Director of the Authority, its Assistant Executive Director and Authority employees or appointees designated by the Assistant Executive Director may participate as staff members and attend all Management Committee meetings, but shall have no vote.

6.2. Meetings. The Executive Director of the Authority or the Assistant Executive Director of the Authority, acting on the Executive Director's behalf, or the Chairman of the Management Committee is authorized to call meetings of the Management Committee as necessary and appropriate to conduct the business under the Activity Agreement. In addition to such authority to call meetings, the Management Committee may, but is not required to, set a

date for regular meetings of the Management Committee. All such meetings shall be conducted in accordance with the requirements of the Ralph M. Brown Act (Government Code Sections 54950 *et seq.*).

6.3. Quorum. A majority of the then-appointed Management Committee Members plus any Voting Alternates shall constitute a quorum of the Management Committee. Each appointed Management Committee Member or Voting Alternate shall have one (1) vote.

6.4. Voting. Except as expressly stated to the contrary in this Activity Agreement, the vote of an Activity Participant's duly appointed Management Committee Member or Voting Alternate is deemed to be the vote of that Activity Participant. A simple majority of the quorum shall be required for the adoption of a resolution, motion or other action of the Management Committee, except that:

(a) A majority vote of less than a quorum may vote to adjourn or, meeting as a subcommittee of the whole, to hear reports on non-action items listed on the agenda;

(b) Any of the following actions shall require a unanimous vote of a quorum of the Management Committee. For purposes of this Section 6.4(b), a "unanimous vote" is defined as the affirmative vote of every Management Committee Member and Voting Alternate with a quorum being present:

(1) A recommendation to the Board of Directors of the Authority to a compromise or payment of any claim against the Authority arising from the Activity Agreement;

(2) To submit to the Activity Participants for consideration by the GSAs covering the Northern DM Region any proposed Northern DM Region GSP;

(3) To adopt a proposed initial operating budget within ninety (90) days of the execution of this Activity Agreement, and proposed annual budget by January 15 of each year or by such alternate date as may be required so that it can be incorporated into the Authority's annual budget for the fiscal year beginning on March 1 of each year;

(4) To propose to set or modify the Participation Percentages of the Activity Participants from time to time.

(5) To authorize the Authority to enter into agreements with consultants within the approved budgets, subject to the limitations provided in this Activity Agreement;

(6) To provide recommendations to Activity Participants for consideration by their respective GSAs within the Northern DM Region regarding imposing fees authorized by SGMA to fund the cost of complying with SGMA, and sustainably managing groundwater within the Northern DM Region;

(7) To propose rules, regulations, policies and procedures recommended to the Activity Participants for consideration by their respective GSAs within the Northern DM Region governing the adoption and implementation of a GSP as authorized by Chapter 5 of SGMA;

(8) To assist the Activity Participants by investigating and reporting on legislation and proposed legislation, regulations and proposed SWRCB actions affecting SGMA and the DM Subbasin and making appearances regarding such matters.

(9) Any other action for which a unanimous vote is required by the terms of this Agreement.

(c) Vote Required for Deemed Withdrawal. The vote for a determination that an Activity Participant is deemed to have withdrawn from the Activity Agreement pursuant to Section 6.6 b shall be a unanimous vote of a quorum, not counting the vote of the Activity Participant about which the determination is being made.

6.5. Officers. The Management Committee shall select a Chairperson, a Vice-Chairperson and a Secretary. The Chairperson and Vice-Chairperson shall be, and the secretary may, but need not be, a Management Committee Member. The Chairperson shall preside at all meetings of the Management Committee and the Vice-Chairperson shall act as the chairperson in the absence of the chairperson elected by the Management Committee. All elected officers shall remain in office at the pleasure of a majority vote of the Management Committee.

6.6. Powers of Management Committee and Limitations Thereon.

(a) Except for those matters reserved to the Board of Directors or for which the approval of the Activity Participants is required by the terms of this Activity Agreement, the Management Committee shall undertake all actions necessary for carrying out the Activity Agreement, including but not limited to setting policy or practices for the Activity Agreement and under SS-MOAs; making budget recommendations in conjunction with the Executive Director and/or the Assistant Executive Director of the Authority or any Authority staff or consultant designated to manage the Activity Agreement; determining the recommended basis

for calculation of the Participation Percentages for each fiscal year, and the timing required for payments of obligations hereunder; employing consultants and otherwise authorizing expenditure of Activity Agreement funds within the parameters of the budget approved by the Authority; developing and implementing guidelines, rules or regulations; and such other actions as shall be reasonably necessary or convenient to the purposes of the Activity Agreement.

(b) When an Activity Participant fails or refuses to participate financially or through the Management Committee for a period of time longer than six (6) months after written notice from the Authority without entering into an agreement with the Authority to cure any financial default or to meet any other obligation required for its active participation in the Activity Agreement or under its SS-MOA, the Management Committee, voting as set forth in Section 6.4(c) shall determine whether or not such Activity Participant shall be deemed to have withdrawn from the Agreement or from participation pursuant to its SS-MOA and if it so determines, shall request that the Board of Directors approve the determination and deem that the Activity Participant has withdrawn from the Activity Agreement or from participation pursuant to its SS-MOA. Such vote shall not preclude reinstatement of the deemed withdrawn agency by agreement of the Activity Participants and the Authority.

7. APPROVAL BY AN ACTIVITY PARTICIPANT OR ACTIVITY PARTICIPANTS

7.1. When the terms of this Agreement or applicable law require the approval of an Activity Participant, written documentation of such approval, whether by Resolution, motion, or other form of authorization, must be provided to the Authority and to each of the other Activity Participants.

(a) For actions requiring the approval of only the particular Activity Participant, such as appointing a representative to the Management Committee, approval only by such Activity Participant is required.

(b) When approval of the Activity Participants is required for a particular action, the approval of a majority of the Activity Participants will constitute approval of the action.

7.2. Approval by the Activity Participant or the Activity Participants, as appropriate, shall be required for:

- (a) Approval of a Management Committee-recommended budget;
- (b) Establishing or modifying the Participation Percentage applicable to the Activity Participant.
- (c) Amendment of this Agreement, including but not limited to, for purposes of adding a new Member or the replacement of this Agreement with an alternative form of agreement;

8. BUDGETARY RESPONSIBILITIES OF ACTIVITY PARTICIPANTS

Subject to Section 8.3 below, the Activity Participants, acting through their respective appointed Management Committee Members, are hereby authorized by the public agency appointing such Management Committee Members to cooperate with the Executive Director and/or the Assistant Executive Director of the Authority to provide and recommend approval of a budget for the activities authorized by this Activity Agreement, annually or more frequently as needed, for presentation to the Board of Directors of the Authority in accordance with Section 22 of the JPA and Section 4.4a of this Activity Agreement. All budgets and amendments thereof which result in a budget increase shall be subject to the approval of the Board of Directors as part of any mid-term budget adjustment.

8.1. Initial Budget. To initially fund the budget for this Activity Agreement, the Activity Participants agree to contribute a total of \$51,447.82 in equal shares for Activity Expenses incurred prior to March 1, 2017.

8.2. Budget to Actual Adjustments. The Authority shall true up budgeted amounts collected from the Activity Participants to actual expenditures annually following the end of each fiscal year. Any over-payments between budgeted and actual expenditures, taking into account any year-end carryover reserve established by the Management Committee, shall be credited or refunded to each Activity Participant in equal shares for the period through February 28, 2017, and for each year thereafter, based upon its Participation Percentage. Each Activity Participant shall be billed for any under-payment following the true-up, with payment due thirty (30) days after the invoice is received.

8.3. Budget Authority of Management Committee Members. The Management Committee Members are authorized to recommend budgets for approval by the Activity Participants, which approval shall be contingent upon the Activity Participant meeting

statutory or constitutional requirements applicable to the that Activity Participant; such approved budgets shall be submitted to the Board of Directors consistent with Section 4.4(a) of this Agreement.

9. ACCOUNTABILITY, REPORTS AND AUDITS

9.1. Full books and accounts for this Activity Agreement shall be maintained in by the Authority in accordance with practices established by, or consistent with, those utilized by the Controller of the State of California for public entities. The books and records shall be open to inspection by the Activity Participants at all reasonable times, and by bondholders and lenders as and to the extent provided by resolution or indenture.

9.2. There shall be strict accountability of all funds deposited on behalf of the Activity Agreement with the Authority. The Treasurer of the Authority, directly or acting through its Accounting Department, shall provide regular reports of Activity Agreement accounts. Funds of the Activity Agreement shall be subject to audit by the official auditor of the Authority. An Activity Participant may request an independent audit of the Activity Agreement funds; such audit shall be conducted at the expense of the requesting Activity Participant.

10. AUTHORIZATION TO ALLOCATE OPERATING COSTS

Each Activity Agreement Member has entered into an Administration Agreement which authorizes an agreement by and among the Authority and any of its Members to provide for undertaking and sharing costs and benefits of any authorized activity of the Authority. The Authority and the Activity Participants agree that all Activity Agreement Expenses incurred by the Authority under this Agreement are the costs of the Activity Participants, and not of the Authority, and shall be paid by the Activity Participants; provided, however, that this Section shall not preclude the Activity Agreement Members from accepting voluntary contributions from other members of the Authority or other interested parties, and applying such contributions to the purposes hereof. Each SS-MOA Participant shall agree to pay its allocated share of Activity Agreement Expenses and Authority Operating Costs assigned to this Activity Agreement pursuant to the SS-MOA signed by such SS-MOA Participant.

11. PARTICIPATION PERCENTAGES

The approach to establishing Participation Percentages shall be determined by the Activity Participants prior to March 1, 2017 and is attached to this Agreement as Exhibit "C."

11.1. Changing Participation Percentages. The Participation Percentages may be evaluated by the Management Committee from time to time, in order to consider new information concerning the relative contribution or responsibility of each Activity Participant towards achieving the sustainability goal established in the GSP, with a vote to recommend revisions as provided in Section 6.4(b)(4). Any such Steering Committee-recommended revisions shall be presented to the Activity Participants for approval as provided in Section 7.2(b).

11.2. Ongoing Documentation of Participation Percentages. The Participation Percentages of each Activity Participant shall be dated and attached as EXHIBIT "C" to this Agreement, effective upon the date approved by all Parties, without any further amendment of this Agreement being required. Any further amendments to EXHIBIT "C" may be made using the procedure included in this Section 11 without any further separate amendment of this Agreement being required.

11.3. Invoicing and Payment. The Authority shall bill the Activity Participants for all Activity Agreement Expenses and Special Project Expenses in their respective Participation Percentages on the same schedule as it utilizes for collecting membership dues to implement the Authority budget for each March 1 through February 28/29 fiscal year, generally twice yearly in mid-March and August of such year. Payments are due 30 days following receipt of the Authority's invoice.

12. SOURCE OF PAYMENTS

Each Activity Participant agrees that it will timely take actions necessary to provide sufficient money to meet its obligations hereunder. Each Activity Participant hereby confirms that the Authority and other Activity Participants are third party beneficiaries of such Activity Participant's obligations under this Agreement and may take such actions in law or in equity as may be desirable to enforce payments hereunder. The Management Committee may also seek funding from other alternative sources, including but not limited to state and federal grants or loans, and unless specifically allocated by the unanimous vote of the Management Committee, for example, to fund a project within the boundaries of a particular Member, all funding

contributions obtained from alternative sources shall be allocated to each Activity Participant according to its Participation Percentages.

13. TERM

This Activity Agreement shall take effect on the Effective Date first above identified. This Activity Agreement shall remain in full force and effect until this Activity Agreement is amended, rescinded or terminated by the Authority and the Activity Agreement Members, with approval from the SS-MOA Participants.

14. WITHDRAWAL FROM FURTHER PARTICIPATION

14.1. Subject to Section 14.3 of this Activity Agreement, any Activity Agreement Member may voluntarily withdraw from this Activity Agreement upon thirty (30) days' written notice of such withdrawal to the Authority and each of the other Activity Participants.

14.2. In the event the Management Committee determines and the Board of Directors approves the determination that any Activity Participant is deemed to have withdrawn pursuant to Sections 6.6(b) of this Activity Agreement, such withdrawing Activity Participant shall pay for all such Activity Participant's financial obligations incurred prior to the deemed withdrawal date pursuant to the terms of this Activity Agreement.

14.3. In the event of either a voluntary withdrawal or deemed withdrawal by an Activity Participant, as of the withdrawal date, all rights of participation in this Activity Agreement shall cease for the withdrawing Activity Participant, and the withdrawing Activity Participant shall within thirty (30) days, pay all such Activity Participant's financial obligations incurred prior to such withdrawal date pursuant to the terms of this Activity Agreement.

14.4. Upon withdrawal, an Activity Participant shall be entitled to use any data or other information developed under this Activity Agreement during its time as an Activity Participant. Further, should an Activity Participant withdraw from the Activity Agreement after completion of the GSP, it shall be entitled to utilize the GSP for future implementation of SGMA within its boundaries.

15. INITIAL MEMBERSHIP/ADMISSION OF NEW MEMBERS

Members of the Authority may become Members of this Activity Agreement through

February 28, 2017. After February 28, 2017, admission of new Members shall require amendment of this Activity Agreement and approval by the Board of Directors and the Activity Agreement Members. Admission of an SS-MOA Participant at any time shall be through execution of an SS-MOA and action by the Board of Directors. Admission of additional SS-MOA Participants after February 28, 2017, shall also require the recommendation of the Management Committee. The admission of the new Activity Participant shall be documented by that new Member signing this Activity Agreement or that new SS-MOA Participant entering into an SS-MOA with the Authority, subject to this Activity Agreement.

16. SPECIAL PROJECTS

16.1. Fewer than all of the Activity Participants may enter into a Special Project Agreement to achieve any of the purposes or activities authorized by this Activity Agreement, and to share in the expenses and costs of such activity. Special Project Agreements must be in writing and may be documented by completion and execution of a form agreement developed for such purpose.

16.2. Activity Participants that sign Special Project Agreements agree that all Special Project Expenses incurred by the Authority under this Activity Agreement for each such Special Project are the costs of the Special Project Participants, respectively, and not of the Authority or of the Activity Participants not participating in the Special Project, and the Special Project Expenses shall be paid by the respective Special Project Participants.

16.3. Special Project Participants shall hold the Authority and each Activity Participant that is not a member of the Special Project Agreement free and harmless from and indemnify each of them against any and all costs, losses, damages, claims and liabilities arising from the Special Project Agreement. The indemnification obligation of Special Project Participants arising from the Special Project Agreement shall be the same as specified in Section 18.2 for Activity Participants in general, except that it shall be limited to those costs, losses, damages, claims and liabilities arising from the Special Project Agreement.

17. DISPUTE RESOLUTION

Should any controversy arise concerning this Activity Agreement or the rights and duties of the Authority or any Activity Participant under this Agreement or SS-MOA, the parties to the

dispute shall submit the matter to a person appointed by the Management Committee to mediate the dispute. The appointed mediator shall be a person who is not an employee or agent of the Authority or any Activity Participant and who has knowledge of and experience in the management of groundwater resources. The appointed mediator shall render a final decision on the matter in dispute and will be compensated by those engaged in the dispute. 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 California Code of Civil Procedure or judicial resolution of their disputes.

18. INDEMNIFICATION

18.1. Indemnification of Authority and Non-Members.

(a) The Activity Participants shall hold the Authority and each of the Authority's members who is not an Activity Participant, free and harmless from and indemnify each of them against any and all costs, losses, damages, claims and liabilities arising from actions or inactions taken under this Activity Agreement and the SS-MOAs. This indemnification obligation includes the obligation of the Activity Participants to defend the Authority, and all members of the Authority that are not participants in this Activity Agreement, at the sole expense of the Activity Participants, in any action or proceeding brought against the Authority or any of its members not participating in this Activity Agreement, to recover any such costs, losses, damages, claims or liabilities arising from this Activity Agreement, as well as the obligation to pay for any and all costs of litigation incurred by the Authority as a result of entering into this Activity Agreement. Such costs may include, but are not limited to, attorneys' fees and costs incurred by the Authority pursuant to approved budgets to defend its provision of services under this Activity Agreement.

(b) The costs of defense and indemnification shall be shared among the Activity Participants in the same percentage as each such Activity Participant's Participation Percentage under the then-current schedule.

(c) The duty to defend and indemnify the Authority or any members of the Authority that are not participants in this Activity Agreement shall not apply to any costs, losses, damages, claims or liabilities arising from the sole negligence, active negligence, or willful

misconduct of the Authority or of any members of the Authority not participating in this Activity Agreement.

18.2. Indemnification of Authority and Activity Participants.

(a) Any Activity Participant that withdraws or is deemed to have withdrawn from the Activity Agreement or SS-MOA agrees that it shall indemnify the Authority and all other Activity Participants from costs, losses, damages, claims or liabilities incurred as of the date of its withdrawal or arising from its withdrawal or deemed withdrawal from the Activity Agreement or SS-MOA, respectively, without increasing the indemnification obligations of other Activity Participants.

(b) Any Activity Participant that fails to perform its financial obligations according to its Participation Percentage under the Activity Agreement or its respective SS-MOA agrees that it shall indemnify the Authority and all other Activity Participants from costs, losses, damages, claims or liabilities arising from its failure to perform such financial obligations.

19. MISCELLANEOUS

19.1. Amendments. This Activity Agreement may be amended in writing by the Authority and the Activity Agreement Members, with approval from the SS-MOA Participants.

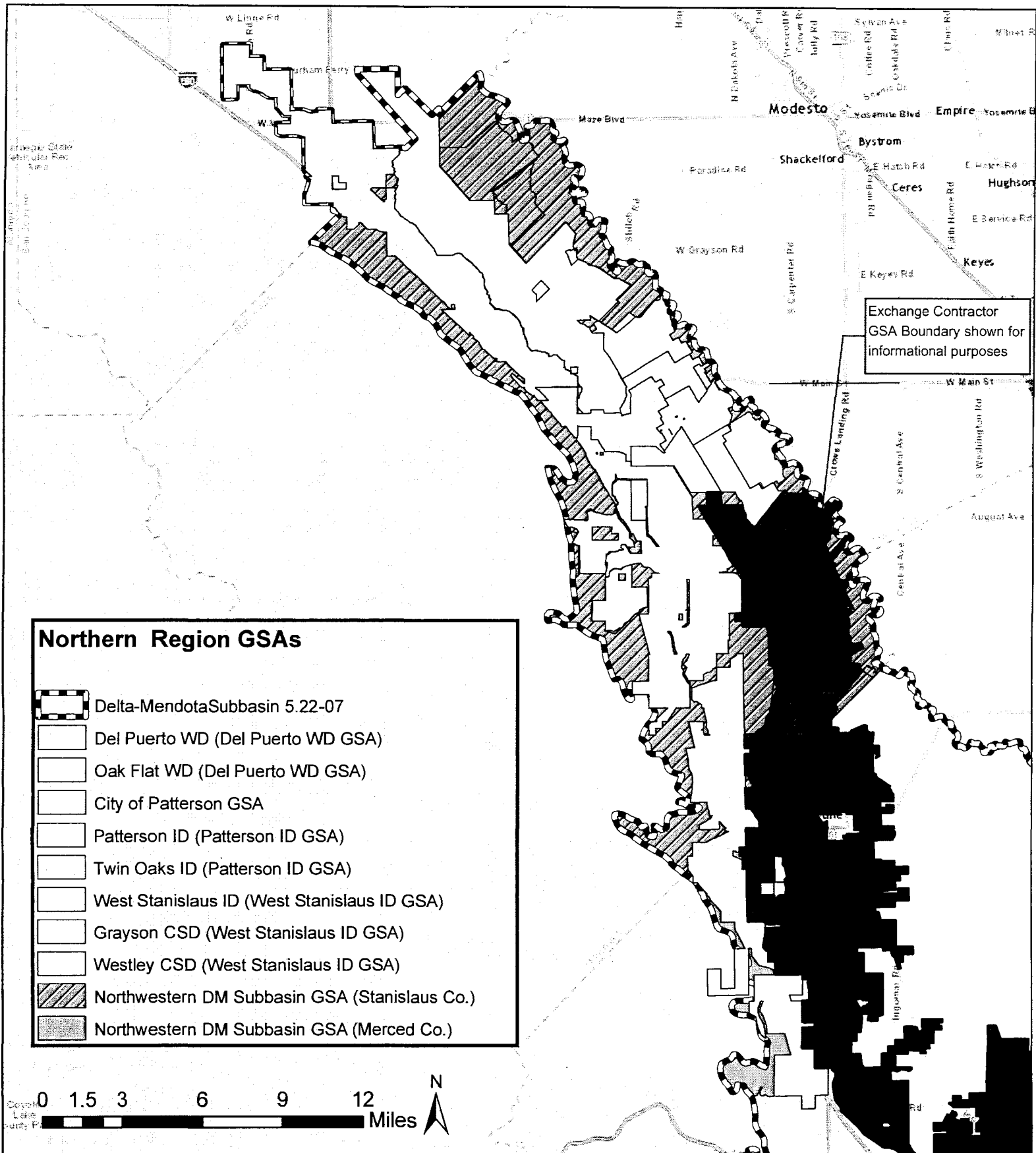
19.2. Assignment; Binding on Successors. Except as otherwise provided in this Activity Agreement, the rights and duties of an Activity Participant may not be assigned or delegated without the written consent of the Authority and other Activity Participants. Any attempt to assign or delegate such rights or duties in contravention of this Activity Agreement shall be null and void. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Authority then in effect. This Activity Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority and the Activity Participants.

19.3. Counterparts. This Activity Agreement may be executed by the Authority and the Activity Agreement Members in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

19.4. Governing Law. This Activity Agreement shall be governed by the laws of the State of California.

19.5. Severability. If one or more clauses, sentences, paragraphs or provisions of this Activity Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Activity Agreement Members and the Authority that the remainder of the Activity Agreement shall not be affected thereby.

19.6. Headings. The titles of sections of this Activity Agreement are for convenience only and no presumption or implication of the intent of the Authority and the Members as to the construction of this Activity Agreement shall be drawn therefrom.



Northern Delta-Mendota Region

EXHIBIT A

Attachment 2

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA 2017-132

Date: March 28, 2017

On motion of Supervisor Withrow Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

Item # *B-9

THE FOLLOWING RESOLUTION WAS ADOPTED:

**RESOLUTION AUTHORIZING EXECUTION OF MEMORANDUM OF AGREEMENT FOR
NORTHERN DELTA-MENDOTA REGION SUSTAINABLE GROUNDWATER MANAGEMENT ACT
SERVICES**

WHEREAS, in August 2014 the California Legislature passed comprehensive groundwater legislation creating the Sustainable Groundwater Management Act of 2014 ("SGMA"), through which the Legislature intended "to provide local groundwater agencies with the authority and technical and financial assistance necessary to sustainably manage groundwater" (California Water Code Section 10720(d)).

WHEREAS, SGMA anticipates that each affected groundwater basin or subbasin will be regulated separately by one or more Groundwater Sustainability Agencies ("GSA") and that groundwater sustainability under the Act shall be achieved through Groundwater Sustainability Plans ("GSP") developed by one or more Groundwater Sustainability Agencies and through coordination of such plans within a basin or subbasin.

WHEREAS, Stanislaus County (the "County"), along with certain other members of the San Luis & Delta-Mendota Water Authority (the "Authority") have proposed to organize themselves, together with other agencies within their region, under Activity Agreements for the Central Delta-Mendota, Northern Delta-Mendota and South Tracy Regions of the Delta-Mendota and Tracy Subbasins, respectively, to obtain coordinated access to administrative and technical resources and services available through the Authority and to provide the mechanisms to share the benefits and expenses of obtaining such resources and services for (1) if requested, supporting the formation of a multi-agency GSA separate and independent from the Authority in their respective regions of their respective subbasins; (2) planning, preparation and potential assistance with implementation of a GSP for their respective regions; and (3) for coordination with other such plans within the Delta-Mendota and Tracy Subbasins, respectively, or any other subbasins or basins as may be required by SGMA.

WHEREAS, the Board of Supervisors of Stanislaus County has considered that certain form of Memorandum of Agreement (the "Memorandum of Agreement for Northern Delta-Mendota Region SGMA Services" or "MOA"), a copy of which has been presented to the Board and is on file with the Secretary hereof, and sets forth the terms by which public agencies authorized by SGMA to perform some or all of the obligations of a GSA within the Northern Delta-Mendota Region of the Delta-Mendota Subbasin can participate under terms of the proposed Northern Delta-Mendota SGMA Services Activity Agreement as non-Members of the Authority.

WHEREAS, the MOA authorizes the District to appoint one (1) Management Committee Member, as well as one (1) alternate Management Committee Member to vote on behalf of Stanislaus County, which appointment shall be effective upon the appointment date as communicated in writing to the Authority.

NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS:

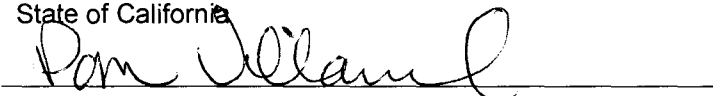
Section 1. The matters stated in the recitals above are true and correct, and the Board of Supervisors so finds, orders and determines.

Section 2. The Board of Supervisors of Stanislaus County hereby authorizes the Chairman to execute the Memorandum of Agreement for Northern Delta-Mendota Region SGMA Services in substantially the form presented to the Board, subject to such additions, deletions and other revisions as the executing officers shall approve prior to execution.

Section 3. The County of Stanislaus hereby appoints the County Water Resources Manager (Walter P. Ward) to act as the County's Management Committee Member and the Director of the Department of Environmental Resources (Jami Aggers) to act as the County's alternate Management Committee Member, to serve at the pleasure of the Board of Supervisors.

Section 4. The Chief Executive Officer, or other County employee or consultant as the Chief Executive Officer may designate, is further authorized and directed to take such additional steps, and to execute such additional documents, as may be required or reasonably necessary to the completion of the activities authorized by this Resolution, subject to the budgets and approvals as set forth in the respective documents.

ATTEST: PAM VILLARREAL, Assistant Clerk
Stanislaus County Board of Supervisors,
State of California



**FIRST AMENDMENT TO
NORTHERN DELTA-MENDOTA REGION
SUSTAINABLE GROUNDWATER MANAGEMENT ACT
SERVICES ACTIVITY AGREEMENT
AND CONSENT OF SS-MOA PARTICIPANTS**

1. RECITALS

A. The San Luis & Delta-Mendota Water Authority (“Authority”) and Del Puerto Water District, Patterson Irrigation District; and West Stanislaus Irrigation District, its members who have executed that certain Northern Delta-Mendota Region Sustainable Groundwater Management Act (“SGMA”) Services Activity Agreement (the “Activity Agreement Members” and “Activity Agreement) desire to provide an updated schedule for initial participation in the Activity Agreement, because not all contemplated initial Activity Agreement Members were able to act by the February 28, 2017 deadline for participation as initial members.

B. The Activity Agreement also contemplated participation through Memoranda of Agreement by an initial group of SS-MOA Participants, including Oak Flat Water District; City of Patterson; Merced County; and Stanislaus County, some or all of whom have executed the Memoranda of Agreement but were not able to act by the February 28, 2017 deadline for participation by initial members.

C. The Authority and Agreement Members desire to amend the Agreement so that Activity Agreement Members and SS-MOA Participants who have approved and executed their respective forms of Agreement prior to April 30, 2017, are treated as initial Activity Agreement Participants and not as parties who may be admitted to participation only through Amendment of the Activity Agreement or special recommendation of the Management Committee and additional approval by the Board of Directors.

B. Section 19.1 of the Activity Agreement authorizes an amendment in writing by the Authority and the Activity Agreement Members, with approval of the SS-MOA Participants.

2. AGREEMENT

NOW, THEREFORE, in consideration of the true and correct facts recited above, the Activity Agreement Members and the Authority agree as follows:

A. In Section 4.4(b) of the Activity Agreement, the date "February 28, 2017" is hereby replaced with the date "April 30, 2017."

B. In Section 15 of the Activity Agreement, the date "February 28, 2017" is hereby replaced each time it occurs with the date "April 30, 2017," for a total of 3 replacements.

C. This First Amendment is intended to modify the Activity Agreement "ab initio" such that any Activity Agreement Participant who has executed its respective form of Activity Agreement or Memorandum of Agreement prior to April 30, 2017, has timely acted such that no separate Amendment or procedure for recommendation and approval is required.

D. The terms of the Activity Agreement as modified by this First Amendment remain in full force and effect.

E. This Amendment shall become effective upon its execution by an authorized representative of the Water Authority and a majority of the Activity Agreement Members with the consent of the SS-MOA Participants, which consent may be accomplished by execution of the form attached hereto as Exhibit "A".

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

By: _____

Name: _____

Title: _____

Date: _____

ACTIVITY AGREEMENT MEMBERS

Agency Name: **DEL PUERTO WATER DISTRICT**

By: _____

Name: _____

Title: _____

Date: _____

Agency Name: **PATTERSON IRRIGATION DISTRICT**

By: _____

Name: _____

Title: _____

Date: _____

Agency Name: **WEST STANISLAUS IRRIGATION DISTRICT**

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "A"

**SS-MOA PARTICIPANT CONSENT TO FIRST AMENDMENT
TO THE NORTHERN DELTA-MENDOTA REGION
SUSTAINABLE GROUNDWATER MANAGEMENT ACT
SERVICES ACTIVITY AGREEMENT**

The undersigned duly authorized representative of the SS-MOA Participant that has entered into a Memorandum of Agreement for Northern Delta-Mendota Region Sustainable Groundwater Management Act Services with the San Luis & Delta-Mendota Water Authority hereby consents on behalf of such SS-MOA Participant to the First Amendment to the Northern Delta-Mendota Region Sustainable Groundwater Management Act Services Activity Agreement.

SS-MOA PARTICIPANT

Stanislaus County

By: _____



Name: Stan Risen

Title: Chief Executive Officer

Date: _____

4/24/17