

**AMENDMENT 3 TO MEMORANDUM OF UNDERSTANDING**

**FOR DEVELOPMENT OF A GROUNDWATER SUSTAINABILITY PLAN FOR THE SAN LUIS REY VALLEY  
GROUNDWATER BASIN**

This Amendment 3 to the MEMORANDUM OF UNDERSTANDING FOR DEVELOPMENT OF A GROUNDWATER SUSTAINABILITY PLAN FOR THE SAN LUIS REY VALLEY GROUNDWATER BASIN (heretofore referenced as the "2017 MOU") is made and entered into effective January \_\_, 2022 (Effective Date") by and between Yuima Municipal Water District, a municipal water district organized under and existing pursuant to Sections 71000 et seq. of the California Water Code ("Yuima MWD" or "Yuima"), Pauma Valley Community Services District, a community services district formed under the Community Services District Law, Government Code Sections 61000-61850, ("Pauma Valley CSD "), the Upper San Luis Rey Resource Conservation District ("USLRRCD") a resource conservation district formed under the Resource Conservation District Act, Public Resources Code Sections 9001 et seq. (the "Existing Members"), and proposed "New Members," the Pauma Municipal Water District ("Pauma MWD") and San Luis Rey Municipal Water District ("SLR MWD") municipal water districts organized under and existing pursuant to Sections 71000 et seq. of the California Water Code. Each entity may be referred to herein individually as a "Party," or collectively as the "Parties."

- A. WHEREAS, on June 27, 2017, the Parties to that agreement entitled the Memorandum of Understanding for Development of a Groundwater Sustainability Plan for the San Luis Rey Valley Groundwater Basin (the "2017 MOU") executed the 2017 MOU and agreed to work together cooperatively in order to facilitate the preparation of a groundwater sustainability plan ("GSP") per the timelines and in accordance with the requirements of the Sustainable Groundwater Management Act ("SGMA"); and
- B. WHEREAS, the 2017 MOU was submitted to the California Department of Water Resources ("DWR") and subsequently accepted by DWR as creating a Groundwater Sustainability Agency ("GSA") for portions of the San Luis Rey Valley Groundwater Basin ("SLR Basin"), which GSA, hereinafter referenced as the Pauma Valley GSA ("PVGSA"), would be managed by the Parties to the 2017 MOU per its terms, including the cooperative preparation of a GSP for portions of the SLR Basin classified by DWR as High or Medium priority, and therefore required to be managed under a GSP; and
- C. WHEREAS, after the County of San Diego withdrew from the 2017 MOU; on or about June 1, 2020 the remaining Parties to the 2017 MOU executed a first amendment to the 2017 MOU entitled Amendment One to Memorandum of Understanding for Development of a Groundwater Sustainability Plan for the San Luis Rey Valley Groundwater Basin (hereinafter, "Amendment One to 2017 MOU"); and
- D. WHEREAS, Amendment One to the 2017 MOU was submitted and uploaded to the DWR SGMA Portal on or about July 17, 2020; and
- E. Whereas AB 1944 (codified as Water Code § 10722.5) in September 2018 legislatively divided the SLR Basin into two separate sub-basins, the Upper and Lower Groundwater Sub-Basins of the SLR Basin, which two sub-basins, together, constitute the SLR Basin, and thereafter SB 779, in September 2019, legislatively directed that the boundary between the Upper and Lower Subbasins

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of the SLR Basin be set by DWR at the east line of the western boundary of Section 6, Range 2 West, Township 10 South of the San Bernardino Meridian; and

- F. WHEREAS, at the time the Parties entered into the 2017 MOU, the entire SLR Basin was designated as a medium priority Basin subject to the development of a GSP per SGMA; and
- G. WHEREAS, on May 1, 2020 DWR designated the Lower Subbasin of the SLR Basin as a very low priority basin, which such Lower Subbasin does not, under SGMA, require management by a GSA or development of a GSP; and
- H. WHEREAS, the 2017 MOU, and Amendment One to the 2017 MOU, contained Exhibits that, after AB 1944, SB 779, and DWR's designation of the Lower Basin as Very Low Priority, required minor update to reflect the substantially reduced area of the SLR Basin requiring management by a GSA per SGMA while also updating Figure 1 to the 2017 MOU to accurately reflect the legislatively created boundary referenced in Water Code §10722.5(a) between the Upper and Lower Sub-Basins of the SLR Basin; and
- I. WHEREAS, the 2017 MOU provides that it may be amended by written instrument duly signed and executed by all Parties to the 2017 MOU, and the Existing Members of the MOU, specifically Yuima, Pauma Valley CSD, and the USLRRCD, duly approved two minor amendments to the 2017 MOU with "Amendment 2 to the 2017 MOU" effective June 1, 2021. Amendment 2 to the 2017 MOU: (a) clarified the definition of "Pauma Valley Subbasin" for purposes of the PVGSA and future GSP development; (b) Updated the map attached to the 2017 MOU to reflect the portions of the SLR Basin that were, as of June 2021, required to be managed by a Plan per SGMA, and which Amendment No. 2 was subsequently uploaded to the DWR SGMA Portal on or about September 15, 2021; and
- J. WHEREAS, the 2017 MOU, Section X.1.a. states that the Parties to the 2017 MOU would evaluate prior to GSP submission whether to consider "adding additional GSA-eligible entities" as part of ensuring the PVGSA structure is effective in accomplishing the requirements of SGMA before and after GSP submission to DWR; and
- K. WHEREAS, per Section X.3 of the 2017 MOU, the 2017 MOU may be amended, including amendment to add Members, via a written instrument, such as this Amendment No. 3, signed by all parties; and
- L. WHEREAS, New Members, Pauma MWD, and SLR MWD both overlie portions of the Upper Sub-Basin of the SLR Basin and are both "local agencies" eligible to manage groundwater per SGMA as part of the PVGSA, and have, after authorization by their respective Boards of Directors, agreed to join and become Members of the PVGSA, and be bound by the terms of the 2017 MOU (as amended), by executing this Third Amendment to the 2017 MOU.

NOW THEREFORE, in consideration of the Recitals above, which are incorporated herein by this reference, and in order to facilitate the expedient development of a GSP for the Upper Sub-Basin of the SLR Basin, the Parties do hereby agree to amend the 2017 MOU as follows:

- I. Section II (14) of the 2017 MOU, as previously amended, is hereby again amended to read:

Yuima Initial  CSD Initial \_\_\_\_\_ USLRRCD Initial  Pauma MWD  SLRMWD \_\_\_\_\_

"Party" refers to [each of] the Pauma Valley Community Services District, Upper San Luis Rey Resource Conservation District, the Yuima Municipal Water District, the Pauma Municipal Water District, and the San Luis Rey Municipal Water District ("SLR MWD") (collectively "Parties").

2. Section III.3 (b), as previously amended, is hereby further amended to delete the words "Pauma Municipal Water District" since Pauma Municipal Water District shall, upon approval of this Third Amendment, be a regular voting member of the PVGSA and not an ex officio member of the PVGSA.
3. Section VI.2 is amended to read as follow with new language in italics:

To the extent authorized by California law, and notwithstanding Government Code Section 895.2, each Party hereby agrees to defend itself from any claim, action, or proceeding arising out of the concurrent acts or omissions of the Parties. In such cases, Parties agree to retain their own legal counsel, pay their own defense costs, and waive their right to seek reimbursement of such costs from the other parties. However, as to New Member SLR MWD only, the other Members of the PVGSA, including New Member Pauma MWD, agree to defend SLR MWD with shared legal counsel retained by the PVGSA, at no cost to SLR MWD, in any legal challenge to the GSA, GSP, or to the action of the PVGSA to approve the GSP, that may be initiated against SLR MWD. SLR MWD will not be financially responsible for any administration costs, costs and expenses of projects or work of the GSA pursuant to the Memorandum of Understanding or any Groundwater Sustainability Plan adopted by the PVGSA. However, persons extracting groundwater from within SLR MWD's boundaries may be required to fund a portion of the future costs of the PVGSA per the procedures in SGMA.

4. Section IX of the MOU is amended to identify the persons entitled to receive notice for both New Members (President, Pauma Municipal Water District, and President, San Luis Rey Municipal Water District), to strike the word "Interim" before the words "General Manager" with regard to Yuima's representative entitled to receive notice, and to add the word "Administrator" prior to the address given for the USLRRCD entitled to receive notice.
5. Figure 1 of the 2017 MOU, consisting of two separate maps, is hereby replaced with an updated Figure I attached hereto, which depicts the portions of the Upper Sub-Basin of the SLR Basin that are, as of the Effective Date, required to be managed by a Plan per SGMA, and updating Figure 1 to reflect the areas where the New Members are eligible to manage groundwater per SGMA.
6. All portions of the 2017 MOU not specifically amended herein, or in Amendment 1 to the 2017 MOU, shall continue to read as they did after the Members' approval of Amendment 2 to the 2017 MOU.

SIGNATURES ON THE FOLLOWING PAGES

Yuima Initial

CSD Initial

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USLRRCD Initial

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Pauma MWD

SLRMWD

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**YUIMA MUNICIPAL WATER DISTRICT**

By:   
Roland Simpson  
President, Board of Directors

Date: 1-24-2022

Approved as to Form

  
General Counsel

**PAUMA VALLEY COMMUNITY SERVICES DISTRICT**

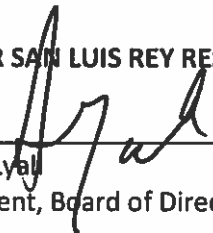
By: \_\_\_\_\_ Date: \_\_\_\_\_

President, Board of Directors

Approved as to Form

\_\_\_\_\_  
General Counsel

**UPPER SAN LUIS REY RESOURCE CONSERVATION DISTRICT**

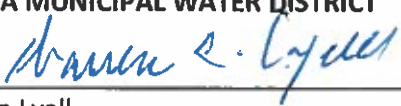
By:   
Andy Lyall  
President, Board of Directors

Date: 1-24-2022

Approved as to Form

\_\_\_\_\_  
General Counsel

**PAUMA MUNICIPAL WATER DISTRICT**

By:   
Warren Lyall  
President, Board of Directors

Date: 1/24/2022

Approved as to Form

**YUIMA MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Roland Simpson  
President, Board of Directors

Approved as to Form

\_\_\_\_\_  
General Counsel

**PAUMA VALLEY COMMUNITY SERVICES DISTRICT**

By: Michael D Espinoza

Date: 1-18-22

President, Board of Directors

Approved as to Form

Steve Anderson  
General Counsel

**UPPER SAN LUIS REY RESOURCE CONSERVATION DISTRICT**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Andy Lyall  
President, Board of Directors

Approved as to Form

\_\_\_\_\_  
General Counsel

**PAUMA MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_

Date: \_\_\_\_\_

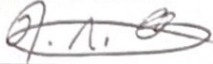
Warren Lyall  
President, Board of Directors

Approved as to Form

YUIMA MUNICIPAL WATER DISTRICT

By:   
Roland Simpson  
President, Board of Directors

Date: 1-24-2022

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General Counsel

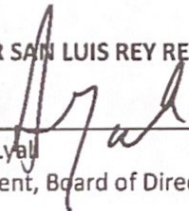
PAUMA VALLEY COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_ Date: \_\_\_\_\_


President, Board of Directors

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General Counsel

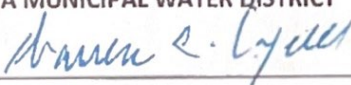
UPPER SAN LUIS REY RESOURCE CONSERVATION DISTRICT

By:   
Andy Lyall  
President, Board of Directors

Date: 1-24-2022

Approved as to Form  
  
General Counsel

PAUMA MUNICIPAL WATER DISTRICT

By:   
Warren Lyall  
President, Board of Directors

Date: 1/24/2022

Approved as to Form

\_\_\_\_\_  
General Counsel

**SAN LUIS REY MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_

Victor S. Pankey

President, Board of Directors

Date: \_\_\_\_\_

19 Jan 2022

Approved as to Form

\_\_\_\_\_  
*[Signature]*

General Counsel

Yuima Initial \_\_\_\_\_

CSD Initial \_\_\_\_\_

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USLRCD Initial \_\_\_\_\_

Pauma MWD \_\_\_\_\_

SLRMWD *CA* \_\_\_\_\_