

**CONFIDENTIAL COMMUNICATION
(EVIDENCE CODE § 1152)**

**SETTLEMENT AGREEMENT REGARDING TRANSITIONAL OVERDRAFT PUMPING AND
ANTICIPATED SUBSIDENCE DAMAGES/REPAIRS TO THE FRIANT KERN CANAL**

This Settlement Agreement (“**Agreement**”) is effective as of _____, 2020 (“**Effective Date**”), and is made between the Friant Water Authority, a California joint powers authority (“**FWA**”) and certain Friant Division contractors (“**Districts**”) (FWA and Districts are referred to collectively as “**Friant**”), and the Eastern Tule Groundwater Sustainability Agency, a California joint powers authority (“**ETGSA**”). Friant and ETGSA are collectively referred to as the “**Parties**.”

RECITALS

A. FWA is a joint powers authority consisting of public agencies holding long-term repayment contracts (“**Friant Contractors**”) with the Bureau of Reclamation (“**Reclamation**”) for water service from the Friant Division of the Central Valley Project and for facilities repayment. FWA is responsible for the operation, maintenance, repair and replacement (“**OM&R**”) of the Friant-Kern Canal (“**FKC**”) which conveys water from Millerton Lake along the 152-mile length of the FKC pursuant to a long-term agreement with Reclamation.

B. ETGSA is a California groundwater sustainability agency formed to implement the Sustainable Groundwater Management Act of 2014, Water Code § 10720 et seq. (“**SGMA**”) in a portion of the Tule Subbasin as defined in the Department of Water Resources Bulletin 118. The Tule Subbasin has been designated as a high- or medium-priority basin by the Department of Water Resources (“**Department**”).

C. In enacting SGMA, as set forth in Water Code section 10720.1(a) and (c), the California Legislature intended to, among other purposes, “provide for the sustainable management of groundwater basins” and “to avoid or minimize subsidence.” All groundwater sustainability plans (“**GSPs**”) adopted in a subbasin must be implemented in a manner that achieves the subbasin’s sustainability goal and avoids significant and unreasonable undesirable results. Groundwater sustainability agencies (“**GSAs**”) must describe in their GSPs the process and criteria relied upon to define undesirable results applicable to the basin. Undesirable results occur when significant and unreasonable effects for any of the sustainability indicators are caused by groundwater conditions occurring throughout the basin. (Cal. Code Regs. Tit. 23, §354.26.)

D. SGMA requires that GSAs located in basins designated high- or medium-priority adopt a groundwater sustainability plan by January 31, 2020. (*Water Code* §10735.2.) For basins that intend to develop and implement multiple groundwater sustainability plans, an Intra-basin Coordination Agreement amongst the GSAs is required prior to the Department accepting any GSPs. (*Water Code* §10727.6.) ETGSA adopted its groundwater sustainability plan (“**ETGSA GSP**”) on January 17, 2020, which included approval of the Tule Subbasin Coordination Agreement as required pursuant to *Water Code* §10727.6. The ETGSA GSP, including the Coordination Agreement, is under review by the Department pursuant to Cal. Code Regs. Tit. 23, §355.2. The Department may issue notices of deficiency, causing further amendments to the ETGSA GSP. In addition, at least every five years the Department must review the GSP, potentially necessitating

further amendments. (*Water Code* §10733.8.) A GSA has the authority to amend its GSP pursuant to *Water Code* §10728.4.

E. Under SGMA, a groundwater sustainability plan must establish minimum thresholds that quantify groundwater conditions for each applicable sustainability indicator at each monitoring site or representative monitoring site. (Cal. Code Regs. Tit. 23, §354.28(a).) The numeric value used to define minimum thresholds shall represent a point in the basin that, if exceeded, may cause undesirable results. (Cal. Code Regs. Tit. 23, §354.28(a).) Measurable objectives must be established for each sustainability indicator, based on quantitative values using the same metrics and monitoring sites as are used to define minimum thresholds. (Cal. Code Regs. Tit. 23, §354.30(b).) Measurable objectives must provide a reasonable margin of operational flexibility under adverse conditions which must take into consideration components such as historical water budgets, seasonal and long-term trends, and periods of drought, and be commensurate with levels of uncertainty. (Cal. Code Regs. Tit. 23, §354.30(c).)

F. Pursuant to the Tule Subbasin Coordination Agreement, land subsidence shall be considered significant and unreasonable if there is a loss of a functionality of a structure or a facility to the point that, due to subsidence, the structure or facility, such as the Friant-Kern Canal, cannot reasonably operate to meet contracted for water supplies deliveries without either significant repair or replacement. (Tule Subbasin Coordination Agreement, Section 4.3.4.1.) The criteria for an undesirable result for land subsidence is defined as the unreasonable subsidence below minimum thresholds at greater than 50% of GSA Management Area RMS resulting in significant impacts to critical infrastructure. (Coordination Agreement, Section 4.3.4.2.) The ETGSA GSP requires a more stringent standard than that provided in the Coordination Agreement providing that due to the presence of the Friant-Kern Canal as critical infrastructure within the ETGSA, undesirable results for land subsidence within the ETGSA is defined as the unreasonable subsidence below the minimum threshold at one (1) representative monitoring site. (ETGSA GSP, Section 5.8.1.2.)

G. The ETGSA GSP quantifies minimum thresholds and measurable objectives for land subsidence at each monitoring site by ground surface elevation. (ETGSA GSP, Tables 5-9 and 5-10.)

H. GSPs are required to include a description of projects and management actions a GSA has determined will achieve the sustainability goal for the basin. (Cal. Code Regs. Tit. 23, §354.44.) The ETGSA GSP provides for a “**Groundwater Accounting Action**,” which will be used to track groundwater use, develop an allocation of groundwater to be used for implementation of SGMA during the plan implementation period, and to develop water budgets for individual landowners and management areas. The Groundwater Accounting Action includes a proposed ramp down schedule of allowable consumed groundwater use of the 20-year plan implementation period, which may be adjusted, and anticipates the board of directors to establish rules and regulations to set allocations accordingly. (ETGSA GSP, Section 7.2.1.)

I. The ETGSA GSP also includes in its projects and management actions a “**Land Subsidence Management and Monitoring Plan**” (ETGSA GSP, Section 7.2.3). As stated in the ETGSA GSP, the ETGSA will, “in cooperation with other interested parties, (1) identify the particular causes of land subsidence within the Area along the Friant-Kern Canal, (2) identify potential mechanisms for minimizing subsidence in the Area, (3) identify data gaps and additional monitoring sites for the purpose of improving assessment of conditions along the FKC, (4) refinement of land subsidence management criteria for the relevant area, and (5) preparation of a land subsidence

monitoring and management plan focused upon the FKC.” The ETGSA has undertaken steps towards the implementation of a Land Subsidence Management and Monitoring Plan.

J. FWA contends that additional subsidence in the vicinity of the FKC is not acceptable unless there is appropriate financial mitigation for such impact to FWA and the Friant Contractors affected by such additional subsidence. ETGSA has maintained a commitment to ensure reduced land subsidence, given legacy impacts, while maintaining its obligations under SGMA to reach sustainability by 2040.

K. The ETGSA Board of Directors has approved Rules and Regulations and a First Amended Rules and Regulations on August 6, 2020 and October 1, 2020, respectively. The Rules and Regulations as approved on those dates establish an “**ETGSA Technical Group**” which is authorized to allocate sustainable yield and transitional pumping amounts pursuant to the ramp down schedule in the GSP. The ETGSA Technical Group established the water year 2021 allocation for transitional Tier 1 waters in the amount of 92,087 acre-feet per year. Based on current data, 1,034,553 acre-feet total of transitional waters are available until 2035.

L. ETGSA’s First Amended Rules and Regulations provide a penalty structure for all groundwater consumed above sustainable yield. Rates have been established for water pumped pursuant to the ramp down schedule, characterized as “**Tier 1 Penalty Allocation**” in the First Amended Rules and Regulations. Penalties are established for pumping in excess of those rates, identified as “**Tier 2**”. In addition to monetary penalties, additional civil remedies exist for pumping in excess of the ramp down schedule.

M. On October 1, 2020, ETGSA adopted Resolution 2020-03 establishing the initial penalty rate for the Tier 1 Penalty Allocation at \$245.00 (two hundred and forty-five dollars and zero cents) per acre foot consumed and the Tier 2 penalty rate at \$500.00 (five hundred dollars and zero cents) per acre-foot consumed. The First Amended Rules and Regulations provide that the penalty rate for the Tier 1 Penalty Allocation and Tier 2 will be established annually by the ETGSA Board of Directors.

N. The FKC’s conveyance system relies on a gravity design. As of 2020, capacity has been reduced to 1,650 cubic-feet per second (cfs) between mile post 88 and mile post 121.5 of the FKC (the “**Middle Reach**”). Design capacity through the Middle Reach was 4,000 cfs. Due to various design deficiencies the design capacity has never been achieved through the Middle Reach. Historic capacity demand through the Middle Reach has been estimated to be approximately 2,500 cfs. The reduced capacity precludes the potential for delivery of significant amounts of water to Friant Contractors in and south of the Middle Reach and limits the ability for exchanges and transfers of water.

O. FWA has provided ETGSA with an engineering memorandum stating that the damages in terms of the value of the lost water that FWA would not be able to deliver to Friant Contractors if the FKC were to subside an additional three feet in the Middle Reach would be in excess of \$263,000,000.00 (two hundred and sixty-three million dollars and zero cents). ETGSA has not evaluated the memorandum, or its allegations, and as a result does not agree to any findings therein.

P. FWA and Reclamation are developing plans to restore historic capacity to the FKC. Presently, FWA and Reclamation are nearing completion of plans to restore capacity in the Middle

Reach of the FKC through a project referred to as the Friant-Kern Canal Middle Reach Capacity Correction Project (“**Project**”). The most current engineering estimates place the cost of the Project at approximately \$500 million. Project costs estimates are expected to change given the need for additional estimates and further design work on the Project including turnouts and appurtenant facilities in and around the Middle Reach.

Q. FWA is proposing to divide the costs of Project funding into two categories: **Zone 2** –the increased capacity of the FKC attributed to the construction of the Project that is financed by non-reimbursable public funding, GSA funding and FWA OM&R funding (including any reimbursable public funding repaid via FWA OM&R funding); and **Zone 3** - the increase in capacity of the Middle Reach of the FKC above Zone 2 that will result from the construction of the part of the Project with funds derived from additional Friant Contractor voluntary funding.

R. The purpose of the payments to FWA by ETGSA under this Agreement is to fund Project Zone 2 construction. ETGSA may participate in any Zone 3 funding through other agreements with Friant Contractors. The Parties acknowledge and agree that to fully improve capacity conditions on the FKC, further projects north of Middle Reach are necessary, and that the Parties desire to pursue such projects.

S. This Agreement reflects the desire of the Parties to resolve their differences regarding past and future subsidence on the FKC and, among other things, provide (1) FWA with needed financing to complete the Project; and (2) protection to ETGSA and landowners within ETGSA’s jurisdictional boundaries (“**Landowners**”) that FWA and Friant Contractors affected by subsidence in the Middle Reach will not pursue litigation provided the terms of this Agreement are satisfied and Landowners are in good standing, as defined in Section 5 below, with the ETGSA.

AGREEMENT

In consideration of the foregoing Recitals, which are incorporated herein, and the covenants contained in this Agreement, and for other further good and valuable consideration, including but not limited to the terms herein and the avoidance of further costs, inconvenience, and uncertainties related to the Parties’ respective positions, the Parties agree as follows:

1. **Penalty Program.**

- A. ETGSA shall approve and maintain a volumetric penalty amount per acre foot consumed on transitional pumping as defined in the ETGSA GSP in an amount that will achieve, at minimum, the collection of \$220,000,000.00 (two hundred and twenty million dollars and zero cents), if the anticipated transitional pumping of 1,034,553 acre-feet actually occurs.
- B. ETGSA shall set a penalty amount to collect Tier 1 penalty money not received in year 2020 based on actual transitional water pumped over the next five years (2021-2026), thus increasing the amount of penalties expected to be received by ETGSA in the earlier years of the transitional pumping penalty program.
- C. FWA acknowledges that the initial penalties set by ETGSA for Tier 1 (\$245 per acre-foot) and Tier 2 (\$500 per acre-foot) are consistent with this Agreement and reflect ETGSA’s agreement to collect penalties not collected in year 2020 based on actual

transitional water pumped over the next five years (2021-2026), thus increasing the amount of penalties expected to be received.

- D. ETGSA agrees to take all commercially reasonable efforts to begin invoicing Landowners as soon as reasonably practicable, but no later than March 2021, for all Tier 1 and Tier 2 penalties.

2. **ETGSA Lump Sum Payment under Land-Based Assessment and Reduced Penalty Program Payment.**

- A. Lump Sum Payment. In consideration of the mutual benefits that would result from FWA's early receipt of funds that could be applied towards the Project, ETGSA will use its best efforts to take all necessary steps and actions as required by law (including compliance with Proposition 218) to submit for a vote of the Landowners a land-based assessment that could be used as a source of revenue to secure bonds, notes or other obligations ("**ETGSA Bonds**") that would allow for a lump sum payment of \$125,000,000.00 (one hundred twenty five million dollars and zero cents) to FWA for Zone 2 of the Project ("**Lump Sum Payment**").

- 1. ETGSA will use commercially reasonable efforts to obtain landowner approval of the land-based assessment under Section 2(A) above by no later than July 1, 2022. If the land-based assessment is approved by Landowners, ETGSA will use commercially reasonable efforts to issue ETGSA Bonds and to pay the Lump Sum Payment by no later than December 31, 2022. If ETGSA does not make the Lump Sum Payment by December 31, 2022, FWA in its sole and absolute discretion can decide whether to accept the Lump Sum Payment (or a different amount) at a later date if requested by ETGSA in writing to continue to pursue such payment option.

- B. Penalty Money. ETGSA shall make quarterly installments towards the Lump Sum Payment to FWA beginning as soon as reasonably practicable, but no later than the first quarter of 2021. ETGSA shall pay ninety-one percent (91%) of Tier 1 and Tier 2 penalty monies received in each calendar quarter within forty-five (45) days following the end of the subject quarter. ETGSA is entitled to keep the remaining nine percent (9%).

- 1. Penalty money paid in quarterly installments to FWA under this Section 2(B) shall be credited to and reduce the Lump Sum Payment amount.
- 2. Payments by ETGSA to FWA under this Section 2(B) will cease, and no further penalty monies shall be paid to FWA, upon payment of the Lump Sum Payment.

3. **ETGSA Payments under the Transitional Pumping Penalty Program.** If the land-based assessment election described in Section 2 above does not pass, ETGSA agrees to the following:

- A. If the Proposition 218 land-based assessment election does not pass as described in Section 2, ETGSA shall pay up to a maximum of two hundred million dollars

(\$200,000,000.00) of penalty monies to FWA on a rolling basis. ETGSA shall pay ninety-one percent (91%) of penalty monies received in each calendar quarter within 45 (forty-five) days following the end of the subject quarter. ETGSA will be entitled to keep the remaining nine percent (9%) of penalty monies received.

- B. The Parties acknowledge there is no assurance that any penalty monies will be received due to, among other things, the nature of the transitional pumping program which is designed to disincentivize groundwater pumping.

4. **Land Subsidence Management and Monitoring Plan.**

- A. ETGSA shall take such commercially reasonable efforts to adopt and implement such management action(s) as identified within the ETGSA GSP to limit additional subsidence in the Middle Reach. FWA agrees to have its staff and agents meet and confer with representatives of ETGSA in order to coordinate on the monitoring of subsidence along the FKC and to provide input and recommendations as to additional management actions that may help reduce or avoid subsidence entirely.

5. **Release of Liability.**

- A. Release of Landowners and ETGSA.

Upon FWA's receipt of the earliest to occur of: (1) the Lump Sum Payment pursuant to Section 2 above, or (2) the two hundred million dollars and zero cents (\$200,000,000.00) of penalties pursuant to Section 3 above, or (3) all penalties collected and required to be transferred to FWA under Section 3 above through 2040 ("**Release Date**"), Friant, on its own behalf and on behalf of each of its respective successors, predecessors, affiliates, assigns, members, officers, employees, and agents (collectively "**Friant Releasers**"), agrees to release and forever discharge each of the Landowners (solely with respect to each such Landowner's real property interests within the ETGSA) and ETGSA, and their respective successors, predecessors, affiliates, assigns, members, officers, employees, agents, partners, stockholders (collectively "**ETGSA Releasees**") from any and all claims, demands, causes of action, suits, liens, obligations, charges, losses, damages, judgments, attorneys' fees, costs, promises, liabilities, and demands of every nature, kind, and description whatsoever, in law or in equity, whether known or unknown, fixed or contingent, suspected or unsuspected, matured or not matured, liquidated or unliquidated, which the Friant Releasers may have ever had, now have, or will have against the ETGSA Releasees, in any manner arising from or related to the effects of land subsidence on the FKC (collectively "**Claims**") up to and after the Release Date, but excluding any action as provided in Section 5(C) below.

- B. Covenant Not to Sue by Friant Releasers.

For so long as ETGSA and each of the ETGSA Releasees remain in compliance with this Agreement, each of the Friant Releasers covenants that, excepting any action or Claims made under the conditions prescribed by Section 5(C) below, no Friant Releaser will directly or indirectly institute any legal, equitable, administrative, or other action, complaint, or proceeding against any of the ETGSA Releasees, or in

any other manner assert any Claims against any of the ETGSA Releasees arising from or related to the effects of land subsidence on the FKC, including, without limitation, any past, present, or future damages.

C. Unreleased Claims.

1. Injunctive relief against Landowners. Notwithstanding Section 5(A) and (B) above, in the event of significant and unreasonable land subsidence pursuant to the ETGSA GSP and SGMA is incurred and there is reasonable evidence that such significant and unreasonable land subsidence is caused by groundwater pumping in excess of sustainable yield amounts within the ETGSA boundaries (as defined in the ETGSA GSP and the Rules and Regulations), Friant may pursue injunctive relief against Landowners from either judicial or administrative authorities to enjoin such groundwater pumping.

2. Good Standing. Only Landowners which are in “good standing” with the ETGSA shall be entitled to the benefits and protections of Section 5(A) and (B) above. “**Good standing**” shall mean the Landowner is in compliance with the ETGSA’s applicable Rules and Regulations and ETGSA GSP. Pumping in exceedance of the applicable Tier 1 Penalty Allocation will be evidence of not being in “good standing” with the ETGSA. The ETGSA’s written confirmation that a Landowner is in “good standing” with the ETGSA shall constitute conclusive evidence that the Landowner is entitled to the benefits and protections of Section 5(A) and (B).

3. Breach of this Agreement. The Parties may seek to enforce the terms of this Agreement in a court of competent jurisdiction as stated in Section 10 and the prevailing party in any such action may recover attorney’s fees as stated in Section 12.

6. **Indemnification.**

A. ETGSA agrees to indemnify and hold harmless and defend the Friant Releasers, and each of them, from and against all claims, demands, causes of action, liability, cost and expenses, including damages resulting from the death or injury to any person or property, and including attorney’s fees, losses or liabilities in law or in equity, of every kind and nature whatsoever for, but not limited to injury to or death of any person or property, arising out of or related to ETGSA’s adoption or implementation of this Agreement, the ETGSA GSP, the Rules and Regulations, or any land-based assessment, charge or fee, imposed by the ETGSA.

B. FWA agrees to indemnify and hold harmless and defend the ETGSA Releasees from and against all claims, demands, causes of action, liability, cost and expenses, including damages resulting from the death or injury to any person or property, and including attorney’s fees, losses or liabilities in law or in equity, of every kind and nature whatsoever for, but not limited to, injury to or death of any person or property, arising out of or related to the Project, or subsidence on the FKC, which may be brought by or on behalf of the Department of Interior, Bureau of Reclamation, or any Friant Contractor or Friant Contractor landowner, except to the extent such loss or injury is caused by conduct amounting to an intentional tort.

7. **No Admission of Liability.** This Agreement reflects a compromise of disputed claims and neither the payment or performance of any consideration hereunder nor anything contained in this Agreement will be interpreted or construed to be an admission on the part of, or to the prejudice of, either Party.
8. **Warranty of Authority.** Each Party represents and warrants that it has the full right, power, legal capacity and authority to enter into and perform its obligations under this Agreement and that no approvals or consents of any persons are necessary in connection with it.
9. **Assignment of Claims.** Each Party warrants, represents, and covenants that it has not assigned, transferred or conveyed, or purported to assign, transfer or convey, and will not assign, transfer or convey to anyone any claim, demand, debt, sum of money, liability, account, obligation, action or cause of action herein. Each Party agrees to indemnify, defend and hold harmless any other Party from any claims which may be asserted against such Party, based on, or arising out of or in connection with any such assignment, transfer or conveyance, or purported assignment, transfer or conveyance.
10. **Choice of Law.** This Agreement is governed by and will be construed in accordance with the laws of the State of California. The Parties agree that any breach of the Agreement will be deemed to occur in the County of Tulare, California. The Parties further agree that jurisdiction of any dispute arising out of this Agreement will be in the courts of the State of California, County of Tulare.
11. **Binding Upon Successors.** This Agreement is binding upon and will inure to the benefit of the Parties and their predecessors, successors, heirs, assigns, past, present or future executors, administrators, trustees, beneficiaries, affiliated and related entities, officers, directors, agents, employees and representatives.
12. **Attorney's Fees.** In the event of any dispute in any manner arising from or related to this Agreement or any transaction or event arising therefrom, the prevailing party in any action or proceeding shall be entitled to recover all reasonable attorney's fees incurred in connection with the dispute and any resultant litigation. The prevailing party shall also be entitled to recover all other reasonable costs and expenses incurred in connection with the dispute and any resultant litigation, including, without limitation, all fees of expert consultants and expert witnesses.
13. **Time of Essence.** Time is of the essence in the performance of this Agreement.
14. **Cooperation; Execution of Documents; Subsequent Actions.** Each Party agrees to cooperate fully and in the execution of any and all other documents necessary to effectuate the stated purposes of this Agreement, including but not limited to those documents specifically described in this Agreement, and in the completion of any additional action that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.
15. **Construction of Agreement.** This Agreement is the product of negotiation and preparation by and among each Party and its respective attorneys. Therefore, the Parties expressly waive the provisions of Civil Code section 1654 and acknowledge and agree that the

Agreement will not be deemed prepared or drafted by any one Party, and will be construed accordingly.

16. **Integration.** This Agreement and the documents executed in connection with it constitute the complete agreement of the Parties with respect to the subject matters referred to in this Agreement. This Agreement supersedes all prior or contemporaneous negotiations, promises, covenants, agreements and representations of every nature whatsoever with respect to the subject matters referred to in this Agreement, all of which have become merged and finally integrated into this Agreement.
17. **Modification.** Any modification of this Agreement must be in writing and signed by all Parties. No oral modifications will be effective to vary or alter the terms of this Agreement.
18. **Entire Agreement.** All representations and promises pertaining to this Agreement are set forth herein and the Parties acknowledge and represent to each other that they are not entering into this Agreement on the basis of any other promises or representations, express or implied, oral or written. Each Party has fully and personally investigated the subject matter of the Agreement, and has consulted with and been represented by independent counsel in negotiation and execution thereof. No Party is relying upon any statement of fact or opinion by or of the other Party except as expressly set forth in this Agreement.
19. **Authorized Signature.** Each signatory to this Agreement warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the Party for whom the signatory purports to sign.
20. **Severability.** If any provision or any part of any provision of this Agreement is for any reason, held invalid, unenforceable or contrary to public policy or law, the remainder of this Agreement will not be affected thereby, and will continue to be valid and enforceable.
21. **Enforceable Obligations.** When executed, this Agreement will be valid, binding and legally enforceable in accordance with its terms.
22. **Warranty of Non-Inducement.** The Parties declare and represent that no promises, inducements, or agreements not expressly contained herein have been made and that this Agreement contains the entire agreement between them with respect to the subject matter of this Agreement.
23. **Counterparts.** This Agreement may be executed in counterparts, including true and accurate copies of the original, all of which, when taken together, will be deemed one original agreement. Any executed copy will not be binding upon any Party until all Parties have duly executed a copy of this Agreement.
24. **Force Majeure.** No Party will be liable in damages to any other Party for delay in performance of, or failure to perform, its obligations under this Agreement if such delay or failure is caused by a force majeure event. A "Force Majeure Event" means an event not the fault of, and beyond the reasonable control of, the Party claiming excuse which makes it impossible or extremely impracticable for such Party to perform obligations imposed on it by this Agreement by virtue of its effect on physical facilities and their operation or employees essential to such performance. Force Majeure Events include (a) an "act of God" such as

an earthquake, flood, earth movement, drought, or similar catastrophic event, (b) an act of the public enemy, terrorism, sabotage, civil disturbance or similar event, (c) a strike, work stoppage, picketing or similar concerted labor action, (d) delays in construction caused by unanticipated negligence or breach of contract by a third party or inability to obtain essential materials after diligent and timely efforts, or (e) an order or regulation issued by a federal or state regulatory agency after the Effective Date of this Agreement or a judgment or order entered by a federal or state court after the Effective Date of this Agreement.

25. **Landowners.** The Parties recognize and acknowledge that each of the Landowners is an intended third-party beneficiary under this Agreement, and will have standing to enforce any provision of this Agreement.

[Signatures on the following page.]

CONFIDENTIAL

ETGSA:

EASTERN TULE GROUNDWATER SUSTAINABILITY AGENCY

President

Dated

Secretary

Dated

APPROVED AS TO FORM:

General Counsel

FWA:

FRIANT WATER AUTHORITY

Chair

Dated

Secretary

Dated

APPROVED AS TO FORM:

General Counsel

DISTRICTS:

ABC District

Name & Title:

Date: _____

Name & Title:

Date: _____

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