



Requested Action:

Reservoir Committee and Authority Board accept the tentatively agreed terms contained in the Partnership Agreement with the Bureau of Reclamation and authorize the Executive Director to sign upon the final coordination of the Partnership Agreement terms with the Final Benefits & Obligations (B&O) Contract.

Detailed Description/Background:

The Partnership Agreement negotiations have been successfully completed. The Agreement defines Reclamation's capacity interest, funding participation, operational role and coordination responsibilities for the long-term implementation of the Project. Staff is seeking Board authorization for the Executive Director to sign the Partnership Agreement, pending any final overlapping changes to align with the Final B&O Contract.

The Partnership Agreement (see Attachment A) reflects the local-led structure of the Sites Project while recognizing Reclamation's role as a Storage Partner contributing Federal funding, participating as the lead Federal agency for the Project's environmental compliance, and grants Reclamation a Capacity Interest benefit of 16%. To pay for their Sites participation, Reclamation commits the \$798 million of existing appropriated funding to the Project and will diligently pursue additional Congressional appropriations. There is a process in the Agreement that gives the Authority sufficient notice to pursue other measures should Congressional appropriations not be timely made available. The final Reclamation Capacity Interest would be determined following completion of construction based on actual cost and actual amounts paid.

To the extent feasible and practicable, the Agreement mimics the provisions in the B&O with certain material exceptions as follows:

- Recognition of Reclamation's authorities as a Federal agency with specific requirements mostly involving use of federal funds.

- Reclamation is not subject to approval of leases of their Capacity Interest (for Base and/or Downstream Facilities), but they do have the same sale provisions as the Participants.
- Reclamation has similar rights as Participants to voluntarily acquire sales or lease of Capacity Interest from other Storage Partners. Reclamation can acquire defaulted capacity along with all other non-defaulting Storage Partners and could receive a pro rata share if they have the funds available. However, Reclamation is not in a position like the Participants to be forced to accept defaulted Capacity Interest. Having Reclamation in the voluntary part of the default waterfall as a possible buyer may provide some relief to Participants and may be seen as helpful to the Authority's credit rating.
- If a Participant defaults on construction or O&M costs, they can lose all Capacity Interest. If Reclamation is delinquent on construction payments, they only lose the Capacity Interest they have not yet paid for. If Reclamation is delinquent on O&M payments, they lose use of their Capacity Interest until paid in full, the Authority has rights to sell any water in Reclamations storage to cover the delinquency, and the Participants have the ability to use Reclamation's storage space and are given a reasonable time to vacate upon payment of delinquent amounts.

At the February Board meeting, a Board member questioned the terms for sale or for lease of Capacity Interest by Reclamation. This is addressed above.

Prior Action:

July 2025 - Approved a Resolution authorizing lead negotiator to act on behalf of Authority in Partnership Agreement negotiations with Reclamation.

July 2024 - Received an update on the to be developed Partnership Agreement representing federal participation in the Sites Project with the Bureau of Reclamation (Reclamation) and the Operations Agreement being developed to ensure coordination of Sites Project operations with DWR State Water Project (SWP) and Reclamation Central Valley Project (CVP) operations.

Fiscal Impact/Funding Source:

The Partnership Agreement does not create any new capital commitments on the Sites Project beyond those already contemplated in the project plans and cost estimates. Key financial elements in the Partnership Agreement include:

- A portion of the Federal funding is contingent upon Congressional appropriations. The financial implications of failure to appropriate/fund

is ultimately on the Participants. However, there are strong incentives for Reclamation to fund including that the capacity interest is the core federal benefit, Reclamation remains liable for sunk obligations if not assumed by a buyer, cooperative multi-year forward funding planning is established, and the Federal government risks losing reserved Capacity Interest to others.

- Reclamation’s internal cost must qualify as “allowable cost” as determined by the Authority to be considered as contributing toward Reclamation’s cost share of the Project cost. Through the negotiations, the Authority agreed to approximately \$12M of past Reclamation costs (2018 through 2026) as a contribution to the direct project cost. A portion of this amount was disputed and as a compromise resolution all of these costs will be recognized and deferred until after Phase 3 is initiated. This has a positive effect on the Authority’s near term finances by making about \$6m to 10m of additional federal funds available (as reimbursements) between now and the start of Phase 3.
- Reclamation’s share of O&M cost will be proportional to its Capacity Interest. There are provisions in the Agreement leading to Reclamation not being able to use their entire Capacity Interest under conditions of delinquent O&M payments. In addition, the Authority may sell water stored in Reclamation space to allow the Authority to cover Reclamation cost share and/or allow Participants to use Reclamation space while in delinquency (at no cost charged by Reclamation), with a reasonable time given to Participant to vacate once Reclamation has paid in full.

Staff Contact:

Ali Forsythe/Jerry Brown

Attachments:

Attachment A: Proposed Final Draft Partnership Agreement

Attachment B: Key Areas of Interest Comparison with B&O Contract

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
California

PARTNERSHIP AGREEMENT
BETWEEN THE UNITED STATES
AND THE SITES PROJECT AUTHORITY
PROVIDING FOR
FEDERAL PARTICIPATION IN
THE SITES PROJECT

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Exhibit A: Spend Plan

Exhibit B: Sites Project Information, Capacity Interest and Facilities

Exhibit C: Payment Formulas

Exhibit D: Refuge Donation Agreement

Exhibit E: Lease and Sale of Capacity Interest

Exhibit F: Excess Capacity Contract

Exhibit G: Agreement Between the Department of Water Resources of the State
of California, The United States Bureau of Reclamation, and The Sites Project
Authority to Coordinate in the Operations of the Sites Reservoir Project

Exhibit H: Allowable Costs; Approval, Documentation, and Cost Allocation

Exhibit I: Governance

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PARTNERSHIP AGREEMENT
BETWEEN THE UNITED STATES
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9 THIS AGREEMENT, effective the _____ day of _____, 20____, (“Effective
10 Date”) in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory
11 thereof or supplementary thereto, including but not limited to, the Act of August 4, 1939 (53
12 Stat. 1187; 43 U.S.C. Part 485), Sections 4007(c), 4007(e), 4007(f), and 4007(g) of the Water
13 Infrastructure Improvements for the Nation Act (“WIIN Act”) of December 16, 2016 (Public
14 Law 114-322, 130 Stat. 1865) between THE UNITED STATES OF AMERICA acting by and
15 through the Bureau of Reclamation, hereinafter referred to as the “Contracting Officer” or
16 “Reclamation”, and the SITES PROJECT AUTHORITY, hereinafter referred to as the “Sites
17 Authority”, duly organized, existing, and acting pursuant to the laws of California. The United

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18 States and the Sites Authority are referred to collectively as the “Parties,” and individually as a
19 “Party.”

20 WITNESSETH, that:

21 **EXPLANATORY RECITALS**

22 [1st] WHEREAS, § 4007(g) of the WIIN Act authorizes the Secretary of the Interior,
23 acting through the Commissioner, to partner or enter into an agreement regarding the water
24 storage projects identified in § 103(d)(1) of the Water Supply, Reliability, and Environmental
25 Improvement Act (Public Law 108-361; 118 Stat. 1684) with local joint powers authorities
26 formed pursuant to California State law by irrigation districts and other local water districts and
27 local governments within the applicable hydrologic region, to advance those projects; and

28 [2nd] WHEREAS, the Sites Project was identified in § 103(d)(1) of the Water Supply,
29 Reliability, and Environmental Improvement Act (Public Law 108-361; 118 Stat. 1684); and

30 [3rd] WHEREAS, the Sites Authority, previously known as the Sites Joint Powers
31 Authority, was formed as a California joint powers authority operating under and by virtue of
32 Section 6500 et seq., of the California Government Code and formed in accordance with the
33 Sites Project Authority Joint Exercise of Powers Agreement, as such agreement may be modified
34 from time to time, with the primary purpose of designing, constructing, owning, operating and
35 maintaining the Sites Project, a State-led storage project; and

36 [4th] WHEREAS, Reclamation completed the North-of-the-Delta Offstream Storage –
37 Sites Feasibility Report (“Feasibility Report”) in December 2020 which determined the potential
38 Federal and non-Federal interest in the Sites Project; and

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39 [5th] WHEREAS, § 4007(e) of the WIIN Act provides, “subject to compliance with
40 State water rights laws, the right to use the capacity of a State-led storage project for which the
41 Secretary of the Interior has entered into an agreement under this subsection shall be allocated in
42 such manner as may be mutually agreed to by the Secretary of the Interior and each other party
43 to the agreement.”; and

44 [6th] WHEREAS, pursuant to § 4007(f)(1) of the WIIN Act, the California Water
45 Commission determined that the State-led Sites Project is consistent with the California Water
46 Quality, Supply, and Infrastructure Improvement Act; and

47 [7th] WHEREAS, on November 2, 2023, the Sites Authority and Reclamation released
48 a joint Final Environmental Impact Report/Final Environmental Impact Statement, hereinafter
49 “FEIR/FEIS”, for the Project; and the Sites Authority certified the FEIR/FEIS and adopted the
50 Project with Board Resolution 2023-02; and on January 23, 2026 Reclamation signed its Record
51 of Decision for the construction and operation of the Sites Project; and

52 [8th] WHEREAS, the Sites Authority intends to enter into and comply with contracts
53 with State and local agencies pursuant to which the State and local agencies will receive certain
54 benefits (including water service) and have certain obligations related to the Sites Project. These
55 include (i) Exhibit G: Agreement Between the Department of Water Resources of the State of
56 California, the United States Bureau of Reclamation, and the Sites Project Authority to
57 Coordinate in the Operations of the Sites Reservoir Project; (ii) Public Benefits Agreements with
58 California State Agencies; (iii) Proposition 1 Water Storage Investment Program Contract with
59 the California Water Commission; and (iv) Benefits and Obligations Contract.

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60 [9th] WHEREAS, the Sites Authority intends to enter into and comply with Partner
61 Agreements with agencies to convey water related to and from the Sites Project.

62 [10th] WHEREAS, the Sites Authority entered into the Colusa County / Sites Authority
63 Memorandum of Understanding and intends for Sites Water originating from Funks Creek and
64 its tributaries, Stone Corral Creek and its tributaries, and the watershed of Sites Reservoir to be
65 allocated consistently with such Memorandum of Understanding.

66

67 NOW, THEREFORE, it is agreed by and between the Parties hereto as follows:

68

DEFINITIONS

69 1. When used herein unless otherwise distinctly expressed, or manifestly
70 incompatible with the intent hereof, the following term:

71 (a) “Allowable Costs” shall mean those costs eligible for reimbursement or
72 credit under this Agreement as defined and subject to Exhibit H.

73 (b) “Anadromous Fish Benefits” shall mean the Sites Water in Reclamation’s
74 Capacity Interest in Sites Reservoir that Reclamation manages to meet its environmental
75 compliance obligations.

76 (c) "Base Facilities" shall mean the Sites Owned Facilities or other facilities
77 available to all Storage Partners listed as Base Facilities in Exhibit B.

78 (d) "Base Facilities Capacity Interest" shall mean (i) the undivided capacity
79 right to store, convey and divert Sites Water in each of the Sites Owned Facilities granted by the
80 Sites Authority, and (ii) the ability to utilize Federal Facilities and Partner Facilities through the

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81 Sites Authority to convey and divert Sites Water for the Sites Project, in the pro-rata share set out
82 for each Storage Partner in Exhibit B, subject to the Sites Water Right, applicable law and
83 governmental approvals.

84 (e) “Capacity Interest” shall mean (i) in the case of the Base Facilities, the
85 Base Facilities Capacity Interest; and (ii) in the case of the Downstream Facilities, the
86 Downstream Facilities Capacity Interest, or either of them as the context requires.

87 (f) “Capital Improvements” shall mean any activity that extends the useful
88 life of a property, plant or equipment asset, expands the capacity or efficiency of an asset, or
89 otherwise upgrades an asset to serve needs different from, or significantly greater than, an asset’s
90 current use, or as defined in the current version of the *Blue Book* entitled Federal Replacements,
91 Units, Service Lives, Factors, or in accordance with Federal law and accounting standards, or
92 any other regulations, policies, guidelines, or instructions adopted thereunder.

93 (g) “Central Valley Project” or “CVP” shall mean the Central Valley Project
94 owned by the United States and managed by the Department of the Interior, Bureau of
95 Reclamation.

96 (h) “Completion” shall mean the determination by the Sites Authority Board
97 and the Reservoir Management Board that the Sites Project Facilities are complete for the
98 purposes of providing water service, including water storage, intake, outlet, and conveyance, to
99 Storage Partners.

100 (i) “Delivery Point” shall mean Funks Reservoir or Terminal Regulating
101 Reservoir, at which the Sites Authority will make water supplies available to Reclamation.

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102 (j) "Downstream Facilities" shall mean the Sites Owned Facilities or other
103 facilities that are utilized by select Storage Partners listed as Downstream Facilities in Exhibit B.

104 (k) "Downstream Facilities Capacity Interest" shall mean the undivided
105 capacity right to convey Sites Water through Downstream Facilities for the delivery of Sites
106 Water, consistent with this Agreement and the Partner Agreements, in the pro-rata share set out
107 for each Storage Partner in Exhibit B, subject to the Sites Water Right, applicable law and
108 governmental approvals.

109 (l) "Federal Facilities" shall mean all facilities owned by the United States, as
110 listed in Exhibit B.

111 (m) "Fixed O&M Costs" shall mean all costs, calculated in accordance with
112 Generally Accepted Accounting Principles, incurred by the Sites Authority to administer,
113 operate, and maintain the Sites Project that are not directly related to the amount of water
114 conveyed into or released from Sites Reservoir. Fixed O&M Costs include all operating and
115 maintenance costs that are not Variable O&M Costs. Additional Fixed O&M Costs include
116 repair and replacement costs not charged to a capital account, and insurance and contributions to
117 reasonably required reserves. Fixed O&M Costs exclude (i) depreciation and (ii) amortization of
118 intangibles or other bookkeeping entries of a similar nature. Fixed O&M Costs include all
119 expenditures that are not Fixed Project Costs or Variable O&M Costs that are incurred by the
120 Sites Authority.

121 (n) "Fixed Project Costs" shall mean (i) development, design, construction
122 and capital costs of the Sites Project Facilities prior to Completion, and (ii) individual repair,

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123 replacement, rehabilitation, improvement, or regulatory compliance activities incurred after
124 Completion of the Sites Project Facilities to the extent not covered by Fixed O&M Costs.

125 (o) “Force Majeure” shall mean events beyond the reasonable control of a
126 Party, including strikes, riots, wars, fire, earthquakes, acts of God and/or unusual acts of nature,
127 acts in compliance with any law, regulation or order (whether valid or invalid) by the United
128 States of America or any state thereof or any other domestic or foreign governmental body or
129 instrument thereof having jurisdiction in the matter, in each case which directly, materially and
130 adversely affects a Party’s ability to perform its obligations under this Agreement.

131 (p) “Generally Accepted Accounting Principles” shall mean such accepted
132 accounting practices as established at the time for use at public agencies in the United States of
133 America, consistently applied.

134 (q) “Good Industry Practice” shall mean the exercise of the degree of skill,
135 diligence, prudence and foresight which would reasonably and ordinarily be expected from a
136 skilled and experienced designer, engineer, constructor, supplier, operator or maintenance
137 provider, as applicable, operating in the United States under the same or similar circumstances
138 and conditions, seeking in good faith to comply with its contractual obligations, this Agreement
139 and all applicable law and governmental approvals in conformance with applicable professional
140 engineering principles, construction, operations and maintenance practices generally accepted as
141 standards of the industry in the State.

142 (r) “IL4 Water” shall mean Incremental Level 4 refuge water supply pursuant
143 to the Central Valley Project Improvement Act, Title 34 of Public Law 102-575.

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144 (s) “In-kind Services” shall mean eligible time and effort, real and personal
145 property, and goods and services that may be applied to cost-share, as defined, evaluated and
146 documented in Article 5 and Exhibit H. Valuation of In-kind Services shall be in accordance
147 with 2 CFR Part 200 subpart e.

148 (t) “O&M Costs” shall mean Fixed O&M Costs and Variable O&M Costs.

149 (u) “Participants” shall mean the parties listed as Participants in Exhibit B.

150 (v) “Partner Agreements” shall mean any agreement between the Sites
151 Authority and another entity for the diversion, release and conveyance of Sites Water to or from
152 the Sites Project, as listed in Exhibit B.

153 (w) “Partner Facilities” shall mean any facilities, excluding Federal Facilities,
154 used by the Sites Authority to convey Sites Water to, or from, the Sites Owned Facilities in
155 accordance with the Partner Agreements, and as further described in Exhibit B.

156 (x) “Project Assets” shall mean all of the tangible and intangible assets
157 relating to the Sites Project, including (i) the Sites Owned Facilities, (ii) all real property
158 determined by the Sites Authority to be required for construction or operation of the Sites
159 Project, (iii) rights over the Sites Project Facilities in the form of license, right-of-way or
160 otherwise, (iv) tangible assets such as foundations, buildings, pavements, works, and equipment,
161 (v) the Sites Water Right, and (vi) all governmental approvals.

162 (y) “Refuge Water Points of Acceptance” shall mean locations at which the
163 Sites Authority will make water supplies available to Reclamation for delivery to refuges as
164 outlined in Exhibit D.

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165 (z) “Refuge Water Points of Delivery” shall mean locations at which the
166 Water Purveyor delivers water supplies made available by Reclamation to the refuges.

167 (aa) “Project Use Energy” shall mean the electrical capacity, energy, and
168 associated ancillary service components required to provide the minimum electrical service using
169 the most economical methods needed to operate and/or maintain Reclamation-owned facilities in
170 conformance with CVP authorization.

171 (bb) “Pro-rata Cost Share” shall mean the proportionate interest based on each
172 Storage Partner’s paid Sites Project Costs after 1 January 2018. In the case of Reclamation, such
173 costs will be consistent with Article 5.

174 (cc) “Secondary Delivery Point” shall mean a location designated by
175 Reclamation for delivery of Sites Water as described in Article 7(b).

176 (dd) “Sites Authority” shall mean a California Joint Powers Authority
177 operating under and by Section 6500 et seq., of the California Government Code and formed in
178 accordance with the Sites Joint Powers Authority Agreement, as such agreement may be
179 modified from time to time. The Sites Authority was established for the purpose of designing,
180 constructing, owning, operating and maintaining the Sites Project.

181 (ee) “Sites Owned Facilities” shall mean the physical infrastructure and capital
182 improvements for the Sites Project owned by the Sites Authority, including dams, reservoir(s),
183 pipelines, pump stations, and other facilities necessary or appropriate for providing water supply
184 and storage including the facilities listed as Sites Owned Facilities in Exhibit B, excluding the
185 real property required for the Sites Project.

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186 (ff) “Sites Project Costs” shall mean the sum of Fixed O&M Costs, Fixed
187 Project Costs and Variable O&M Costs payable by or credited to Reclamation under this
188 Agreement, or each of them, as the context requires.

189 (gg) “Sites Project Facilities” shall mean collectively the Sites Owned
190 Facilities, Federal Facilities and Partner Facilities, or any of them as the context requires.

191 (hh) “Sites Project” shall mean the Sites Project Facilities utilized by the Sites
192 Authority for the purpose of providing storage and conveyance of water for use by Storage
193 Partners, and other benefits, as such project may be modified from time to time.

194 (ii) “Sites Reservoir” shall mean the 1.5 million acre-feet off-stream storage
195 reservoir near Maxwell, California.

196 (jj) “Sites Water” shall mean the water that is appropriated under the Sites
197 Water Right and is considered Non-Project Water, as defined in Exhibit F.

198 (kk) “Sites Water Right” shall mean the water right [Order XXXX] obtained
199 and owned by the Sites Authority for the Sites Project.

200 (ll) “Storage Partner” shall mean the governmental agencies, water
201 organizations, and others who have funded and received Capacity Interest and the associated
202 Sites Water, as listed in Exhibit B.

203 (mm) “Water Purveyor” shall mean contractors with which Reclamation has
204 agreements to convey water to refuges.

205 (nn) “Variable O&M Costs” shall mean the operation and maintenance costs
206 incurred by the Sites Authority in connection with the Sites Project in an amount that is

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207 dependent upon and varies with the amount of Sites Water diverted, stored or released from the
208 Sites Project Facilities to the Storage Partners, including but not limited to the cost of power
209 (including pumping), replacement and other costs, funding of reserves in accordance with the
210 Sites Authority policies and Generally Accepted Accounting Principles, and wheeling and other
211 conveyance costs for the use of Federal Facilities, Partner Facilities, and other facilities that are
212 not Sites Owned Facilities.

213 (oo) “Year” shall mean the period beginning on January 1 of each calendar
214 year and ending on the last day of December of such calendar year.

215 **TERM OF AGREEMENT**

216 2. This Agreement is effective on the date hereinabove written, hereinafter Effective
217 Date, and will continue in perpetuity for so long as each of the Parties continue to
218 have their obligations under this Agreement or until terminated.

219 (a) The Parties may mutually agree to terminate this Agreement; in which
220 case, the Parties will meet and confer to come to mutual agreement regarding termination.

221 (b) Reclamation and the Sites Authority shall jointly review this Agreement,
222 which review shall be performed at least every five (5) Years. A more frequent review will occur
223 if determined to be appropriate by the Parties. The review shall compare the relative success
224 which each Party has had in meeting its objectives, as outlined in this Agreement and this
225 Agreement’s exhibits, including, but not limited to, those objectives in Exhibit A.

226 (c) This Agreement may be modified or amended upon written mutual
227 agreement of the Parties. The Parties agree that any exhibit attached to this Agreement,

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228 excluding Exhibit A, may be amended, updated, or replaced without requiring a formal
229 amendment to this Agreement, provided that: (1) such amendment, update, or replacement is
230 documented in writing and signed by authorized representatives of the Parties; (2) the written
231 amendment expressly references this Agreement and the specific exhibit being amended; (3)
232 upon execution by the Parties, the amended exhibit shall automatically replace the prior version
233 and be deemed incorporated into this Agreement as of the effective date stated in the amended
234 exhibit; and (4) the amended exhibit shall not modify or affect any other terms or conditions of
235 this Agreement. The Parties agree that the Sites Project’s forecasted and actual revenue and
236 expenditures in Exhibit A may be modified without amendment to this Agreement by the Sites
237 Authority quarterly to reflect Sites Authority activities, provided that any modifications to
238 Allowable Costs shall be made in accordance with Exhibit H. Exhibit A shall contain mutually
239 agreeable terms for Reclamation to commit funding under § 4007 of the WIIN Act and to track
240 Fixed Project Costs related to Completion and account for funds expended.

241 **DEVELOPMENT, CONSTRUCTION AND OWNERSHIP OF THE SITES PROJECT**

242 3. (a) Subject to compliance with all applicable law and governmental
243 approvals, the Sites Authority agrees to use commercially reasonable efforts to construct and
244 achieve Completion of the Sites Project, provided that (i) each Storage Partner provides its share
245 of all required funding; (ii) the Sites Authority is not prohibited by applicable law from
246 proceeding; and (iii) the Sites Authority and the Reservoir Management Board have not mutually
247 determined the Sites Project to be infeasible and impractical.

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248 (b) By this Agreement taking effect and the Sites Authority accepting
249 payments from Storage Partners, the Sites Authority does not warrant that it will construct and
250 achieve Completion.

251 (c) Subject to Article 6, the Sites Authority shall own all Project Assets,
252 (excluding the Partner Facilities, the Federal Facilities and Storage Partners' Capacity Interests).
253 Reclamation shall maintain its rights to the sole ownership and operation of the Federal
254 Facilities. Reclamation's participation in the Sites Project, including its execution of this
255 Agreement, shall not confer upon the Sites Authority or any Participant any ownership or
256 operational right in the Federal Facilities.

257 **FEDERAL PARTICIPATION IN THE SITES PROJECT**

258 4. The Sites Authority and Reclamation agree that Reclamation is granted, and
259 Reclamation shall own a 16% Base Facilities Capacity Interest and 16% Downstream Facilities
260 Capacity Interest of the Sites Project and an ability to utilize a proportionate share of Sites Water
261 originating from the Sacramento River as described in this Agreement subject to the following:

262 (a) Reclamation commits to the Sites Authority the \$798 million in federal
263 funds appropriated prior to the Effective Date towards a portion of the grant and ownership of
264 the Capacity Interest and subject to Article 9 and Article 11.

265 (b) After the Effective Date, Reclamation shall diligently pursue, within its
266 authorities, the remaining funds necessary to pay for the Fixed Project Costs commensurate with
267 the 16% Capacity Interest as further described in Article 5. In determining the funding
268 mechanism to be used for the Sites Project, the Parties agree to meet and confer prior to

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269 Reclamation selecting a funding mechanism. Reclamation agrees to select the available
270 mechanism within its authorities that is most efficient and least burdensome to the Parties and
271 consistent with this Agreement.

272 (c) Reclamation’s 16% Capacity Interest shall be subject to Article 10.

273 (d) The Parties agree that the grant of Reclamation’s Capacity Interest shall not
274 commence until due execution of:

- 275 i. This Agreement by Reclamation and the Sites Authority;
- 276 ii. The contracts between the Sites Authority, each of the
277 Participants and the Acquirer granting Capacity Interest; and
- 278 iii. The contracts between the Sites Authority and the State of
279 California granting Capacity Interest,

280 collectively representing 100% of the Base Facility Capacity Interest and
281 provision of all legal opinions required under such contracts.

282 (e)

283

284 **COSTS ASSOCIATED WITH THE SITES PROJECT**

285 5. All Sites Project Costs associated with this Agreement shall be in line with
286 Generally Accepted Accounting Principles and in accordance with 43 Code of Federal
287 Regulations Part 429, Section 429.17, Subpart D, the Reclamation Act of 1902, and the
288 Reclamation Project Act of 1939, the Contributed Funds Act of 1922, and the Anti-Deficiency
289 Act (31 U.S.C. § 1341 et seq.).

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290 (a) Pursuant to the 2015 Feasibility Memorandum of Understanding, as
291 amended, and the 2023 Pre-construction Memorandum of Agreement, entered into and agreed
292 upon by the Parties, Reclamation’s In-Kind Services through Year 2025 total \$10,565,259.72
293 and are considered Allowable Costs credited to Reclamation’s share of Fixed Project Costs
294 related to Completion. The Parties agree to strictly abide by the advanced approval conditions
295 described in Exhibit H. Reclamation will provide a final accounting of prior costs between
296 January 1st 2026 and the Effective Date within 60 days after the Effective Date;

297 (b) Reclamation’s Allowable Costs under Exhibit H, payments under Exhibit
298 A, payments for Fixed Project Costs not related to Completion, and payments for O&M Costs,
299 made after the Effective Date, will be credited, reimbursed or otherwise applied to Reclamation’s
300 share of Sites Project Costs in accordance with this Agreement.

301 (c) Within 90 days of the Effective Date, Reclamation and the Authority will
302 develop Exhibit A containing mutually agreeable terms for Reclamation to commit funding
303 under § 4007 of the WIIN Act and to track Fixed Project Costs related to Completion and
304 account for funds expended.

305 (d) Upon Completion, Reclamation and the Sites Authority will meet and
306 confer within a reasonable time frame to complete a final accounting of the Sites Project to
307 determine and mutually agree upon Reclamation’s final Capacity Interest allocation as
308 documented in Exhibit B.

309 (e) Fixed Project Costs not related to Completion assigned annually to
310 Reclamation shall be proportionate to Reclamation’s Base Facilities Capacity Interest and
311 associated Downstream Facilities Capacity Interest.

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312 (f) O&M Costs: The Sites Authority will be responsible for O&M of the Sites
313 Project. The Sites Authority will identify the annual O&M Costs attributable to Reclamation.
314 Reclamation will pay the attributable portion within 30 days of receiving an invoice, subject to
315 available appropriations.

316 (i) Fixed O&M Costs assigned annually to Reclamation shall
317 be proportionate to Reclamation’s Base Facilities Capacity Interest and Downstream Facilities
318 Capacity Interest.

319 (ii) Variable O&M Costs assigned annually to Reclamation
320 shall be calculated based on Reclamation’s use of its Base Facilities Capacity Interest and
321 Downstream Facilities Capacity Interest.

322 (g) Use of Reclamation’s unused Downstream Facilities Capacity Interest: In
323 the event a Storage Partner utilizes Reclamation’s Downstream Facilities Capacity Interest in the
324 Dunnigan Pipeline, the Authority will develop and charge the Storage Partner a rate for such use
325 commensurate with the use, unless otherwise directed by Reclamation. Proceeds received will be
326 credited toward Reclamation’s Sites Project Costs.

327 (h) In-kind Services: Reclamation’s In-kind Services will count toward
328 Reclamation’s contribution to Sites Project Costs as described in this Agreement. In-kind
329 Services shall only be credited if the scope, valuation methodology, and allocation basis are in
330 accordance with Exhibit H.

331 (i) Any interest or fees related to financing activity of the Sites Authority and
332 their Storage Partners shall not be paid by Reclamation. Other non-allowable costs are described
333 in Exhibit A.

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334 (j) The Sites Project is not part of the Central Valley Project, and as such, will
335 not receive Project Use Energy.

336 (k) Reclamation and the Sites Authority will establish, at a minimum,
337 quarterly check-ins to monitor actual expenditures related to the Sites Project, and to discuss
338 other items, including but not limited to, funding and any additional agreements. If there is a
339 deficiency in funding from Reclamation under Exhibit A, Article 10 shall apply and if there is a
340 deficiency in funding from the Sites Authority under Exhibit A, Article 11 shall apply.

341 (l) To the extent power, energy, sale of land, sale of excess mitigation credits,
342 or other revenue sources are generated by the Sites Project Facilities, sales of such power, energy
343 and all other revenue sources will be managed by the Sites Authority. Any revenue received by
344 the Sites Authority that is attributable to Reclamation’s Capacity Interest or the use of
345 Reclamation’s Capacity Interest for the sale or other disposition of power, energy or other
346 revenue sources shall be used to offset Reclamation’s Variable O&M Costs, and to the extent
347 that such revenues exceed Reclamation’s Variable O&M Costs in a Year, any remaining
348 revenues will be used to offset Reclamation’s Fixed O&M Costs. The Parties acknowledge and
349 agree that the release of Sites Water has a higher priority than the generation of power by Sites
350 Project Facilities and power generation is not guaranteed to Reclamation with the release of Sites
351 Water.

352 **LEASE OR SALE OF CAPACITY INTEREST, AND SITES WATER**

353 6. Reclamation shall have first right of refusal for lease, purchase, and defaulted
354 interests as described in Exhibit E.

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355 **OPERATION OF SITES OWNED FACILITIES**

356 7. The Sites Authority will operate and maintain the Sites Owned Facilities in good
357 faith, in accordance with Good Industry Practice and in accordance with all applicable
358 agreements and this Agreement provided that (i) the Storage Partners provide all funding
359 required for operations and maintenance; and (ii) the Sites Authority and the Reservoir
360 Management Board, have not mutually determined the continued operation of the Sites Project is
361 infeasible and impractical. The Sites Authority will protect the Sites Water Right and will
362 manage, control, and protect Sites Water in good faith and in accordance with all applicable laws
363 and regulations.

364 (a) Sites Owned Facilities will be operated in a manner that avoids adverse
365 effects to the Central Valley Project, its water rights, and federal facilities.

366 (b) Reclamation agrees to timely provide requests for Sites Water to be stored
367 in Reclamation’s Base Facilities Capacity Interest and Sites Water to be released from
368 Reclamation’s Base Facilities Capacity Interest to the Delivery Points. The Sites Authority
369 agrees to take reasonable actions, consistent with applicable law and this Agreement, to achieve
370 Reclamation’s storage and release requests to the Delivery Points. Reclamation may specify a
371 Secondary Delivery Point(s) in its release request subject to the reasonable approval by the Sites
372 Authority. The Sites Authority will take actions reasonably practicable to assist Reclamation in
373 conveying its Sites Water to the Secondary Delivery Point(s). Reclamation shall bear all costs
374 (monetary or otherwise) and the risk of loss between the Delivery Point and Secondary Delivery
375 Point(s).

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376 (c) The Sites Authority will operate the Sites Project so as to maximize the
377 water supply and water supply related environmental benefits while continuing to provide flood
378 control and recreational benefits. The diversion of Sites Water to storage will take priority over
379 the release of water except in cases of flood control operations. The Sites Authority, in good
380 faith, may temporarily discontinue or reduce the conveyance of Sites Water to, and release of
381 Sites Water from, the Sites Owned Facilities in various emergency and non-emergency situations
382 to protect life and property as part of the flood control benefit.

383 (d) Reclamation shall make reasonable and beneficial use of Sites Water
384 consistent with this Agreement.

385 (e) The Parties agree Reclamation bears the risk of loss or reduction in Sites
386 Water on a pro-rata and substantially similar basis as other Storage Partners.

387 (f) The Sites Authority will operate and maintain the Sites Project in full
388 compliance with the terms of this Agreement and in such a manner that the Sites Project remains
389 in good and efficient condition, subject to exercise of discretion to fund and carry out Capital
390 Improvements.

391 (g) Reclamation's share of Sites Water diversions will be proportional to its
392 Capacity Interest unless a lesser amount is requested by Reclamation.

393 (h) Subject to subarticle (i) below, the Sites Authority or Reclamation may
394 request Capital Improvements to provide an added benefit to the Sites Project. Such Capital
395 Improvements to Sites Owned Facilities shall be subject to approval by the Sites Authority.
396 Capital Improvements to Federal Facilities shall be subject to approval by Reclamation. The

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397 Sites Authority will prepare and distribute a document detailing the anticipated Sites Project
398 Costs and benefits of the proposed Capital Improvements.

399 (i) Reclamation may not opt out of costs of necessary Capital Improvements
400 required to maintain initial Sites Project functions and that provide benefits initially
401 contemplated for the Sites Project. If Reclamation is subject to Capital Improvements
402 Reclamation’s benefits will be commensurate with Reclamation’s costs.

403 (j) In the event that proposed Capital Improvements are not approved by the
404 Sites Authority, Storage Partners may elect to continue with the Capital Improvements. Those
405 Sites Project Costs and benefits associated with such Capital Improvements shall be allocated
406 only to the subset of Storage Partners electing to proceed with the Capital Improvements in
407 accordance with an agreement among the Sites Authority and such Storage Partners.

408 (k) The Sites Authority will deliver Sites Water to the Refuge Water Points of
409 Acceptance, as described in Exhibit D, to meet the Sites Project’s IL4 Water obligations pursuant
410 to the State of California’s investment, without any cost to Reclamation. Reclamation will
411 deliver Sites Water from the Refuge Water Points of Acceptance to the Refuge Water Points of
412 Delivery.

413 (l) The Parties, along with the California Department of Water Resources,
414 will execute Exhibit G to identify coordination processes for Sites Water diversions and releases.
415 The Parties, along with the California Department of Water Resources, will consider changes
416 necessary to represent conditions at the time of Completion and execute an amendment to
417 Exhibit G as needed.

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418 (m) Reclamation agrees to timely provide any information regarding its use of
419 Sites Water that the Sites Authority needs to comply with applicable law.

420 (n) Reclamation will maintain its operational independence of the Central
421 Valley Project. Neither Party shall operate in such a manner that may be arbitrary or capricious
422 and intentionally harms another Party’s benefits.

423 (o) The Sites Authority will be responsible for providing power to operate and
424 maintain the Sites Owned Facilities and to convey Sites Water to the Delivery Points.

425 (p) The Sites Authority and Reclamation each agree that Reclamation shall be
426 allowed, at reasonable times and upon reasonable prior notice, and at Reclamation’s expense, to
427 enter onto Sites Owned Facilities for reasonable purposes in accordance with the Sites
428 Authority’s reasonable safety regulations and policies and subject to applicable law and
429 governmental approvals.

430 **ENVIRONMENTAL AND CULTURAL COVERAGE AND COMPLIANCE**

431 8. Reclamation will serve as the ESA Section 7 consultation lead for the initial
432 construction and water-related operation of Sites Project Facilities. Reclamation and the
433 Authority will meet and confer on future Sites Project activities to determine the most
434 appropriate ESA consultation approach and lead agency consistent with applicable law and
435 regulation.

436 (a) The Parties agree that Reclamation will consult on the operation of the
437 Sites Project as ESA Section 7 lead, treating the operation of the Sites Project as a distinct
438 component related to the Long-Term Operations of the State and Federal Projects. Reclamation

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439 intends to seek an incidental take statement specific to effects from the operation of the Sites
440 Project.

441 (b) It is the understanding of the Parties that future reinitiation of consultation
442 on the operations of the Central Valley Project after an initial incidental take statement for the
443 effects from the operations of the Sites Project does not automatically require a reinitiation of
444 consultation on the Sites Project. The Parties agree to meet and confer before reinitiation of
445 consultation on the Sites Project to jointly review, among other things, the information before
446 each agency, potential approaches, and possible outcomes. In any consultation that has the
447 potential to result in impacts to the Sites Project operations, Reclamation will coordinate with the
448 Sites Authority, the United States Fish and Wildlife Service (USFWS), and National Marine
449 Fisheries Service (NMFS) to maintain and maximize the anticipated benefits of the Sites Project
450 while avoiding adverse effects to the CVP. If the reinitiation of consultation on the Sites Project
451 is required, the specific changes contemplated for the Sites Project must meet one of the criteria
452 in accordance with the Endangered Species Act, Title 50 CFR § 402.16(a) as amended; the
453 Parties will cooperate in the preparation and negotiation of the reinitiation of consultation and the
454 resulting revised incidental take statement specific to the Sites Project.

455 (c) The Sites Authority is responsible for environmental compliance in regard
456 to other applicable federal, state and local laws for the construction, operations, and maintenance
457 of the Sites Project. The Sites Authority will document its compliance with these requirements,
458 as appropriate, and agrees to provide such documentation to Reclamation upon request.

459 (d) Through the development, execution, and implementation of a
460 Programmatic Agreement to address adverse effects to historic properties, Reclamation will

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461 remain in compliance with Section 106 of the National Historic Preservation Act of 1966, as
462 amended, for the construction of the Sites Project. The Parties agree to meet and confer as
463 necessary to ensure the Sites Project’s Section 106 construction compliance is timely
464 implemented throughout the duration of construction.

465 (e) Reclamation has completed compliance with the National Environmental
466 Policy Act of 1969, as amended for the construction and operations of the Sites Project. The
467 Parties agree that any changes to the Sites Project’s NEPA compliance will be addressed without
468 delay throughout the duration of construction.

469 **EXCUSED PERFORMANCE**

470 9. The Sites Authority intends to enter into other agreements that will facilitate the
471 operations and construction of the Sites Project and in performing its obligations under such
472 agreements, the Sites Authority intends to comply with the terms of this Agreement; and

473 (a) Upon the occurrence of an event of Force Majeure, the Sites Authority
474 shall be excused from its obligations under this Agreement for the period during which it is
475 unable to comply with such obligations as a result of such event of Force Majeure; and
476 Reclamation shall be excused from its obligations under this Agreement for the period during
477 which it is unable to comply with such obligations as a result of the event of Force Majeure,
478 other than the payment of Sites Project Costs described in this Agreement, which obligations are
479 not subject to reduction or abatement, unless the event of Force Majeure specifically limits
480 Reclamation’s ability to pay, in which case the Parties will meet and confer to reach a mutually
481 acceptable timeline for payment.

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482 (b) Any excuse of obligations in accordance with this Article is subject to the
483 proviso that, upon obtaining knowledge of an event of Force Majeure, such Party: (a) promptly
484 notifies the Sites Authority and/or the other Party of the event of Force Majeure; (b) provides
485 reasonable details and updates relating to such event of Force Majeure; and (c) implements
486 mitigation measures to the extent practicable.

487 **FAILURE OF TIMELY PAYMENT**

488 10. Pursuant to WIIN Act § 4007, Reclamation may contribute up to twenty-five (25)
489 percent of the Sites Project Costs. Reclamation shall diligently pursue funding –within its
490 authorities— sufficient to meet its obligations under this Agreement in a timely manner.

491 (a) Fixed Project Costs related to Completion.

492 (i) The Parties agree that they will informally meet and confer on
493 financial needs of the Sites Project three years in advance of expected expenditures to assist
494 Reclamation with making its budget requests.

495 (ii) Reclamation shall diligently pursue funding—within its
496 authorities—so as to ensure there are sufficient funds appropriated to cover two (2) Years of
497 Fixed Project Costs, based on costs anticipated to be incurred during the following two (2) year
498 period based on Exhibit A. If sufficient funds have not been appropriated to cover such costs,
499 then Reclamation shall develop a plan to pursue funding for Fixed Project Costs sufficient to
500 meet its obligations in a timely manner and the Parties shall meet and confer to review such plan.

501 (iii) The Sites Authority will provide Reclamation with a billing
502 statement for Reclamation’s share of Fixed Project Costs, based on such costs anticipated to be

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503 incurred during the period starting one year after the date of the billing statement based on
504 Exhibit A, and documentation of any allocated funds shall be due within 30 days of issuance of
505 the billing statement.

506 (iv) Reclamation will provide documentation of any allocated funds
507 within thirty (30) days of issuance of the billing statement and will endeavor to execute
508 appropriate funding mechanisms, or amendments thereto, as soon as reasonably practicable.

509 (v) If Reclamation has not provided documentation of sufficient
510 allocated funds to the Sites Authority within ninety (90) days of issuance of the billing statement,
511 the Sites Authority shall make written demand upon Reclamation. The written demand shall
512 identify the portion of Reclamation’s Capacity Interest that is at risk of forfeiture, being that
513 portion of Reclamation’s Capacity Interest for which Reclamation has not yet provided such
514 documentation, based on the then current Exhibit A and in accordance with this Article (“Unpaid
515 Capacity Interest”). If such documentation is not made available to the Sites Authority within an
516 additional ninety (90) days from the date of such demand, Reclamation is deemed to have not
517 made timely payment and forfeits the Unpaid Capacity Interest.

518 (vi) Upon a forfeiture of Unpaid Capacity Interest by Reclamation:

519 i. The Sites Authority shall use its best efforts to facilitate a
520 sale of Reclamation’s applicable Unpaid Capacity Interest.

521 ii. The other non-defaulting Storage Partners holding a
522 Capacity Interest in the same Sites Project Facilities (the Base Facilities and/or the Downstream
523 Facilities, as applicable) shall have a right of first refusal to assume all or a portion of
524 Reclamation's Unpaid Capacity Interest and related financial obligations under this Agreement,

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547 paid, incurred or sustained by the Sites Authority in connection with the sale of Reclamation's
548 Unpaid Capacity Interest and the collection of such monies by the Sites Authority; (b) to the
549 Sites Authority for Reclamation's full amount of its share of costs under this Agreement
550 (including any interest, expenses or other obligations); and (c) the excess, if any, shall be paid to
551 the Sites Authority.

552 (b) Fixed Project Costs and Fixed O&M Costs Not Related To Completion.

553 (i) Reclamation shall diligently pursue funding—within its
554 authorities—so as to ensure there are sufficient funds appropriated to cover a minimum of one
555 (1) Year of Fixed Project Costs and Fixed O&M Costs, based on costs anticipated to be incurred
556 starting two (2) Years after the date of the billing statement. If sufficient funds have not been
557 appropriated to cover such costs, then Reclamation shall develop a plan to pursue funding for
558 Fixed Project Costs and Fixed O&M Costs sufficient to meet its obligations in a timely manner
559 and the Parties shall meet and confer to review such plan.

560 (ii) The Sites Authority will provide Reclamation a billing statement
561 for Reclamation's share of Fixed Project Costs and Fixed O&M Costs, based on such costs
562 anticipated to be incurred during the one (1) Year period starting one (1) Years after the date of
563 the billing statement, and documentation of any allocated funds shall be due within thirty (30)
564 days of issuance of an invoice.

565 (iii) Reclamation will provide documentation of any allocated funds
566 within thirty (30) days of issuance of an invoice and will endeavor to execute appropriate
567 funding mechanisms, or amendments thereto, as soon as reasonably practicable.

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568 (iv) If Reclamation has not provided documentation of sufficient
569 allocated funds to the Sites Authority within ninety (90) days of issuance of the billing statement,
570 the Sites Authority shall make written demand upon Reclamation. The written demand shall
571 identify the payment shortfall (Delinquent Payment Amount). If such documentation is not made
572 available to the Sites Authority within 90 days from the date of such demand, Reclamation is
573 deemed to have not made timely payment and is delinquent.

574 a. Upon a Fixed Project Cost or Fixed O&M Cost
575 delinquency by Reclamation not related to Completion:

576 i. The Sites Authority shall use its best efforts to
577 facilitate a sale(s) of any or all Sites Water from Reclamation’s Capacity Interest to cover the
578 Delinquent Payment Amount, including the reimbursement of the Sites Authority for all
579 reasonable out-of-pocket costs, expenses, disbursements and losses which shall have been paid,
580 incurred or sustained by the Sites Authority in connection with the sale of Sites Water to cover
581 Reclamation's Delinquent Payment Amount;

582 ii. Reclamation shall have no right to utilize Sites
583 Water in any of its Capacity Interest, no right to otherwise utilize its Capacity Interest, and
584 agrees to allow other Storage Partners to utilize its Capacity Interest until its account is no longer
585 delinquent;

586 iii. Reclamation’s right of first refusal in Article 6 is
587 suspended until its account is no longer delinquent; and

588 iv. . Upon full payment of delinquent amounts, Storage
589 Partners shall be given reasonable time to vacate Reclamation’s Capacity Interest.

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590 (c) Variable O&M Costs.

591 (i) The Sites Authority will provide Reclamation with an estimated
592 billing statement for Reclamation’s share of Variable O&M Costs based on such costs
593 anticipated to be incurred during the six (6) month period starting one (1) Year after the date of
594 the billing statement.

595 (ii) The Parties will work diligently to execute appropriate funding
596 mechanisms, or amendments thereto, such that funding for Variable O&M Costs shall be made
597 available to the Sites Authority based on such costs anticipated to be incurred, during the
598 following six (6) month period.

599 (iii) The Sites Authority shall provide Reclamation a billing statement
600 for Reclamation’s share of Variable O&M Costs based on such costs anticipated to be incurred
601 for the six (6) month period starting six (6) months after the start of the billing statement, which
602 shall be due within thirty (30) days of issuance of an invoice.

603 a. Consistent with Article 25, if Reclamation has not made
604 sufficient funding available to the Sites Authority within thirty (30) days of issuance of an
605 invoice, the Sites Authority shall make written demand upon Reclamation. The written demand
606 shall identify the payment shortfall (“Delinquent Amount”). If sufficient funding is not made
607 available to the Sites Authority within thirty (30) days from the date of such demand,
608 Reclamation is deemed to have not made timely payment and is in delinquency.

609 b. Upon a Variable O&M Costs delinquency of Reclamation:
610 i. The Sites Authority shall use its best efforts to
611 facilitate a sale(s) of any or all Sites Water from Reclamation’s Capacity Interest to cover the

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612 Delinquent Amount, including the reimbursement of the Sites Authority for all reasonable out-
613 of-pocket costs, expenses, disbursements and losses which shall have been paid, incurred or
614 sustained by the Sites Authority in connection with the sale of Sites Water to cover
615 Reclamation's Delinquent Amount;

616 ii. Reclamation shall have no right to utilize Sites
617 Water in its Capacity Interest, no right to otherwise utilize its Capacity Interest, and agrees to
618 allow other Storage Partners to utilize its Capacity Interest until its account is no longer
619 delinquent; and

620 iii. Reclamation's right of first refusal in Article 6 is
621 suspended until its account is no longer delinquent; and

622 iv. Upon full payment of delinquent amounts, Storage
623 Partners shall be given reasonable time to vacate Reclamation's Capacity Interest.

624 (d) Reclamation's Fixed O&M Costs and Variable O&M Costs shall be
625 determined in accordance with Exhibit C.

626 (e) Remedies: In addition to the other remedies set forth in this Article, upon
627 the occurrence of an event of delinquent payment in accordance with this Agreement, any Party
628 shall be entitled to proceed to protect and enforce the rights in a court of competent jurisdiction,
629 consistent with Federal law and without waiving the United States' sovereign immunity from
630 suit.

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631 **WIND-UP**

632 11. If the Sites Authority and the Reservoir Management Board determine, that the
633 Sites Project will be terminated because of infeasibility, impracticality, inability, failure of the
634 Participants to fund the Sites Project, or failure of the Sites Authority to construct the Sites
635 Project, the Sites Authority shall adopt a resolution to wind-up the Sites Project (a “**Wind-Up**
636 **Resolution**”).

637 (a) Upon adoption of a Wind-Up Resolution by the Sites Authority, the Sites
638 Authority shall first offer to sell the Project Assets to Storage Partners at a fair market value as
639 determined by a majority of a panel of three (3) licensed appraisers, including

640 (i) Any partially constructed or completed physical works or assets
641 that divert Sites Water into or release Sites Water from the Sites Owned Facilities and

642 (ii) Any other non-physical rights, interests, or obligations related to
643 the Sites Project.

644 (b) The offer to sell shall follow the process in Exhibit E, II (e) as if the Sites
645 Authority were the selling Storage Partner.

646 (c) If any Storage Partners proceed with purchase of Project Assets, then the
647 Sites Authority and such purchasing Storage Partners shall work in good faith to close upon the
648 sale of such interests within 180 days after the appraiser panel’s determination of fair market
649 value.

650 (d) Upon adoption of a Wind-Up Resolution by the Sites Authority, the Sites
651 Authority shall appoint a winding-up agent (the “**Winding-Up Agent**”). The Winding-Up Agent

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652 shall, upon expiration of the time for the Storage Partners to accept the offer described in
653 subarticle (a), prepare a plan for disposition of the Project Assets, which shall include plans for
654 mitigating or remediating any hazardous or unsafe conditions that are a direct result of the
655 construction of the Sites Project. Upon approval of the Sites Authority, the Winding-Up Agent
656 shall implement the disposition of the Project Assets in accordance with the plan for disposition,
657 including the disposition of unexpended funds held by the Sites Authority to the Storage
658 Partners. Non-cash assets shall be liquidated by the Winding-Up Agent in a commercially
659 reasonable manner. Proceeds from the disposition of Project Assets and any other cash or cash
660 equivalents then held by the Sites Authority shall first be used, based on the Pro-rata Cost Share,
661 to pay the following amounts in the following order of priority (i) repay debts of the Sites
662 Authority incurred for funding the Sites Project; provided, however, that any monies contributed
663 by a self-funding Storage Partner and held at the time of a winding-up shall not be used to repay
664 debts of the Sites Authority incurred for financing the Sites Project, (ii) pay the costs of
665 mitigating or remediating hazardous or unsafe conditions associated with the Sites Project
666 pursuant to the plan for disposition of the Project Assets, and (iii) distribute cash to the Storage
667 Partners having satisfied their share of Sites Project Costs, provided that any unexpended funds
668 which the Sites Authority received from Reclamation will be returned to Reclamation. Any
669 remaining funds shall then be distributed to the Storage Partners based on their Pro-rata Cost
670 Share. Subject to the Sites Authority's Records Management Policy, Storage Partners shall be
671 entitled to copies of any work products developed by the Sites Authority or its consultants on
672 behalf of the Storage Partners, and the Sites Authority shall convey to the Storage Partners, as
673 tenants in common with all other Storage Partners who are not in default under the Benefits and

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674 Obligations Contract, a pro-rata interest based on the Pro-rata Cost Share in all real and personal
675 property remaining after implementation of the plan for disposition of the Project Assets in
676 accordance with this Section.

677 (e) Upon completion of the winding-up process described in this Section, the
678 Sites Authority shall adopt a resolution of termination of the Sites Project. Upon the adoption of
679 such resolution, all Capacity Interests shall be terminated.

680 (f) The Parties agree that any activities performed under this Article shall be
681 subject to applicable Federal, State, and local law.

682 **DISPUTE RESOLUTION**

683 12. Should any dispute arise concerning any provision(s) of this Agreement, or the
684 Parties' rights and obligations thereunder, the United States and the Sites Authority shall meet
685 and confer in an attempt to informally resolve the dispute at the staff level. Both Parties agree to
686 work in good faith to resolve any disputes which may arise. If staff from the Parties are unable to
687 resolve the dispute, the dispute will be elevated to the Area Manager for Reclamation and
688 Executive Director or designee of the Sites Authority. If the Parties are unable to resolve the
689 dispute at this level, then the dispute will be elevated to the Regional Director of Reclamation
690 and the Executive Director of the Sites Authority. If the Parties are unable to resolve the dispute
691 at this level, the Parties may submit disputes to a third-party mediator agreed to by the Parties.
692 Either Party may seek relief in a court of competent jurisdiction, consistent with Federal law and
693 without waiving the United States' sovereign immunity from suit. Prior to the Sites Authority
694 commencing any legal action, or the Contracting Officer referring any matter to the Department

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695 of Justice, the party shall provide to the other party thirty (30) days’ written notice of the intent to
696 take such action; *Provided*, that such notice shall not be required where a delay in commencing
697 an action would prejudice the interests of the Party that intends to file suit. During the thirty (30)
698 day notice period, the Parties shall meet and confer in an attempt to resolve the dispute. Except
699 as specifically provided, nothing herein is intended to waive or abridge any right or remedy that
700 the Sites Authority or the United States may have.

701 (a) Reclamation shall have no responsibility to participate in or resolve
702 disputes between the Sites Authority and any of the Storage Partners regarding this Agreement.

703 (b) If the Sites Authority seeks to resolve a dispute with a Storage Partner,
704 such resolution cannot impact Reclamation’s investment or benefits, or violate the terms of this
705 Agreement without Reclamation’s consent.

706 **OPINIONS AND DETERMINATIONS**

707 13. Where the terms of this Agreement provide for actions to be based upon the
708 opinion or determination of either Party to this Agreement, said terms shall not be construed as
709 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
710 determinations. Both Parties, notwithstanding any other provisions of this Agreement, expressly
711 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious,
712 or unreasonable opinion or determination. Each opinion or determination by either Party shall be
713 provided in a timely manner. Nothing in this Article is intended to or shall affect or alter the

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714 standard of judicial review applicable under Federal law to any opinion or determination
715 implementing a specific provision of Federal law embodied in statute or regulation.

716 (a) Reclamation shall have the right to make determinations necessary to
717 administer this Agreement that are consistent with the provisions of this Agreement, the laws of
718 the United States, and the rules and regulations promulgated by the Secretary. Such
719 determinations shall be made in consultation with the Sites Authority to the extent reasonably
720 practicable.

721 (b) Nothing in this Agreement, or performance hereunder, constitutes a
722 waiver of the Parties' respective positions, opinions, or interpretations of California water rights
723 law, whatever they may be, in circumstances where there is no mutual agreement, as applicable
724 herein, for the use of the Sites Project Facilities.

725 **WATER MEASUREMENT**

726 14. The Sites Authority is responsible for the measurement and recording of all Sites
727 Water delivered pursuant to this Agreement up to and including the Delivery Point, and any
728 additional location(s) mutually agreed to in writing by the Sites Authority and Reclamation.

729 (a) Prior to Completion, the Sites Authority shall ensure that the water
730 measuring devices as shown in Exhibit B are installed and operating properly. The Sites
731 Authority will be responsible for installing, operating, maintaining, and repairing all such
732 measurement devices. The equipment and methods used to make such measurement and
733 recordings shall be in accordance with Good Industry Practices. Upon request of either party to
734 this Agreement, the Sites Authority shall investigate, or cause to be investigated, the accuracy of

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735 such and shall take any necessary steps to adjust any errors appearing therein. For any period of
736 time when accurate measurements have not been made, the Sites Authority shall consult with
737 Reclamation prior to making a final determination of the quantity delivered for that period of
738 time.

739 (b) After the Delivery Point, Reclamation shall ensure that Sites Water
740 delivered under this Agreement is measured and supports the Sites Authority’s applicable
741 reporting on Sites Water and the Sites Water Right. The water measuring devices or water
742 measuring methods of comparable effectiveness must be acceptable to the Sites Authority and
743 Reclamation. Reclamation shall be responsible for installing, operating, maintaining, and
744 repairing all such measuring devices and implementing all such water measuring methods at no
745 cost to the Sites Authority. Reclamation shall provide the Sites Authority with the written
746 quantity of water taken during the preceding month under this Agreement, on a mutually agreed
747 upon schedule. Annual totals will be finalized on a mutually agreed upon schedule.

748 **SEVERABILITY**

749 15. In the event that any one or more of the provisions contained herein is, for any
750 reason, held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or
751 unenforceability will not affect any other provisions of this Agreement, but this Agreement is to
752 be construed as if such invalid, illegal or unenforceable provisions had never been contained
753 herein, unless the deletion of such provision or provisions would result in such a material change
754 so as to cause the fundamental benefits afforded to the Parties by this Agreement to become
755 unavailable or materially altered.

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756

HOLD HARMLESS

757 16. (a) The Sites Authority shall indemnify, defend, and hold harmless the United
758 States, its officers, agents, and employees from and against any and all claims, damages, losses,
759 liabilities, and expenses arising out of or resulting from the United States’ work under this
760 Agreement to the extent that such work constitutes Allowable Costs, provided the claims,
761 damages, losses, liabilities, or expenses are not the result of any willful or negligent acts or
762 omissions on the part of the United States. The Sites Authority will not assert that Reclamation,
763 its Regional Director, officers, agents, employees or assigns, are liable for damages of any nature
764 whatsoever arising out of any actions or omissions by the Sites Authority, its directors, officers,
765 agents, employees or assigns, related to the Sites Authority’s performance of this Agreement,
766 where such liability is caused by an act, error or omission of the Sites Authority, its director,
767 officers, agents, employees or assigns.

768 (b) The Parties agree that the Sites Authority, its officers, agents, and
769 employees will not be liable for any claims arising out of or resulting from the Unites States'
770 control, carriage, handling, use, disposal, or distribution of Sites Water beyond the Delivery
771 Point, except for any damage or claims arising in connection with (i) acts or omissions of the
772 Sites Authority or any of its directors, officers, employees, agents, and assigns with the intent of
773 creating the situation resulting in any damage or claim; (ii) willful misconduct of the Sites
774 Authority or any of its directors, officers, employees, agents, and assigns; (iii) negligence of the
775 Sites Authority or directors, officers, employees, agents, and assigns; (iv) damage or claims
776 resulting from a malfunction of a Sites Project Facility.

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777 (c) Nothing herein shall be deemed to increase the liability of Reclamation
778 beyond the provisions of the Federal Tort Claims Act (28 U.S.C. 2671, et seq.). This Article is
779 subject to available appropriations and shall not be construed as to allow for violation of the
780 Anti-Deficiency Act (31 U.S.C. 1341, et seq.).

781 **NOTICES**

782 17. Any notice, demand, or request authorized or required by this Agreement shall be
783 deemed to have been given, on behalf of the Sites Authority, when mailed, postage prepaid, or
784 delivered to the Regional Director, California Great Basin Region, Bureau of Reclamation, 2800
785 Cottage Way, Sacramento, CA, 95825, and on behalf of the United States, when mailed, postage
786 prepaid, or delivered to the Sites Authority, 122 Old Highway 99 West, Maxwell, CA 95955.

787 **CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS**

788 18. The expenditure or advance of any money or the performance of any obligation of
789 the United States under this Agreement shall be contingent upon appropriation or allotment of
790 funds. Absence of appropriation or allotment of funds shall not relieve the Sites Authority from
791 any obligations under this Agreement. No liability shall accrue to the United States in case funds
792 are not appropriated or allotted.

793 **OFFICIALS NOT TO BENEFIT**

794 19. No Member of or Delegate to the Congress, Resident Commissioner, or official of
795 the Sites Authority shall benefit from this Agreement other than as a water user or landowner in
796 the same manner as other water users or landowners.

797 **ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED**

798 20. (a) The provisions of this Agreement shall apply to and bind the successors
799 and assigns of the Parties hereto, but no assignment or transfer of this Agreement or any right or
800 interest therein by either Party shall be valid until approved in writing by the other Party.

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801 (b) Reclamation shall not unreasonably withhold its consent to an assignment
802 of the Sites Authority’s rights and obligations under this Agreement to a third party.

803 **BOOKS, RECORDS, AND REPORTS**

804 21. The Sites Authority shall establish and maintain accounts and other books and
805 records pertaining to administration of the terms and conditions of this Agreement, including the
806 Sites Authority’s financial transactions; water supply data; Sites Project operation, maintenance,
807 and replacement logs; Sites Project land and rights-of-way use agreements; the water users’ land-
808 use (crop census), land-ownership, land-leasing, and water-use data; and other matters that the
809 Contracting Officer may require. Reports shall be furnished to the Contracting Officer in such
810 form and on such date or dates as the Contracting Officer may require. Subject to applicable
811 Federal laws and regulations, each Party to this Agreement shall have the right during office
812 hours to examine and make copies of the other Party’s books and records relating to matters
813 covered by this Agreement.

814 **COMPLIANCE WITH LAWS**

815 22. (a) The Parties agree that the use of Federal Facilities pursuant to this
816 Agreement is subject to Federal Reclamation law and the rules and regulations promulgated by
817 the Secretary of the Interior under Federal Reclamation law.

818 (b) The Contracting Officer shall have the right to make determinations
819 necessary to administer this Agreement that are consistent with its expressed and implied
820 provisions, the laws of the United States and the rules and regulations promulgated by the
821 Secretary of the Interior. Such determinations shall be made in consultation with the Sites
822 Authority.

823 (c) In protecting the interests of the United States, Reclamation’s contracts
824 and its contracting process must comply with all applicable Federal, state, tribal, and local laws.
825 The Sites Authority shall comply with all applicable Federal, State, and local laws, executive
826 orders, rules and regulations applicable to its performance under this Agreement. These laws

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827 may include environmental, civil rights, and cultural resources protection laws, among others, as
828 well as laws that may be later enacted.

829 **COMPLIANCE WITH CIVIL RIGHTS**

830 23. (a) The Sites Authority shall comply with Title VI of the Civil Rights Act of
831 1964 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title
832 V, as amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135,
833 Title III; 42 U.S.C. § 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub.
834 L. 101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the
835 applicable implementing regulations and any guidelines imposed by the U.S. Department of the
836 Interior and/or Bureau of Reclamation.

837 (b) These statutes prohibit any person in the United States from being
838 excluded from participation in, being denied the benefits of, or being otherwise subjected to
839 discrimination under any program or activity receiving financial assistance from the Bureau of
840 Reclamation on the grounds of race, color, national origin, disability, or age. By executing this
841 Agreement, the Sites Authority agrees to immediately take any measures necessary to implement
842 this obligation, including permitting officials of the United States to inspect premises, programs,
843 and documents.

844 (c) The Sites Authority makes this Agreement in consideration of and for the
845 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
846 Federal financial assistance extended after the date hereof to the Sites Authority by the Bureau of
847 Reclamation, including installment payments after such date on account of arrangements for
848 Federal financial assistance which were approved before such date. The Sites Authority
849 recognizes and agrees that such Federal assistance will be extended in reliance on the
850 representations and agreements made in this article and that the United States reserves the right
851 to seek judicial enforcement thereof.

852 (d) Complaints of discrimination against the Sites Authority shall be
853 investigated by the Contracting Officer's Office of Civil Rights.

854 **REPORTING REQUIREMENTS**

855 24. The Sites Authority shall provide Reclamation with progress and financial status
856 reports to support disbursements under Exhibit A and reporting requirements under Federal
857 Reclamation law. If the reporting requirements of the funding mechanism utilized to disburse

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858 funds to the Sites Authority does not conflict with (a) and (b) below, the Sites Authority will
859 submit reports to Reclamation pursuant to this Article.

860 (a) Progress Reports: As of the Effective Date through Completion, the Sites
861 Authority shall provide semi-annual progress reports. Progress reports must contain a narrative
862 of the work accomplished, descriptions of the contracts, major subcontracts, and modifications
863 implemented during the reporting period, architect, and engineer (A/E) service deliverables, the
864 percentage of work completed, the Completion status, and any problems encountered, and
865 corrective actions taken. Any issues that impact or may pose a future risk to cost, scope, or
866 schedule will be identified. The report will include an updated schedule.

867 (b) Financial Reports: As of the Effective Date through Completion, the Sites
868 Authority shall provide semi-annual financial reports using Standard Form-425 (Federal
869 Financial Report).

870 **FUNDS TO BE PROVIDED**

871 25. In accordance with the Prompt Payment Act, Reclamation shall transmit payment
872 to the Sites Authority subject to Article 5, Article 10 and Article 18.

873 (a) As of the Effective Date, the total amount of funding available for
874 contribution by Reclamation under the WIIN Act PL 114-322 and the Infrastructure Investment
875 and Jobs Act PL 117-58 is \$X,XXX,XXX,XXX. The Parties understand that if Reclamation
876 receives additional funding for the Sites Project it may be disbursed by Reclamation as deemed
877 appropriate by Reclamation.

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878 (b) Upon the Effective Date, any additional funds not required by Exhibit A
879 may be transmitted to the Sites Authority, provided that any such advance of funds shall be
880 released in as many installments as Reclamation deems necessary. The Sites Authority may
881 request an advance of funds in addition to funds required by Exhibit A; provided that, the Sites
882 Authority must provide Reclamation written justification for the immediate need for the funds
883 requested, including how the funds would be applied, and Reclamation shall have the final
884 determination of how and when installments are transmitted.

885 (c) The Sites Authority will deposit each payment in an individual insured
886 account or accounts for Reclamation, established and held by the Sites Authority, separate and
887 apart from the Sites Authority’s other funds and accounts, and shall apply such amount,
888 including the investment earnings thereon, to pay Reclamation’s proportionate share of Sites
889 Project Costs in accordance with the terms of this Agreement. Such accounts and any
890 investments shall be held in compliance with applicable law.

891 (d) The Sites Authority will provide Reclamation with an invoice for
892 Reclamation’s share of Fixed Project Costs, Fixed O&M Costs, Variable O&M Costs based on
893 such costs anticipated to be incurred during the following quarter based on Exhibit A and billing
894 statements as applicable, and payment shall be due within thirty (30) days of issuance of an
895 invoice.

896 (e) In the event any amount due to the Sites Authority from Reclamation under this
897 Agreement are not paid when due, in addition to exercising any rights afforded the Sites Authority under
898 Article 12 or any other right or remedy the Sites Authority may have, the Sites Authority will receive
899 interest on the Delinquent Payment Amount pursuant to the Prompt Payment Act, as amended (31 USC

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900 3901, et seq.); Provided that, the Sites Authority shall have previously submitted appropriate invoices to
901 Reclamation pursuant to Article 10. Such costs shall not be credited toward Reclamation’s share of Sites
902 Project Costs.

903

904

MEDIUM FOR TRANSMITTING PAYMENTS

905 26. (a) All payments from the Sites Authority to the United States under this
906 Agreement shall be by the medium requested by the United States on or before the date payment
907 is due. The required method of payment may include checks, wire transfers, or other types of
908 payment specified by the United States.

909 (b) Upon execution of the Agreement, the Sites Authority shall furnish the
910 Contracting Officer with the Sites Authority’s taxpayer’s identification number (TIN). The
911 purpose for requiring the Sites Authority’s TIN is for collecting and reporting any delinquent
912 amounts arising out of the Sites Authority’s relationship with the United States.

913

GOVERNANCE

914 27. The Parties agree that Exhibit I describes Reclamation’s involvement in Sites
915 Project governance. No other rights or duties are authorized to Reclamation under this
916 Agreement unless specified herein.

917

918

919

AGREEMENT DRAFTING CONSIDERATIONS

920 28. This Agreement has been negotiated and reviewed by the Parties hereto, each of
921 whom is sophisticated in the matters to which this Agreement pertains. The double-spaced
922 Articles of this Agreement have been drafted, negotiated, and reviewed by the Parties, and no
923 one Party shall be considered to have drafted the stated articles. Single-spaced articles are
924 standard articles pursuant to Reclamation policy.

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933
934
935

Attest:

By: _____
Chair, Board of Directors

936 _____

EXHIBIT B

SITES PROJECT SPECIFIC INFORMATION, CAPACITY INTEREST AND SITES PROJECT FACILITIES

This Exhibit is intended to describe the Parties’ understanding of the facilities included in the Sites Project, their use by the Sites Authority and Storage Partners, and the Capacity Interest of Storage Partners.

PROJECT SPECIFIC INFORMATION

TABLE B1. SITES PROJECT FACILITIES AND PARTNER AGREEMENTS

	Sites Owned Facilities	Federal Facilities	Partner Facilities
Base Facilities	<ul style="list-style-type: none"> ▪ Sites Reservoir ▪ Sites Dam ▪ Golden Gate Dam ▪ Sites saddle dams/dikes ▪ Terminal Regulating Reservoir ▪ Terminal Regulating Reservoir Pumping Generating Plant ▪ Funks Pumping Generating Plant ▪ Power transmission lines ▪ Electrical substations ▪ Sites Lodoga Bridge ▪ Other support facilities <ul style="list-style-type: none"> • Pipelines (Terminal Regulating Reservoir, Funks) • Maxwell Intertie Pipeline • Inlet/outlet tower • Transition manifold • Maintenance and storage building • Administration and operations building • Recreation areas including day use boat ramp 	<ul style="list-style-type: none"> ▪ Red Bluff Pumping Plant ▪ Portion of Tehama-Colusa Canal from Red Bluff Diversion to Funks Reservoir ▪ Funks Reservoir ▪ Portion of Tehama-Colusa Canal from Funks Reservoir to the terminus of the Tehama-Colusa Canal 	<ul style="list-style-type: none"> ▪ Portion of Glenn Colusa Irrigation District Main Canal from the Hamilton City Pump Station to the Terminal Regulating Reservoir ▪ Hamilton City Pumping Plant

	Sites Owned Facilities	Federal Facilities	Partner Facilities
Downstream Facilities	<ul style="list-style-type: none"> Dunnigan Pipeline and associated facilities 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Wallace Weir Knights Landing Outfall Gates Knights Landing Ridge Cut Colusa Basin Drain south of Balsdon Weir
Partner Agreements	<ul style="list-style-type: none"> Facility Use Agreement between the Sites Authority and Tehama-Colusa Canal Authority, dated []. Facility Use Agreement between the Sites Authority and Glenn-Colusa Irrigation District, dated []. Exchange Agreement between the Sites Authority and California Department of Water Resources, dated []. Conveyance Agreement between Sites Authority and California Department of Water Resources, dated []. Refuge Water Donation Agreement between Sites Authority and Reclamation, dated []. Wheeling agreements between Sites Authority, Richvale Irrigation District, and Western Canal Water District dated (20XX) and dated (20XX) respectively. Wheeling agreement between Sites Authority and Glenn-Colusa Irrigation District dated (20XX). Excess Capacity Contract between the Sites Authority and Reclamation, dated []. 		

TABLE B2. CAPACITY INTEREST

Participants and Capacity Interest	Participant	Base Facilities Capacity Interest	Downstream Facilities Capacity Interest
<p>[Note: Percentages to be completed based on the final financial model and commitments by Participants]</p>	Antelope Valley-East Kern Water Authority (WA)	[INSERT %]	[INSERT %]
	City of American Canyon	[INSERT %]	[INSERT %]
	Coachella Valley Water District (WD)	[INSERT %]	[INSERT %]
	Colusa County	[INSERT %]	[INSERT %]
	Colusa County WD	[INSERT %]	[INSERT %]
	Cortina WD	[INSERT %]	[INSERT %]

	Davis WD	[INSERT %]	[INSERT %]
	Desert WA	[INSERT %]	[INSERT %]
	Dunnigan WD	[INSERT %]	[INSERT %]
	Glenn-Colusa Irrigation District (ID)	[INSERT %]	[INSERT %]
	Irvine Ranch WD	[INSERT %]	[INSERT %]
	LaGrande WD	[INSERT %]	[INSERT %]
	Metropolitan WD of Southern California	[INSERT %]	[INSERT %]
	Reclamation District 108	[INSERT %]	[INSERT %]
	Rosedale-Rio Bravo WD	[INSERT %]	[INSERT %]
	San Bernardino Valley Municipal WD	[INSERT %]	[INSERT %]
	San Geronio Pass WA	[INSERT %]	[INSERT %]
	Santa Clara Valley WD	[INSERT %]	[INSERT %]
	Santa Clarita Valley WA	[INSERT %]	[INSERT %]
	Westside WD	[INSERT %]	[INSERT %]
	Wheeler Ridge – Maricopa Water Service District	[INSERT %]	[INSERT %]
	Zone 7 WA	[INSERT %]	[INSERT %]

Subtotal		[INSERT %]	[INSERT %]
State and Federal Capacity Interest	Party	Base Facilities Capacity Interest	Fixed Downstream Facilities Capacity Interest
	State (California Department of Fish and Wildlife)	[INSERT %]	[INSERT %]
	Reclamation	[INSERT %]	[INSERT %]
Subtotal		[INSERT %]	[INSERT %]
Total with Participant Capacity Interest and State and Federal Capacity Interest		100.00%	100.00%

SITES PROJECT FACILITIES MAP

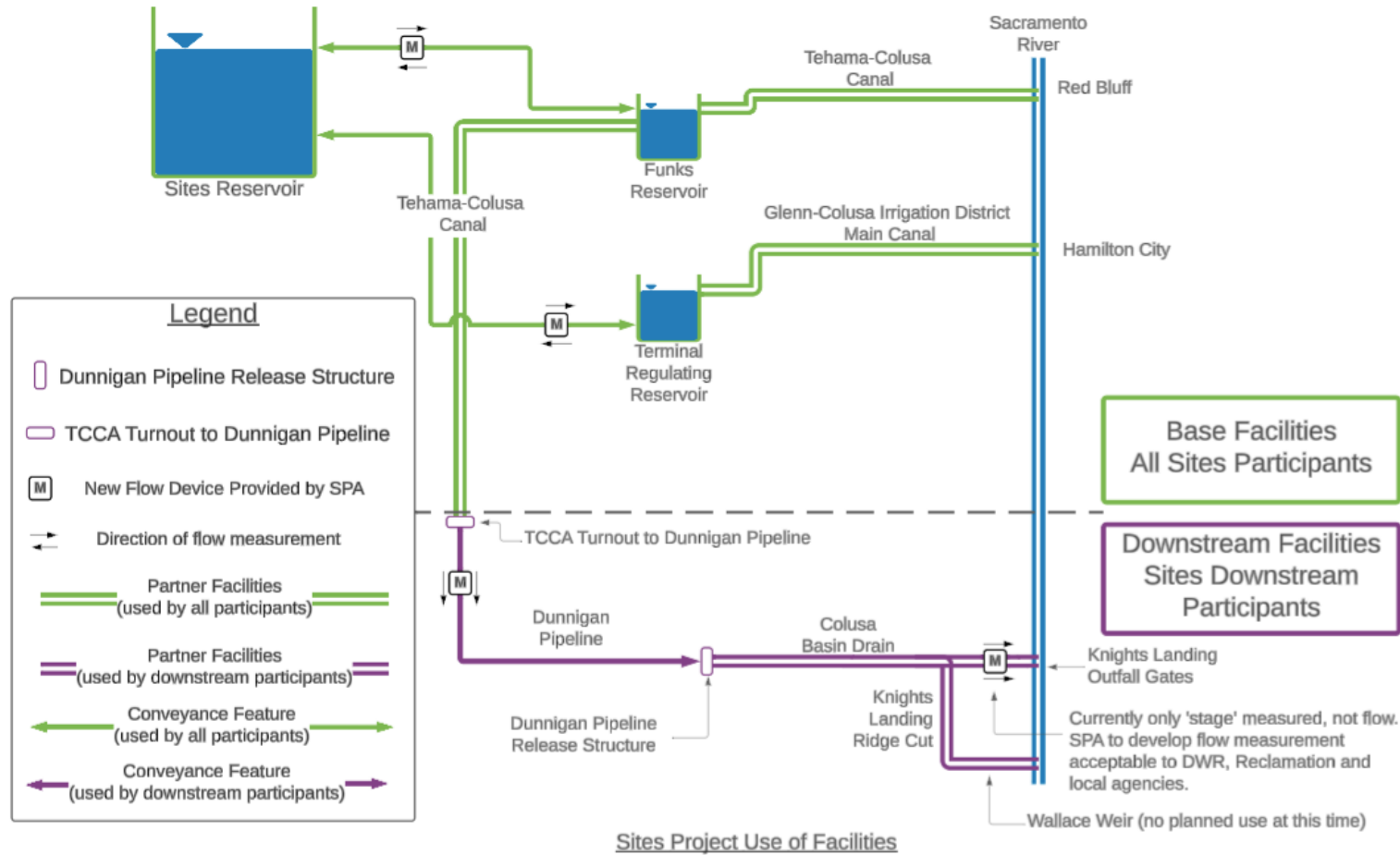


Exhibit C

Payment Formulas

Within these formulas, any Sites Project Costs shall not include financing costs or any legal costs associated with actions that would create harm to the CVP, its water rights, and federal facilities.

Fixed Project Costs

Reclamation's Fixed Project Costs, shall be determined in accordance with the following formula:

$$FPC = [BFC \times BCI] + [DFC \times DCS]$$

Where:

FPC = Reclamation's Fixed Project Costs

BFC = Fixed Project Costs allocable to Base Facilities

BCI = Reclamation's Base Facilities Capacity Interest

DFC = Fixed Project Costs allocable to Downstream Facilities

DCS = Reclamation's Downstream Facilities Capacity Interest,

Fixed O&M Costs

Reclamation's Fixed O&M Costs shall be determined in accordance with the following formula:

$$FOMC = [BFOMC \times BCI] + [DFOMC \times DCS]$$

Where:

FOMC = Fixed O&M Costs

BFOMC = Fixed O&M Costs allocable to Base Facilities

BCI = Reclamation's Base Facilities Capacity Interest

DFOMC = Fixed O&M Costs allocable to Downstream Facilities

DCS = Reclamation's Downstream Facilities Capacity Interest

Variable O&M Costs

Reclamation's Variable O&M Costs shall be determined in accordance with the following formula:

$$\text{VOMC} = [(\text{PWP} / \text{TWP}) \times \text{BPVOMC}] + [(\text{PWR} / \text{TWR}) \times \text{BRVOMC}] + [(\text{PWRD} / \text{TWRD}) \times \text{DVOMC}]$$

Where:

VOMC = Variable O&M Costs

PWP = Sites Water conveyed into Sites Project Facilities attributable to Reclamation

TWP = Total Sites Water conveyed into Base Facilities

BPVOMC = Variable O&M Costs allocable to Sites Water conveyed into Base Facilities

PWR = Sites Water released from Base Facilities attributable to Reclamation

TWR = Total Sites Water released from Base Facilities

BRVOMC = Variable O&M Costs allocable to Sites Water released from Base Facilities

PWRD = Sites Water released from Base Facilities that flows into Downstream Facilities attributable to Reclamation

TWRD = Total Sites Water released from Base Facilities that flows into Downstream Facilities

DVOMC = Variable O&M Costs allocable to Downstream Facilities

Exhibit E: Lease and Sale of Capacity, Sites Water Sales and Right of First Refusal

This exhibit is intended to describe the Parties' understanding of the requirements related to Reclamation's possible future lease or sale of its Capacity Interest in the Sites Project. These requirements are generally consistent with the terms and conditions applied to all Storage Partners and may be modified in the future. As such modifications occur by the Reservoir Management Board and Sites Authority Board, as applicable, the Parties will meet and confer to modify this Exhibit to align Reclamation's lease or sale requirements to be generally consistent with all Storage Partners.

I. Lease of Capacity Interest

Reclamation may lease Capacity Interest to other Storage Partners and to other entities subject to the following conditions:

- (a) Reclamation may negotiate in its discretion the commercial terms of the lease of its Capacity Interest ("Lease Negotiated Terms") provided that:
 - i. The Lease Negotiated Terms must not negatively impact Storage Partners rights to store or convey Sites Water in accordance with their respective agreements with the Sites Authority;
 - ii. Any lease of Capacity Interest must be consistent with the Sites Water Right, governmental approvals and applicable law;
 - iii. Subject to subsection (g) below, a lease of Capacity Interest shall not impact or limit a Storage Partner's rights or obligations to the Sites Authority under their respective agreements with the Sites Authority and Storage Partners shall remain responsible for their obligations to the Sites Authority under such agreements;
 - iv. No lease of Capacity Interest can cause or be construed to cause a reduction in any Sites Project obligation bond credit rating or put the tax exempt borrowing status of the Sites Authority in violation of the Internal Revenue Code of 1986, as amended, as reasonably determined by the Sites Authority;
 - v. If any lease of Base Facilities Capacity Interest is to a Participant with a Downstream Facilities Capacity Interest, the Sites Water may be conveyed on a first priority basis up to the Downstream Facilities Capacity Interest. Should the Participant wish to convey more Sites Water than its Downstream Facilities Capacity Interest allows, this would be on a second priority basis and would incur wheeling costs [on a per Acre-foot basis] determined as

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described in the Operations Plan. Leases to non-Participants would be provided access to Downstream Facilities on a second priority basis and would incur wheeling fee [on a per Acre-foot basis] determined as described in the Operations Plan, which wheeling fee shall be credited to those holders of Downstream Facilities Capacity Interest who provided the Downstream Facilities capacity;

- vi. Prior to any lease by Reclamation of Base Facilities Capacity Interest and Downstream Facilities Capacity Interest, Reclamation shall provide to the Sites Authority information and documents as reasonably requested by the Sites Authority, except for any commercial terms which may be held confidential in accordance with applicable law; and
- (b) Any lease of Base Facilities Capacity Interest and Downstream Facilities Capacity Interest (as applicable) shall be confirmed with staff of the Sites Authority verifying that Sites Project operations and Sites Water accounting may be maintained;
- (c) Any lease agreement for Capacity Interest must acknowledge that conveyance constraints will limit releases from the Sites Project Facilities from time to time, and must specify how Sites Project Facilities losses will be accounted for; and such provisions shall be consistent with requirements established by the Reservoir Management Board and the Sites Authority;
- (d) As a condition of Reclamation leasing all or a portion of its Capacity Interest, Reclamation must first pay any Delinquent Payment Amount due to the Sites Authority under this Agreement;
- (e) Reclamation must provide notice to the Sites Authority of the final lease within 5 days of execution and shall ensure that appropriate communication protocols are in place so that the Sites Authority is able to convey water on behalf of the lessee.
- (f) In the event that Reclamation leases its Base Facilities Capacity Interest and Downstream Facilities Capacity Interest as described in subsection (a) above, Reclamation shall remain signatory to this Agreement and shall continue to be liable and responsible for all of its obligations under this Agreement, and shall not be relieved of any such obligations as a result of such lease or sharing.
- (g) Reclamation shall receive Sites Authority and Reservoir Management Board approvals, as necessary, prior to executing any agreements for lease of Capacity Interest requiring such approvals under this Agreement. The provisions for lease specified in this Section I constitute all provisions necessary for the Sites Authority Board and Reservoir Management Board approving a lease, and such approvals shall not be unreasonably withheld, conditioned or delayed.

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(h) Where a Participant (excluding Reclamation) proposes to lease Base Facilities Capacity Interest and Downstream Facilities Capacity Interest to a non-Storage Partner, and receives a bona fide offer for the same, the leasing Participant must first provide written notice of such offer (“Lease Offer Notice”) to the other non-leasing Storage Partners holding a Capacity Interest in the same Sites Project Facilities (the Base Facilities or the Downstream Facilities, as applicable) including a term sheet with all material terms of the proposed lease, including, the duration of the lease. Reclamation, along with the Storage Partners shall have a “right of first refusal” with respect to the lease of such Capacity Interest on the terms provided in the Lease Offer Notice. Reclamation shall respond to such terms in writing within 60 days of receipt of the Lease Offer Notice or such longer time proposed by the leasing Participant, and a failure to so respond shall be deemed a waiver of such Storage Partner’s or Reclamation’s (as applicable) right to first refusal with regard to the transaction set forth in the Lease Offer Notice. If the terms presented in the Lease Offer Notice are changed in any material way following provision of the Lease Offer Notice, the leasing Participant will provide a revised Lease Offer Notice and Reclamation and the non-leasing Storage Partners shall again have a “right of first refusal” on the new terms in the revised Lease Offer Notice. In the event that more than one non-leasing Storage Partners timely notifies the leasing Participant of such non-leasing Storage Partner’s interest in leasing the Capacity Interest upon the terms set forth in the Lease Offer Notice, the Capacity Interest shall be apportioned pro rata based on the non-leasing Storage Partner’s applicable Capacity Interest in each of the Base Facilities and Downstream Facilities unless the non-leasing Storage Partners agree otherwise;

//. Sale of Capacity Interest

Reclamation may sell all or a portion of its Capacity Interest to other Storage Partners and to other entities subject to the following conditions:

- (a) Reclamation may negotiate in its discretion the commercial terms of the sale of its Capacity Interest (“Sale Negotiated Terms”) provided that:
 - (i) The Sale Negotiated Terms must not negatively impact the rights of other Storage Partners to store or convey Sites Water in accordance with their respective agreements with the Sites Authority;
 - (ii) Any sale of Capacity Interest must be consistent with the Sites Water Right, governmental approvals and applicable law;
 - (iii) Subject to subsection (i) below, a sale of the Capacity Interest shall not impact or limit a Storage Partners rights or obligations to the Sites Authority under their respective agreements with the Sites Authority and each Storage Partner shall remain responsible for all of its obligations to the Sites Authority under their respective agreements with the Sites Authority;
 - (iv) No sale of Reclamation’s Capacity Interest can cause or be construed to cause a reduction in any Sites Project obligation bond credit rating or put the tax exempt borrowing status of the Sites Authority in violation of the Internal Revenue Code of 1986, as amended, as reasonably determined by the Sites Authority; and
 - (v) Subject to subsection (j) below, prior to any sale by Reclamation of Capacity Interest, Reclamation shall provide to the Sites Authority such information and documents as reasonably requested by the Sites Authority, except for any commercial terms which may be held confidential in accordance with applicable law;
- (b) Any sale of Capacity Interest shall be confirmed with staff of the Sites Authority including (i) verifying that Sites Project operations and Sites Water accounting may be maintained; and (ii) providing notice of the proposed buyers credit rating. Any proposed sale by Reclamation to a party outside of the Federal Government must meet lender approval requirements of any loans for the project held by the Sites Authority or any Participant;
- (c) Any sale agreement for Capacity Interest must acknowledge that conveyance constraints will limit releases from the Sites Project Facilities from time to time, and must specify how Sites Project Facilities losses will be accounted for; and such provisions shall be consistent with requirements established by the Reservoir Management Board and the Sites Authority;

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- (d) As a condition of Reclamation selling all or a portion of its Capacity Interest, and of the Sites Authority signing any contract with the purchaser of the Capacity Interest, Reclamation must first pay any Delinquent Payment Amounts due to the Sites Authority under this Agreement;
- (e) Where a Storage Partner proposes to sell Capacity Interest to a non-Storage Partner, and receives a bona fide offer for the same, the selling Storage Partner must first provide written notice of such offer (“Sale Offer Notice”) to the other Storage Partners including a term sheet with all material terms of the proposed sale. Reclamation, along with the Storage Partners shall have a “right of first refusal” with respect to the sale of such Capacity Interest on the terms provided in the Sale Offer Notice. Storage Partners shall respond to such terms in writing within 60 days of receipt of the Offer Letter or such longer time proposed by the selling Storage Partner, and a failure to so respond shall be deemed a waiver of such Storage Partner’s right to first refusal with regard to the transaction set forth in the Sale Offer Notice. If the terms presented in the Sale Offer Notice are changed in any material way following provision of the Sale Offer Notice, the selling Storage Partner will provide a revised Sale Offer Notice and the non-selling Storage Partners shall again have a “right of first refusal” on the new terms in the revised Sale Offer Notice. In the event that more than one non-selling Storage Partners timely notifies the selling Storage Partner of interest in purchasing the Capacity Interest upon the terms set forth in the Sale Offer Notice, the Capacity Interest shall be apportioned pro rata based on the non-selling Storage Partner’s applicable Pro-rata Cost Share unless the non-selling Storage Partners agree otherwise.
- (f) Reclamation must provide notice to the Sites Authority of the final sale within 5 days of execution;
- (g) Downstream Facilities Capacity Interest cannot be sold independently of the associated Base Facilities Capacity Interest.
- (i) In the event that Reclamation sells all or a portion of its Capacity Interest as described in subsection (a) above, Reclamation shall remain liable and responsible for all of its applicable obligations under this Agreement related to such Capacity Interest until such time as the purchaser of such Capacity Interest has entered into a contract with the Sites Authority.
- (j) Reclamation shall receive Sites Authority and Reservoir Management Board approvals, as necessary, prior to executing any agreements for sale of Capacity Interest requiring such approvals under this Agreement. The provisions for sale specified in this Section II constitute all provisions necessary for the Sites Authority Board and Reservoir

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Management Board approving a sale, and such approvals shall not be unreasonably withheld, conditioned or delayed.

III. Sites Water Sales

Reclamation may sell their Sites Water component of their Base Facilities Capacity Interest to other Storage Partners or other entities. The terms of sales of Sites Water are at the sole discretion of Reclamation, provided that:

- (a) Terms must not negatively impact the Sites Water Right or the rights of other Storage Partners as set out in their respective contracts with the Sites Authority;
- (b) Notice of any sale shall be provided to the staff of the Sites Authority so that Sites Project operations and Sites Water accounting may be maintained;
- (c) Any costs to the Sites Authority associated with any sale shall follow beneficiary pays principles; and
- (d) Reclamation may not transfer any other rights or obligations under this Agreement as part of any sale, except as set forth in this Exhibit.

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Exhibit H - Allowable Costs; Approval, Documentation, and Cost Allocation

1. Purpose and Relationship of this Exhibit to Agreement

This Exhibit is incorporated into and made part of the Partnership Agreement (“Agreement”) between the Sites Authority and Reclamation. The purpose of this Exhibit is to:

- Define what constitutes Allowable Costs for purposes of determining Federal In-kind Services for the Sites Project;
- Establish clear documentation, invoicing, and audit standards applicable to such costs; and
- Provide a consistent framework for calculation, valuation, and allocation of costs consistent with 2 CFR Part 200 subpart e.

In the event of a conflict between this Exhibit H and the main body of the Agreement, the Agreement shall control with respect to cost eligibility, valuation, and approval.

2. Governing Principles

After execution of the Agreement, all Allowable Costs must:

1. Be necessary, reasonable, and directly allocable to the Sites Project;
2. Be directly attributable to Reclamation’s providing of services to the Sites Project under the Agreement and be mutually agreed to in advance of the costs being incurred;
3. Be consistent with Federal law, including WIIN Act §4007, 2 CFR Part 200 subpart e, and applicable Reclamation directives;
4. Be consistent with Generally Accepted Accounting Principles (GAAP); and
5. Be approved, documented and invoiced in accordance with Section 5 of this Exhibit.

Costs not meeting all five criteria are non-allowable unless expressly approved in writing by both Parties.

3. Categories of Allowable Costs

3.1 Planning and Pre-construction Costs

Allowable planning and pre-construction costs include costs incurred to advance Sites Project permitting, feasibility-level design development for Sites Project Facilities, design for upgrades to Federal Facilities, and environmental compliance including:

- Fully burdened payroll costs for directly assigned Reclamation staff performing project-specific planning and pre-construction activities, including wages and associated fringe benefits;

- Consultant, engineering, scientific, and legal services directly supporting Sites Project planning and pre-construction activities;
- Travel and subsistence expenses necessary for performance of approved planning and pre-construction tasks; and
- Other project-specific costs approved in writing by the Authority in advance.

Excluded planning and pre-construction costs include executive management costs, and general overhead and participation in business activities not expressly contemplated otherwise in this Exhibit.

3.2 Project Management

Allowable Costs include:

- Coordination of In-Kind Services and support service activities related to approved scopes of work.

3.2 Environmental and Cultural Compliance Costs

Allowable Costs include:

- National Environmental Policy Act, Endangered Species Act, National Historic Preservation Act Section 106, and Fish and Wildlife Coordination Act compliance activities where Reclamation is the Federal lead or joint lead;
- Required environmental mitigation measures related to the Sites Project; and
- Cultural resource studies, monitoring, and mitigation directly related to Sites Project implementation.

3.3 Permitting and Land Use Authorization Costs

Allowable Costs include:

- Federal, State, and local permitting actions required for project construction or operation; and
- Land use authorizations for the use of Federal facilities or lands.

3.4 Design, Engineering, and Construction-Related Costs

Allowable Costs include:

- Design review and engineering services necessary to evaluate impacts to Federal facilities;
- Construction management and inspection activities directly related to modification of Federal facilities; and
- Non-potable water service during construction.

3.5 Reclamation's Operations and Maintenance (O&M) Costs

Allowable O&M costs for Federal Facilities include:

- Reclamation's new fixed O&M costs directly associated with Federal facilities and the Sites Project;
- Reclamation's new variable O&M costs directly associated with Federal facilities and the Sites Project;
- Coordination and assessment performed by Reclamation for Sites Project Facilities operations as described in the Operations Agreement and consistent with the Sites Water Right; and
- Any costs Reclamation pays directly to the operating entity if the Authority incurs a Delinquent Payment Amount.

3.6 Other Allowable Costs

Additional In-Kind Services may be credited toward Reclamation's Sites Project Costs if:

- The services directly offset a Sites Project Cost that the Sites Authority has agreed to be performed by Reclamation;
- The scope of the services is approved in advance by the Authority.

4. Non-Allowable Costs

Non-allowable costs include, without limitation:

- Executive management, or internal administrative costs not directly tied to Sites Project tasks;
- Costs incurred without prior approval where prior approval is required;
- Costs related solely to Reclamation's general water rights administration and the operation of Federal Facilities for moving CVP water;
- Costs not documented in accordance with Section 3 and Section 5.2 of this Exhibit;

5. Cost Approval Process

5.1 Advance Approval

- All Allowable Costs must be agreed to by the Sites Authority in advance of being incurred.
- The Parties will meet and confer to develop and agree on estimates for Allowable Costs. Estimates will be updated as needed.
- The Sites Authority's approval of Allowable Costs may be provided through updates to the Spend Plan, annual operating and capital budgeting approvals, a written task authorization issued by the Sites Authority, or formal correspondence of agreement between the Parties. The Sites Authority is required to approve any Allowable Costs to the extent such costs and services are required by Federal law.

- Costs expected to exceed estimates or that involve new scopes of work must be approved by the Sites Authority in writing prior to costs being incurred unless the scope of work is required by Federal law.

5.2 Invoicing and Documentation

- Invoices shall be submitted quarterly unless otherwise agreed upon.
- Costs will be true-up to actual costs on an annual basis, and the Parties will meet to confer on whether such costs will be considered Allowable Costs, consistent with this Exhibit.
- Each invoice must include sufficient detail to independently verify:
 - Scope of work;
 - Labor categories and hours;
 - Applicable rates;
 - List of deliverables accomplished;
 - Allocation basis to the Sites Project.

5.3 Review and Dispute Resolution

- The Authority shall review invoices for compliance within 30 days.
- Undisputed amounts shall be credited to Reclamation's share of Sites Project Costs; disputed amounts shall be identified with written explanation.
- Disputes shall be resolved pursuant to the Agreement's Article 12, Dispute Resolution, provision.

7. Records, Audit, and Retention

- Each Party shall maintain records sufficient to support claimed Allowable Costs.
- Records shall be retained for the longer of: (i) applicable statutory requirements, or (ii) seven (7) years following final reconciliation.
- Subject to applicable Federal laws and regulations, each Party to this Agreement shall have the right during office hours to examine and make copies of the other Party's books and records relating to costs associated with this Agreement.

Exhibit I – Reclamation Involvement in Governance of Sites Reservoir Project

Purpose

This Exhibit sets forth the governance rights and responsibilities of Reclamation in the Sites Reservoir Project and illustrates the differences of these rights and responsibilities from those of the project Participants. It clarifies that while Reclamation may observe and attend governance meetings, Reclamation is not considered a member of the legislative body and does not hold voting rights, except as expressly provided in the Agreement with the Sites Authority. Reclamation representatives are not expected, at this time, to file a Form 700 annually with the State FPPC.

Delegated Powers Table

Delegated power / function	Participants as members of the Reservoir Management Board (RMB)*	Reclamation	
Approval of budgets and assessments	Majority RMB	Advisory, no vote	
Approval of contracts and change orders	Majority RMB	Advisory, no vote	
Approval of O&M plans and budgets	Majority RMB	Advisory, no vote	
Debt issuance or refinancing	Majority RMB	Advisory, no vote	
Amendments to governing documents	Majority RMB	Advisory, no vote	
Approval of Sale/lease of capacity interests	Majority RMB	Advisory, no vote	

Access to reports and audits	Full Rights	Full rights	
Regular Meeting Business	Majority RMB	Advisory, no vote	
Committee, workgroup participation	Advisory, attendance counts toward quorum	Advisory, attendance does not count toward quorum	
Attendance in Closed Session	A single Designated Representative may attend if no conflicts Majority RMB	No attendance	
Acquisition/disposition of land	Shared, 75% Authority Board + 75% RMB	Advisory, no vote	
Changes to Sites Water Right	Shared, 75% Authority Board + 75% RMB	Advisory, no vote	
Changes to environmental permits	Shared, 75% Authority Board + 75% RMB	Advisory, no vote	
Recreation management	Shared, 75% Authority Board + 75% RMB	Advisory, no vote	
Amendments to Bylaws	Shared, 75% Authority Board + 85%&2 RMB	Advisory, no vote	
Authority debt/financing terms	Shared, 75% Authority Board + 85%&2 RMB	Advisory, no vote	

Termination of Project	Shared, 75% Authority Board + 75% RMB	Advisory, no vote	
Execution of new B&O Contract	Shared, 75% Authority Board + 75% RMB	Advisory, no vote	
Litigation decisions	Shared, 75% Authority Board + 85%&2 RMB	Advisory, no vote	

*vote weighting as reflected in Section 10 and Section 12 of the Sites JPA Bylaws for Phase 3/4/5

Compliance with Law

Nothing in this Exhibit shall expand or diminish Reclamation’s authorities under WIIN Act §4007 or any other applicable law.

Exhibit A: Spend Plan

Reclamation's payment of Fixed Project Costs related to Completion.

By Year	BOR						
	BOR Capacity Interest	BOR Cumulative Fixed Project Costs	Disbursements (2)	BOR In-Kind Services (3)	SPA Fixed Project Costs (1)	Total Fixed Project Costs (4)	Cumulative Fixed Project Costs
2018-2024	22.59%	\$ 31.88	\$ 31.88		\$ 141.14	\$ 141.14	\$ 141.14
2025	20.08%	\$ 31.88	\$ -		\$ 17.62	\$ 17.62	\$ 158.76
Mar-26	19.60%	\$ 31.88	\$ -		\$ 3.90	\$ 3.90	\$ 162.65
Jun-26	19.39%	\$ 32.94	\$ 1.06		\$ 7.25	\$ 7.25	\$ 169.90
Sep-26	25.00%	\$ 45.54	\$ 12.60		\$ 12.25	\$ 12.25	\$ 182.15
Dec-26	25.00%	\$ 47.35	\$ 1.81		\$ 7.25	\$ 7.25	\$ 189.40
Mar-27	25.00%	\$ 48.48	\$ 1.13		\$ 4.50	\$ 4.50	\$ 193.90
Jun-27	25.00%	\$ 49.60	\$ 1.13		\$ 4.50	\$ 4.50	\$ 198.40
Sep-27	20.79%	\$ 61.91	\$ -	\$ 12.31	\$ 87.14	\$ 99.45	\$ 297.85
Dec-27	16.28%	\$ 62.81	\$ -	\$ 0.90	\$ 87.14	\$ 88.04	\$ 385.89
Mar-28	16.00%	\$ 75.83	\$ 12.09	\$ 0.93	\$ 87.14	\$ 88.06	\$ 473.95
Jun-28	16.00%	\$ 89.92	\$ 13.16	\$ 0.93	\$ 87.14	\$ 88.06	\$ 562.02
Sep-28	16.00%	\$ 133.25	\$ 42.40	\$ 0.93	\$ 269.85	\$ 270.78	\$ 832.79
Dec-28	16.00%	\$ 176.57	\$ 42.40	\$ 0.93	\$ 269.85	\$ 270.78	\$ 1,103.57
Mar-29	16.00%	\$ 219.90	\$ 42.37	\$ 0.96	\$ 269.85	\$ 270.80	\$ 1,374.37
Jun-29	16.00%	\$ 263.23	\$ 42.37	\$ 0.96	\$ 269.85	\$ 270.80	\$ 1,645.18
Sep-29	16.00%	\$ 334.31	\$ 70.13	\$ 0.96	\$ 443.30	\$ 444.26	\$ 2,089.44
Dec-29	16.00%	\$ 405.39	\$ 70.13	\$ 0.96	\$ 443.30	\$ 444.26	\$ 2,533.69
Mar-30	16.00%	\$ 476.48	\$ 70.10	\$ 0.99	\$ 443.30	\$ 444.29	\$ 2,977.98
Jun-30	16.00%	\$ 547.56	\$ 70.10	\$ 0.99	\$ 443.30	\$ 444.29	\$ 3,422.27
Sep-30	16.00%	\$ 630.21	\$ 81.67	\$ 0.99	\$ 515.58	\$ 516.56	\$ 3,938.84
Dec-30	16.00%	\$ 712.86	\$ 81.67	\$ 0.99	\$ 515.58	\$ 516.56	\$ 4,455.40
Mar-31	16.00%	\$ 795.52	\$ 81.64	\$ 1.02	\$ 515.58	\$ 516.59	\$ 4,971.99
Jun-31	16.00%	\$ 878.17	\$ 81.64	\$ 1.02	\$ 515.58	\$ 516.59	\$ 5,488.58
Sep-31	16.00%	\$ 960.78	\$ 81.60	\$ 1.02	\$ 515.31	\$ 516.32	\$ 6,004.90
Dec-31	16.00%	\$ 1,043.40	\$ 81.60	\$ 1.02	\$ 515.31	\$ 516.32	\$ 6,521.22
Mar-32	16.00%	\$ 1,126.01	\$ 81.57	\$ 1.05	\$ 515.31	\$ 516.35	\$ 7,037.57

Jun-32	16.00%	\$ 1,208.63	\$ 81.57	\$ 1.05	\$ 515.31	\$ 516.35	\$ 7,553.92
Sep-32	16.00%	\$ 1,275.63	\$ 65.96	\$ 1.05	\$ 417.72	\$ 418.76	\$ 7,972.68
Dec-32	16.00%	\$ 1,342.63	\$ 65.96	\$ 1.05	\$ 417.72	\$ 418.76	\$ 8,391.44
Mar-33	16.00%	\$ 1,409.64	\$ 65.93	\$ 1.08	\$ 417.72	\$ 418.79	\$ 8,810.23
Jun-33	16.00%	\$ 1,476.64	\$ 65.93	\$ 1.08	\$ 417.72	\$ 418.79	\$ 9,229.02
Sep-33	16.00%	\$ 1,489.89	\$ 12.17	\$ 1.08	\$ 81.72	\$ 82.80	\$ 9,311.82
Dec-33	16.00%	\$ 1,503.14	\$ 12.17	\$ 1.08	\$ 81.72	\$ 82.80	\$ 9,394.62
Mar-34	16.00%	\$ 1,516.29	\$ 12.66	\$ 0.50	\$ 81.72	\$ 82.22	\$ 9,476.84
Jun-34	16.00%	\$ 1,529.45	\$ 12.66	\$ 0.50	\$ 81.72	\$ 82.22	\$ 9,559.06
Sep-34	16.00%	\$ 1,532.23	\$ 2.28	\$ 0.50	\$ 16.89	\$ 17.39	\$ 9,576.45
Dec-34	16.00%	\$ 1,535.01	\$ 2.28	\$ 0.50	\$ 16.89	\$ 17.39	\$ 9,593.83
Mar-35	16.00%	\$ 1,537.73	\$ 2.62	\$ 0.10	\$ 16.89	\$ 16.99	\$ 9,610.82
Jun-35	16.00%	\$ 1,540.45	\$ 2.62	\$ 0.10	\$ 16.89	\$ 16.99	\$ 9,627.81
Sep-35	16.00%	\$ 1,540.61	\$ 0.06	\$ 0.10	\$ 0.87	\$ 0.97	\$ 9,628.78
Dec-35	16.00%	\$ 1,540.76	\$ 0.06	\$ 0.10	\$ 0.87	\$ 0.97	\$ 9,629.75
	16.00%	\$ 1,540.92	\$ 0.06	\$ 0.10	\$ 0.87	\$ 0.97	\$ 9,630.73
	16.00%	\$ 1,541.07	\$ 0.06	\$ 0.10	\$ 0.87	\$ 0.97	\$ 9,631.70
Total	16.00%	\$ 1,540.76					\$ 9,629.75

(1) Fixed Project Costs incurred by the Sites Authority (SPA) and reported to Reclamation as specified in the Agreement. Costs include \$5.089M in early land acquisition costs. Costs will not include any financing costs or those in violation of Federal law.

(2) Cash disbursements to the Sites Authority. Assumes a 25% Capacity Interest until the start of the construction phase and then 16% Capacity Interest thereafter. Reclamation's cash disbursements will be dependent upon progress reports as required in Article 24.

(3) Includes Reclamation's \$9.564M of In-Kind Services from 2018-2024. Reclamation's In-kind Services will be included in the Capacity Interest calculation at the start of the Construction Phase.

(4) Costs for upgrades to Red Bluff Pumping Plant are not included in Fixed Project Costs. This work will be completed by Tehama Colusa Canal Authority through other funding sources.

Note: Future Fixed Project Costs are escalated based on the following rates: Planning costs at 3%, Design costs at 3%, Land acquisition at 7%, and Construction at 3.9%.

Note: Rows in purple are real, finalized numbers

Note: Rows in green are reviewed budgeted numbers

Note: Rows in orange are projected numbers

Attachment B - Key Areas of Interest to Participants in Comparing the Reclamation Partnership Agreement vs. Benefits & Obligations (B&O) Contract¹

Governance Implications

- Reclamation participates as a Storage Partner, is not a member of the legislative body, does not govern day-to-day Authority operations, and is not a voting member of either the Authority Board or Reservoir Management Board.

Funding Structure and Risk Allocation

- Reclamation commits all previously appropriated funds in the amount of \$798m. Remaining Federal funding is contingent on Congressional appropriations.
- Reclamation internal staff and consultant costs deemed by the Authority as Allowable Costs count toward Reclamation cost share. Past Reclamation costs (2018 to present) are accepted under negotiated conditions.
- Spend plan (Exhibit A) establishes anticipated timing and amount of construction payments and is subject to regular updates.
- Federal delinquent payments – For construction costs, Capacity Interest not funded is foregone and gets treated as a default under the B&O. For O&M costs, unpaid sums result in inability to use Sites facilities until payments are current, Participants temporary use is allowed.

Capacity Interest and Ownership

- Reclamation establishes Federal Capacity Interest based on proportional actual investment to actual cost.
- Leasing, sale, and transfer of Reclamation Capacity Interest would be consistent with B&O terms with the exception that Reclamation leases are not subject to Authority approval.
- Reclamation would have similar right as Participants in terms refusal rights to other leases and sales but would not be subject to forced acceptance of defaulted Capacity Interest.

Operations and Water Management

- Reclamation has similar decision-making and priorities regarding their use of their Capacity Interest as the other Storage Partners.

Environmental Compliance and Regulatory Role

- Reclamation serves as Federal lead for ESA Section 7 consultation, Section 106 consultation, and Federal environmental responsibilities unless otherwise determined by the Authority and Reclamation.

¹ These provisions are in accordance the tentatively agreed upon Partnership Agreement terms and conditions.