



Meeting: **Reservoir Committee & Authority Board**
Agenda Item 7.1

June 26, 2026

Subject: **Update on Glenn-Colusa Irrigation District (GCID)/Tehama-Colusa Canal Authority (TCCA) Facilities Use Agreements**

Requested Action:

Receive a status update on the Facilities Use Agreements with Glenn Colusa Irrigation District (GCID) and Tehama-Colusa Canal Authority (TCCA).

Detailed Description/Background:

In February 2023, the Sites Authority entered into a Cooperative Agreement with GCID and TCCA regarding the future use of Partner facilities and outlining the process to reach a final agreement regarding such shared use. To inform the development of the rate setting portion of the Facilities Use Agreements, staff solicited services from a wheeling rate consultant (Water Resources Economics) to work with Sites Authority, GCID and TCCA staff to develop a recommended framework and methodology to determine what the Sites Authority will pay for use of shared facilities operated by GCID and TCCA.

Leveraging provisions from other Sites agreements (e.g., Benefits & Obligations Contract, 2023 Cooperative Agreement with GCID and TCCA, etc.), Sites Authority provided an initial draft of the Facilities Use Agreements to GCID and TCCA in December 2025. The Operation & Engineering Workgroup's Conveyance Ad Hoc Subcommittee also provided feedback on additional interests to consider in the initial version of the draft agreement.

Staff revised the agreements to incorporate feedback from GCID and TCCA and held coordination meetings with each party in June to discuss their comments. Refinements primarily focused on updates to agreement language regarding the prioritization of pre-existing customers, as well as revisions to the attachment addressing wheeling rates and loss methodology.

The attached drafts (Attachment A – Draft GCID Facilities Use Agreement and Attachment B – Draft TCCA Facilities Use Agreement) reflect input from the respective facility partners. They are provided for Participant reference in conjunction with the review of the updated draft contract documents (covered in Agenda Item 7.2). These documents have not yet been reviewed by the GCID and TCCA boards and will continue to be updated through upcoming coordination with both entities.

Over the next month, staff will work to resolve the few remaining items and further refine the respective Facilities Use Agreements in coordination with GCID and TCCA. Sites Authority action on these agreements is anticipated to be requested at the July Reservoir Committee/Authority Board meeting.

Prior Action:

March 2026: Received a status update on the Facilities Use Agreements with TCCA and the Operations Agreement with Reclamation District 108.

Fiscal Impact/Funding Source:

Negotiation of both Facility Use Agreements is to be conducted within the budgeted funds currently authorized by the Board.

There is an Attachment in both agreements that describes the methodology previously determined for setting rates and charges by the non-Federal Operating Entity. While the exact amounts have not yet been determined, current estimates that have been discussed are in the range of \$10-30/af, which is consistent with prior versions of the Plan of Finance when adjusted for inflation. The rates would be set such that diversions and releases constitute an independent proportionate share of the existing O&M for the reaches of Canal in use.

Staff Contact:

JP Robinette

Primary Service Provider:

Nossaman / Brown and Caldwell

Attachments:

Attachment A – Draft GCID Facilities Use Agreement

Attachment B – Draft TCCA Facilities Use Agreement

Partner Facilities Use Agreement

between

Sites Authority

and

Glenn-Colusa Irrigation District



Dated as of _____, 2026

This DRAFT of the Agreement is being provided to aid in the review of the Benefits and Obligations Contract in June of 2026. This does not represent the final agreement and is subject to ongoing negotiations and approval by the governing bodies of GCID and the Sites Authority.



**SITES RESERVOIR PROJECT PARTNER FACILITIES USE AGREEMENT
Glenn-Colusa Irrigation District**

This Sites Reservoir Project Partner Facilities Use Agreement (this “**Agreement**”) is made and effective as of _____, between Glenn-Colusa Irrigation District (“**GCID**”), and the Sites Project Joint Powers Authority (“**Sites Authority**”). Each of the Sites Authority and GCID may be referred to in this Agreement as a “**Party**,” and severally and collectively as the “**Parties**.”

RECITALS

- A. The Sites Authority is a California Joint Powers Authority operating under and by virtue of Section 6500 et seq., of the California Government Code and formed pursuant to the Sites Project Authority Joint Exercise of Powers Agreement, as such agreement may be amended and restated from time to time, and pursuant to which the formation of the Sites Reservoir Committee was authorized (“**Sites JPA Agreement**”). The Sites Authority was formed in 2010 by its member agencies, all of whom are public agencies within the Sacramento River Watershed, for the following purpose: To design, permit, finance, construct, and ultimately own and operate a proposed 1.3-1.5 million acre-foot off-stream reservoir located approximately 10 miles west of the town of Maxwell, California (the “**Sites Reservoir Project**”). Once constructed, the Sites Reservoir Project will provide water storage and supply for the entities that pay to participate and receive benefits, including certain Sites Authority members and other municipal entities and special districts (collectively, “**Participants**”) who will be party to that certain Sites Reservoir Benefits & Obligations Contract (“**Benefits & Obligations Contract**”). The Sites Reservoir Project will also provide public benefits including environmental water supply, recreation, and regional flood control benefits.
- B. GCID is a California Irrigation District operating under and by virtue of Division 11 of the California Water Code. GCID owns, operates, and maintains water conveyance facilities and associated delivery infrastructure which is used to serve the irrigation needs of lands within GCID.
- C. The Sites Reservoir Project includes development and operation of new infrastructure including necessary dams, pipelines, pump stations, power transmission lines, and other facilities to provide new water supply and storage.
- D. The operation of the Sites Reservoir Project will utilize new and existing water conveyance facilities and associated infrastructure owned and operated by GCID including (1) the Hamilton City Pumping Plant and Fish Screen (collectively, “**Diversion Facilities**”), (2) a portion of the 65-mile main canal, the primary conveyance facility for GCID which conveys water into a complex system of nearly 1,000 miles of canals, laterals, and drains from the Diversion Facilities to the proposed new Terminal Regulating Reservoir at around milepost 41.3 (“**GCID Main Canal**”), (3) a new headgate structure on the GCID Main Canal, and (4) the new diversion works at the Terminal Regulating Reservoir, (all of which are collectively referred to herein as the “**GCID Partner Facilities**”).
- E. In order to construct and operate the Sites Reservoir Project, the Sites Authority will need the assistance, permission, and cooperation of GCID on a number of activities including planning, design, permitting, construction of the new infrastructure and facility improvements, and integration of GCID Partner Facilities. This Agreement constitutes the

Facilities Use Agreement described in the Cooperative Agreement Between Glenn-Colusa Irrigation District, Tehama-Colusa Canal Authority and the Sites Authority Regarding Use of Partner Facilities for the Sites Reservoir Project (the “Cooperative Agreement”), and the Parties intend to enter into a separate agreement(s) defining cost share, roles and responsibilities, and other key terms related to the permitting, design and construction of improvements to the GCID Partner Facilities (hereinafter the “**Facility Partner Design and Construction Agreement**”) which will be relied upon by Sites Authority with respect to the ultimate details related to the construction and operation of the Sites Reservoir Project. The facilities to be the subject of the Facility Partner Design and Construction Agreement(s) have not yet been defined or agreed by the Parties.

- F. In order to operate the Sites Reservoir Project, the Sites Authority seeks to integrate the Sites Reservoir Project with GCID Partner Facilities on the terms and conditions in this Agreement, which establish the cost sharing, operations and maintenance responsibilities, operational rules and requirements, levels of service, conveyance costs and other key terms and parameters for the use of GCID Partner Facilities by the Sites Authority for the Sites Reservoir Project.
- G. Construction of the Sites Reservoir Project may benefit from the use of GCID Water. The Parties intend to enter into a separate water purchase agreement(s) at the appropriate time for the purchase and conveyance of any GCID Water needed for construction of the Sites Reservoir Project.

In consideration of the above Recitals and of the mutual promises and agreements contained in this Agreement, GCID and the Sites Authority hereby agree as follows:

SECTION 1. DEFINITIONS

Capitalized terms not otherwise defined herein shall have the meanings set forth below in this Section 1.

Applicable Law: Means applicable federal, state and local laws, ordinances, rules, regulations, orders, and policies relating to the Project.

Force Majeure: Means events beyond the reasonable control of a Party, including strikes, riots, wars, fire, earthquakes, acts of God and/or unusual acts of nature, acts in compliance with any law, regulation or order by the United States of America, the State of California, or any other governmental body having jurisdiction regarding the respective Party, in each case which directly, materially and adversely affects a Party’s ability to perform its obligations under this Agreement.

GCID Water: Means water that is appropriated under GCID’s Sacramento River Settlement Contract with the U.S. Bureau of Reclamation or any water right obtained and owned by GCID existing prior to the date of this Agreement.

Governmental Approval: Means any permit, license, consent, entitlement, concession, court order, grant, franchise, authorization, waiver, certification, exemption, filing, lease, registration or ruling, variance or other approval, guidance, protocol, mitigation agreement, settlement agreement, agreement or memorandum of agreement/understanding, and any revision, modification, amendment, supplement, renewal or extension of any of the foregoing, required by or with any governmental entity in order to perform the purposes of this Agreement.

New Facilities: Means new physical infrastructure and capital improvements for the Sites Reservoir Project to be designed, constructed, commissioned, completed, and owned by the Sites Authority, including dams, reservoirs, pipelines, pump stations, power transmission lines, and other facilities needed to provide new water supply and storage.

Pre-Existing Obligations: Means persons or entities with legal or contractual obligations for service by GCID existing prior to the date of this Agreement, including the expansion of the amount or quantity of service. To the extent that such expansion of Pre-existing Obligations would negatively affect GCID's ability to convey Sites Water, the Parties agree to meet and confer to develop ways to mitigate impacts to Sites. [to be further clarified, consider reference to Attachment A – Conveyance Priorities].

Refuge Water: Means water that is diverted by GCID on behalf of the U.S. Bureau of Reclamation for delivery to the Sacramento National Wildlife Refuge, the Delevan National Wildlife Refuge, and the Colusa National Wildlife Refuge.

Sites Water: Means water that is appropriated under the Sites Water Right.

Sites Water Right: Means the water right obtained and owned by the Sites Authority for the Sites Reservoir Project, pursuant to State Water Resources Control Board Order ____.

Subsequent Obligations: Means any person or entities with legal or contractual obligations for service by GCID that arises after the date of this Agreement [to be further clarified, consider reference to Attachment A – Conveyance Priorities].

SECTION 2. TERMS AND CONDITIONS OF GCID PARTNER FACILITY USE

2.1 GENERAL

Subject to the terms of this Agreement, GCID shall provide use of the GCID Partner Facilities to the Sites Authority to wheel water for the operation of the Sites Reservoir Project.

2.2 CONDITIONS PRECEDENT

- (a) This Agreement shall become effective upon the date of the final signature below (“**Effective Date**”).
- (b) GCID shall have no obligation to wheel water under this Agreement until the Sites Authority provides notice to GCID that the Sites Reservoir Project has achieved substantial completion.
- (c) If there is an ambiguity, discrepancy, inconsistency or conflict between this Agreement, the Sites JPA Agreement, the Sites Authority Bylaws or the Sites Authority Benefit and Obligations Contract pertaining to the issues addressed in this Agreement and the use of GCID Partner Facilities, the terms of this Agreement shall control and take precedence over all other agreements and contracts.

SECTION 3. GCID PARTNER FACILITIES AND NEW FACILITIES

3.1 PROTECTION OF GCID PARTNER FACILITIES AND PRE-EXISTING OBLIGATIONS

The Parties agree that:

- (a) the Sites Authority shall not have the power, except with the express written consent of GCID, to enter into any agreements or otherwise take any action that will, directly or indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of GCID or the operations of GCID facilities or any facilities GCID operates under contract [intent is for this language to match language in JPA 2.6];
- (b) use of the GCID Partner Facilities for the Sites Reservoir Project under this Agreement shall not negatively impact, modify, or amend GCID Water, Refuge Water, or GCID's water supplies, contractual entitlements, and the operations of the GCID Partner Facilities;
- (c) GCID shall not be required to modify or amend any of its diversion or delivery of GCID Water or Refuge Water in order to provide use of the GCID Partner Facilities for the Sites Reservoir Project under this Agreement; and
- (d) all water diverted through the GCID Partner Facilities for the Sites Authority under this Agreement shall be Sites Water obtained under the Sites Water Right and Other Water obtained by Participants to be stored in Sites Reservoir and shall not impact GCID Water or Refuge Water unless the Parties mutually agree otherwise.

3.2 LEVEL OF SERVICE AND PARTNERING CONSIDERATIONS

The Parties agree that:

- (a) this Agreement shall not entitle the Sites Authority to be a voting member of the GCID Board of Directors or entitle the Sites Authority (or a representative of the Sites Authority) to serve on GCID's governing board, and except as may otherwise be agreed between the Parties in writing, all decisions and actions concerning the operation and maintenance of the GCID Partner Facilities, including replacements, or any other matters on behalf of GCID, shall rest with GCID;
- (b) GCID shall make good faith efforts to support, and not unreasonably withhold support for the Sites Authority's efforts to obtain and comply with any approvals required to convey Sites Water through federal facilities and comply with Applicable Laws,;
- (c) In the event of any conflict between the diversion and delivery of Sites Water and GCID Water and/or Refuge Water, diversion and delivery of GCID Water and Refuge Water shall have priority over the Sites Water with regard to the use of the GCID Partner Facilities, provided that following execution of this Agreement, the Sites Authority shall have priority over Subsequent Obligations [reference Attachment A].

(d) GCID will coordinate maintenance shutdown windows with the Sites Authority with the objective of minimizing downtime and identifying Incremental Costs to be paid by the Sites Authority for such services as described in Attachment B.

3.3 IMPACT MITIGATION

The Parties will consult with each other and make a good faith effort to amend this Agreement, if necessary, to address and/or mitigate any negative impacts as referenced in Section 3.1(b) such that the Sites Authority's use of the GCID Partner Facilities as described under this Agreement could occur.

3.4 NEW FACILITIES

3.4.1 The Sites Authority intends to develop new physical infrastructure and capital improvements for the Sites Reservoir Project to be designed, constructed, commissioned, completed, and owned by the Sites Authority, including dams, reservoirs, pipelines, pump stations, power transmission lines, and other facilities needed to provide new water supply and storage ("**New Facilities**"). Any facilities designed, built, owned and operated by GCID that will be used for the Sites Reservoir Project are not New Facilities of the Sites Authority.

3.4.2 All decisions with respect to the planning, design, construction, operation, permitting, regulatory compliance, and maintenance of the New Facilities shall rest with the Sites Authority, provided, however, that the Sites Authority will consult with GCID as required by this Agreement.

3.4.3 Sites Authority will allow for use of the Terminal Regulating Reservoir by GCID for GCID operations as a second priority to Sites Authority uses. Such uses will be coordinated with the Sites Authority and will not negatively impact the operations of the Sites Reservoir Project. Operations and Maintenance costs directly attributable to GCID's use of the Terminal Regulating Reservoir and appurtenant facilities will be paid or credited to the Sites Authority in a manner determined by the Sites Authority.

3.5 OPERATIONS AND MAINTENANCE OF GCID PARTNER FACILITIES

GCID shall take or maintain title to GCID Partner Facilities and shall care for, operate, and maintain the GCID Partner Facilities in good working condition as determined in GCID's sole and absolute discretion. Sites accepts and acknowledges the existing GCID facilities in their "as is" condition and GCID's current level of maintenance. Sites Authority may request changes and/or improvements to GCID's existing facilities and their operation or maintenance. Such requests will be subject to GCID approval and any costs and permits associated with said improvements or changes will be addressed in a future Facility Partner Design and Construction Agreement.

3.6 EXAMINATION AND INSPECTION

3.6.1 The Sites Authority may, from time to time, and only as is related to the operation and maintenance of the GCID Partner Facilities associated with this Agreement, inspect the GCID Partner Facilities and their operation and maintenance. The Sites Authority may examine and audit GCID's books, records and reports, and inspect any or all of the GCID Partner Facilities which were constructed with funds advanced, reimbursed, or cost shared in by the Sites Authority. Except

in an emergency, an inspection, examination, or audit shall be made only after written notice thereof has been delivered to GCID by the Sites Authority.

3.6.2 GCID shall provide the Sites Authority with access upon request to the GCID Partner Facilities and be available to assist the Sites Authority in any examination, inspection or audit within a reasonable time period at a time convenient for GCID.

3.6.3 The Sites Authority may prepare reports based on the examinations, inspections or audits, and furnish copies of such reports and any recommendations to GCID.

SECTION 4. REGULATORY AND ENVIRONMENTAL APPROVALS AND COMPLIANCE

4.1 CEQA AND NEPA COMPLIANCE

On November 2, 2023, the Sites Authority and Reclamation released a joint Final Environmental Impact Report/Final Environmental Impact Statement, hereinafter “FEIR/FEIS” , for the Project; and the Authority certified the FEIR/FEIS and adopted the Project with Board Resolution 2023-02; and on January 23, 2026, Reclamation signed its Record of Decision for the construction and operation of the Sites Project (“**CEQA / NEPA Approval**”).

- (a) Prior to the Sites Authority submitting, circulating, publishing, or approving any permit applications or environmental compliance (or similar) documents that implicate GCID, the Sites Authority will provide GCID the opportunity to review, propose edits, and have final approval prior to the Sites Authority proceeding forward with such an effort in accord with Section 3.1(a) above.
- (b) GCID and the Sites Authority shall each be responsible for ensuring compliance with CEQA / NEPA Approval. [to be further clarified]
- (c) The Parties agree that the Sites Reservoir Project’s environmental planning, permitting, and regulatory processes shall not create new effects or adversely impact GCID’s existing operations and maintenance or GCID’s Pre-Existing Obligations.

4.2 [RESERVED]

SECTION 5. CONVEYANCE

5.1 CONVEYANCE PRIORITY

The diversion and conveyance of any water pursuant to this Agreement shall be prioritized according to the priorities identified in Attachment A. GCID will support exchanges upon request by the Sites Authority to facilitate operations, subject to GCID approval, which will not be unreasonably withheld. In the event of any conflict between any provision of this Agreement and the Attachments, the provisions of this Agreement shall govern.

5.2 CONVEYANCE SCHEDULE, QUANTITY, TIMING

5.2.1 Subject to satisfaction of the conditions precedent in Section 2.2 and the other provisions of this Agreement:

- (a) on at least an annual basis and otherwise in accordance with Attachment D, the Sites Authority and GCID shall coordinate to determine the anticipated diversion and release schedule of Sites Water, including anticipated wheeling quantities, timing and route, availability and scheduling of exchanges, and planned maintenance windows and downtime for the GCID Partner Facilities; and
- (b) GCID agrees to make its best efforts to divert Sites Water through the GCID Partner Facilities in the amounts agreed to between the Parties subject to Section 3.1(a) above, and maintenance and operational, regulatory, force majeure and other constraints. GCID shall not be responsible for any losses associated with the use of GCID facilities to convey Sites Water.

5.3 OPERATIONS PROCEDURE AND CHECKLIST

The Parties agree to comply with Attachment D (Operations Procedure and Checklist) with respect to notice and other obligations related to requests to wheel water.

5.4 WHEELING RATES

5.4.1 Sites Authority agrees to pay GCID the wheeling rates contained in Attachment B hereto, for the volume of Sites Water conveyed through GCID Partner Facilities. From time to time as deemed necessary, the Parties may adjust the wheeling rates payable by the Sites Authority in accordance with the methodology in Attachment B of this Agreement, with such determinations and adjustments intended to recover GCID's costs associated with such conveyance.

5.5 ELECTRIC POWER

The Sites Authority may schedule, procure and pay for electric power and usage costs for the conveyance of Sites Water through the GCID Partner Facilities, all in accordance with the process and reporting requirements set forth in Attachment C of this Agreement. Alternatively, electric power costs may be included in the Wheeling Rate per Attachment B.

5.6 WATER RIGHTS.

Neither Party will assert that activities under this Agreement affect any existing water rights or contracts held by either Party to this Agreement. The execution of this Agreement is not intended by either Party to endorse water rights or contracts claimed by the other Party. Wheeling of water pursuant to this Agreement will not confer any appropriative, public trust or other right to water to any person or entity. GCID shall have no responsibility for Sites Water following its delivery to the Terminal Regulating Reservoir.

SECTION 6. CONVEYANCE OPERATIONS

6.1 WATER LOSS RATES

From time to time as it deems necessary, GCID shall determine and adjust reasonable water loss rates payable by the Sites Authority for Sites Water conveyed through GCID Partner Facilities pursuant to this Agreement in accordance with the methodology in Attachment B of this Agreement, including the establishment and adjustment of water loss

assumptions subject to verification and approval by the Sites Authority. Any losses shall be customary and ordinary to all other similar users.

6.2 FLOW MEASUREMENT AND CONTROL

The Parties agree that:

- (a) The Sites Authority may confirm flow measurement calibration, monitoring and adjustment, and audit flow reporting to confirm accounting is as accurate as possible;
- (b) The Sites Authority shall measure release flow from the Sites Reservoir and into the Sites Reservoir Project forebays. GCID may confirm flow measurement calibration, monitoring, and adjustment, and audit flow reporting to confirm accounting is as accurate as possible; and
- (c) GCID shall control Sites Water through the GCID Partner Facilities. The Sites Authority shall control Sites Water through the New Facilities.

SECTION 7. INVOICE AND PAYMENT

Invoice and Payment provisions are described in Attachment B.

SECTION 8. TERM; TERMINATION

This Agreement will be effective upon its execution by both Parties, and its term will last in perpetuity unless and until the Parties agree in writing to terminate it or causes beyond the control of either Party render it impractical or impossible for either Party to perform its respective obligations under this Agreement. If either Party believes that it is impractical or impossible to perform its obligations under this Agreement, it shall provide notice to the other Party and the Parties will meet and confer and attempt to mutually agree to (i) terminate this Agreement, or (ii) execute an amendment to this Agreement to remedy the causes which render performance impractical or impossible.

SECTION 9. DISPUTE RESOLUTION

9.1 INFORMAL DISPUTE RESOLUTION

If a dispute arises between the Sites Authority and GCID relating to or arising from their respective obligations under this Agreement, then the Sites Authority and GCID shall first attempt to resolve the dispute informally, in a timely and cost-effective manner by appointing a knowledgeable, responsible representative to hold meetings and negotiate with the Party's representatives to resolve the dispute. If the chosen representatives fail to resolve the dispute, senior management for each of the Sites Authority and GCID shall negotiate to resolve the dispute.

9.2 RESERVED RIGHTS

If the Sites Authority and GCID are unable to resolve the dispute through informal dispute resolution, each of them reserves any and all rights and remedies available to it under this Agreement or at law or in equity or otherwise.

9.3 ATTORNEY'S FEES

In the event of any dispute that is unresolved pursuant to Section 9.1, the prevailing party in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

SECTION 10. INDEMNIFICATION; INSURANCE

10.1 INDEMNIFICATION

The Sites Authority shall take full responsibility for any and all liability, loss, injury, damages, expenses, costs, fines (regulatory or otherwise) (including costs and fees of litigation or arbitration) of every nature, arising out of any act or omission related to efforts undertaken pursuant to or in furtherance of the provisions of this Agreement. Moreover, the Sites Authority shall indemnify, defend and hold harmless GCID and its respective officials, directors, officers, employees, contractors, consultants, agents and assigns (the "**Indemnified Parties**") from and against any and all liability, loss, injury, damages, expenses, costs, fines (regulatory or otherwise) (including costs and fees of litigation or arbitration) of every nature, arising out of any act or omission related to efforts undertaken pursuant to or in furtherance of any of the provisions of this Agreement by either the Indemnified Parties and/or the Sites Authority, or their respective officials, directors, officers, employees, contractors, consultants, agents and assigns; provided, however, that the foregoing obligations shall not apply to the proportionate extent such claims or damages are caused by the gross negligence or willful misconduct of the Indemnified Parties. [Note: Authority to research how this dovetails with operations insurance approach.]

10.2 INSURANCE

GCID will retain and maintain insurance appropriate for operating and maintaining GCID's facilities.

SECTION 11. MISCELLANEOUS PROVISIONS

11.1 INTERPRETATION

In this Agreement, where appropriate:

- (a) the singular includes the plural and vice versa;
- (b) references to statutes or regulations include all statutory or regulatory provisions consolidating, amending or replacing the statute or regulation referred to;
- (c) the words "including," "includes" and "include" are deemed to be followed by the words "without limitation,";
- (d) a reference to any entity includes such entity's successors and permitted substitutes and assigns; and
- (e) words of any gender used in this Agreement shall include any other gender.

11.2 RELATIONSHIP OF PARTIES

In the exercise of their respective rights and obligations under this Agreement, the Sites Authority and GCID each act in an independent capacity, and neither is to be considered the officer, agent, contractor or employee of the other.

11.3 SEVERABILITY

11.3.1 If any provision or part of this Agreement is ruled invalid (including invalidity due to any change in law) by a court having proper jurisdiction, then the Sites Authority and GCID shall:

- (a) promptly meet and make efforts to negotiate a substitute for such provision or part, which shall, to the greatest extent legally permissible, accomplish their original intent, including (as applicable) an appropriate adjustment to obligations to be performed or payments to be made in accordance with this Agreement to account for any change in the services rendered pursuant to this Agreement resulting from such invalidated portion; and
- (b) if necessary or desirable, apply to the court or other decision maker (as applicable) that declared such invalidity for an interpretation of the invalidated portion to guide their negotiation.

11.3.2 The invalidity or unenforceability of any such provision or part shall not affect the validity or enforceability of the balance of this Agreement, which shall be construed and enforced as if this Agreement did not contain such invalid or unenforceable provision or part.

11.4 NOTICES

Any notices required or permitted under this Agreement shall be in writing and sufficiently given if made in writing and (a) delivered personally, (b) sent by registered or certified mail, postage prepaid, or (c) sent by facsimile or email communication, in each case addressed to the respective parties, as follows:

GCID	Jeffrey Sutton 344 E. Laurel St. Willows, CA 95988 Email: jsutton@gcid.net
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Sites Authority:	JP Robinette P.O. Box 517 Maxwell, CA 95955 Email: jrobinette@sitesproject.org
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GCID and the Sites Authority may from time to time change its address to which notice may be provided by providing notice of the change to the other.

11.5 ASSIGNMENT

Except as otherwise provided in this Agreement, the rights, titles, and interests of either party to this Agreement shall not be assignable or transferable without the consent of the governing body the other party to this Agreement.

11.6 SECTION HEADINGS

The section headings in this Agreement are for convenience of reference only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Agreement.

11.7 GOVERNING LAW AND VENUE

This Agreement shall be governed by and construed in accordance with the laws of the State of California, any applicable federal law, the JPA Agreement, and the ordinances, regulations, codes, and executive orders enacted and/or promulgated pursuant thereto. The venue for any litigation from any dispute shall be in the County of Colusa.

11.8 CONSTRUCTION OF LANGUAGE

If any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

11.9 COOPERATION

The Sites Authority and GCID recognize the necessity of their cooperation and hereby agree to cooperate with each other in carrying out the purposes of this Agreement.

11.10 SUCCESSORS

This Agreement shall be binding upon and inure to the benefit of Sites Authority and GCID and each of their permitted successors, assigns, and legal representatives.

11.11 ENFORCEMENT

The Sites Authority and GCID are hereby authorized to take any and all legal or equitable actions, including but not limited to an injunction and specific performance, necessary or permitted by law to enforce this Agreement.

11.12 INTEGRATION

This Agreement, together with its incorporated documents and references, contains the entire, integrated agreement of the Parties regarding use of the GCID Partner Facilities, and supersedes any and all other prior to contemporaneous negotiations, understandings, and oral or written agreements between them. For the avoidance of doubt, the Cooperative Agreement is a separate agreement that is not superseded by or integrated into this Agreement and shall remain in full force and effect until its expiration or termination in accordance with its terms.

11.13 AMENDMENT

Neither this Agreement nor any provision hereof may be modified or amended except by a written instrument signed by the Sites Authority and GCID.

11.14 COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.15 NO THIRD-PARTY BENEFICIARIES

This Agreement is not intended to benefit any third parties, and any such third-party beneficiaries are expressly disclaimed.

11.16 TIME IS OF THE ESSENCE

The Parties agree time is of the essence in this Agreement.

11.17 ADVICE OF COUNSEL

The Sites Authority and GCID acknowledge that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this Agreement, and that the decision of whether or not to seek the advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each of them. This Agreement is the product of negotiation and therefor shall not be construed against either the Sites Authority or GCID.

11.18 COMPLIANCE WITH LAWS

GCID and Sites Authority shall comply will all Applicable Laws, regulations, executive orders, policies, procedures, and directives.

11.19 FORCE MAJEURE

Upon the occurrence of an event of Force Majeure, a) the Sites Authority shall be excused from its obligations under this Agreement for the period during which it is unable to comply with such obligations as a result of such event of Force Majeure, other than payment obligations under this Agreement, which obligations are not subject to reduction or abatement, and (b) GCID shall be excused from its obligations under this Agreement for the period during which it is unable to comply with such obligations as a result of the event of Force Majeure, other than payment obligations under this Agreement, which obligations are not subject to reduction or abatement.

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

SIGNATURES ON FOLLOWING PAGE(S)

DRAFT

IN WITNESS WHEREOF, the Sites Authority and GCID have caused this Agreement to be executed and attested by their respective proper officers duly authorized on the day and year set forth below, making the same effective on the date last signed by them.

SITES PROJECT JOINT POWERS AUTHORITY

By: _____
Name: Jerry Brown
Title: Executive Director

GLENN-COLUSA IRRIGATION DISTRICT

By: _____
Name: Jeffrey Sutton
Title: General Manager

Attachments

- A Conveyance Priorities
- B Wheeling Rate and Water Loss Assumption Methodologies
- C Electric Power Processes and Coordination
- D Operations Procedure and Checklist

Attachment A – Conveyance Priorities

[To be populated prior to initial execution / investor commitment period, lists Pre-Existing Obligations that have priority over Sites use of GCID Facilities. GCID to take a cut at this list]

DRAFT

ATTACHMENT B GCID WHEELING RATE AND LOSS METHODOLOGY

B.0 PURPOSE.

This Attachment B establishes (i) the methodology for determining the wheeling charges payable by Sites for Sites Water and Other Water diversions through Glenn Colusa Irrigation District (GCID) facilities, including (a) power costs for such diversions, (b) incremental costs attributable to Sites' winter-time and high-flow diversion operations, and (c) future capital and replacement costs not included in the base wheeling rate.

B.1 SERVICES COVERED

GCID Facilities. For purposes of this Attachment B, "GCID Facilities" means only the Hamilton City Pumping Plant and associated fish screen, and the portion of the GCID Main Canal and appurtenant structures used to convey Sites Water from the Hamilton City Pumping Plant to the Terminal Regulating Reservoir (TRR).

Covered Service. Sites will utilize the GCID Facilities solely for diversions of Sites Water and Other Water from the Sacramento River at the Hamilton City Pumping Plant for conveyance to the TRR.

Service Priority. Sites' use of the GCID Facilities is interruptible and subordinate to GCID's operational needs and deliveries to GCID Pre-Existing Customers, consistent with the Agreement.

B.2 WHEELING RATE

Base Wheeling Rate. The Base Wheeling Rate shall initially be set based on the water conveyance rate GCID charges the Bureau of Reclamation under the "Cooperative Agreement Between the Bureau of Reclamation and the Glenn Colusa Irrigation District for the Conveyance of Wildlife Refuge Water and Other Related Purposes", dated October 1, 1998, times a factor of 86.3%¹.

The Base Wheeling Rate that would have been in effect March 1, 2024, will be equal to \$25.26/af *0.863 or \$21.80/af. The Base Wheeling Rate will be adjusted each year as described below under "Annual Escalation," beginning March 1, 2025.

Annual Escalation. Each year, GCID may increase the Base Wheeling Rate to reflect the change in GCID's operating costs. The percent increase will be equal to the percentage change in annual operating costs for the year that the Base Wheeling Rate is in place compared to the immediate prior year, but in no case will increase at a rate that is higher than the rate of change in the water rate that GCID charges its Pre-Existing Customers for the same year.

Changes in Base Wheeling Rate Methodology. GCID or Sites may elect to change the Base Wheeling Rate methodology should there be a material change in costs, deliveries or other circumstances affecting the conveyance of Sites Water and Other Water through GCID facilities. Sites or GCID must provide written notice to the other party of its desire to change the Base

¹ The factor is equal to the estimated miles of GCID main canal used to convey Sites and Other Water divided by the estimated miles of GCID main canal used to convey water to the refuges under the federal agreement as calculated by Water Resources Economics.

Wheeling Rate in writing (electronic notification is acceptable), including the rationale for a change in the Base Wheeling Rate and the necessary documentation of changes in cost or other circumstances requiring such change. Any such change shall be agreed to by Sites and GCID.

B.3 POWER COSTS

In addition to the Base Wheeling Rate, Sites shall pay all power costs required to pump Sites Water from the Sacramento River through the Hamilton City Pumping Plant and appurtenant facilities to the Terminal Regulating Reservoir (TRR). Power costs shall be based on the cost of power purchased by GCID from the Power and Water Resources Power Authority (PWRPA) and the Western Area Power Authority (WAPA) to pump water on behalf of Sites through the Hamilton City Pumping Plant and appurtenant facilities, including energy charges and any applicable demand, transmission, distribution, surcharges, fees, and taxes billed to GCID for such services.

Calculation of the Rate per Acre-foot. Prior to each Water Year, GCID will provide Sites a budgeted power cost rate expressed in \$/AF diverted (the “Budgeted Power Cost Rate”). This rate will be based on the Budgeted Power Cost in the applicable Water Year, divided by the estimated diversions, including Sites Water, Other Water and water for GCID’s use (including for Pre-Existing Customers and the federal refuges).

Power Cost Charge. The Budgeted Power Cost Rate will be applied to each acre-foot of Sites Water (and Other Water as applicable) diverted through the Hamilton City Pumping Plant to determine the Power Cost Charge. The Power Cost Charge will be adjusted to reflect the actual cost of power as described in the “Annual True-up” below.

Annual True-Up. Within two hundred and seventy (270) days after the end of each Fiscal Year, GCID shall provide Sites a calculation of actual power costs incurred to pump Sites Water and Other Water and the resulting actual \$/AF diverted rate. Differences between budgeted and actual power costs shall be addressed through the annual true-up process described in Section B.9.

B.4 LOSSES

Loss Factor. The Base Wheeling Rate and Power Rate will be applied to Sites Water and Other Water delivered to the TRR, as adjusted for losses. The Loss Factor will initially be set at 12%.

Changes to Loss Factor. After commercial operation of the Sites Reservoir, GCID and Sites will evaluate the Loss Factor based on actual diversions at the Hamilton City Pumping Plant and deliveries to the TRR every five years and, as necessary, adjust the Loss Factor to reflect actual losses.

B.5 WHEELING CHARGES PAYABLE BY SITES

Sites Wheeling Charge. For each billing period, GCID will calculate an invoice for Sites equal to:

Sites Wheeling Charge = (Base Wheeling Rate + Power Rate)*Estimated Deliveries/(1-Loss Factor)

True-up. No later than 270 days after the end of the fiscal year, GCID will calculate the Wheeling Charge based on actual deliveries and actual power costs. GCID will adjust the invoice for

Wheeling Charges in the subsequent billing period to reflect the difference between the estimated Wheeling Charge and the actual Wheeling Charge in the previous billing period as described in Section B.7.

B.6 INCREMENTAL COSTS

Eligible Incremental Costs. In addition to Wheeling Charges, Sites will pay GCID for incremental costs incurred by GCID that are attributable to diverting and conveying Sites Water to the TRR during winter diversion periods. Eligible incremental costs include, without limitation: (i) additional staffing costs due to shorter maintenance periods during winter months; (ii) staffing costs (including overtime) to operate GCID Facilities during Sites diversion periods and associated high-flow conditions; and (iii) chemicals and other materials needed to address water quality impacts associated with high-flow diversions.

Incremental Cost Reserve. Sites agrees to fund an Incremental Cost Reserve to be held by GCID for the sole purpose of paying for documented Incremental Costs during a given fiscal year. The beginning balance of the Incremental Cost Reserve at the start of each fiscal year will be \$200,000. Should the balance be less than \$200,000 at the beginning of the fiscal year, GCID will prepare an invoice for the difference

Draws. GCID may draw funds from the Incremental Cost Reserve to pay eligible incremental costs. GCID shall maintain reasonable records supporting each draw and shall segregate accounting for the Incremental Cost Reserve.

Annual Reporting. Within 90 days of the end of the fiscal year, GCID will provide Sites a written report summarizing (i) draws from the Incremental Cost Reserve during the prior fiscal year, including a description of the funded eligible incremental costs, and (ii) the reserve balance as of the end of the fiscal year. There may be years with no eligible incremental costs.

Interest. Unless the Parties agree otherwise in writing, interest (if any) earned on the Incremental Cost Reserve shall remain in the Incremental Cost Reserve and be used for the same purposes.

B.7 INVOICING, PAYMENT, AND ROLLING FIVE-YEAR TRUE-UP

Semi-Annual Invoicing. GCID will invoice Sites two times per year, in February and November. Semi-annual invoices shall be based on budgeted diversions and budgeted unit rates/costs (Sites Base Wheeling Rate, Budgeted Power Cost Rate, and required Incremental Cost Reserve funding, if any) for the applicable fiscal year.

Budget Submittals and Rate Notice. On or before December 1 of each year (or another date agreed in writing), Sites shall provide GCID an estimate of expected diversions for the upcoming calendar year (the "Budgeted Sites Diversion Volume"). The minimum Budgeted Sites Diversion Volume to be submitted by Sites will be 50,000 acre-feet. GCID shall provide Sites the proposed Sites Base Wheeling Rate for the upcoming fiscal year, the Budgeted Power Cost Rate, and any anticipated Incremental Cost Reserve funding requirement for the upcoming fiscal year.

Payment Terms. Sites shall pay each invoice within thirty (30) days of receipt, unless otherwise agreed by GCID.

Annual Reconciliation. Within 270 days following the end of each fiscal year, GCID shall provide Sites an annual reconciliation (the "True-Up Statement") comparing (i) budgeted charges and

payments for that fiscal year to (ii) charges recalculated using actual Sites Diversion Volume and actual power costs (and any other actuals available).

Rolling Five-Year True-Up. The Parties agree to smooth annual over-collections and under-collections by applying a rolling five-year averaging mechanism. Specifically, the net annual variance identified in the True-Up Statement for each fiscal year shall be included in a rolling five-year average of annual variances. The rolling five-year average variance (credit or charge) shall be applied as an adjustment to the next November invoice. For the first four fiscal years, the rolling average shall be based on the actual number of completed Fiscal Years.

Records and Audit. Upon reasonable notice, Sites may review GCID's records reasonably necessary to verify calculations under this Attachment B, consistent with the Agreement's confidentiality provisions.

B.10 CAPITAL ADDITIONS AND MODIFICATIONS BY MUTUAL AGREEMENT

Separate Agreement Required. Any Capital Addition intended to serve Sites diversions through GCID Facilities shall require a separate written agreement between the Parties that addresses scope, schedule, permitting, cost allocation, ownership, and operation and maintenance responsibility (a Facility Partner Design and Construction Agreement).

No Implied Obligation. Nothing in this Attachment B obligates GCID to construct any Capital Addition absent mutual written agreement and applicable approvals.

DRAFT

Attachment C – Electric Power Processes and Coordination

[To be populated at a later date, prior to substantial completion of the Sites Reservoir Project]

DRAFT

Attachment D – Operations Procedure and Checklist

[To be populated at a later date, prior to substantial completion of the Sites Reservoir Project

DRAFT

Partner Facilities Use Agreement

between

Sites Authority

and

Tehama-Colusa Canal Authority



Dated as of _____, 2026

This DRAFT of the Agreement is being provided to aid in the review of the Benefits and Obligations Contract in June of 2026. This does not represent the final agreement and is subject to ongoing negotiations and approval by the governing bodies of TCCA and the Sites Authority.

SITES RESERVOIR PROJECT PARTNER FACILITIES USE AGREEMENT
Tehama-Colusa Canal Authority

This Sites Reservoir Project Partner Facilities Use Agreement (this “**Agreement**”) is made and effective as of _____, between Tehama-Colusa Canal Authority (“**TCCA**”), and the Sites Project Joint Powers Authority (“**Sites Authority**”). Each of the Sites Authority and TCCA may be referred to in this Agreement as a “**Party**,” and severally and collectively as the “**Parties**.”

RECITALS

- A. The Sites Authority is a California Joint Powers Authority operating under and by virtue of Section 6500 et seq., of the California Government Code and formed pursuant to the Sites Project Authority Joint Exercise of Powers Agreement, as such agreement may be amended and restated from time to time, and pursuant to which the formation of the Sites Reservoir Committee was authorized (“**Sites JPA Agreement**”). The Sites Authority was formed in 2010 by its member agencies, all of whom are public agencies within the Sacramento River Watershed, for the following purpose: To design, permit, finance, construct, and ultimately own and operate a proposed 1.3-1.5 million acre-foot off-stream reservoir located approximately 10 miles west of the town of Maxwell, California (the “**Sites Reservoir Project**”). Once constructed, the Sites Reservoir Project will provide water storage and supply for the entities that pay to participate and receive benefits, including certain Sites Authority members and other municipal entities and special districts (collectively, “**Participants**”) who will be party to that certain Sites Reservoir Benefits & Obligations Contract (“**Benefits & Obligations Contract**”). The Sites Reservoir Project will also provide public benefits including environmental water supply, recreation, and regional flood control benefits.
- B. TCCA is a California Joint Powers Authority operating under and by virtue of Section 6500 et seq., of the California Government Code. Pursuant to the Agreement to Transfer Operation, Maintenance and Replacement and Certain Financial and Administrative Activities, dated [], 2021 (“**Contract No. 6-07-20-X0343**”), between TCCA and the United States Bureau of Reclamation (“**Reclamation**”), the owner of the subject facilities, related to the Tehama-Colusa and Corning Canals, Red Bluff and Corning Pumping Plants, Funks Reservoir and associated works (“**Transfer Agreement**”). Under the 35-year term Transfer Agreement, which is renewable for successive 35-year terms, TCCA administrates the operations and maintenance of these facilities to serve the irrigation needs of the water districts within the Sacramento Canals Unit of the Central Valley Project.
- C. The Sites Reservoir Project includes development and operation of new infrastructure including necessary dams, pipelines, pump stations, power transmission lines, and other facilities to provide new water supply and storage.
- D. The operation of the Sites Reservoir Project will utilize new and existing conveyance facilities that are owned by Reclamation and operated by TCCA including (1) diversion facilities at Red Bluff (including fish screening and a powered pump station (collectively, “**Diversion Facilities**”), (2) the Funks Reservoir (the “**Funks Reservoir**”) and (3) a canal linking the Diversion Facilities, the Funks Reservoir and associated works (the “**Tehama-Colusa Canal**” and together with the Diversion Facilities and the Funks Reservoir, the “**TCCA Partner Facilities**”). [Sites Authority and Reclamation have executed Contract No. [], dated, [], for use of these facilities’ excess capacities.]

- E. In order to construct and operate the Sites Reservoir Project, the Sites Authority will need the assistance, permission, and cooperation of TCCA on a number of activities including planning, design, permitting, construction of the new infrastructure and facility improvements, and integration of TCCA Partner Facilities. This Agreement constitutes the Facilities Use Agreement described in the Cooperative Agreement Between Glenn-Colusa Irrigation District, Tehama-Colusa Canal Authority and the Sites Authority Regarding Use of Partner Facilities for the Sites Reservoir Project (the “**Cooperative Agreement**”), and the Parties intend to enter into a separate agreement defining cost share, roles and responsibilities, and other key terms related to the permitting, design and construction of improvements to the TCCA Partner Facilities which will be relied upon by Sites Authority (“**Design and Construction Agreement**”) with respect to the ultimate details related to the construction and operation of the Sites Reservoir Project. The facilities to be the subject of the Facility Partner Design and Construction Agreement(s) have not yet been defined or agreed by the Parties.
- F. In order to operate the Sites Reservoir Project, the Sites Authority must use and integrate the Sites Reservoir Project with TCCA Partner Facilities on the terms and conditions in this Agreement, which establish the cost sharing, operations and maintenance responsibilities, operational rules and requirements, levels of service, conveyance costs and other key terms and parameters for the use of TCCA Partner Facilities by the Sites Authority for the Sites Reservoir Project.

In consideration of the above Recitals and of the mutual promises and agreements contained in this Agreement, TCCA and the Sites Authority hereby agree as follows:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, definitions for certain capitalized acronyms, abbreviations and terms used in this Agreement have the meanings given in this Section 1.

Agreement: Has the meaning given in the introduction paragraph above.

Applicable Law: Means applicable federal, state and local laws, ordinances, rules, regulations, orders, and policies relating to the Project.

CEQA / NEPA Approval: Has the meaning given in Section 4.1.

Cooperative Agreement: Has the meaning given in the introduction paragraph above.

Design and Construction Agreement: Has the meaning given in Recital E to this Agreement.

Diversion Facilities: Has the meaning given in Recital D to this Agreement.

Excess Capacity Agreement: Has the meaning given in Section 4.12.

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

Funks Reservoir: Has the meaning given in Recital D to this Agreement.

Good Industry Practice: Means the exercise of the degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced designer, engineer, constructor, supplier, manager, operator or maintenance provider, as applicable, operating in the United States under the same or similar circumstances and conditions, seeking in good faith to comply with its contractual obligations, this Agreement and all Applicable Law and Governmental Approvals in conformance with applicable professional engineering principles, construction, operations and maintenance practices generally accepted as standards of the industry in the State.

Governmental Approval: Means any permit, license, consent, concession, court order, grant, franchise, authorization, waiver, certification, exemption, filing, lease, registration or ruling, variance or other approval, guidance, protocol, mitigation agreement, settlement agreement, agreement or memorandum of agreement/understanding, and any revision, modification, amendment, supplement, renewal or extension of any of the foregoing, required by or with any governmental entity in order to perform the purposes of this Agreement.

Indemnified Parties: Has the meaning given in Section 9.1.

JPA Agreement: Has the meaning given in Recital A to this Agreement.

NEPA: Has the meaning given in Section 4.1.

New Facilities: Has the meaning given in Section 3.4.1.

Operations Plan: Means the Sites Reservoir Operations Plan, initially dated ____, 2026, as such Sites Reservoir Operations Plan may be modified and approved from time to time in accordance with the Sites Authority policies and the Benefits & Obligations Contract.

Participants: Has the meaning given in Recital A to this Agreement.

Party or Parties: Has the meaning given in the introduction paragraph above.

Pre-Existing Customers: Means persons or entities who have existing contractual relationships with TCCA for use of the TCCA Partner Facilities effective prior to the date of this Agreement.

Reclamation: Means the Bureau of Reclamation, an agency of the United States of America.

Sites Authority: Has the meaning given in the introduction paragraph above.

Sites Reservoir Project: Has the meaning given in Recital A to this Agreement.

Sites Water: Means water that is appropriated under the Sites Water Right.

Sites Water Right: Means the water right obtained and owned by the Sites Authority for the Sites Reservoir Project, pursuant to State Water Resources Control Board Order XXXX.

Subsequent Customers: Means persons or entities who enter into contractual relationships with TCCA for use of the TCCA Partner Facilities after the date of this Agreement.

TCCA: Has the meaning given in the introduction paragraph above.

TCCA Partner Facilities: Has the meaning given in Recital D to this Agreement.

Tehama-Colusa Canal: Has the meaning given in Recital D to this Agreement.

Transfer Agreement: Has the meaning given in Recital B to this Agreement.

SECTION 2. TERMS AND CONDITIONS OF TCCA PARTNER FACILITY USE

2.1 GENERAL

Subject to the terms of this Agreement and the Excess Capacity Agreement, TCCA shall provide use of the TCCA Partner Facilities to the Sites Authority to wheel water for the construction and operation of the Sites Reservoir Project.

2.2 CONDITIONS PRECEDENT

- (a) This Agreement shall become effective upon execution and delivery by the Parties.
- (b) TCCA shall have no obligation to wheel water under this Agreement until the Sites Authority notifies TCCA of substantial completion of the Sites Reservoir Project.

SECTION 3. TCCA PARTNER FACILITIES AND NEW FACILITIES

3.1 PROTECTION OF TCCA PARTNER FACILITIES' PRE-EXISTING CUSTOMERS

The Parties agree that:

- (a) use of the TCCA Partner Facilities for the Sites Reservoir Project under this Agreement shall not negatively impact TCCA's ability to meet existing legal and contractual obligations toward Pre-Existing Customers, as they may be reasonably amended and/or supplemented, nor shall it result in unacceptable impacts to Pre-Existing Customers, or modify or amend TCCA's existing legal and contractual rights and obligations with regard to Pre-Existing Customers;
- (b) TCCA shall not be required to modify or amend any of its existing rights and obligations for water service, repayment, purchase, settlement or exchange contract with Pre-Existing Customers in order to provide use of the TCCA Partner Facilities for the Sites Reservoir Project under this Agreement; and
- (c) all water diverted through the TCCA Partner Facilities for the Sites Authority under this Agreement shall be Sites Water obtained under the Sites Water Right and shall not impact water rights applicable to the TCCA Partner Facilities unless the Parties mutually agree and make arrangements with other water right holders.

3.2 LEVEL OF SERVICE AND PARTNERING CONSIDERATIONS

The Parties agree that:

- (a) this Agreement shall not entitle the Sites Authority to a governing seat on TCCA's governing board, and except as may otherwise be agreed between the Parties in writing, all decisions and actions concerning the operation and maintenance of the TCCA Partner Facilities, including replacements, or any other matters on behalf of TCCA, shall rest with TCCA;
- (b) TCCA shall support the Sites Authority in obtaining and complying with any approvals required to convey Sites Water through federal facilities and any Applicable Laws;
- (c) TCCA and its member agencies shall support, and shall not protest, the Sites Reservoir Project throughout the permitting and regulatory process and proceedings, as well as through the process of obtaining the Sites Water Right;
- (d) Upon completion of the development period in the Sites Water Right, TCCA and its member agencies shall support and shall not protest the Sites Authority's efforts to license the Sites Water Right; and
- (e) In the event of any conflict between the Sites Authority and any Pre-Existing Customers, the Pre-Existing Customers shall have priority over the Sites Authority regarding use of the TCCA Partner Facilities, provided that following execution of this Agreement, the Sites Authority shall have priority over Subsequent Customers.

[Note: See comment above re Pre-Existing Customers]

3.3 IMPACT MITIGATION

The Parties will consult with each other and make a good faith effort to amend this Agreement, if necessary, to determine if any unacceptable impacts described in Section 2 could be addressed and/or mitigated in some manner or form such that the Sites Authority's use of the TCCA Partner Facilities as described under this Agreement could occur.

3.4 NEW FACILITIES

3.4.1 The Sites Authority intends to develop new physical infrastructure and capital improvements for the Sites Reservoir Project to be designed, constructed, commissioned, completed, and owned by the Sites Authority, including dams, reservoirs, pipelines, pump stations, power transmission lines, and other facilities needed to provide new water supply and storage ("**New Facilities**"). Any facilities designed and built by TCCA that will be used for the Sites Reservoir Project are not New Facilities of the Sites Authority.

3.4.2 All activities of the Sites Authority associated with the Sites Reservoir, including New Facilities, are subject to Section 2.6 of the JPA Agreement, which states:

GCID and TCCA Operations: The Authority Members anticipate that the Sites Reservoir Project will be within or adjacent to GCID and/or TCCA districts with at least a portion of the conveyance of water into the reservoir to be accomplished by wheeling water through GCID's Main Canal and/or the Tehama-Colusa Canal. The Authority shall not have the power, except with the express written consent of GCID and/or TCCA, depending on which facilities are at issue, to enter into any agreements or otherwise take any action that will, directly or

indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of GCID and/or TCCA (and, in the case of TCCA, the water agencies it serves) or the operations of their facilities or any facilities they operate under contract.

3.4.3 Subject to Section 3.4.2, all decisions with respect to the planning, design, construction, operation, permitting, regulatory compliance, and maintenance of the New Facilities that are to be owned and operated by the Sites Authority shall rest with the Sites Authority, provided, however, that the Sites Authority will consult with TCCA as provided in this Agreement.

3.5 OPERATIONS AND MAINTENANCE OF TCCA PARTNER FACILITIES

TCCA shall care for, operate and maintain the TCCA Partner Facilities in accordance with the terms of the Agreement and otherwise in accordance with the standards described in the Transfer Agreement.

3.6 EXAMINATION AND INSPECTION

3.6.1 The Sites Authority may, from time to time, and only as is related to the operation and maintenance of the TCCA Partner Facilities associated with this Agreement, examine and audit TCCA's books, records and reports, and inspect the TCCA Partner Facilities and the adequacy of the operation and maintenance of the TCCA Partner Facilities. The Sites Authority may examine any or all of the TCCA Partner Facilities which were constructed with funds advanced, reimbursed, or cost shared in by the Sites Authority. Except in an emergency, an inspection, examination, or audit shall be made only after written notice thereof has been delivered to TCCA by the Sites Authority.

3.6.2 TCCA shall provide the Sites Authority with access to the TCCA Partner Facilities, operate any mechanical or electrical equipment at the request of the Sites Authority, and be available to assist the Sites Authority in any examination, inspection or audit.

3.6.3 The Sites Authority shall prepare reports based on the examinations, inspections or audits, and furnish copies of such reports and any recommendations to TCCA.

3.6.4 [PLACEHOLDER][Must be in compliance with federal restrictions that apply and in coordination with existing bureau and federal requirements – TCCA must comply with its obligations to its contracts first].

SECTION 4. REGULATORY AND ENVIRONMENTAL APPROVALS AND COMPLIANCE

4.1 CEQA AND NEPA COMPLIANCE

On November 2, 2023, the Sites Authority and Reclamation released a joint Final Environmental Impact Report/Final Environmental Impact Statement, hereinafter "FEIR/FEIS" , for the Project; and the Authority certified the FEIR/FEIS and adopted the Project with Board Resolution 2023-02; and on [DATE], Reclamation signed its Record of Decision for the construction and operation of the Sites Project ("CEQA / NEPA Approval").

- (a) [Prior to the Sites Authority submitting, circulating, publishing, or approving any permit applications or environmental compliance (or similar) documents that implicate TCCA, the Sites Authority will provide TCCA the opportunity to review, propose edits, and have final approval prior to the Sites Authority proceeding forward with such an effort in accord with Section 2.6 of the Sites JPA Agreement (as at the time of execution) or equivalent provision.
- (b) TCCA and the Sites Authority shall each be responsible for ensuring compliance with CEQA / NEPA Approval. **[Note: Discuss further]**
- (c) The Parties agree that the Sites Reservoir Project's environmental planning, permitting, and regulatory processes shall not create new effects or adversely impact TCCA's existing operations and maintenance or TCCA's Pre-Existing Customers.

4.2 EXCESS CAPACITY AGREEMENT

- (a) The Parties understand that an executed Excess Capacity Agreement with Reclamation ("**Excess Capacity Agreement**") is necessary for the use of the TCCA Partner Facilities and shall work together to obtain such contract. **[Note: Discuss and confirm process for Excess Capacity Agreement and any additional environmental review.]**
- (b) Neither the Sites Authority nor TCCA shall have any right, authority or obligation under this Agreement to perform, and shall not perform, any activities or services under this Agreement that could cause effects to the physical environment until all Applicable Laws and regulations have first been satisfied.

SECTION 5. CONVEYANCE

5.1 DELIVERY AND RELEASE CRITERIA

The conveyance of any water pursuant to this Agreement shall be governed by the "Reclamation Operations, Maintenance & Replacement Agreement" attached as Attachment A. The Delivery Criteria may be modified from time to time by the mutual written agreement of both of the Parties' respective representatives or authorized designees. In the event of any conflict between any provision of this Agreement and the Delivery and Release Criteria, the provisions of this Agreement shall govern.

5.2 CONVEYANCE SCHEDULE, QUANTITY, TIMING

5.2.1 Subject to satisfaction of the conditions precedent in Section 2.2 and the other provisions of this Agreement:

- (a) on at least an annual basis and otherwise in accordance with the Operations Plan, the Sites Authority and TCCA shall coordinate to determine the anticipated diversion and release schedule of Sites Water, including anticipated wheeling quantities, timing and route, availability and scheduling of exchanges, and planned maintenance windows and downtime for the TCCA Partner Facilities; and

- (b) TCCA agrees to divert Sites Water through the TCCA Partner Facilities in the amounts agreed to between the Parties from Funks Reservoir to the Dunnigan Pipeline.

5.3 OPERATIONS PROCEDURE AND CHECKLIST

The Parties agree to comply with Attachment D (Operations Procedure and Checklist) with respect to notice and other obligations related to requests to wheel water.

5.4 WHEELING RATES

5.4.1 From time to time as it deems necessary, and the Parties adjust the wheeling rates payable by the Sites Authority for the volume of Sites Water conveyed with TCCA Partner Facilities pursuant to this Agreement in accordance with the methodology in Attachment B of this Agreement, such determinations and adjustments being intended to recover TCCA's variable costs associated with such conveyance.

5.5 ELECTRIC POWER

The Sites Authority may schedule, procure and pay for electric power and usage costs for the conveyance of Sites Water through the TCCA Partner Facilities, all in accordance with the process and reporting requirements to be set forth in Attachment C of this Agreement. The Parties shall work collaboratively with Reclamation to develop Attachment C following execution of this Agreement. Alternatively, electric power costs may be included in the Wheeling Rate per Attachment B.

5.6 WATER RIGHTS.

Neither Party will assert that activities under this Agreement affect any existing water rights or contracts held by either Party to this Agreement. The execution of this Agreement is not intended by either Party to endorse water rights or contracts claimed by the other Party. Wheeling of water pursuant to this Agreement will not confer any appropriative, public trust or other right to water to any person or entity. TCCA shall have no responsibility for Sites Water following its delivery to the Dunnigan Pipeline.

SECTION 6. CONVEYANCE OPERATIONS

6.1 WATER LOSS RATES

From time to time as it deems necessary, TCCA shall determine and adjust reasonable water loss rates payable by the Sites Authority for Sites Water conveyed with TCCA Partner Facilities pursuant to this Agreement in accordance with the methodology in Attachment B of this Agreement, including the establishment and adjustment of water loss assumptions subject to verification and approval by the Sites Authority. Any losses shall be customary and ordinary to all other similar users.

6.2 FLOW MEASUREMENT AND CONTROL

The Parties agree that:

- (a) TCCA shall measure flow into the Funks Reservoir. The Sites Authority may confirm flow measurement calibration, monitoring, and adjustment, and audit flow reporting to confirm accounting is as accurate as possible;
- (b) The Sites Authority shall measure release flow from the Sites Reservoir and into the Sites Reservoir Project forebays. TCCA may confirm flow measurement calibration, monitoring, and adjustment, and audit flow reporting to confirm accounting is as accurate as possible; and
- (c) TCCA shall control Sites Water between the Funks Reservoir at the Red Bluff fish screen facilities and the pump plant forebay at Funks Reservoir, and from the Funks Reservoir to Participant turnouts on the Tehama-Colusa Canal or to the terminus of the canal for export to Participants outside of the TCCA service area. The Sites Authority shall control Sites Water through the Dunnigan Pipeline and through the Knights Landing Outfall Gates into the Sacramento River.

SECTION 7. INVOICE AND PAYMENT

[Note: Invoice and Payment provision to be developed with the Wheeling Attachment.]

SECTION 8. TERM; TERMINATION

This Agreement will be effective upon its execution by both Parties, and its term will last in perpetuity subject to TCCA's successful renewals of Contract No. 6-07-20-X0343, unless and until the Parties agree in writing to terminate it, or causes beyond the control of either Party render it impractical or impossible for either Party to perform its respective obligations under this Agreement. If either Party believes that it is impractical or impossible to perform its obligations under this Agreement, it shall provide notice to the other Party and the Parties will meet and confer and attempt to mutually agree to (i) terminate this Agreement, or (ii) execute an amendment to this Agreement to remedy the causes which render performance impractical or impossible.

SECTION 9. DISPUTE RESOLUTION

9.1 INFORMAL DISPUTE RESOLUTION

If a dispute arises between the Sites Authority and TCCA relating to or arising from their respective obligations under this Agreement, then the Sites Authority and TCCA shall first attempt to resolve the dispute informally, in a timely and cost-effective manner by appointing a knowledgeable, responsible representative to hold meetings and negotiate with the others' representatives to resolve the dispute. If the chosen representatives fail to resolve the dispute, senior management for each of the Sites Authority and TCCA shall negotiate to resolve the dispute.

9.2 RESERVED RIGHTS

If the Sites Authority and TCCA are unable to resolve the dispute through informal dispute resolution, each of them reserves any and all rights and remedies available to it under this Agreement or at law or in equity or otherwise.

9.3 ATTORNEY'S FEES

In the event of any dispute that is unresolved pursuant to Section 9.1, the prevailing party in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

SECTION 10. INDEMNIFICATION; INSURANCE

10.1 INDEMNIFICATION

The Sites Authority shall take full responsibility for any and all liability, loss, injury, damages, expenses, costs, fines (regulatory or otherwise) (including costs and fees of litigation or arbitration) of every nature, arising out of any act or omission related to efforts undertaken pursuant to or in furtherance of the provisions of this Agreement. Moreover, the Sites Authority shall indemnify, defend and hold harmless TCCA and its officials, directors, officers, employees, contractors, consultants, agents and assigns (the "**Indemnified Parties**") from and against any and all liability, loss, injury, damages, expenses, costs, fines (regulatory or otherwise) (including costs and fees of litigation or arbitration) of every nature, arising out of any act or omission related to efforts undertaken pursuant to or in furtherance of any of the provisions of this Agreement by either the Indemnified Parties and/or the Sites Authority, or their respective officials, directors, officers, employees, contractors, consultants, agents and assigns; provided, however, that the foregoing obligations shall not apply to the proportionate extent such claims or damages are caused by the gross negligence or willful misconduct of the Indemnified Parties. **[Note: Authority to research how this dovetails with operations insurance approach.]**

10.2 INSURANCE

[Note: Discuss insurance obligations and coverage for TCCA operations]

SECTION 11. MISCELLANEOUS PROVISIONS

11.1 INTERPRETATION

In this Agreement, where appropriate:

- (a) the singular includes the plural and vice versa;
- (b) references to statutes or regulations include all statutory or regulatory provisions consolidating, amending or replacing the statute or regulation referred to;
- (c) the words "including," "includes" and "include" are deemed to be followed by the words "without limitation,";
- (d) a reference to any entity includes such entity's successors and permitted substitutes and assigns; and
- (e) words of any gender used in this Agreement shall include any other gender.

11.2 RELATIONSHIP OF PARTIES

In the exercise of their respective rights and obligations under this Agreement, the Sites Authority and TCCA each act in an independent capacity, and neither is to be considered the officer, agent, contractor or employee of the other.

11.3 SEVERABILITY

11.3.1 If any provision or part of this Agreement is ruled invalid, including invalidity due to any change in law, by a court having proper jurisdiction, then the Sites Authority and TCCA shall:

- (a) promptly meet and make efforts to negotiate a substitute for such provision or part, which shall, to the greatest extent legally permissible, effect their original intent, including, as applicable, an appropriate adjustment to obligations to be performed or payments to be made in accordance with this Agreement to account for any change in the services rendered pursuant to this Agreement resulting from such invalidated portion; and
- (b) if necessary or desirable, apply to the court or other decision maker, as applicable, that declared such invalidity for an interpretation of the invalidated portion to guide their negotiation.

11.3.2 The invalidity or unenforceability of any such provision or part shall not affect the validity or enforceability of the balance of this Agreement, which shall be construed and enforced as if this Agreement did not contain such invalid or unenforceable provision or part.

11.4 NOTICES

Any notices required or permitted under this Agreement shall be in writing and sufficiently given if made in writing and (a) delivered personally, (b) sent by registered or certified mail, postage prepaid, or (c) sent by facsimile or email communication, in each case addressed to the respective parties, as follows:

TCCA

William Vanderwaal
P.O. Box 1025
Willows, CA 95988
Email: wvanderwaal@tccanal.com

Sites Authority:

JP Robinette
P.O. Box 517
Maxwell, CA 95955
Email: jrobinette@sitesproject.org

TCCA and the Sites Authority may from time to time change the named recipient and its address to which notice may be provided by providing notice of the change to the other.

11.5 ASSIGNMENT

Except as otherwise provided in this Agreement, the rights, titles, and interests of either party to this Agreement shall not be assignable or transferable without the consent of the governing body the other party to this Agreement.

11.6 SECTION HEADINGS

The section headings in this Agreement are for convenience of reference only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Agreement.

11.7 GOVERNING LAW AND VENUE

This Agreement shall be governed by and construed in accordance with the laws of the State of California, any applicable federal law, the JPA Agreement, and the ordinances, regulations, codes, and executive orders enacted and/or promulgated pursuant thereto. The venue for any litigation from any dispute shall be in the County of Glenn.

11.8 CONSTRUCTION OF LANGUAGE

If any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

11.9 COOPERATION

The Sites Authority and TCCA recognize the necessity of their cooperation and hereby agree to cooperate with each other in carrying out the purposes of this Agreement.

11.10 SUCCESSORS

This Agreement shall be binding upon and inure to the benefit of Sites Authority and TCCA and each of their permitted successors, assigns, and legal representatives.

11.11 ENFORCEMENT

The Sites Authority and TCCA are hereby authorized to take any and all legal or equitable actions, including but not limited to an injunction and specific performance, necessary or permitted by law to enforce this Agreement.

11.12 INTEGRATION

This Agreement, together with its incorporated documents and references, contains the entire, integrated agreement of the Sites Authority and TCCA regarding use of the TCCA Partner Facilities, and supersedes any and all other prior to contemporaneous negotiations, understandings, and oral or written agreements between them. For the avoidance of doubt, the Cooperative Agreement is a separate agreement that is not superseded by or integrated into this Agreement, and shall remain in full force and effect until its expiration or termination in accordance with its terms.

11.13 AMENDMENT

Except as otherwise may be provided in this Agreement, neither this Agreement nor any provision hereof may be modified or amended except by a written instrument signed by the Sites Authority and TCCA.

11.14 COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.15 NO THIRD PARTY BENEFICIARIES

This Agreement is not intended to benefit any third parties, and any such third party beneficiaries are expressly disclaimed.

11.16 TIME IS OF THE ESSENCE

The Parties agree time is of the essence in this Agreement.

11.17 ADVICE OF COUNSEL

The Sites Authority and TCCA acknowledge that they have the right to be advised by counsel with respect to the negotiations, terms, and conditions of this Agreement, and that the decision of whether or not to seek the advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each of them. This Agreement is the product of negotiation and therefor shall not be construed against either Party.

11.18 COMPLIANCE WITH LAWS

TCCA and Sites Authority shall comply will all Applicable Laws, regulations, executive orders, policies, procedures, and directives.

11.19 FORCE MAJEURE

Upon the occurrence of an event of Force Majeure, a) the Sites Authority shall be excused from its obligations under this Agreement for the period during which it is unable to comply with such obligations as a result of such event of Force Majeure, and (b) TCCA shall be excused from their obligations under this Agreement for the period during which they are unable to comply with such obligations as a result of the event of Force Majeure, other than payment obligations under this Agreement, which obligations are not subject to reduction or abatement.

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

SIGNATURES ON FOLLOWING PAGE(S)

DRAFT

IN WITNESS WHEREOF, the Sites Authority, TCCA, and Reclamation have caused this Agreement to be executed and attested by their respective proper officers duly authorized on the day and year set forth below, making the same effective on the date last signed by them.

SITES PROJECT JOINT POWERS AUTHORITY

By: _____
Name: Jerry Brown
Title: Executive Director

TEHAMA-COLUSA CANAL AUTHORITY

By: _____
Name: William Vanderwaal
Title: General Manager

Attachments

- A Reclamation Operations, Maintenance & Replacement Agreement
- B Wheeling Rate and Water Loss Assumption Methodologies
- C Electric Power Processes and Coordination

- D Operations Procedure and Checklist

ATTACHMENT A

Reclamation Operations, Maintenance & Replacement Agreement

[To be attached]

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ATTACHMENT B TCCA WHEELING RATE AND LOSS METHODOLOGY

B.0 PURPOSE.

This Attachment B establishes (i) the methodology for determining the wheeling charges payable by Sites for Sites Water and Other Water diversions through Tehama-Colusa Canal Authority (TCCA) facilities, including (a) power costs for such diversions, (b) incremental costs attributable to Sites' winter-time and high-flow diversion operations, and (c) future capital and replacement costs not included in the base wheeling rate.

B.1 SERVICES COVERED

TCCA Partner Facilities. For purposes of this Attachment B, "TCCA Partner Facilities" are those facilities owned by the Bureau of Reclamation (Reclamation) and operated by TCCA, including (1) diversion facilities at Red Bluff (including fish screening and a powered pump station), (2) the Funks Reservoir and (3) the Tehama-Colusa Canal.

Covered Service. Sites will utilize the TCCA Partner Facilities for diversions of Sites Water and Other Water from the Sacramento River at the diversion facilities at Red Bluff and to release water through the Funks Reservoir and Tehama-Colusa Canal to the Sacramento River for delivery to Sites Participants.

Service Priority. Sites' use of the TCCA Partner Facilities is interruptible and subordinate to TCCA's operational needs and deliveries to TCCA's Pre-Existing Customers, consistent with the Agreement and the Excess Capacity Agreement.

B.2 CONVEYANCE/WHEELING CHARGES

Base Wheeling Charge. The Base Wheeling Charge will initially be set to recover a share of TCCA's Operating and Maintenance Costs based on the estimated amount of water conveyed (diverted or released) by TCCA on behalf of Sites (or its Participants) divided by the total amount of water conveyed by TCCA through the TCCA Partner Facilities. A separate wheeling charge will be calculated for Diversions and Releases.

- a. Base Wheeling Charge – Diversions. The annual charge for all Sites Water diverted at the Red Bluff diversion facilities will be calculated as follows:

Operating and Maintenance Costs associated with TCCA Partner Facilities used to divert Sites Water = 22% of annual budgeted Operating and Maintenance Costs times 50%¹, plus the cost of power to pump Sites Water from the Sacramento River through the Red Bluff Pumping Plant and Fish Screen and appurtenant facilities to Funks Reservoir. Power costs shall be based on the cost of power purchased by TCCA from the Western Area Power Authority (WAPA) and/or the Bureau to pump water on behalf of Sites through the facilities, including energy charges and any applicable demand, transmission, distribution, surcharges,

¹ The percent of Operating and Maintenance Costs associated with the TCCA Partner Facilities used to convey diversions is based on the Water Resource Economics presentation to the TCCA Board on November 6, 2024.

fees, and taxes billed to TCCA for such services. Sites may also supply its own power for these purposes, in which case the cost of power to be paid to TCCA would be zero.

- b. Base Wheeling Charge – Releases. The annual charge for all Sites Water released through Funks Reservoir to the TCCA Canal to be conveyed to the Dunnigan Pipeline will be calculated as follows:

Operating and Maintenance Costs associated with TCCA Partner Facilities used to convey water released from Sites Reservoir = 15% of annual budgeted Operating and Maintenance Costs times 62.5%.²

Changes in Base Wheeling Rate Methodology. TCCA or Sites may elect to change the Base Wheeling Rate methodology should there be a material change in costs, deliveries or other circumstances affecting the conveyance of Sites Water and Other Water through TCCA Partner Facilities. Sites or TCCA must provide written notice to the other party of its desire to change the Base Wheeling Charge methodology in writing (electronic notification is acceptable), including the rationale for a change in the Base Wheeling Charge methodology and the necessary documentation of changes in cost or other circumstances requiring such change. Any such change shall be agreed to by Sites and TCCA.

Annual True-Up. Within two hundred and seventy (270) days after the end of each Fiscal Year, TCCA shall provide Sites a calculation of actual Operating and Maintenance Costs, diversions and releases of Sites Water, total water conveyed to TCCA customers, and power costs incurred to pump Sites Water and Other Water. Differences between budgeted and actual power costs shall be addressed through the annual true-up process described in Section B.5.

B.3 LOSSES

Loss Factor. The Base Wheeling Charge will be applied to Sites Water and Other Water delivered to Funks Reservoir, as adjusted for losses. The Loss Factor will initially be set at ____%.

Changes to Loss Factor. After commercial operation of the Sites Reservoir, TCCA and Sites will evaluate the Loss Factor based on actual diversions and releases every five years and, as necessary, adjust the Loss Factor to reflect actual losses.

B.4 INCREMENTAL COSTS

Eligible Incremental Costs. In addition to Wheeling Charges, Sites will pay TCCA for incremental costs incurred by TCCA that are attributable to diverting and conveying Sites Water to the Funks Reservoir during winter diversion periods. Eligible incremental costs include, without limitation: (i) additional staffing costs due to shorter maintenance periods during winter months; (ii) staffing costs (including overtime) to operate TCCA Facilities during Sites diversion periods and associated high-flow conditions; and (iii) chemicals and other materials needed to address water quality impacts associated with high-flow diversions.

² Percent of Operating and Maintenance Costs attributable to Sites Water is based on Water Resource Economics presentation to the TCCA board on November 6, 2024.

Incremental Cost Reserve. Sites agrees to fund an Incremental Cost Reserve to be held by TCCA for the sole purpose of paying for documented Incremental Costs during a given fiscal year. The beginning balance of the Incremental Cost Reserve at the start of each fiscal year will be \$200,000. Should the balance be less than \$200,000 at the beginning of the fiscal year, TCCA will prepare an invoice for the difference.

Draws. TCCA may draw funds from the Incremental Cost Reserve to pay eligible incremental costs. TCCA shall maintain reasonable records supporting each draw and shall segregate accounting for the Incremental Cost Reserve.

Annual Reporting. Within 90 days of the end of the fiscal year, TCCA will provide Sites a written report summarizing (i) draws from the Incremental Cost Reserve during the prior fiscal year, including a description of the funded eligible incremental costs, and (ii) the reserve balance as of the end of the fiscal year. There may be years with no eligible incremental costs.

Interest. Unless the Parties agree otherwise in writing, interest (if any) earned on the Incremental Cost Reserve shall remain in the Incremental Cost Reserve and be used for the same purposes.

B.5 INVOICING, PAYMENT, AND ROLLING FIVE-YEAR TRUE-UP

Semi-Annual Invoicing. TCCA will invoice Sites two times per year, in February and November. Semi-annual invoices shall be based on budgeted diversions and budgeted unit rates/costs (Sites Base Wheeling Charge and required Incremental Cost Reserve funding, if any) for the applicable fiscal year.

Budget Submittals and Rate Notice. On or before December 1 of each year (or another date agreed in writing), Sites shall provide TCCA an estimate of expected diversions and releases for the upcoming calendar year (the "Budgeted Sites Diversion and Release Volume"). The minimum Budgeted Sites Diversion Volume to be submitted by Sites will be 100,000 acre-feet and minimum Budgeted Sites Release Volume will be 150,000 acre-feet. TCCA shall provide Sites the proposed Sites Base Wheeling Charges for the upcoming fiscal year, and any anticipated Incremental Cost Reserve funding requirement for the upcoming fiscal year.

Payment Terms. Sites shall pay each invoice within thirty (30) days of receipt, unless otherwise agreed by TCCA.

Annual Reconciliation. Within 270 days following the end of each fiscal year, TCCA shall provide Sites an annual reconciliation (the "True-Up Statement") comparing (i) budgeted charges and payments for that fiscal year to (ii) charges recalculated using actual Sites Diversion and Release Volume and actual power costs (and any other actuals available).

Rolling Five-Year True-Up. The Parties agree to smooth annual over-collections and under-collections by applying a rolling five-year averaging mechanism. Specifically, the net annual variance identified in the True-Up Statement for each fiscal year shall be included in a rolling five-year average of annual variances. The rolling five-year average variance (credit or charge) shall be applied as an adjustment to the next November invoice. For the first four fiscal years, the rolling average shall be based on the actual number of completed Fiscal Years.

Records and Audit. Upon reasonable notice, Sites may review TCCA's records reasonably necessary to verify calculations under this Attachment B, consistent with the Agreement's confidentiality provisions.

B.6 CAPITAL ADDITIONS AND MODIFICATIONS BY MUTUAL AGREEMENT

Separate Agreement Required. Any Capital Addition intended to serve Sites diversions through TCCA Partner Facilities shall require a separate written agreement between the Parties that addresses scope, schedule, permitting, cost allocation, ownership, and operation and maintenance responsibility (a Facility Partner Design and Construction Agreement). Facilities funded through non-reimbursable federal appropriations may be constructed, but will be coordinated with Sites and TCCA.

No Implied Obligation. Nothing in this Attachment B obligates TCCA to construct any Capital Addition absent mutual written agreement and applicable approvals.

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Attachment C – Electric Power Processes and Coordination

[To be populated at a later date, prior to substantial completion of the Sites Reservoir Project]

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Attachment D – Operations Procedure and Checklist

[To be populated at a later date, prior to substantial completion of the Sites Reservoir Project]

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