Reservoir Committee and Authority Board Meeting

Agenda Item 3.1: July24 Draft Benefits & Obligations Contract, Bylaws and Joint Powers Agreement

July 24, 2026

Sites

Predecisional Working Document – For Discussion Purposes Only

For Today

Issue for Discussion

- Receive a report on Participant comments on the July 24, 2026 drafts of the Benefits & Obligations Contract, updated Bylaws, amended and restated Joint Powers Agreement

Policy Direction Needed

1. Confirm direction integrated to date and remaining issues
2. Provide direction on operational assurances and participation changes

Contract Documents Update: Why We're Here

- Recap what changed since the June posting
- Highlight the remaining path-forward items
- Confirm the approach to finalizing and freezing the documents

What This Package Represents

- Reflects June 26 Board direction
- Incorporates Storage Partner input and attorney cleanup to date

Staff believes:

- Contract fundamentals are established
- Remaining work is bounded and focused on any remaining issues, confirming alignment, and cleanup

Process Recap and Timeline

- ✓ June 26: Board workshop direction received
- ✓ July 14: Redlines posted against the June version
- ✓ July 17–20: Attorney and Storage Partner review
- ✓ July 21: Packet redlines posted with proposed edits considered
- ☐ July 24: Board discussion to confirm remaining direction
- ☐ Final freeze remains tied to water right and participation changes

Revised staff report

A revised staff report was issued July 23 addressing to terms:

DWR approval rights (amendments): DWR approval applies *only* to amendments that could affect DWR's role or obligations.

- **All other amendments:** Not subject to DWR approval.
- **Appendix 9:** Previously agreed DWR-specific approval rights for Appendix 9 changes are unchanged.

State/Federal payment mechanics (new section): Clarify (1) the Authority's responsibilities to collect payments and (2) what happens if State/Federal payment amounts fall short.

Five Key B&O Updates Completed

Standardized obligation standard: Replaces remaining "best efforts" with "commercially reasonable," where appropriate

Delivery points and responsibility clarified: Clarifies delivery points, secondary delivery points, responsibility, and limitations

Exchange provisions clarified: Separates DWR and Reclamation exchange concepts and constraints

Wind-up and termination refined: Reflects state and federal consent constraints and related mechanics

Cost-share and pro-rata definitions refined: Clarifies that pro-rata cost share relates to fixed project costs

Partially Complete: Alignment of State and Federal Contract Terms

- CWC funding agreement has not yet been fully integrated with the B&O
- Certain terms may have B&O implications
- Staff will highlight key provisions of “Template” Agreement and evaluate possible B&O Contract mods
- To be discussed with the Board during the August 21 draft review

Remaining Path Forward

Require Participant input

- Operational assurances
- Participation changes and financing/credit-readiness implications
- *CWC Funding Agreement integration*

Process / schedule-related

- Water-right conformance edits
- Final legal and clerical cleanup
- Finalizing the Operations Plan

Discussion

Confirm	the documents reflect June 26 direction and are in final refinement
Confirm	the remaining issues are a short, bounded list
Provide	direction on operational assurances
Provide	direction on participation-change mechanics
Confirm	intended posture for freeze pending the remaining items

Path to conclusion

- The project is close to a stable contract baseline
- Next steps:
  - Incorporate remaining outside inputs
  - Align B&O and Ops Plan where needed
  - Make water-right conformance edits when conditions are known
  - Integrate funding-agreement items into the August drafts
- Final freeze follows resolution of water right, participation, and operational-assurance issues