

Reservoir Committee and Authority Board Meeting

Agenda Item 3.4:
Negotiation of CWC Final Funding Agreement

August 21, 2026

Negotiation of CWC Final Funding Agreement

Background: There will need to be a final funding agreement (FFA) with the California Water Commission covering the disbursement of Prop 1 funds to the Sites project. This agreement will not be completed until after Final Funding Award by the Commission.

Issue: There are potential implications of the “template” agreement terms on some of the B&O terms.

Policy Direction Needed:

- Concur with Staff’s proposed guiding principles for the negotiation of the FFA
- Identify any other priority areas of concern to the list provided by Staff in comparing the “template” FFA with the current B&O.

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Highest Priority Items

- Paragraph 2 – Make clear public benefit obligation ends upon expiration of CAPBs.
- Paragraph 14 – State should not pressure decision making by withholding funds.
- Paragraph 15 – State should not independently determine Project is in default.
- Paragraph 19 – Authority O&M standards should be sufficient for the State.
- Paragraph 20 – Authority's operational and governance decisions should be sufficient notification to State.

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Highest Priority Items

- Exhibit D.21 – Indemnify Authority for negligent acts by the State.
- Exhibit D.26 – State approval of extending schedule should not be required.
- Exhibit D.31 – State should not have right to override Authority “wind-up” decisions.
- Exhibit D.38 – State should only have ability to approve assignment to extent of its share or interest.
- Exhibit D.41 – Align State ability to terminate with B&O. State failure to make timely payment should be cause for default and loss of all public benefits.
- Exhibit K – Land access and acquisition requirements should not apply if no State funds used for land purchase.

Questions?