



April 22, 2026

**Attention: Imported Water Committee**

**Metropolitan Water District Delegates' Report. (Information)<sup>1</sup>**

**Purpose**

This report summarizes key activities at the Metropolitan Water District of Southern California (Metropolitan) committee and board meetings on April 13 and 14, 2026. Metropolitan will meet next on April 28 and May 11 and 12.

**Discussion**

Metropolitan key issues of interest to the Water Authority include:<sup>2</sup>

- Approved the 2027 and 2028 biennial budget, rates and charges with annual overall rate increases of 6.2% in each calendar year 2027 and 2028.
- Appropriated \$875 million for its fiscal years' (FYs) 2027 and 2028 Capital Investment Plan (CIP).
- Authorized an expansion of Metropolitan's Operational Shift Cost Offset Program (OSCOB).
- Received a presentation on the Water Authority's Memorandum of Understanding (MOU) with Colorado River Basin partners and the U.S. Bureau of Reclamation (Reclamation) for the purpose of exploring interstate water transactions and exchanges.
- Received a presentation on information about PWSC coming to the EOT and OWA Committees to ahead of the board's program implementation decision later this year.

**FY 2027 and 2028 Biennial Budget Approved**

During the Engineering, Operations, and Technology (EOT) Committee meeting, staff sought approval of Metropolitan's FY 2027 and 2028 CIP budget in advance of—and separate from—the rest of the biennial budget, which the Finance, Affordability, Asset Management and Efficiency (FAAME) Committee and the full board were scheduled to consider the following day. The committee heard the CIP presentation but deferred their vote so the board could deliberate the entire budget the next day.

During the FAAME Committee meeting the following day, staff presented two budget options that differed only in funding for the Pure Water Southern California (PWSC) program. Both options were based on:

1. Assuming an ad valorem (AV) property tax rate of 0.0085% of assessed valuation (increased from the current rate of 0.0070%).
2. Setting the biennial CIP budget to \$875 million.

---

<sup>1</sup> This document provides a summary of certain discussions as summarized and understood by the Water Authority and is not intended to be any form of official transcript.

<sup>2</sup> The Water Authority's Metropolitan Delegates (Delegates) supported all 16 action items the Metropolitan board took at its April 14, 2026, meeting.

3. Funding conservation at \$30.5 million annually with a directive to evaluate and prioritize programs that are cost-effective and that meet the needs of Metropolitan and its member agencies.
4. Funding existing Local Resources Program (LRP) agreements with a directive to evaluate the LRP to ensure it meets the needs of Metropolitan and its member agencies before funding new agreements.
5. Limiting new staff positions to 79 (subject to the general manager's discretion) and reducing overtime spending by \$1 million over the biennium.

Option 1 resulted in 6.2% overall rate increases in both calendar year 2027 and 2028 and limited PWSC activities to only those funded by grants, totaling about \$75.9 million. Staff's recommended Option 2 resulted in 6.7% overall rate increases in both calendar years and increased PWSC funding to \$150 million.

Before discussion, Director Miller offered a modified Option 1 to fund PWSC at \$150 million with a mix of grants and reserves, if available, keeping the overall rate increase to 6.2% in both years. The motion also directed staff to sell two of the four islands Metropolitan owns in the Sacramento-San Joaquin Bay-Delta (Bay-Delta).

Board members expressed overall support for the modified motion and raised some questions and concerns. Director Fong-Sakai requested that Metropolitan look for ways to cut expenditures and find additional revenue to reduce the impact on reserves. The general manager said Metropolitan will continue to focus on efficiency. One board member urged Metropolitan to evaluate other supply options beyond the large projects Metropolitan is considering, such as PWSC, Sites Reservoir, and the Delta Conveyance Project, which could fill supply gaps within the next 10 years. Fong-Sakai echoed the request, adding that Metropolitan should work with its member agencies to maximize efficiency and evaluate projects holistically.

After board discussion, language was added to the final motion that if unrestricted reserves were to fall below Metropolitan's minimum requirement, PWSC funding would return to the board. The motion also changed to direct staff to conduct a market study for the sale of two Bay-Delta islands and return to the board for review.

The committee and, later, full board unanimously approved the motion. Miller expressed gratitude for the board's open discourse, noting that the budget had something to satisfy everyone and aimed to keep rates as low as possible for the ratepayer while protecting existing infrastructure.

### **System Operation and Resources Management**

#### **Colorado River: Discussion of the Water Authority's MOU for Exploring Interstate Water Transactions**

During the One Water and Adaptation (OWA) Committee meeting, Metropolitan provided a presentation on the Water Authority's MOU with Colorado River Basin partners and Reclamation aimed at exploring interstate water transactions and exchanges. Staff said interstate

transfers would provide operational flexibility for Metropolitan as the junior priority user of Colorado River supplies in California and would encourage funding of infrastructure projects, like PWSC, from the federal government and between potential parties sharing the supply.

Metropolitan's general manager expressed appreciation for the Water Authority's collaboration and work on the MOU. The board chair echoed the gratitude and extended it to the Metropolitan board for settling the rate litigation between Metropolitan and the Water Authority. He suggested that through the MOU, Metropolitan is demonstrating it is ready to help mitigate Colorado River parties' potential pain from supply cuts. Delegate Denham expressed hope that interstate water transactions could be the future for the Colorado River and noted the MOU was an incremental step to establish legal framework to implement them. Responding to one board member, staff said interstate transactions did not need new federal law if they were part of an agreement among Lower Basin parties. Another board member urged Metropolitan to include tribal interests as part of the MOU.

Later during the OWA Committee meeting, staff provided an update on Colorado River Basin states' discussions regarding post-2026 Colorado River operational guidelines. Staff reported that Metropolitan would not face any mandatory reductions and would maintain access to its more than 1.5 million acre-feet (AF) of storage within Lake Mead before October 2026, but conditions could change after that.

#### *Expansion of Operational Shift Cost Offset Program*

During its meeting, the OWA Committee also discussed expanding the OSCOP. Under the program, last implemented during the last drought from 2021 to 2023, Metropolitan paid certain member agencies to shift their supply delivery points between Colorado River and State Water Project (SWP) supplies to preserve SWP supplies. Metropolitan provided credits to cover member agencies' costs incurred from shifting deliveries. During that time, the program shifted about 90,000 AF of supplies for a total credit of \$15 million. This month, Metropolitan sought to expand the program to cover shifts for events like emergency and extended shutdowns or water quality events and allow the general manager to activate agreements with member agencies. Metropolitan proposed to return to the board after shifting 100,000 AF which, at the maximum 2026 credit, would cost almost \$55 million.

The Delegates sought to clarify how the program would be funded and where it was budgeted. Miller asked if Metropolitan would save money by not approving the program, and staff said it was a way to avoid other operational costs. Staff also said the board's approval would create the program but not approve a nearly \$55 million budget. The board chair observed that it seemed like staff was ballparking the threshold of 100,000 AF as a point at which to return to the board. Staff agreed and said it was trying to create a program to benefit the region. After several board questions, staff said Metropolitan had \$6 million per year budgeted for the program. The committee and board approved the program expansion.

#### ***Other Items of Interest***

- Authorized entering into a rice farming lease on Webb Tract, one of the four islands Metropolitan owns in the Bay-Delta, with price and terms given in closed session.

Imported Water Committee

April 22, 2026

Page 4 of 4

- Received an update on water supply and drought mitigation showing Metropolitan has about 10,000 AF of gap between its supply and demand and is pulling water from storage where needed.
- Held the inaugural meeting of the Ethics Committee.
- Approved the creation of Ad Hoc Committee on Executive Performance and appointed as members Board Vice Chairs Camacho (Inland Empire), Garza (Central Basin), Pressman (Beverly Hills), and Sutley (Los Angeles).

Attachment 1 includes a copy of the April 2026 committee and board meetings' agendas and board summary.

Prepared by: Emily Novak, Water Resources Specialist

Reviewed by: Engineering, Operations, and Technology Committee by Lois Fong-Sakai and Marty Miller

Legislation and Communications Committee by Mel Katz

Organization, Personnel, and Effectiveness Committee by Mel Katz

One Water and Adaptation Committee by Dan Denham, Mel Katz and Marty Miller

Finance, Affordability, Asset Management, and Efficiency Committee by Lois Fong-Sakai and Marty Miller

Ethics Committee by Mel Katz

Attachments:

Attachment 1 – Metropolitan's committee and board meetings agendas and summary dated April 13 and 14, 2026

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

**EOT Committee**

- D. Erdman, Chair
- S. Faessel, Vice Chair
- D. Alvarez
- G. Bryant
- J. Crawford
- B. Dennstedt
- L. Fong-Sakai
- R. Jay
- J. Lewitt
- J. McMillan
- C. Miller
- M. Petersen
- K. Seckel

**Engineering, Operations, and Technology Committee - Final - Revised**

**1**

Meeting with Board of Directors \*

**April 13, 2026**

**9:00 a.m.**

**Monday, April 13, 2026  
Meeting Schedule**

- 09:00 a.m. EOT**
- 11:00 a.m. LEG**
- 12:30 p.m. BREAK**
- 01:00 p.m. OPE**
- 02:00 p.m. OWA**

**Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.**

**The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848.**

**Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 815 2066 4276 or to join by computer [click here](#).**

**Disclaimer: Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.**

---

**MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012**

**Teleconference Locations:**

**3008 W. 82nd Place • Inglewood, CA 90305**

**896 North Camden Drive • Beverly Hills, CA 90210**

---

\* The Metropolitan Water District’s meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**\*\* CONSENT CALENDAR \*\***

2. **COMMITTEE ACTION (ONLY)**

- A. Approval of the Minutes of the Engineering, Operations, and Technology Committee of March 9, 2026 [21-5550](#)

**Attachments:** [04132026 EOT 2A \(03092026\) Minutes](#)

3. **COMMITTEE ITEMS (FOR BOARD CONSIDERATION)**

- 7-1 Authorize an agreement with Computer Aid, Inc. in an amount not to exceed \$397,628 for the Enterprise Information Technology Software Asset Management module implementation services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-5651](#)

**Attachments:** [04142026 EOT 7-1 B-L](#)  
[04132026 EOT 7-1 Presentation](#)

**\*\* END OF CONSENT CALENDAR \*\***

4. **COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)**

- 8-2 Appropriate \$1.025 billion for projects identified in the Capital Investment Plan for fiscal years 2026/27 and 2027/28 and authorize the General Manager to initiate or proceed with work on capital projects identified in the Capital Investment Plan for fiscal years 2026/27 and 2027/28; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [SUBJECT REVISED on 4/6/2026] [21-5656](#)

**Attachments:** [04142026 EOT 8-2 B-L](#)  
[04132026 EOT 8-2 Presentation](#)

5. **COMMITTEE ITEMS (INFORMATIONAL FOR BOARD CONSIDERATION)**

NONE

**6. COMMITTEE ITEMS (INFORMATIONAL)**

- a. Overview of Construction Management at Metropolitan [21-5669](#)

**Attachments:** [04132026 EOT 6a C-L](#)  
[04132026 EOT 6a Presentation](#)

- b. Hazard Mitigation Plan Update [21-5670](#)

**Attachments:** [04132026 EOT 6b C-L](#)  
[04132026 EOT 6b Presentation](#)

- c. Pure Water Southern California Quarterly Update [21-5671](#)

**Attachments:** [04132026 EOT 6c C-L](#)

**7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

- a. Engineering Services activities [21-5549](#)  
Information Technology activities  
Water System Operations activities

**Attachments:** [04132026 EOT 7a Engineering Services activities](#)  
[04132026 EOT 7a Information Technology activities](#)  
[04132026 EOT 7a Water System Operations activities](#)  
[04132026 EOT 7a Presentation](#)

**8. FOLLOW-UP ITEMS**

NONE

**9. FUTURE AGENDA ITEMS****10. ADJOURNMENT**

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

## LEG Committee

J. Lewitt, Chair  
A. Fellow, VC  
Communication  
G. Shepherd Romey, VC  
Legislation  
L. Ackerman  
M. Camacho  
R. Crane  
B. Dennstedt  
G. Gray, Emeritus  
R. Jay  
F. Jung  
A. Kassakhian  
M. Katz  
P. Paule  
M. Ramos

## **Legislation and Communications Committee**

Meeting with Board of Directors \*

**April 13, 2026**

**11:00 a.m.**

**Monday, April 13, 2026  
Meeting Schedule**

**09:00 a.m. EOT  
11:00 a.m. LEG  
12:30 p.m. BREAK  
01:00 p.m. OPE  
02:00 p.m. OWA**

**Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here:**  
<https://mwdh2o.legistar.com/Legislation.aspx>.

**The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 873 4767 0235.**

**Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 876 9484 9772 or to join by computer [click here](#).**

**Disclaimer: Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.**

**MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012**

**Teleconference Locations:**

**3008 W. 82nd Place • Inglewood, CA 90305**

**Fullerton City Hall • 303 W. Commonwealth Avenue, Chambers • Fullerton, CA 92832**

**896 North Camden Drive • Beverly Hills, CA 90210**

\* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**\*\* CONSENT CALENDAR \*\***

2. **COMMITTEE ACTION (ONLY)**

- A. Approval of the Minutes of the Legislation and Communications Committee of March 9, 2026 [21-5560](#)

**Attachments:** [04132026 LEG 2A \(03092026\) Minutes](#)

3. **COMMITTEE ITEMS (FOR BOARD CONSIDERATION)**

NONE

**\*\* END OF CONSENT CALENDAR \*\***

4. **COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)**

NONE

5. **COMMITTEE ITEMS (INFORMATIONAL FOR BOARD CONSIDERATION)**

NONE

6. **COMMITTEE ITEMS (INFORMATIONAL)**

- a. Update on Education Programs [21-5672](#)

**Attachments:** [04132026 LEG 6a C-L](#)  
[04132026 LEG 6a Presentation](#)

- b. Report on Activities from Washington, D.C. [21-5673](#)

**Attachments:** [04132026 LEG 6b Federal Legislative Matrix](#)  
[04132026 LEG 6b Presentation](#)

- c. Report on Activities from Sacramento [21-5674](#)

**Attachments:** [04132026 LEG 6c State Legislative Matrix](#)  
[04132026 LEG 6c Presentation](#)

## 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. External Affairs activities

[21-5561](#)

**Attachments:** [04132026 LEG 7a External Affairs activities](#)  
[04132026 LEG 7a Presentation](#)

## 8. FOLLOW-UP ITEMS

NONE

## 9. FUTURE AGENDA ITEMS

## 10. ADJOURNMENT

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

**OPE Committee**

- M. Katz, Chair
- G. Bryant, Vice Chair
- L. Ackerman
- B. Dennstedt
- C. Douglas
- D. Erdman
- S. Faessel
- J. Lewitt
- J. McMillan
- B. Pressman
- M. Ramos
- N. Sutley

**Organization, Personnel, and Effectiveness Committee - Final - Revised 2**

Meeting with Board of Directors \*

**April 13, 2026**

**1:00 p.m.**

**Monday, April 13, 2026  
Meeting Schedule**

- 09:00 a.m. EOT
- 11:00 a.m. LEG
- 12:30 p.m. BREAK
- 01:00 p.m. OPE
- 02:00 p.m. OWA

Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 815 2066 4276 or to join by computer [click here](#).

**Disclaimer: Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.**

---

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

Teleconference Locations:

3008 W. 82nd Place • Inglewood, CA 90305

Douglas/Hicks Law • 5120 W. Goldleaf Circle, Suite 425 • Los Angeles, CA 90056

---

\* The Metropolitan Water District’s meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**\*\* CONSENT CALENDAR \*\***

2. **COMMITTEE ACTION (ONLY)**

- A. Approval of the Minutes of the Organization, Personnel, and Effectiveness Committee of March 9, 2026 [21-5562](#)

**Attachments:** [04132026 OPE 2A \(03092026\) Minutes](#)

3. **COMMITTEE ITEMS (FOR BOARD CONSIDERATION)**

- 7-3 Approve the Metropolitan Water District of Southern California's salary schedules pursuant to CalPERS regulations; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-5654](#)

**Attachments:** [04142026 OPE 7-3 B-L](#)  
[04132026 OPE 7-3 Presentation](#)

- 7-7 Approve staff to take the necessary steps to align with AB 2156 to rename Metropolitan's "Cesar Chavez Day" holiday; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [SUBJECT REVISED on 3/30/2026] [21-5776](#)

**Attachments:** [04142026 OPE 7-7 B-L](#)  
[04132026 OPE 7-7 Presentation](#)

**\*\* END OF CONSENT CALENDAR \*\***

4. **COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)**

NONE

5. **COMMITTEE ITEMS (INFORMATIONAL FOR BOARD CONSIDERATION)**

NONE

**6. COMMITTEE ITEMS (INFORMATIONAL)**

- a. Safety and Environmental Program Quarterly Update [21-5680](#)  
**Attachments:** [04132026 OPE 6a C-L](#)  
[04132026 OPE 6a Presentation](#)
- b. Security Update Conference with Tomer Benito, Unit Manager – Security, Office of Safety, Security, and Protection; Jacob Margolis, Director of Information Technology Services, Information Technology; Follow-up on potential threats to public services or facilities; to be heard in closed session pursuant to Government Code Section 54957(a) [21-5767](#)
- c. Update on Labor Negotiations [Conference with Labor Negotiators; to be heard in closed session pursuant to Gov. Code 54957.6; Metropolitan representatives: Katano Kasaine, Assistant General Manager, Chief Financial Officer, Adam Benson, Finance Group Manager, Gifty J. Beets, Human Resources Section Manager and Mark Brower, Human Resources Group Manager. Employee Organization(s): The Employees Association of The Metropolitan Water District of Southern California/AFSCME Local 1902; the Management and Professional Employees Associations MAPA/AFSCME Chapter 1001; the Supervisors Association; and the Association of Confidential Employees] [SUBJECT DEFERRED on 4/7/2026] [21-5681](#)

**7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

- a. Human Resources activities [21-5563](#)  
 Safety, Security, and Protection activities  
**Attachments:** [04132026 OPE 7a Human Resources activities](#)  
[04132026 OPE 7a Safety, Security, and Protection activities](#)

**8. FOLLOW-UP ITEMS**

NONE

**9. FUTURE AGENDA ITEMS****10. ADJOURNMENT**

**Organization, Personnel, and Effectiveness Committee**

Page 4

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

**OWA Committee**

- T. Quinn, Chair
- K. Seckel, Vice Chair
- L. Ackerman
- D. Alvarez
- G. Cordero
- R. Crane
- D. Denham
- D. Erdman
- M. Gold
- M. Katz
- C. Kurtz
- J. Lewitt
- J. McMillan
- C. Miller
- B. Pressman
- G. Shepherd Romey

**One Water and Adaptation Committee - Final - Revised 1**

Meeting with Board of Directors \*

**April 13, 2026**

**2:00 p.m.**

**Monday, April 13, 2026 Meeting Schedule**

- 09:00 a.m. EOT
- 11:00 a.m. LEG
- 12:30 p.m. BREAK
- 01:00 p.m. OPE
- 02:00 p.m. OWA

**Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.**

**The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 873 4767 0235.**

**Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 876 9484 9772 or to join by computer [click here](#).**

**Disclaimer: Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.**

---

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012  
 Teleconference Locations:  
 3008 W. 82nd Place • Inglewood, CA 90305  
 Allendale Insurance Agency • 337 West Foothill Boulevard • Glendora, CA 91740

---

\* The Metropolitan Water District’s meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

**1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

PUBLIC HEARING

- a. Public Hearing for Metropolitan's 2025 Urban Water Management Plan and Water Shortage Contingency Plan [21-5675](#)

**Attachments:** [04132026 OWA 1a C-L](#)  
[04132026 OWA 1a Presentation](#)

**\*\* CONSENT CALENDAR \*\***

**2. COMMITTEE ACTION (ONLY)**

- A. Approval of the Minutes of the One Water and Adaptation Committee of March 9, 2026 [21-5569](#)

**Attachments:** [04132026 OWA 2A \(03092026\) Minutes](#)

**3. COMMITTEE ITEMS (FOR BOARD CONSIDERATION)**

- 7-2 Adopt the Mitigated Negative Declaration and take related CEQA actions for the Casa Loma Siphon No. 1 and San Jacinto Pipeline Protection Project, and approve the project for CEQA purposes [21-5653](#)

**Attachments:** [04142026 OWA 7-2 B-L](#)  
[04132026 OWA 7-2 Presentation](#)

**\*\* END OF CONSENT CALENDAR \*\***

**4. COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)**

- 8-4 Authorize the Operational Shift Cost-Offset Program and delegate the General Manager authority to activate the Program and execute agreements with member agencies; the General Manager has determined the proposed actions are exempt or otherwise not subject to CEQA [21-5665](#)

**Attachments:** [04142026 OWA 8-4 B-L](#)  
[04142026 OWA 8-4 Presentation](#)

**5. COMMITTEE ITEMS (INFORMATIONAL FOR BOARD CONSIDERATION)**

NONE

## 6. COMMITTEE ITEMS (INFORMATIONAL)

- a. Information on Memorandum of Understanding to explore inter-state transfers and exchanges in the Lower Colorado River Basin. [SUBJECT REVISED on 4/6/2026] [21-5697](#)

**Attachments:** [04132026 OWA 6a C-L](#)  
[04132026 OWA 6a Presentation](#)

- b. Quarterly Update on Conservation Program [21-5678](#)

**Attachments:** [04132026 OWA 6b C-L](#)  
[04132026 OWA 6b Presentation](#)

- c. Update on Water Surplus and Drought Management [21-5679](#)

**Attachments:** [04132026 OWA 6c C-L](#)  
[04132026 OWA 6c Presentation](#)

- d. Pure Water Southern California Update [21-5735](#)

**Attachments:** [04132026 OWA 6d C-L](#)  
[04132026 OWA 6d Presentation](#)

- e. Update on Basin States Discussions Regarding Post-2026 Operational Guidelines [21-5676](#)

**Attachments:** [04132026 OWA 6e Presentation](#)

## 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Bay-Delta Resources activities [21-5570](#)  
Colorado River Resources activities  
Sustainability, Resilience, and Innovation activities  
Water Resources Management activities

**Attachments:** [04132026 OWA 7a Bay-Delta Resources activities](#)  
[04132026 OWA 7a Colorado River Resources activities](#)  
[04132026 OWA 7a Sustainability, Resilience, and Innovation activities](#)  
[04132026 OWA 7a Water Resources Management activities](#)

## 8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Report on Subcommittee on Imported Water [21-5571](#)
- b. Discuss and provide direction on Subcommittee on Imported Water [21-5572](#)

## 9. FOLLOW-UP ITEMS

NONE

## 10. FUTURE AGENDA ITEMS

## 11. ADJOURNMENT

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

## FAAME Committee

C. Miller, Chair  
D. Alvarez, VC Budget  
G. Bryant  
R. Crane  
B. Dennstedt  
L. Fong-Sakai  
J. McMillan  
P. Paule  
M. Petersen  
B. Pressman  
T. Quinn  
K. Seckel

## **Finance, Affordability, Asset Management, and Efficiency Committee - Final - Revised 1**

Meeting with Board of Directors \*

**April 14, 2026**

**8:30 a.m.**

**Tuesday, April 14, 2026  
Meeting Schedule**

**08:30 a.m. FAAME  
11:30 a.m. ETHICS  
12:30 p.m. BREAK  
01:00 p.m. BOD**

Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 815 2066 4276 or to join by computer [click here](#).

**Disclaimer: Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.**

---

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

Teleconference Locations:

3008 W. 82nd Place • Inglewood, CA 90305

Allendale Insurance Agency • 337 West Foothill Boulevard • Glendora, CA 91740

---

\* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

**1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**\*\* CONSENT CALENDAR \*\***

**2. COMMITTEE ACTION (ONLY)**

- A. Approval of the Minutes of the Finance, Affordability, Asset Management, and Efficiency Committee of March 10, 2026 [21-5558](#)

**Attachments:** [04142026 FAAME 2A \(03102026\) Minutes](#)

**3. COMMITTEE ITEMS (FOR BOARD CONSIDERATION)**

- 7-4** Review and consider the Final Environmental Impact Report certified by the City of Fontana together with information contained in the Westgate Specific Plan FEIR Addendum for the West Gate Specific Plan and take related actions, and authorize the General Manager to grant permanent easements to the City of Fontana for public road and utility purposes on Metropolitan fee-owned property in the City of Fontana and further identified as San Bernardino County Assessor Parcel Number 0228-012-04, 0228-092-18 and 0228-021-026 [SUBJECT REVISED on 4/8/2026] [21-5661](#)

**Attachments:** [04142026 FAAME 7-4 B-L \(Revised\)](#)  
[04142026 FAAME 7-4 Attachment 3](#)  
[04142026 FAAME 7-4 Attachment 4](#)  
[04142026 FAAME 7-4 Attachment 5](#)  
[04142026 FAAME 7-4 Presentation](#)

- 7-5** Adopt CEQA determination that the proposed action was previously addressed in the 2024 Mitigated Negative Declaration adopted by the City of Fontana for the Fontana Fire Station No. 80 and Training Center Project, and authorize the General Manager to execute a new 30-year license agreement with four options to extend the term in five-year increments for a maximum term of 50 years, at twenty percent of Fair Market Value, with the City of Fontana for supplemental parking for a Fire Station and Training Facility on Metropolitan fee-owned property in the City of Fontana, identified as San Bernardino County Assessor Parcel No. 0228-021-26 [DEFERRED on 4/8/2026] [21-5662](#)

**\*\* END OF CONSENT CALENDAR \*\***

**4. COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)**

- 8-1** Approve the Proposed Biennial Budget for fiscal years 2026/27 and 2027/28, which includes the Capital Investment Plan and revenue requirements for fiscal years 2026/27 and 2027/28 and the ten-year forecast; adopt resolutions fixing and adopting the water rates and charges for calendar years 2027 and 2028; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA **[21-5658](#)**

**Attachments:** [04142026 FAAME 8-1 B-L](#)  
[04142026 FAAME 8-1 Presentation](#)

- 8-3** Authorize a new agricultural lease agreement with Martini Companies, LLC for rice farming and related uses on portions of Metropolitan-owned real property in the Sacramento-San Joaquin Bay Delta known as Webb Tract; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; properties totaling approximately 2,159 gross acres in the area commonly known as Webb Tract, also identified as Contra Costa County Assessor Parcel Numbers: 026-070-001-8, 026-080-006-5, 026-080-009-9, 026-080-007-3, 026-080-008-1, 026-080-004-0, 026-008-005-7; agency negotiators: Steven Johnson, Kevin Webb, and Kieran Callanan; negotiating parties: Robert Maragliano Jr. for Martini Companies, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8] **[21-5659](#)**

**Attachments:** [04142026 FAAME 8-3 Presentation \(Open Session\)](#)

**5. COMMITTEE ITEMS (INFORMATIONAL FOR BOARD CONSIDERATION)**

NONE

**6. COMMITTEE ITEMS (INFORMATIONAL)**

NONE

**7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS**

- a.** Finance, Affordability, Asset Management, and Efficiency activities **[21-5559](#)**

**Attachments:** [04142026 FAAME 7a Finance, Affordability, Asset Management, and Efficiency activities](#)

**8. FOLLOW-UP ITEMS**

NONE

**9. FUTURE AGENDA ITEMS**

**10. ADJOURNMENT**

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

## Ethics Committee

K. Seckel, Chair  
G. Cordero, Vice Chair  
C. Douglas  
M. Katz  
J. Lewitt  
T. McCoy  
P. Paule  
M. Ramos  
G. Shepherd Romey

## **Ethics Committee - Final - Revised 1**

Meeting with Board of Directors \*

**April 14, 2026**

**11:30 a.m.**

**Tuesday, April 14, 2026  
Meeting Schedule**

**08:30 a.m. FAAME  
11:30 a.m. ETHICS  
12:30 p.m. BREAK  
01:00 p.m. BOD**

Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 873 4767 0235.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 876 9484 9772 or to join by computer [click here](#).

**Disclaimer: Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.**

---

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

Teleconference Locations:

3008 W. 82nd Place • Inglewood, CA 90305

Douglas/Hicks Law • 5120 W. Goldleaf Circle, Suite 425 • Los Angeles, CA 90056

---

\* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**\*\* CONSENT CALENDAR \*\***

2. **COMMITTEE ACTION (ONLY)**

NONE

3. **COMMITTEE ITEMS (FOR BOARD CONSIDERATION)**

NONE

**\*\* END OF CONSENT CALENDAR \*\***

4. **COMMITTEE ITEMS (ACTION FOR BOARD CONSIDERATION)**

NONE

5. **COMMITTEE ITEMS (INFORMATIONAL FOR BOARD CONSIDERATION)**

NONE

6. **COMMITTEE ITEMS (INFORMATIONAL)**

- a. Ethics Office Overview [21-5687](#)  
 Guest Speaker: Andrea Sheridan Ordin [SUBJECT REVISED on 4/6/2026]

**Attachments:** [04142026 ETHICS 6a C-L](#)  
[04142026 ETHICS 6a Presentation](#)

- b. Ethics Office Review Process [21-5688](#)

**Attachments:** [04142026 ETHICS 6b C-L](#)  
[04142026 ETHICS 6b Presentation](#)

- c. Requested Investigation Information. [SUBJECT ADDED on 4/6/2026] [21-5814](#)

**Attachments:** [04142026 ETHICS 6c C-L](#)  
[04142026 ETHICS 6c Presentation](#)

## 7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Ethics Officer's report on monthly activities

[21-5694](#)

**Attachments:** [04142026 ETHICS 7a Ethics Officer's report on monthly activities](#)

## 8. FOLLOW-UP ITEMS

NONE

## 9. FUTURE AGENDA ITEMS

## 10. ADJOURNMENT

**NOTE:** This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

# The Metropolitan Water District of Southern California

# Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

## Board of Directors - Final - Revised 4

April 14, 2026

1:00 PM

Tuesday, April 14, 2026 Meeting Schedule
08:30 a.m. FAAME
11:30 a.m. ETHICS
12:30 p.m. BREAK
01:00 p.m. BOD

Written public comments received by 3:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 815 2066 4276 or to join by computer [click here](#).

**Disclaimer:** Written and oral public comments are received in compliance with the Ralph M. Brown Act. Please note that Metropolitan does not endorse or ensure the accuracy or reliability of the information provided as public comment or by third parties.

---

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

Teleconference Locations:

3008 W. 82nd Place • Inglewood, CA 90305

Fullerton City Hall • 303 W. Commonwealth Avenue, Chambers • Fullerton, CA 92832

Santa Ana City Hall • 20 Civic Center Plaza, 8th Floor • Santa Ana, CA 92701

Allendale Insurance Agency • 337 West Foothill Boulevard • Glendora, CA 91740

Douglas/Hicks Law • 5120 W. Goldleaf Circle, Suite 425 • Los Angeles, CA 90056

---

## 1. Call to Order

- a. Invocation: Board Vice Chair Juan Garza, Central Basin Municipal Water District
- b. Pledge of Allegiance: Board Secretary Lois Fong-Sakai, San Diego County Water Authority

## 2. Roll Call

- 3. Determination of a Quorum**
- 4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code §54954.3(a))**
- 5. OTHER MATTERS AND REPORTS**
  - A. Report on Director's Metropolitan Expenses [21-5541](#)**  
**Attachments: [04142026 BOD 5A Report](#)**
  - B. Chair's Monthly Activity Report [21-5542](#)**  
**Attachments: [04142026 BOD 5B Report](#)**  
  
Guest Speaker: Grace Napolitano, Former United States Representative Moab Uranium Mill Tailings Remedial Action Project [21-5848](#)
  - C. General Manager's summary of activities [21-5543](#)**  
**Attachments: [04142026 BOD 5C Report](#)**
  - D. General Counsel's summary of activities [21-5544](#)**  
**Attachments: [04142026 BOD 5D Report](#)**
  - E. General Auditor's summary of activities [21-5545](#)**  
**Attachments: [04142026 BOD 5E Report](#)**
  - F. Ethics Officer's summary of activities [21-5546](#)**  
**Attachments: [04142026 BOD 5F Report](#)**  
  
Guest Speaker: Chris Palmer, California Special District Foundation. [SUBJECT ADDED on 3/30/2026] [21-5777](#)

**\*\* CONSENT CALENDAR \*\*****6. BOARD CONSENT ITEMS**

- A.** Approval of the Minutes of the Board of Directors of February 10, 2026 and March 10, 2026, and Board of Directors Workshop on Finance, Affordability, Asset Management and Efficiency of February 24, 2026 and March 24, 2026 **21-5547**

**Attachments:** [04142026 BOD 6A \(02102026 BOD\) Minutes](#)  
[04142026 BOD 6A \(03102026 BOD\) Minutes](#)  
[04142026 BOD 6A \(02242026 BOD WKSP/FAAME\) Minutes](#)  
[04142026 BOD 6A \(03242026 BOD WKSP-FAAME\) Minutes](#)

- B.** Approve Committee Assignments **21-5548**

**7. BOARD LETTERS CONSENT**

- 7-1** Authorize an agreement with Computer Aid, Inc. in an amount not to exceed \$397,628 for the Enterprise Information Technology Software Asset Management module implementation services; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) **21-5651**

**Attachments:** [04142026 EOT 7-1 B-L](#)  
[04132026 EOT 7-1 Presentation](#)

- 7-2** Adopt the Mitigated Negative Declaration and take related CEQA actions for the Casa Loma Siphon No. 1 and San Jacinto Pipeline Protection Project, and approve the project for CEQA purposes (OWA) **21-5653**

**Attachments:** [04142026 OWA 7-2 B-L](#)  
[04132026 OWA 7-2 Presentation](#)

- 7-3** Approve the Metropolitan Water District of Southern California's salary schedules pursuant to CalPERS regulations; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (OPE) **21-5654**

**Attachments:** [04142026 OPE 7-3 B-L](#)  
[04132026 OPE 7-3 Presentation](#)

- 7-4** Review and consider the Final Environmental Impact Report certified by the City of Fontana together with information contained in the Westgate Specific Plan FEIR Addendum for the West Gate Specific Plan and take related actions, and authorize the General Manager to grant permanent easements to the City of Fontana for public road and utility purposes on Metropolitan fee-owned property in the City of Fontana and further identified as San Bernardino County Assessor Parcel Number 0228-012-04, 0228-092-18 and 0228-021-026 [SUBJECT REVISED on 4/8/2026] (FAAME) [21-5661](#)

**Attachments:** [04142026 FAAME 7-4 B-L \(Revised\)](#)  
[04142026 FAAME 7-4 Attachment 3](#)  
[04142026 FAAME 7-4 Attachment 4](#)  
[04142026 FAAME 7-4 Attachment 5](#)  
[04142026 FAAME 7-4 Presentation](#)

- 7-5** Adopt CEQA determination that the proposed action was previously addressed in the 2024 Mitigated Negative Declaration adopted by the City of Fontana for the Fontana Fire Station No. 80 and Training Center Project, and authorize the General Manager to execute a new 30-year license agreement with four options to extend the term in five-year increments for a maximum term of 50 years, at twenty percent of Fair Market Value, with the City of Fontana for supplemental parking for a Fire Station and Training Facility on Metropolitan fee-owned property in the City of Fontana, identified as San Bernardino County Assessor Parcel No. 0228-021-26 [DEFERRED on 4/8/2026] (FAAME) [21-5662](#)

- 7-6** Approve amendments to the Metropolitan Water District of Southern California Administrative Code to modify the processes for Department Head evaluations, performance expectations, and annual business planning; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-5693](#)

**Attachments:** [04142026 BOD 7-6 B-L](#)  
[04142026 BOD 7-6 Presentation](#)

- 7-7** Approve staff to take the necessary steps to align with AB 2156 to rename Metropolitan's "Cesar Chavez Day" holiday; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [SUBJECT REVISED on 3/30/2026] (OPE) [21-5776](#)

**Attachments:** [04142026 OPE 7-7 B-L](#)  
[04132026 OPE 7-7 Presentation](#)

**\*\* END OF CONSENT CALENDAR \*\***

## **8. BOARD LETTERS ACTION**

- 8-1** Approve the Proposed Biennial Budget for fiscal years 2026/27 and 2027/28, which includes the Capital Investment Plan and revenue requirements for fiscal years 2026/27 and 2027/28 and the ten-year forecast; adopt resolutions fixing and adopting the water rates and charges for calendar years 2027 and 2028; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAAME) [21-5658](#)

**Attachments:** [04142026 FAAME 8-1 B-L](#)  
[04142026 FAAME 8-1 Presentation](#)

- 8-2** Appropriate \$1.025 billion for projects identified in the Capital Investment Plan for fiscal years 2026/27 and 2027/28 and authorize the General Manager to initiate or proceed with work on capital projects identified in the Capital Investment Plan for fiscal years 2026/27 and 2027/28; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [SUBJECT REVISED on 4/6/2026] (EOT) [21-5656](#)

**Attachments:** [04142026 EOT 8-2 B-L](#)  
[04132026 EOT 8-2 Presentation](#)

- 8-3** Authorize a new agricultural lease agreement with Martini Companies, LLC for rice farming and related uses on portions of Metropolitan-owned real property in the Sacramento-San Joaquin Bay Delta known as Webb Tract; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [Conference with real property negotiators; properties totaling approximately 2,159 gross acres in the area commonly known as Webb Tract, also identified as Contra Costa County Assessor Parcel Numbers: 026-070-001-8, 026-080-006-5, 026-080-009-9, 026-080-007-3, 026-080-008-1, 026-080-004-0, 026-008-005-7; agency negotiators: Steven Johnson, Kevin Webb, and Kieran Callanan; negotiating parties: Robert Maragliano Jr. for Martini Companies, LLC; under negotiation: price and terms; to be heard in closed session pursuant to Government Code Section 54956.8] (FAAME) **[21-5659](#)**

**Attachments:** [04142026 FAAME 8-3 Presentation \(Open Session\)](#)

- 8-4** Authorize the Operational Shift Cost-Offset Program and delegate the General Manager authority to activate the Program and execute agreements with member agencies; the General Manager has determined the proposed actions are exempt or otherwise not subject to CEQA (OWA) **[21-5665](#)**

**Attachments:** [04142026 OWA 8-4 B-L](#)  
[04142026 OWA 8-4 Presentation](#)

- 8-5** Adopt Metropolitan's Disruption Policy outlining procedures for recessing and reconvening meetings during telephonic or internet service disruptions; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA. [SUBJECT REVISED on 4/6/2026] **[21-5666](#)**

**Attachments:** [04142026 BOD 8-5 B-L](#)  
[04142026 BOD 8-5 Presentation](#)

## 9. BOARD INFORMATION ITEMS

- 9-1** Equal Employment Opportunities activities **[21-5667](#)**

**Attachments:** [04142026 BOD 9-1 Equal Employment Opportunities activities](#)

- 9-2** Diversity, Equity, and Inclusion activities **[21-5668](#)**

**Attachments:** [04142026 BOD 9-2 Diversity, Equity, and Inclusion activities](#)

**10. OTHER MATTERS**

NONE

**11. FOLLOW-UP ITEMS**

NONE

**12. FUTURE AGENDA ITEMS****13. ADJOURNMENT**

**NOTE:** Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item, e.g. (EOT). Board agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

**Summary Report for  
The Metropolitan Water District of Southern California  
Board Meeting  
April 14, 2026**

**CONSENT CALENDAR OTHER ITEMS - ACTION**

Approved Ad Hoc Committee on Executive Performance and appointed as members Board Vice Chairs Michael Camacho, Juan Garza, Barry Pressman, and Nancy Sutley. **(Agenda Item 6B)**

**CONSENT CALENDAR ITEMS – ACTION**

Authorized an agreement with Computer Aid, Inc. in an amount not to exceed \$397,628 for the Enterprise IT Software Asset Management module implementation services. **(Agenda Item 7-1)**

Adopted the Mitigated Negative Declaration and take related CEQA actions for the Casa Loma Siphon No. 1 and San Jacinto Pipeline Protection Project and approved the project for CEQA purposes. **(Agenda Item 7-2)**

Approved the attached salary schedules. **(Agenda Item 7-3)**

Reviewed and considered the Final Environmental Impact Report certified by the City of Fontana together with information contained in the Westgate Specific Plan FEIR Addendum for the Westgate Specific Plan and take related actions, and authorized the General Manager to grant permanent easements to the City of Fontana for public road and utility purposes on Metropolitan fee-owned property in the City of Fontana and further identified as San Bernardino County Assessor Parcel Number 0228-012-04, 0228-092-18 and 0228-021-026. **(Agenda Item 7-4)**

Approved amendments to the Metropolitan Water District of Southern California Administrative Code to modify the processes for Department Head evaluation, performance expectations, and annual business planning. **(Agenda Item 7-6)**

Approved staff to take the necessary steps to rename the March 31 holiday. **(Agenda Item 7-7)**

**OTHER BOARD ITEMS - ACTION**

- a. Approved the FY 2026/27 and FY 2027/28 Biennial Budget, which includes:
  - (i) appropriation of \$3,619.9 million for Metropolitan operations and maintenance and operating equipment, power costs on the CRA, SWC operations, maintenance, power and replacement costs and SWC capital charges, demand management programs including the LRP agreements and conservation programs, and costs associated with supply programs for FYs 2026/27 and 2027/28 (shown in Table 4);
  - (ii) a continuing appropriation of \$740.9 million for FYs 2026/27 and 2027/28 for debt service on Metropolitan general obligation and revenue bonds (Table 4);

- (iii) continued appropriation of \$98.4 million for AVEK participation rights for FYs 2026/27 and 2027/28 via debt issued in 2025 by AVEFA on behalf of Metropolitan as obligator (Table 4);
  - (iv) appropriation of \$1,025 million funding for CIP for FYs 2026/27 and 2027/28; and,
  - (v) appropriation of \$150 million funding for 45-MGD Stage 1 PWSC planning and final design costs for FYs 2026/27 & 2027/28;
- b. Authorized the use of approximately \$75.9 million of available SWRCB fund, received Large Scale Water Recycling Plant (LSWRP) Grants reimbursements and future reimbursements to fund the PWSC planning and design costs and authorize a one-time draw from unrestricted reserves in fiscal year 2027/28 not to exceed \$58 million and appropriate for PWSC final design and if the unrestricted reserves fall below the minimum then the item will return to the Board;
  - c. Authorized the use of \$385.0 million in operating revenues to fund the CIP for FYs 2026/27 and 2027/28;
  - d. Approved total revenue requirements to be paid from rates and charges of \$1,542.8 million in FY 2026/27 and \$1,672.7 million in FY 2027/28;
  - e. Approved the Ten-Year Financial Forecast, as summarized in Figure 1;
  - f. Approved water rates and charges effective January 1, 2027, and January 1, 2028, as shown in Table 5, which result in an overall increase of 6.2 percent in CY 2027 and 6.2 percent in CY 2028 from CY 2026 rates and charges;
  - g. Adopted the Resolution Fixing and Adopting Water Rates To Be Effective January 1, 2027, and 2028, in the form of **Attachment 5**;
  - h. Adopted the Resolution Fixing and Adopting a Readiness-To-Serve Charge Effective January 1, 2027, in the form of **Attachment 6**;
  - i. Adopted the Resolution Fixing and Adopting a Capacity Charge Effective January 1, 2027, in the form of **Attachment 7**;
  - j. Adopted the Resolution Fixing and Adopting the Treatment Fixed Charges Effective January 1, 2027, in the form of **Attachment 8**; and,
  - k. Directed staff to evaluate the Conservation Program and the Local Resources Program within the next year to prioritize programs that are cost-effective and that meet the needs of Metropolitan and its member agencies.
  - l. In addition, authorized additional appropriation of approximately \$16 million for PWSC final design from federal grant sources for a total appropriation of \$150 million over the two-year budget;
  - m. The project will undergo the CAMP4W evaluation and treatment studies process by year-end to assist the Board in its implementation decision; and
  - n. Directed staff to conduct a market study for the sale of two islands and bring back that study to the Board for review. (**Agenda Item 8-1**)

Appropriated \$1.025 billion for projects identified in the CIP Appendix for FYs 2026/27 and 2027/28; and authorized the General Manager to initiate or continue work on the capital projects described in the CIP Appendix for FYs 2026/27 and 2027/28, subject to any limits on the General Manager's authority and CEQA requirements. **(Agenda Item 8-2)**

Authorized a new agricultural lease agreement with Martini Companies, LLC, for rice farming and related uses on portions of Metropolitan-owned real property in the Sacramento-San Joaquin Bay Delta known as Webb Tract according to the price and terms given in closed session. **(Agenda Item 8-3)**

Authorized the Operational Shift Cost-Offset Program and delegated the General Manager authority to activate the Program and execute agreements with Member Agencies. **(Agenda Item 8-4)**

Adopted Metropolitan's Disruption Policy outlining procedures for recessing and reconvening meetings during telephonic or internet service disruptions. **(Agenda Item 8-5)**

**THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.**

All current month materials, and materials after July 1, 2021 are available on the public website here: <https://mwdh2o.legistar.com/Calendar.aspx>

This database contains archives from the year 1928 to June 30, 2021:  
<https://bda.mwdh2o.com/Pages/Default.aspx>



April 22, 2026

**Attention: Imported Water Committee**

## **Metropolitan Water District Adopted Budget and Rates. (Presentation)**

### **Purpose**

This report summarizes the development and adoption of the Metropolitan Water District of Southern California's (Metropolitan) fiscal years (FY) 2027 and 2028 Biennial Budget (Budget).

### **Executive Summary**

- Metropolitan adopted its Budget, including rates and charges for calendar years (CY) 2027 and 2028 on April 14, 2026.
- The adopted Budget includes a 6.2% annual increase, representing a 35% reduction from the initial 9.5% proposal.
- The Budget also includes a 10-year financial forecast reflecting rising expenditures, declining water sales, and investments in long-term supply initiatives.
- Key drivers of the Budget and rates are funding for the Pure Water Southern California (PWSC) project, an ad valorem property tax rate of 0.0085%, and a Capital Investment Plan (CIP) totaling \$1.025 billion.
- Water Authority delegates, working collaboratively with other member agencies, advanced a joint proposal that was unanimously approved by the Metropolitan board.

### **Background**

In February, Metropolitan released its proposed Budget, rates for CY 2027 and 2028, and a 10-year financial forecast. The proposal reflected rising expenditures, declining water sales, and significant long-term supply investments. Initial budget appropriations were proposed at \$2.7 billion for FY 2027 and \$2.9 billion for FY 2028. Between February and March, Metropolitan conducted four budget workshops and held a public hearing to receive input from board members.

At the March Imported Water Committee meeting, the Water Authority outlined Metropolitan's proposed Budget, noting that reduced sales projections, rising operating expenses, and emerging policy commitments were key factors behind the initially proposed 9.5% annual rate increase.

### **Discussion**

#### ***Working on a Consensus***

Led by Director Marty Miller in his role as chair of the Finance, Affordability, Asset Management and Efficiency (FAAME) Committee, the Water Authority submitted two letters (Attached) to Chair Adan Ortega and the full Metropolitan board. These letters provided a framework emphasizing the importance of affordability, fiscal discipline, and prioritization of core investments.

The Water Authority recommended that Metropolitan:

- Advance planning and analysis for PWSC using available grant funding, while deferring additional financial commitments until the project is fully evaluated through the Climate Adaptation Master Plan for Water (CAMP4W) framework.
- Align spending with current demand conditions by reducing conservation funding to the minimum level necessary to meet grant obligations and prioritizing the most cost-effective programs.
- Refine proposed staff increases and carefully evaluate CIP projects outside of core replacement and rehabilitation needs.
- Complete the review of the Local Resource Program (LRP) through the CAMP4W framework and clarify the programs long-term direction.

After the final Budget workshop and several member agency proposals, the Water Authority delegation, in collaboration with other member agencies, advanced a balanced proposal addressing member agency needs while maintaining prudent fiscal management. The key elements included:

- An ad valorem property tax rate of 0.0085% to fund State Water Contract fixed costs.
- Reducing the biennial CIP budget to \$875 million.
- Maintaining conservation funding at levels to support existing programs with a directive to evaluate and prioritize the most cost-effective investments.
- Funding existing LRP agreements while requiring evaluation of program efficiency before committing to new agreements.
- Limiting additional staff to 79 positions, subject to the General Manager's discretion.
- Restricting PWSC funding to grant-funded activities only and requiring completion of a CAMP4W evaluation before any broader financial commitment.

***Approved FYs 2027 and 2028***

At the April 14<sup>th</sup> FAAME Committee meeting, staff presented two budget options differing only in PWSC funding levels. Chair Miller advanced a modified version of the first option, incorporating Water Authority recommendations, including limited use of reserves supporting PWSC final design.

Following deliberation, the Board adopted the Water Authority's proposal with the following amendments:

- Fund Pure Water at \$150 million, with a one-time draw from unrestricted reserves in FY 2028, not to exceed \$58 million.
- Direct staff to conduct a market study for the potential sale of two Bay-Delta islands and return to the Board with findings.

Imported Water Committee

April 22, 2026

Page 3 of 3

With these directives, the adopted budget resulted in rate increase of 6.2% in both CY 2027 and 2028, which represents a 35% reduction from Metropolitan's original 9.5% proposal. The final budget reflects a solutions-oriented approach that prioritizes affordability while maintaining investments in reliability. The Board adopted Chair Miller's motion unanimously.

Prepared by: Sofia Almeida, Management Analyst  
Alex Heide, Principal Water Resources Specialist

Reviewed by: Meena Westford, Director of Imported Water

Approved by: Dan Denham, General Manager

Attachment 1 – Water Authority budget letter to Metropolitan dated March 23, 2026.

Attachment 2 – Water Authority budget letter to Metropolitan dated March 27, 2026.

March 23, 2026

**Adán Ortega**

Board Chair

Metropolitan Water District of Southern California

P.O. Box 54153

Los Angeles, CA 90054-0153

**RE: Metropolitan’s proposed biennial budget for fiscal years 2026/27 and 2027/28; proposed water rates and charges for calendar years 2027 and 2028**

Dear Chair Ortega,

The San Diego County Water Authority (Water Authority) appreciates the Metropolitan Water District of Southern California’s (Metropolitan’s) efforts in developing its biennial budget and the opportunity to provide input on both the proposed biennial budget and evaluation of alternative rate options. We respectfully offer the following perspectives for consideration.

**Pure Water Southern California**

The Water Authority strongly encourages Metropolitan to apply a consistent and disciplined framework for all major capital investments in alignment with the Climate Adaptation Master Plan for Water (CAMP4W). The principles embedded in CAMP4W - phased decision-making, adaptive management, and fiscal planning - are essential for evaluating large-scale, long-term investments under evolving hydrologic and financial conditions.

Consistent with these principles, we support the continued use of grant funding to advance planning and analysis for Pure Water Southern California. We ask that no other financial commitments are made until the project has been fully evaluated through the CAMP4W framework. This approach ensures that decisions are grounded in transparent criteria and protects ratepayers from premature financial exposure.

**Ad Valorem (AV) Property Tax Rate**

The AV property tax remains an important financial tool; however, any adjustment should be clearly tied to a defined and appropriate purpose, such as State Water Project-related subsidence costs. We remain committed to working collaboratively with Metropolitan and its member agencies to support long-term fiscal sustainability.

**Conservation Funding**

We support continued investment in conservation as a critical long-term reliability strategy. However, with sales at or near historic lows, current conservation spending levels are placing increasing pressure on Metropolitan’s financial position.

---

In this context, we recommend reducing conservation funding to the minimum needed to meet grant obligations for this biennium. In general, we support a measured recalibration of conservation investments, maintaining core program capacity while prioritizing high-efficiency, cost-effective programs, such as the Member Agency Administered Program, over lower-yield initiatives like turf replacement. This balanced approach preserves institutional capability while reducing near-term financial strain.

### **Request for New Staff**

We respect the General Manager's authority to make the organizational and operational decisions necessary to support Metropolitan's mission. We recognize the essential role of field staff, particularly as Metropolitan continues shifting toward a more proactive preventive maintenance approach rather than relying on corrective actions. This work is critical to system reliability and should remain appropriately supported.

At the same time, we encourage further refinement and prioritization of the proposed staffing increases. We also recommend that savings associated with the hiring of full-time positions through the subsequent reductions in overtime costs and the use of temporary staffing be recognized in the proposed budget.

### **Local Resources Program (LRP)**

We support completing the ongoing CAMP4W business-model evaluation process before making structural changes to the Local Resources Program (LRP). Decisions of this magnitude should be made through a comprehensive, transparent framework rather than through the biennial budget process.

Given recent board and member agency discussions regarding potential removal of the LRP from the budget, we request clarification on whether the intent is:

- That no additional LRP projects would be approved moving forward, or
- That new projects could still be approved but would simply not have fiscal impacts within this biennial budget.

Clear definition is essential to ensure informed and deliberate decision-making.

### **Capital Investment Plan (CIP)**

As a member agency that relies on Metropolitan's infrastructure, we strongly support continued investment in system reliability. At the same time, we recommend careful evaluation of "upgrade projects" within the CIP to identify opportunities for cost containment, particularly where projects extend beyond core replacement and refurbishment needs. A focused approach will help balance reliability with affordability.

---

**Water Transactions Assumption**

Given recent trends in Metropolitan’s water transactions, which have been approximately 1.2 million acre-feet annually, we believe it is appropriate for Metropolitan to continue utilizing its current budgeting policy based on a 70 percent exceedance level, a methodology that also produces an estimated 1.2 million acre-feet of transactions. This approach provides needed fiscal stability and predictability.

We look forward to working in collaboration with Metropolitan and its member agencies during the development of this biennial budget.

Sincerely,



Lois Fong-Sakai  
Director



Marty Miller  
Director



Mel Katz  
Director



Dan Denham  
Director

Cc: Metropolitan Board of Directors  
Katano Kasaine, Assistant General Manager/Chief Financial Officer

---

March 27, 2026

**Adán Ortega**

Board Chair

Metropolitan Water District of Southern California

P.O. Box 54153

Los Angeles, CA 90054-0153

**RE: Metropolitan's proposed biennial budget for fiscal years 2026/27 and 2027/28; proposed water rates and charges for calendar years 2027 and 2028**

Dear Chair Ortega,

After discussing with Director Seckel, the San Diego County Water Authority and Municipal Water District of Orange County offer the following combined proposal which builds off the Miller alternative that was put forward in Workshop #4.

**Miller Proposal (Revised)**

**Ad Valorem (AV) Property Tax Rate:** Assume an AV tax rate of 0.0085%.

**Capital Investment Plan (CIP):** Set the biennial CIP budget at \$875 million.

**Conservation Funding:** Keep conservation at a level that funds the current programs, but we would like to add a directive to evaluate programs within the next year to prioritize those that are cost-effective and meet the needs of Metropolitan and the member agencies.

**Local Resources Program (LRP):** Fund existing LRP agreements, but we would like to add a directive to evaluate the program within the next year to ensure it most effectively meets Metropolitan's business needs before funding agreements that are not already in-progress.

**Request for New Staff:** We request that the General Manager cap the new staff request at 79 positions between Operations and Maintenance and CIP.

**Pure Water Southern California (PWSC):** Funding for PWSC in the proposed budget shall be limited to grant-funded activities only. We further request that the PWSC project be evaluated through the CAMP4W process by the end of the year with a thorough and comprehensive analysis, at which point a decision regarding implementation should be made. Until that decision is reached, spending on the program should remain limited.

---

Sincerely,



Lois Fong-Sakai  
Director



Marty Miller  
Director



Mel Katz  
Director



Dan Denham  
Director

Cc: Metropolitan Board of Directors  
Katano Kasaine, Assistant General Manager/Chief Financial Officer

April 22, 2026

**Attention: Imported Water Committee**

**Colorado River Hydrology and Basin States Update (Presentation)**

**Purpose**

This report provides an update on Colorado River reservoir operations, current hydrologic conditions, and related developments among the Basin states.

**Executive Summary**

- A March 2026 heatwave accelerated snowmelt across the Upper Colorado River Basin, reducing snowpack to 22% of normal.
- Under the driest hydrologic conditions modeled by Reclamation, projected water year (WY) 2026 unregulated inflow to Lake Powell (Powell) is estimated at approximately 3 million acre-feet (MAF), or 31% of normal.
- To protect Powell, the U.S. Bureau of Reclamation (Reclamation) is expected to take near-term operational actions, including releasing between 0.66 to 1 MAF from upstream reservoirs and reducing planned WY 2026 releases from Powell to Lake Mead from 7.48 MAF to approximately 6 MAF.
- Worsening hydrologic conditions have shifted the Basin state discussions away from long-term planning alone and toward immediate operational adjustments, while also reshaping the development of the post-2026 operating framework, which is scheduled to take effect on October 1, 2026.
- Current conditions are expected to complicate implementation of any post-2026 framework and may require significant additional actions as early as WY 2027 to stabilize reservoir storage.

**Background**

Since 2008, Lake Powell (Powell) and Lake Mead (Mead), both critical to California's river supplies, have been governed by the 2007 Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (Interim Guidelines). The Interim Guidelines established the first formal operational framework linking hydrologic indicators and reservoir elevations to system operations. The 2019 Drought Contingency Plans (DCP) built on this framework by adding measures to reduce the risk of reaching critically low reservoir elevations. Despite these efforts, a multi-decade climate-driven megadrought has significantly reduced storage in both reservoirs, with record low levels in 2022 and 2023.

In response, Reclamation and the Basin states adopted the 2024 Near-Term Colorado River Operations to stabilize system conditions while negotiations continued on post-2026 operations. These measures include reduced releases from Powell to Mead when necessary to protect critical reservoir elevations.

Although these agreements formally expired December 31, 2025, they continue to guide operations in 2026 as the Basin states and federal government work to finalize a new long-term operating framework to take effect in October 2026.

**Discussion**

**Current Operations and Hydrology**

Reclamation’s August 2025 24-Month Study was used to set 2026 operations for Powell and Mead based on projected January 1, 2026, water level elevations in the two reservoirs. Reclamation projected Mead’s elevation at 1,056 feet for January 1, 2026, sustaining a Level 1 shortage condition for 2026. The total combined shortage reduction and DCP contributions for Arizona, Nevada, and Mexico (Minute 323) in 2026 was set at 613,000 AF (see Table 1), the same reduction levels as in 2025. California has not faced any mandatory reductions to its 4.4 million acre-foot (MAF) annual river entitlement in 2026.

**Table 1. CY 2026 Shortage Reductions and DCP Contributions**

<i>(AF)</i>	Arizona	Nevada	California	Mexico	Total
<i>Shortage</i>	320,000	13,000	0	50,000	383,000
<i>DCP</i>	192,000	8,000	0	30,000	230,000
<i>Total</i>	512,000	21,000	0	80,000	<b>613,000</b>

The Interim Guidelines coordinated Mead and Powell operations to minimize Lower Basin shortages and protect Upper Basin users from curtailment risks. An 8.23 MAF annual Powell release achieves both objectives under normal conditions, but critically low reservoir levels have forced releases below that threshold in recent years. Based on Reclamation’s August 2025 projections, Powell was originally scheduled to release 7.48 MAF to Mead from Glen Canyon Dam in water year (WY) 2026; however, hydrologic conditions have deteriorated in the Basin since then, requiring Reclamation to consider an adjustment to the WY 2026 Powell release volume, among other actions.

**Poor Hydrology Raises Near-Term Operational Risks**

The Colorado River Basin is experiencing record low snowfall coupled with a heatwave, both of which are affecting elevations in Lake Powell. As of April 12, 2026, Upper Basin precipitation was 83% of normal, and snowpack, the Basin’s natural reservoir, was at 22% of normal. Reclamation’s April 2026 24-Month Study projects that under the driest conditions, Powell will fall below 3,490 feet, the water elevation level at which Glen Canyon Dam cannot generate hydropower, by August 2026. As of April 17, 2026, the projected WY 2026 unregulated inflow into Powell was approximately 3 MAF under the driest conditions modeled at 31% of normal. To reduce this risk, Reclamation will decide this month on a release ranging from 0.66 to 1 MAF from Upper Basin reservoirs into Powell.

To further protect Powell, Reclamation will also decide this month whether to lower the WY 2026 release from Powell to Mead from 7.48 MAF to 6 MAF, as permitted under the Near-Term Colorado River Operations. Mead receives almost all its water from Powell annual releases, so a reduction of this magnitude under the driest conditions is projected to cause Mead to fall by roughly 25 feet from its current level to 1,035 feet by the end of the water year.

Reclamation has reported that Hoover Dam hydropower generation would significantly decrease below 1,035 feet. Hoover Dam powers the Metropolitan Water District of Southern California's (Metropolitan) Colorado River Aqueduct (CRA) pumping plants. Metropolitan has noted that a reduction in the cost-effective energy produced at Hoover Dam could compromise CRA reliability and raise the energy costs of moving water through the CRA.

Under Reclamation's operational adjustments this year, California faces no mandatory reductions in 2026 and impacts in 2027 are uncertain given that the next set of guidelines that will manage the river starting in WY 2027 are still in development. Regardless of which post-2026 operational framework is ultimately adopted, immediate and substantial actions will likely be required to bolster the river system. Additionally, a 6 MAF Powell release reduces the 10-year flow at Lee Ferry, increasing the risk of dropping below the 82.5 MAF tripwire that could trigger a "Lower Basin Compact call."

### **Post-2026 Guidelines Negotiations**

Deteriorating hydrologic conditions are also complicating ongoing negotiations for the post-2026 operating guidelines. Basin states discussions early this year were focused on a short-term deal that would provide some operational certainty and potentially defer litigation post-2026; however, as hydrologic conditions have worsened, discussions have shifted to addressing the operational adjustments for this year. Reclamation is coordinating with the Basin states to prepare for releases into Powell from upstream reservoirs and a reduced annual Powell release volume.

Separately, Reclamation continues to advance its process for completing the final environmental impact statement (EIS) and record of decision for post-2026 guidelines, which are expected by summer 2026. After the Basin states missed Reclamation's February 14, 2026, milestone to identify key terms for a consensus proposal, Reclamation reiterated that it would keep working with the states but noted that it could not delay action on the post-2026 operating guidelines. Public comments on the Draft EIS for post-2026 operations were due March 2, 2026. The [Water Authority's comment letter](#) urged Reclamation to adopt a framework that enables market-based water transactions. Water Authority member agencies also submitted comment letters that called for post-2026 guidelines that ensure the river continues to serve all users and include flexible strategies. Reclamation is now evaluating those comments. The post-2026 guidelines must be finalized by October 1, 2026, for Powell and January 1, 2027, for Mead.

### **Water Authority Perspective**

The Water Authority's conserved river supplies continue to be supported by high-priority senior water rights, providing added reliability and some protection from potential future cutbacks. The Water Authority supports development of a basinwide consensus framework that preserves

operational flexibility (including storage and delivery of conserved water), enables interstate and intrastate water transfers and exchanges, and protects California's senior water rights and the region's long-standing investments in water reliability.

Any post-2026 framework must also prioritize affordability and rate stability for San Diego ratepayers. The Water Authority will continue working with California partners, the Basin states, Reclamation, tribes, and Mexico to advance a durable, flexible framework (including the aforementioned interstate and intrastate transfers and exchanges), while ensuring that any federal action does not compromise regional water supply reliability or cost stability.

Prepared by: Dennis Davis, Senior Water Resources Specialist

Reviewed by: Alexi Schnell, Colorado River Program Manager  
Meena Westford, Director of Imported Water

Approved by: Dan Denham, General Manager

## ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the “**Assignment**”) is made and entered into as of April 27, 2026 (“**Assignment Date**”), by and between the San Diego County Water Authority (“**SDCWA**” or “**Assignor**”), and Westside Agriculture LLC, a Delaware limited liability company (“**WESTSIDE**” or “**Assignee**”). SDCWA and WESTSIDE are hereinafter referred to collectively as the “**Parties**,” and each individually as a “**Party**” and is made with reference to the following facts:

### RECITALS

A. SDCWA is a county water authority existing and operating pursuant to the County Water Authority Act.

B. SDCWA owns Semitropic-Rosamond Water Bank (“**SRWB**”) shares which are defined in an agreement between SDCWA and SRWB Authority<sup>1</sup>, titled Groundwater Banking Agreement and dated August 20, 2008 (“**SDCWA/SRWB Agreement**”), as the “right of the holder thereof to such share of a SRWB Facility and thereby have a First Priority Right to Delivery, Storage, and Recovery and Return Capacities respecting such share in the Stored Water Recovery Unit of the Semitropic Water Bank (“**SWRU**”), together with certain proportionate rights to unused capacities therein, as more particularly described in Section 4.1.1” of the SDCWA/SRWB Agreement (the “**SWRU Rights**”). A copy of the SDCWA/SRWB Agreement is attached hereto and incorporated herein as Exhibit 1. SDCWA also owns a percentage interest in the capabilities, rights, and capacities of the Semitropic Water Banking and Exchange Program in Semitropic Water Storage District’s original banking project (the “**Original Water Banking Program**”) via an earlier assignment from Vidler Water Company, Inc. (the “**Original Rights**”) pursuant to an agreement between SDCWA and Vidler Water Company, Inc., titled Amended and Restated Assignment Agreement and dated June 30, 2008 wherein Vidler assigned a portion of its interests to SDCWA under that certain Agreement between Vidler Water Company, Inc. and Semitropic Water Storage District and its Improvement Districts for a Vidler-Semitropic Water Banking and Exchange Program, dated October 8, 1998, as subsequently amended and restated and further amended by that certain Second, Third and Fourth Amendments (“**Vidler Assignment Agreement**”). A copy of the Vidler Assignment Agreement is attached hereto as Exhibit 2 and incorporated herein by this reference. The SWRU Rights and the Original Rights are collectively referred to herein as the “**Banking Rights**”. The SDCWA/SRWB Agreement together with the Vidler Assignment Agreement shall hereinafter be collectively referred to as the “**Banking Agreements**.” Notwithstanding the foregoing, the Banking Rights specifically exclude any and all rights and obligations SDCWA has in and to the Antelope Valley Water Bank (“**AVWB**”) and such AVWB rights and obligations are reserved by SDCWA (“**Reserved Rights**”).

C. Assignor desires to sell, assign and transfer to Assignee all of Assignor’s rights, title and interest in and to the Banking Rights and Banking Agreements and Assignee desires to acquire such interests from Assignor.

---

<sup>1</sup> SRWB is now known as the Southern California Water Bank Authority (“**So Cal WBA**”).

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

## AGREEMENT

1. Assignment and Assumption. Effective as of the Assignment Date, and subject to Assignor and Assignee entering into that certain Second Priority Banking and Recovery Capacity Agreement of even date hereof, attached hereto as Exhibit 3 and incorporated herein by this reference, Assignor hereby grants, transfers, sells, conveys, assigns and delegates to Assignee all of Assignor's right, title, and interests in and to the Banking Rights and the Banking Agreements, but specifically excluding the Reserved Rights ("**Assigned Rights**"). Assignee hereby accepts such assignment and delegation by Assignor and agrees to fully perform and assume all the obligations of Assignor under the Banking Agreements first arising and accruing from and after the Assignment Date ("**Assigned Obligations**"). The Assigned Rights and Assigned Obligations shall hereinafter be collectively referred to as the "**Assigned Interests.**"

2. Consideration for the Assigned Interests. As consideration for the assignment of the Assigned Interests to WESTSIDE, to the extent WESTSIDE recharges or recovers water using the Assigned Interests, WESTSIDE shall pay a fee to SDCWA in the amount of Seventy-Five and No/100 Dollars (\$75.00) per acre-foot of recharged or recovered water by WESTSIDE using the Assigned Interests (the "**Fee**"), which shall be due and payable to SDCWA within thirty (30) days after completion of any such recharge or recovery by WESTSIDE.

a. To account for inflation, commencing on January 1, 2027, and adjusting annually on January 1 of each year pursuant to this Section 2.a, the Fee shall be adjusted based on the changes in the Consumer Price Index for All Urban Consumers, All Items Index, not seasonally adjusted for Western Cities with populations 2.5 million or less ("**CPI**") as published by the U.S. Bureau of Labor Statistics, or if the publication of this index is discontinued, or if the index is altered in some material manner, including changing the name of the index, the geographic area covered, the consumers or workers so included, or the base year, the Parties shall use their reasonable best efforts to agree on a substitute index or procedure that reasonably reflects and monitors consumer prices. The CPI to be used for adjustments shall be the index published for the month of November 2025 (the "**Base CPI**"). Subsequent adjustments shall be based on the CPI published for the month of November in each subsequent year (the "**Current CPI**"). The Fee shall be adjusted by the percentage increase, if any, in the CPI from the Base CPI to the Current CPI. For example, the Fee to be paid during 2027 shall be determined by multiplying \$75.00 by a fraction, the numerator of which is the Current CPI and the denominator of which is the Base CPI. The Fee so adjusted from time to time shall be the "**Fee**" for all purposes under this Assignment. Notwithstanding the foregoing, any annual adjustment to the Fee shall be capped at four percent (4%) per annum ("**Cap**"). In the event that the calculated increase exceeds the Cap, the adjustment shall be reduced to four percent (4%).

b. Any and all 2026 annual operations and maintenance fees associated with the Assigned Interests as follows: (i) the management and maintenance fees described in Section 6.2 of the SDCWA/SRWB Agreement; (ii) a prorated share of annual debt service payment

allocable to the Assigned Interests pursuant to the Fourth Amendment of the SDCWA/SRWB Agreement; and (iii) the O&M Fee described in Section 6.5 of the Vidler Assignment Agreement (collectively, the “**2026 O&M Fees**”) shall be prorated upon the Assignment Date wherein Assignor shall be responsible for that portion of the 2026 O&M Fees attributable to periods on or before the Assignment Date and Assignee shall be responsible for all 2026 O&M Fees attributable to periods after the Assignment Date.

3. Consent to Assignment. The execution and delivery by the Parties and all other parties identified in the documents described in Sections 3.a and 3.b and attached hereto as Exhibit 4 (the “**Exhibit 4 Documents**”) shall be a condition precedent to the effectiveness of this Assignment. The Parties agree to cooperate and diligently work together to obtain the necessary consents and execution of the Exhibit 4 Documents by all parties identified therein:

- a. A Consent to Assignment, substantially in the form attached hereto as Exhibit 4, executed by Semitropic and its Improvement Districts and/or So Cal WBA, as applicable, effective as of the Assignment Date, which shall reflect and confirm the following: (i) approval of WESTSIDE’s assumption of the Assigned Interests; (ii) confirmation that all payments required to be made by SDCWA in connection with the Assigned Interests have been paid; (iii) SDCWA has performed all of its obligations under the Banking Agreements, there are no uncured defaults under the Banking Agreements, and the Banking Agreements are valid and enforceable; and (iv) Semitropic and its Improvement Districts and/or So Cal WBA, as applicable, release and discharge SDCWA from any and all liabilities, obligations and duties associated with the Assigned Interests that arise on or are to be performed by SDCWA after the Assignment Date.
- b. A Memorandum of Assignment, substantially in the form attached hereto as Exhibit 4, which shall be filed of record promptly after full execution of the Consent to Assignment.

To the extent the Parties are unable to secure the execution and delivery of the Exhibit 4 Documents within one hundred eighty (180) days after the Assignment Date, WESTSIDE shall have the right, in its sole and absolute discretion, to terminate this Assignment upon written notice to SDCWA.

4. Representations and Warranties.

- a. Representations and Warranties of SDCWA. SDCWA hereby represents and warrants to WESTSIDE that, as of the Assignment Date:
  - i. Organization. SDCWA is a government agency, duly organized and validly existing under the laws of the State of California. SDCWA is the sole owner of the Assigned Interests and possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to assign the Assigned Interests to WESTSIDE and to transact the business in which it is now engaged.

- ii. Due Authority. This Assignment and all instruments, documents and agreements to be executed by SDCWA in connection herewith are or when delivered will be duly authorized, executed and delivered by SDCWA and will be valid, binding and enforceable obligations of SDCWA. SDCWA has taken all necessary action to authorize the execution, delivery and performance of this Assignment. To the actual knowledge of SDCWA, neither this Assignment nor any instrument, document or agreement to be executed by SDCWA in connection herewith will constitute a default under any written contract or agreement affecting the Assigned Interests.
- iii. Litigation. Other than as disclosed to WESTSIDE in writing prior to the Assignment Date, SDCWA has received no notice of any pending or threatened litigation, arbitration, condemnation or other proceeding against the Assigned Interests or against SDCWA with respect to the Assigned Interests or that will adversely affect SDCWA's ability to perform its obligations hereunder.
- iv. Compliance. SDCWA has received no notice, written or otherwise, from any governmental authority having jurisdiction over the Assigned Interests to the effect that the Assigned Interests are not in compliance with applicable laws and ordinances which remain unresolved, or that all or any portion of the Assigned Interests is the subject of any condemnation action or proceeding, and SDCWA has no actual knowledge of any continuing non-compliance with applicable laws and ordinances related to the Assigned Interests.
- v. Banking Agreements. To SDCWA's actual knowledge, the Banking Agreements attached hereto as Exhibits 1 and 2 are: (A) true and correct copies of the Banking Agreements; (B) the Banking Agreements are in full force and effect and are valid and enforceable agreements; (C) there are no uncured monetary or material nonmonetary defaults of the Banking Agreements by any of the parties thereto; (D) SDCWA has not received a notice of default under any of the Banking Agreements; (E) there are no amendments, side letters, or modifications of the Banking Agreements except those attached to this Assignment; and (F) SDCWA has complied with all applicable laws related to exercising its rights under the Banking Agreements.
- vi. Documents and Materials. Assignor represents and warrants that: (i) the five years of invoices, agreements, documents, and materials provided to Assignee regarding the Banking Rights ("**Documents and Materials**") are accurate and regularly used in SDCWA's business; and (ii) SDCWA is unaware of any other materials in its possession that materially affect the Banking Rights.

- vii. Options, Possession, Liens. Other than this Assignment and except for the rights, if any, of other Banking Partners (as that term is defined in the Banking Agreements), the Assigned Interests are not subject to any commitment, obligation, or agreement (oral or in writing) to convey, transfer, sell, lease or use the Assigned Interests, including, without limitation, an option to purchase, right of first refusal, right of first offer, license or lease, granted to or in favor of a third-party. The Assigned Interests are free and clear of all security interests, liens, encumbrances and restrictions.
  - viii. No Other Governmental Approvals. Except with respect to those parties identified in the Exhibit 4 Documents, SDCWA is not aware of any person, entity, or governmental agency approval required to assign the Assigned Interests to WESTSIDE.
  - ix. No Other SDCWA Representations, Covenants, or Warranties. WESTSIDE acknowledges and agrees that neither SDCWA nor any agent, employee, or any person acting on behalf of SDCWA has made any representations, covenants, promises, or warranties except as expressly set forth in this Assignment.
- b. WESTSIDE hereby represents and warrants to SDCWA that, as of the Assignment Date:
- i. Organization. WESTSIDE is duly organized and validly exists under the laws of the state of its registration and is in good standing with such state.
  - ii. Due Authority. This Assignment and all instruments, documents and agreements to be executed by WESTSIDE in connection herewith are or when delivered will be duly authorized, executed and delivered by WESTSIDE and will be valid, binding and enforceable obligations of WESTSIDE. WESTSIDE has taken all necessary action to authorize the execution, delivery and performance of this Assignment.
  - iii. Litigation. WESTSIDE has received no notice of any pending or threatened litigation, arbitration, condemnation or other proceeding against WESTSIDE (or any of its partners or principals) that will materially adversely affect WESTSIDE's ability to perform its obligations hereunder.
  - iv. No Other WESTSIDE Representations, Covenants, or Warranties. SDCWA acknowledges and agrees that neither WESTSIDE nor any agent, employee, or any person acting on behalf of WESTSIDE has made any representations, covenants, promises, or warranties except as expressly set forth in this Assignment.

5. Indemnification by Assignee. Assignee hereby agrees to indemnify and hold harmless Assignor and its successors and assigns from and against any and all claims, losses, liabilities and expenses, including reasonable attorneys' fees, suffered or incurred by Assignor by reason of any breach by Assignee of any of the provisions of the Banking Agreements arising thereunder after the Assignment Date.

6. Indemnification by Assignor. Assignor hereby agrees to indemnify and hold harmless Assignee and its successors and assigns from and against any and all claims, losses, liabilities and expenses, including reasonable attorneys' fees, suffered or incurred by Assignee by reason of or in connection with: (i) any breach by Assignor of any of the provisions of the Banking Agreements arising thereunder on and before the Assignment Date; and (ii) to the extent relating to, or arising from, Assignor's own actions or omissions occurring prior to, or concurrent with, the Assignment Date: (A) any breach of Assignor's representations and warranties set forth in Section 4.a of this Assignment; (B) Assignor's failure to comply with any applicable law or regulation related to the Banking Rights or the Banking Agreements; and (C) any third-party claims arising from Assignor's use, management, or operation of the Banking Rights. Assignor's obligations pursuant to this Section 6 shall survive the Assignment Date for a period of eighteen (18) months.

7. Term. Assignor and Assignee hereby agree that the term of this Assignment shall be perpetual and if the Banking Agreements are extended or renewed beyond 2035 pursuant to Article 2 of the SDCWA/SRWB Agreement and Article 10 of the Vidler Assignment Agreement, this Assignment will continue in full force and effect. Notwithstanding the foregoing, Assignor shall have the right to terminate this Assignment on or after January 1, 2036 for up to fifty percent (50%) of the Assigned Rights ("**Returned Interest**") and the Returned Interest shall revert to Assignor, provided all of the following conditions are met:

- a. The Banking Agreements have been extended beyond 2035 and such extended agreements allow urban entities, such as SDCWA, to continue to bank and recover water in accordance with the provisions of said extended agreements;
- b. Had SDCWA not assigned the Banking Agreements to Assignee, Semitropic and its Improvement Districts and/or So Cal WBA, as applicable, would have consented to SDCWA extending the Banking Agreements beyond 2035;
- c. Assignor has delivered a written notice to Assignee, at least twelve (12) months in advance, indicating its intention to terminate this Assignment ("**Termination Notice**");
- d. Assignor shall reimburse Assignee all fees, costs, and expenses incurred by Assignee related to the Returned Interest during the preceding three (3) year period, including, without limitation, all Fees, annual operations and maintenance fees paid by Assignee, and any other fees and costs incurred by Assignee associated with the Returned Interest ("**Reimbursement**"), unless there have been at least three (3) Critical Years between the

Assignment Date and the date that is sixty (60) days after the date of the Termination Notice, in which case the Reimbursement is not required. “**Critical Year**” shall mean a year which has been designated as a critical year as measured by the Sacramento Valley Water Year Hydrologic Classification Index published by the California Department of Water Resources.

- e. With respect to the Returned Interest, Assignor shall grant Assignee a second priority banking right to the Returned Interest on the same terms and conditions as the Second Priority Banking and Recovery Capacity Agreement set forth in Exhibit 3.
- f. Any and all of Assignee’s banked water shall remain Assignee’s sole and exclusive water and shall continue to be held in the bank despite any termination pursuant to this Section 7.
- g. Assignor has obtained the necessary consents required by Section 3 to the reversion of the Returned Interest to Assignor.

8. Extension of Banking Agreements. WESTSIDE shall have the right, in its sole and absolute discretion, to extend or renew one or both of the Banking Agreements. If WESTSIDE makes such election to extend or renew one or both of the Banking Agreements, this Assignment and SDCWA’s rights under the Second Priority Banking and Recovery Capacity Agreement shall continue throughout such extension or renewal period of such renewed or extended agreement. If WESTSIDE elects not to extend or renew one or both of the Banking Agreements, SDCWA shall have the right, in its sole and absolute discretion, to extend or renew the particular Banking Agreements WESTSIDE did not renew or extend, in which case, this Assignment shall terminate as to the particular portion of the Assigned Interests attributable to the Banking Agreement not renewed or extended by WESTSIDE and SDCWA shall grant WESTSIDE a second priority banking right associated with the Banking Agreement renewed or extended by SDCWA on substantially the same terms and conditions as those set forth in Exhibit 3.

9. Public Records. SDCWA is a public entity subject to the California Public Records Act. Information provided to SDCWA pursuant to this Assignment may be disclosed publicly as required by law. SDCWA shall have no monetary liability to WESTSIDE for release of information pursuant to a request under the California Public Records Act or other legally binding instrument for release of records; nor shall SDCWA be obligated to defend against any challenge related to a California Public Records Act request or a subpoena for records that WESTSIDE asserts are confidential. WESTSIDE agrees to be liable for and pay all judgments against SDCWA, as well as attorneys’ fees and costs, resulting from a challenge related to a records request or subpoena for records that WESTSIDE asserts are confidential. SDCWA shall give no less than five (5) days advance written notice of any obligation to disclose documents or information related to Assignee.

10. Entire Agreement. This Assignment represents the entire agreement of the Parties with respect to the subject matter hereof. All understandings and agreements heretofore had between

the Parties before the Assignment Date and respecting this transaction, including any offers, counteroffers or letters of intent, are of no further force and effect. There are no representations, warranties, covenants or agreements except as specifically and expressly set forth in this Assignment and in the exhibits annexed hereto.

11. Waiver. The waiver by one Party of the performance of any covenant, condition or promise shall not invalidate this Assignment nor shall it be considered a waiver by such Party of any other covenant, condition or promise hereunder. The waiver by either or both Parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or identical act required to be performed at a later time.

12. Amendment. No change in or addition to this Assignment or any part hereof shall be valid unless in writing and signed by or on behalf of the Parties hereto.

13. Notices. All notices or other communications of any kind to be given hereunder shall be in writing and sent (i) via a method capable of being traced (mailed postage prepaid via the U.S. Postal Service certified or registered mail, return receipt requested, or delivered by a nationally-recognized overnight delivery service (e.g., Federal Express, UPS)), (ii) by facsimile (electronically confirmed), or (iii) by electronic mail with confirmation of receipt. Notices shall be deemed received upon the first attempted delivery by the U.S. Postal Service, or a nationally-recognized overnight delivery service, or upon confirmed transmission of the facsimile or confirmed receipt of electronic mail before 5 p.m. (in the recipient's time zone) on any business day, or, if transmission is after 5 p.m. (in the recipient's time zone), on the next business day. Notice by facsimile or electronic mail shall be deemed to have occurred if it is accompanied by transmission of the notice by any of the methods described in clause (i) of the first sentence of this Section 13 or the receipt of the facsimile or electronic mail is acknowledged in writing (including by responsive electronic mail) by the recipient. Notices shall be sent to the following addresses or such other address as any Party shall designate in writing:

To WESTSIDE:                      Westside Agriculture LLC  
6659 N Riverside Dr, Suite 102 - 351  
Fresno, CA 93722  
Attn: Manager  
E-Mail: legal@westsideagriculture.com

To SDCWA:                              General Manager  
San Diego County Water Authority  
4677 Overland Avenue  
San Diego, CA 92123

Copy to:                                  General Counsel  
San Diego County Water Authority  
4677 Overland Avenue  
San Diego, CA 92123

14. No Partnership. None of the terms and conditions of this Assignment shall create a partnership between or among the Parties to this Assignment and their respective businesses or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise.

15. Severability. If any term of this Assignment or the application of such term to a person or circumstance shall to any extent be declared invalid or unenforceable, the remainder of this Assignment, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected by it, and each term of this Assignment shall remain valid and enforceable to the fullest extent permitted by law.

16. Successors and Assigns. This Assignment shall be binding on and inure to the benefit of the Parties and their respective heirs, legal and personal representatives, successors, and assigns.

17. Attorney Fees. If a dispute arises concerning the performance of the obligations under this Assignment or the meaning or interpretation of any provision of this Assignment, the Party not prevailing in the dispute shall pay any and all costs and expenses incurred by the other Party in establishing its rights under this Assignment, including, without limitation, court costs and reasonable attorneys' fees.

18. Limitation of Liability. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS ASSIGNMENT, THE PARTIES' SOLE AND EXCLUSIVE REMEDY FOR ANY BREACH OF THIS ASSIGNMENT SHALL BE LIMITED TO AN ACTION FOR SPECIFIC PERFORMANCE, DAMAGES AT LAW, OR BOTH, AND UNDER NO CIRCUMSTANCES SHALL A PARTY BE ENTITLED TO INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES, INCLUDING DAMAGES FOR LOST REVENUES OR BENEFITS, IRRESPECTIVE OF WHETHER CLAIMS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF EXISTENCE OF SUCH DAMAGES.

19. Construction. The language in all parts of this Assignment shall be in all cases construed simply according to its fair meaning and not strictly for or against either of the Parties, and Section 1654 of the Civil Code has no application to interpretation of this Assignment. Headings at the beginning of Sections, paragraphs and subparagraphs of this Assignment are solely for the convenience of the Parties, are not a part of this Assignment and shall not be used in construing it. The preamble, recitals and any exhibits and schedules to this Assignment are part of this Assignment and are incorporated herein by this reference. Whenever the singular number is used in this Assignment, the same shall include the plural, and the plural shall include the singular, and the masculine gender shall include the feminine and neuter genders and vice versa. Unless otherwise required by the context (or otherwise provided herein), the word "or" is not exclusive, and the words "including," "include" or "includes" shall be interpreted in a non-exclusive manner as though the words "but is not limited to" or "but without limiting the generality of the foregoing" immediately followed the same.

20. Further Assurances. From time to time and at any time after the execution and delivery of this Assignment, each of the Parties, at their own expense, shall execute, acknowledge and deliver any further instruments, documents and other assurances reasonably requested by the other Party, and shall take any other action consistent with the terms of this Assignment that may reasonably be requested by another Party to evidence or carry out the intent of or to implement this Assignment. The Parties shall cooperate with each other, as reasonably requested by either Party, in preparing and filing on such schedule as shall reasonably be specified by the requesting Party all information and documents deemed necessary or desirable by the requesting Party under any statutes or governmental rules or regulations pertaining to the transactions contemplated by this Assignment.

21. Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed an original, and all of which shall, taken together, be deemed one document. An electronic signature (including via DocuSign) shall have the same effect as an ink original, and a signed copy of this Assignment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.

22. No Third-Party Beneficiaries. Except as otherwise expressly set forth herein, Assignor and Assignee do not intend, and this Assignment shall not be construed, to create a third-party beneficiary status or interest in, nor give any third-party beneficiary rights or remedies to, any other person or entity not a Party to this Assignment.

23. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper.

24. Dispute Resolution. All disputes, claims, and controversies between the Parties arising from or relating to this Assignment (“**Disputes**”) shall be governed by this Section 24. In the event of a Dispute, the Parties agree to meet and confer in person to attempt to reach a resolution. The meeting shall be attended by representatives of the Parties having full authority to resolve the Dispute in question. A Party may initiate the meet and confer process by service of a written notice referencing this Section describing the nature of the Dispute and requesting a meeting. The meeting shall thereafter be held at a mutually agreeable date and time, but in no event more than seven (7) calendar days after the date of the foregoing notice. If the Parties cannot resolve the Dispute within sixty (60) calendar days after the first meeting, the Parties shall engage in a non-binding mediation, with the Parties to equally share in the costs of such mediation. Such mediation shall be completed no later than sixty (60) calendar days after the completion of the original meet and confer process. No Party shall commence litigation until the mediation process is completed. If a Party fails or refuses to participate in mediation, the other Party shall have the right to commence litigation without first completing mediation.

25. No Recourse. Subject to the remainder of this Section, all claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, are in respect of, arise under, arise out or by reason of, are connected with, or relate in any manner to this Assignment, the negotiation, execution, or the performance of this Assignment (including any representation or warranty made in, in connection

with, or as an inducement to, this Assignment) or the transaction contemplated hereby and thereby, may be made only against (and are expressly limited to) the entities that are expressly identified as “Parties” in the preamble to this Assignment or any successor or permitted assign of any such Parties (“**Contracting Parties**”).

No person who is not a Contracting Party, including without limitation any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financing source, financial advisor, lender, investor or equity provider (whether actual or prospective) of, any Contracting Party, or any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financing source, financial advisor, lender, investor or equity provider (whether actual or prospective) of, any of the foregoing (“**Nonparty Affiliates**”), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) to any Contracting Party with which it is not engaged or does not have a contractual relationship with (outside of this Assignment) or any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Assignment, the performance of this Assignment, or based on, in respect of, or by reason of this Assignment or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates.

Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of the other Contracting Party on any of its Nonparty Affiliates, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any of the other Contracting Party’s Nonparty Affiliates with respect to the performance of this Assignment or any representation or warranty made in, in connection with, or as an inducement to this Assignment. Notwithstanding anything in this Section to the contrary, this Section does not provide (and shall in no event be interpreted to provide) for any waiver, release or relinquishment by any Contracting Party of any claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) of any sort which such Contracting Party may have against any of its Nonparty Affiliates (being those that such Contracting Party has engaged or has a contractual relationship with outside of this Assignment).

26. Right of First Refusal. SDCWA hereby grants WESTSIDE a right of first refusal (“**ROFR**”) to obtain the Returned Interest from SDCWA if SDCWA receives a bona fide offer from a third party to purchase, lease, transfer, assign, or otherwise obtain an interest in or to all or any portion of the Returned Interest (“**Offer**”). SDCWA shall notify WESTSIDE of the Offer, including the price and all other terms thereof within ten (10) days of receipt of such Offer (“**Notice of Offer**”). WESTSIDE shall have ninety (90) days from receipt of the Notice of Offer to match the Offer. If WESTSIDE declines to match the Offer, SDCWA may sell, lease, transfer, assign or

otherwise dispose of an interest in or to all or any portion of the Returned Interest to the third party under the same terms as the Offer.

[Signatures appear on following page]

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment as of the Assignment Date.

**ASSIGNOR:**

SAN DIEGO COUNTY WATER  
AUTHORITY, a county water authority

By: \_\_\_\_\_

Name: Dan Denham

Title: General Manager

Approved as to form:

By \_\_\_\_\_

David J. Edwards

General Counsel

**ASSIGNEE:**

WESTSIDE AGRICULTURE LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Name: Pamela Gregorski

Title: Manager

**EXHIBIT 1**

SDCWA/SRWB AGREEMENT

**EXHIBIT 2**

VIDLER ASSIGNMENT AGREEMENT

**EXHIBIT 3**

FORM OF SECOND PRIORITY BANKING AND  
RECOVERY CAPACITY AGREEMENT

**EXHIBIT 4**

FORM OF CONSENT TO ASSIGNMENT AND  
MEMORANDUM OF ASSIGNMENT

**SECOND PRIORITY BANKING AND RECOVERY  
CAPACITY AGREEMENT**

This SECOND PRIORITY BANKING AND RECOVERY CAPACITY AGREEMENT (“**Agreement**”) is made effective as of April 27, 2026 (“**Effective Date**”) by and between the San Diego County Water Authority (“**SDCWA**”) and Westside Agriculture LLC, a Delaware limited liability company (“**WESTSIDE**”). SDCWA and WESTSIDE are individually referred to as a “**Party**” and collectively as “**Parties**.” This Agreement is made with reference to the following facts:

**RECITALS**

A. SDCWA is a county water authority existing and operating pursuant to the County Water Authority Act.

B. On April 27, 2026, pursuant to that certain Assignment and Assumption Agreement (“**Assignment**”), SDCWA assigned to WESTSIDE all of SDCWA’s right, title and interest in and to its Semitropic-Rosamond Water Bank (“**SRWB**”) shares which are defined in an agreement between SDCWA and Semitropic-Rosamond Water Bank Authority<sup>1</sup>, titled Groundwater Banking Agreement and dated August 20, 2008 (“**SDCWA/SRWB Agreement**”), as the “right of the holder thereof to such share of a SRWB Facility and thereby have a First Priority Right to Delivery, Storage, and Recovery and Return Capacities respecting such share in the Stored Water Recovery Unit of the Semitropic Water Bank (“**SWRU**”), together with certain proportionate rights to unused capacities therein, as more particularly described in Section 4.1.1 of the SDCWA/SRWB Agreement (the “**SWRU Rights**”). A copy of the SDCWA/SRWB Agreement is attached hereto and incorporated herein as Exhibit 1. Pursuant to the Assignment, SDCWA also assigned to WESTSIDE all of SDCWA’s interest in the capabilities, rights, and capacities of the Semitropic Water Banking and Exchange Program in Semitropic Water Storage District’s original banking project (the “**Original Water Banking Program**”) via an earlier assignment from Vidler Water Company, Inc. (the “**Original Rights**”) pursuant to an agreement between SDCWA and Vidler Water Company, Inc., titled Amended and Restated Assignment Agreement and dated June 30, 2008 wherein Vidler Water Company, Inc. assigned a portion of its interests to SDCWA under that certain Agreement between Vidler Water Company, Inc. and Semitropic Water Storage District and its Improvement Districts for a Vidler-Semitropic Water Banking and Exchange Program dated October 8, 1998, as subsequently amended and restated and further amended by that certain Second, Third and Fourth Amendments (“**Vidler Assignment Agreement**”). A copy of the Vidler Assignment Agreement is attached hereto as Exhibit 2 and incorporated herein by this reference. The SWRU Rights and the Original Rights are collectively referred to herein as the “**Banking Rights**”. The SDCWA/SRWB Agreement together with the Vidler Assignment Agreement shall hereinafter be collectively referred to as the “**Banking Agreements**.” Notwithstanding the foregoing, the assignment of the Banking Rights specifically excluded any and all rights and obligations SDCWA has in and to the Antelope Valley Water Bank (“**AVWB**”) and such AVWB rights and obligations were reserved by SDCWA (“**Reserved Rights**”) and are not a part of this Agreement.

---

<sup>1</sup> The Semitropic-Rosamond Water Bank Authority is now known as the Southern California Water Bank Authority.

C. In connection with the Assignment WESTSIDE wishes to make available to SDCWA a second priority right, behind WESTSIDE's first priority right, to use the Banking Rights upon the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

### AGREEMENT

**1. Second Priority Banking Rights.** Subject to Section 1.1 and Section 6, and to the extent WESTSIDE is not utilizing and does not plan to utilize all of the Banking Rights, WESTSIDE will allow SDCWA, upon the terms and conditions set forth in this Agreement, a second priority right, behind and subject to WESTSIDE's first priority right, to use a portion of the Banking Rights under the Banking Agreements, including the following:

- (a) the second priority right to store a portion of water not to exceed WESTSIDE's right to store up to 45,000 acre-feet ("AF") of water;
- (b) the second priority right to a portion of water recovery capacity not to exceed WESTSIDE's water recovery capacity of up to 9,200 AF annually;
- (c) the second priority right to a portion of water recharge capacity not to exceed WESTSIDE's water recharge capacity of up to 4,381 AF annually; and
- (d) the second priority right to a portion of any unused capacity of other banking partners within the SWRU or other rights, benefits, or opportunities pertaining to the Semitropic Water Bank, including with respect to the SWRU, Original Water Banking Program, or otherwise, that would be allocated to WESTSIDE as a result of owning the Banking Rights.

1.1. Secondary Priority, Defined. SDCWA's second priority right to use the Banking Rights shall be subject to the following conditions and limitations: (a) SDCWA shall not be in default of this Agreement; (b) there is banking and/or recovery capacity available in excess of WESTSIDE's actual or projected use; (c) any request of SDCWA to exercise its second priority right to use of the Banking Rights must be submitted in writing thirty (30) days in advance to WESTSIDE and approved in writing by WESTSIDE, and such approval shall not be unreasonably withheld; (d) SDCWA's second priority right to use of the Banking Rights shall be coordinated through WESTSIDE; (e) SDCWA shall comply with the Banking Agreements as if SDCWA were a party thereto; (f) should SDCWA's use of its second priority right to use the Banking Rights cause the cumulative amount of water stored by WESTSIDE and SDCWA to exceed the 45,000 AF limit on total allowed storage under the Banking Rights, SDCWA shall bear all loss of water supply, additional cost, or other burden resulting from the exceedance; and (g) should SDCWA's use of its second priority right to use the Banking Rights prevent WESTSIDE from exercising its Banking Rights, the Parties shall use commercially reasonable efforts to obtain additional banking capacity to allow WESTSIDE to exercise its Banking Rights or SDCWA shall be obligated to recover its stored water thereby making room for WESTSIDE to exercise its first priority Banking Rights.

1.2 Accounting. WESTSIDE shall maintain an accounting of all water recharged or recovered by SDCWA and said water shall be separate and distinct from any water recharged or recovered by WESTSIDE. Unless otherwise agreed by SDCWA, title and risk of loss of the water recharged or recovered by SDCWA shall be and remain with SDCWA.

**2. Term**. The term of the Agreement shall commence on the Effective Date, provided that the Assignment (as defined in Recital B) has become effective, and expire on December 31, 2035, subject to any earlier termination under and in accordance with the terms of this Agreement (the “**Initial Term**”). SDCWA shall have the right to extend the Initial Term of this Agreement for up to an additional fifteen (15) years provided: (i) the term of the Banking Agreements is extended or renewed by WESTSIDE; (ii) the duration of such extension shall not exceed the duration of WESTSIDE’s extension or renewal of the Banking Agreements; (iii) the extended or renewed Banking Agreements allow urban entities, such as SDCWA, to participate in the banking program set forth in the Banking Agreements; and (iv) SDCWA provides written notice to WESTSIDE of its election to extend the Initial Term by no later than thirty (30) days before the end of the Initial Term (the “**Extended Term**”). The Initial Term and the Extended Term shall be collectively referred to herein as the “**Term**”.

(a) Notwithstanding the foregoing or any other provision of this Agreement, if there is a (i) change in the laws or regulations which prohibits or materially impacts WESTSIDE’s ability to exercise its rights under the Banking Agreements; or (ii) SRWB breaches the Banking Agreements, WESTSIDE shall have the right, in its sole and absolute discretion, to terminate this Agreement at any time during the Term by providing SDCWA with ninety (90) days prior written notice of such election to terminate. SDCWA shall have the right to terminate this Agreement, in its sole and absolute discretion, after providing WESTSIDE thirty (30) days prior written notice of such election to terminate this Agreement. Notwithstanding the foregoing, the termination of this Agreement shall not relieve SDCWA of any obligations incurred under the terms of this Agreement prior to any such termination.

(b) If SDCWA is in default of this Agreement pursuant to Section 2(c) and fails to cure such default within ten (10) Business Days of notice from WESTSIDE of such default, WESTSIDE shall have the right, in its sole and absolute discretion, to terminate this Agreement. WESTSIDE’s right to terminate is in addition to any other remedies available under this Agreement or applicable law. Upon termination by WESTSIDE pursuant to this Section 2(b), SDCWA shall have six (6) months to recover any stored water.

(c) The following events shall constitute an “event of default” under this Agreement: (i) failure of a Party to pay any Fees and Costs or any other sum due under this Agreement within ten (10) days after the due date; (ii) the filing by or against a Party of a petition in bankruptcy or insolvency, or for reorganization or arrangement under the bankruptcy laws of the United States, or the appointment of a receiver or trustee for all or substantially all of the Party’s property, or an assignment for the benefit of creditors; (iii) a Party’s failure to perform or observe any other covenant, agreement, or condition of this Agreement.

**3. Usage Fee**. During the Term, SDCWA shall pay to WESTSIDE within thirty (30) days after completion of any recharge or recovery any and all costs and fees charged by SRWB or other governmental agency/party to WESTSIDE under the Banking Agreements or related to or

associated with SDCWA's exercise of its second priority right to use of the Banking Rights, including all fees, costs, assessments, and charges or otherwise related to: (i) storing, recovering and returning SDCWA's stored water; (ii) maintenance, operations, energy, administrative and management of the Semitropic Water Bank applicable to SDCWA's stored water; (iii) regulatory compliance and water treatment related to SDCWA's stored water; and (iv) conveying, wheeling, and exchanging SDCWA's stored water ("**Fees and Costs**"). The Fees and Costs shall be prorated between the Parties upon commencement and termination of the Term.

4. **[Reserved]**.

5. **[Reserved]**.

6. **Performance of Obligations.** The Parties shall reasonably cooperate to take all reasonable actions necessary to facilitate the successful and timely performance of their respective obligations under this Agreement. Neither Party shall directly or indirectly take any action, or fail to take any action, that could reasonably be expected to hinder, obstruct, interfere with, or prevent the other Party's ability to perform its duties, exercise its rights, or achieve the intended objectives and benefits of this Agreement. Any breach of this covenant shall be deemed a material breach of the Agreement.

7. **Representations and Warranties.**

(a) **Representations and Warranties of SDCWA.** SDCWA hereby represents and warrants to WESTSIDE that, as of the Effective Date: (i) SDCWA is a government agency, duly organized and validly existing under the laws of the State of California; (ii) SDCWA possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to transact the businesses in which it is now engaged; (iii) this Agreement and all instruments, documents and agreements to be executed by SDCWA in connection herewith are or when delivered will be duly authorized, executed and delivered by SDCWA and will be valid, binding and enforceable obligations of SDCWA; and (iv) SDCWA has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

(b) **Representations, Covenants, and Warranties of WESTSIDE.** WESTSIDE hereby represents and warrants to SDCWA that, as of the Effective Date: (i) WESTSIDE is duly organized and validly exists under the laws of the state of its registration and is in good standing with such state; and (ii) this Agreement and all instruments, documents and agreements to be executed by WESTSIDE in connection herewith are or when delivered will be duly authorized, executed and delivered by WESTSIDE and will be valid, binding and enforceable obligations of WESTSIDE.

8. **Dispute Resolution; Remedies.** All disputes, claims and controversies between the Parties arising from or relating to this Agreement ("**Disputes**") shall be governed by this Section 8.

(a) **Meet and Confer.** In the event of a Dispute, the Parties agree to meet and confer in person to attempt to reach a resolution. The meeting shall be attended by representatives of the Parties having full authority to resolve the Dispute in question. A Party may initiate the meet and confer process by service of a written notice referencing this Section describing the nature of the Dispute and requesting a meeting. The meeting shall thereafter be held at a mutually agreeable

date and time, but in no event more than seven (7) calendar days after the date of the foregoing notice. If the Parties cannot resolve the Dispute within sixty (60) calendar days after the first meeting, the Parties shall engage in a non-binding mediation, with the Parties to equally share in the costs of such mediation. Such mediation shall be completed no later than sixty (60) calendar days after the completion of the original meet and confer process. No Party shall commence litigation until the mediation process is completed. If a Party fails or refuses to participate in mediation, the other Party shall have the right to commence litigation without first completing mediation.

(b) Remedies. Except as otherwise expressly provided in this Agreement, the Parties' sole and exclusive remedy for any breach of this Agreement shall be limited to an action for specific performance, damages at law, or both, and under no circumstances shall a Party be entitled to indirect, incidental, special, exemplary, or consequential damages, including damages for lost revenues or benefits, irrespective of whether claims for such damages are based upon contract, warranty, negligence, strict liability, or otherwise, even if a Party has been advised of the possibility of existence of such damages.

## **9. Indemnity.**

(a) WESTSIDE shall indemnify, defend (by counsel reasonably acceptable to SDCWA), protect and hold SDCWA harmless and each of its respective members, managers, partners, officers, employees, board members, lenders, agents, contractors, successors and assigns from and against any and all claims, judgments, causes of action, losses, damages, penalties, costs, liabilities, and expenses, including all court costs and attorneys' fees, arising at any time during or after the Term, as a result (directly or indirectly) of or in connection with: (i) a failure to comply with any law or regulation regarding the Banking Rights or this Agreement; (ii) default in the performance of any obligation of WESTSIDE under this Agreement or the Banking Agreements; (iii) water quality issues alleged to be caused or caused by WESTSIDE's actual recharge of, or recovery of, water completed by WESTSIDE; or (iv) WESTSIDE's use of the Banking Rights, the conduct of WESTSIDE's business or any activity, work or things done, permitted or suffered by WESTSIDE or WESTSIDE's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants (individually, a "**WESTSIDE Party**" and collectively, "**WESTSIDE's Parties**") with respect to the Banking Rights, except as provided by law or for claims caused solely by SDCWA's gross negligence or willful misconduct. WESTSIDE's obligations pursuant to the foregoing indemnity shall survive the expiration or earlier termination of this Agreement for a period of six (6) months.

(b) SDCWA shall indemnify, defend (by counsel reasonably acceptable to WESTSIDE), protect and hold WESTSIDE harmless and each of its respective members, managers, partners, officers, employees, board members, lenders, agents, contractors, successors and assigns from and against any and all claims, judgments, causes of action, losses, damages, penalties, costs, liabilities, and expenses, including all court costs and attorneys' fees, arising at any time during or after the Term, as a result (directly or indirectly) of or in connection with: (i) a failure to comply with any law or regulation regarding the Banking Rights or this Agreement; (ii) default in the performance of any obligation of SDCWA under this Agreement or the Banking Agreements; (iii) water quality issues alleged to be caused or caused by SDCWA's actual recharge of, or recovery of, water completed by SDCWA; or (iv) SDCWA's use of the Banking Rights, the conduct of SDCWA's business or any activity, work or things done, permitted or suffered by

SDCWA or SDCWA's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants (individually, a "SDCWA Party" and collectively, "SDCWA's Parties") with respect to the Banking Rights, except as provided by law or for claims caused solely by WESTSIDE's gross negligence or willful misconduct. SDCWA's obligations pursuant to the foregoing indemnity shall survive the expiration or earlier termination of this Agreement for a period of six (6) months.

**10. Public Records.** SDCWA is a public entity subject to the California Public Records Act. Information provided to SDCWA pursuant to this Agreement may be disclosed publicly as required by law. SDCWA shall have no monetary liability to WESTSIDE for release of information pursuant to a request under the California Public Records Act or other legally binding instrument for release of records; nor shall SDCWA be obligated to defend against any challenge related to a California Public Records Act request or a subpoena for records that WESTSIDE asserts are confidential. WESTSIDE agrees to be liable for and pay all judgments against SDCWA, as well as attorney fees and costs, resulting from a challenge related to a records request or subpoena for records that WESTSIDE asserts are confidential. SDCWA shall give no less than five days advance written notice of any obligation to disclose documents or information related to WESTSIDE.

**11. Entire Agreement.** This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof. All understandings and agreements heretofore had between the Parties before the Effective Date and respecting this transaction, including any offers, counteroffers or letters of intent, are of no further force and effect. There are no representations, warranties, covenants or agreements except as specifically and expressly set forth in this Agreement and in the exhibits annexed hereto.

**12. Waiver.** The waiver by one Party of the performance of any covenant, condition or promise shall not invalidate this Agreement nor shall it be considered a waiver by such Party of any other covenant, condition or promise hereunder. The waiver by either or both Parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or identical act required to be performed at a later time.

**13. Amendment.** No change in or addition to this Agreement or any part hereof shall be valid unless in writing and signed by or on behalf of the Parties hereto.

**14. Assignment.** This Agreement and all the rights and obligations created by this Agreement shall be in full force and effect whether or not any of the Parties to this Agreement have been succeeded by another entity, or had their interests transferred or assigned to another entity, and all rights and obligations created by this Agreement shall be vested and binding on any Party's successor in interest, transferee, or assignee. SDCWA shall have no right to assign, transfer or sublease all or any part of its rights and obligations under this Agreement. Any such assignment, transfer, or sublease by SDCWA of its rights or obligations under this Agreement without the express written consent of WESTSIDE shall be null and void.

**15. Construction.** The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against either of the Parties, and Section 1654 of the Civil Code has no application to interpretation of this Agreement. Headings at the



San Diego County Water Authority  
4677 Overland Avenue  
San Diego, CA 92123

**19. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by DocuSign, facsimile or .pdf signature or other similar electronic means and any such signature shall constitute an original for all purposes. At the request of any Party hereto, the requested Party hereto shall confirm electronic transmissions by executing duplicate original documents and delivering the same to the requesting Party. Facsimile, PDF and electronic signatures shall be binding.

**20. Governing Law.** This Agreement shall be governed by and construed under the laws of the State of California without regard to conflicts of law principles, with venue for any action proper only in San Diego County.

**21. Further Assurances.** From time to time and at any time after the execution and delivery hereof, each of the Parties, at their own expense, shall execute, acknowledge and deliver any further instruments, documents and other assurances reasonably requested by the other Party, and shall take any other action consistent with the terms of this Agreement that may reasonably be requested by the other Party to evidence or carry out the intent of or to implement this Agreement. The Parties shall cooperate with each other, as reasonably requested by either Party, in preparing and filing on such schedule as shall reasonably be specified by the requesting Party all information and documents deemed necessary or desirable by the requesting Party under any statutes or governmental rules or regulations pertaining to the transactions contemplated by this Agreement.

**22. Force Majeure.**

(a) **Excused Performance.** A Party shall not be responsible or liable for or deemed in breach or default of this Agreement for any delay or failure in the performance of its obligations under this Agreement to the extent such performance is prevented or delayed by a Force Majeure (except for obligations to make payments or provide indemnification as provided hereunder); provided, however, that: (i) the affected Party gives the other Party reasonable notice describing the particulars of the Force Majeure and the proposed cure; (ii) the suspension of performance is of no greater scope and of no longer duration than is reasonably attributable to the Force Majeure; (iii) the affected Party uses commercially reasonable efforts to remedy its inability to perform its obligations under this Agreement; and (iv) when the affected Party has knowledge that it shall be able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice of the expected date of resumption of performance. Notwithstanding the foregoing, the existence of a Force Majeure shall not relieve any Party (x) from payment of amounts due under this Agreement, or (y) of any other obligation under this Agreement, to the extent that performance of such other obligation is not precluded by such Force Majeure.

(b) **Events Constituting Force Majeure.** “Force Majeure” means acts, events, or circumstances not the fault of or reasonably within the control of the Party claiming suspension, and the effects of which such Party is unable, wholly or in part, to prevent or overcome by the

exercise of prudent industry practices, including, without limitation, the following events: (i) acts of God or the public enemy, civil unrest, criminal activity, restraints of the government (either federal, state, or military), acts of terrorism, sabotage, vandalism, wars, riots, epidemics, insurrections, or state of emergency; (ii) the elements (including storms, lightning, landslides, hurricanes, floods, droughts, earthquakes, tornadoes, freezing of pipelines or pipe facilities, and threats of any of the foregoing); (iii) fire, accidents, or breakdowns; (iv) strikes and any other industrial, civil, or public disturbance; (v) accidents, mechanical failure, repairs, maintenance, or alteration to lines of pipe or equipment, water conveyance facilities and systems; (vi) inability to obtain rights-of-way, easements, or property rights for the construction or operation of any necessary facilities; (vii) inability or delay to obtain materials, supplies, regulatory approvals, permits, or labor; and (viii) power outages.

(c) **Labor Matters.** It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having the difficulty.

(d) **Termination Due to Extended Force Majeure.** Notwithstanding anything to the contrary, if a Force Majeure is either (i) deemed uncurable at any point during the Term or (ii) continues for a period of thirty-six (36) months, either Party shall have the right to terminate this Agreement upon providing written notice to the other Party.

**23. Severability.** If any provision of this Agreement would, under applicable law, be invalid or unenforceable in any respect, such provision shall (to the extent permitted by applicable law) be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable, or otherwise affect any other provision of this Agreement.

**24. Rights of Third Parties.** All conditions of the obligations of a Party hereunder are imposed solely and exclusively for the benefit of the Parties, and no other Person shall have standing to require satisfaction of the conditions in accordance with their terms or, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived in whole or in part by a Party at any time if, in its sole discretion, it deems it desirable to do so.

**25. No Joint Venture.** Nothing in this Agreement shall be deemed to constitute either Party a partner, agent, employee, or representative of the other Party, or to create any fiduciary relationship between the Parties.

**26. No Recourse.** Subject to the remainder of this Section, all claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, are in respect of, arise under, arise out or by reason of, are connected with, or relate in any manner to this Agreement, the negotiation, execution, or the performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement) or the transaction contemplated hereby and thereby, may be made only against (and are expressly limited to) the entities that are expressly identified as “**Parties**” in

the preamble to this Agreement or any successor or permitted assign of any such Parties (“**Contracting Parties**”).

No person who is not a Contracting Party, including without limitation any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financing source, financial advisor, lender, investor or equity provider (whether actual or prospective) of, any Contracting Party, or any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financing source, financial advisor, lender, investor or equity provider (whether actual or prospective) of, any of the foregoing (“**Nonparty Affiliates**”), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) to any Contracting Party with which it is not engaged or does not have a contractual relationship with (outside of this Agreement) or any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement, the performance of this Agreement, or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates.

Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of the other Contracting Party on any of its Nonparty Affiliates, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any of the other Contracting Party’s Nonparty Affiliates with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Notwithstanding anything in this Section to the contrary, this Section does not provide (and shall in no event be interpreted to provide) for any waiver, release or relinquishment by any Contracting Party of any claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) of any sort which such Contracting Party may have against any of its Nonparty Affiliates (being those that such Contracting Party has engaged or has a contractual relationship with outside of this Agreement).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

DATE: \_\_\_\_\_

SAN DIEGO COUNTY WATER  
AUTHORITY, a county water authority

By: \_\_\_\_\_  
Dan Denham, General Manager

Approved as to form:

By \_\_\_\_\_  
David J. Edwards  
General Counsel

DATE: \_\_\_\_\_

WESTSIDE AGRICULTURE LLC, a  
Delaware limited liability company

By: \_\_\_\_\_  
Pamela Gregorski, Manager

**EXHIBIT 1**

**SDCWA/SRWB Agreement**

**EXHIBIT 2**

**Vidler Assignment Agreement**

**PURCHASE AND SALE AGREEMENT  
(SEMITROPIC BANKED WATER)**

THIS PURCHASE AND SALE AGREEMENT (“**Agreement**”) is made and entered into as of April 27, 2026 (the “**Effective Date**”), by and between SAN DIEGO COUNTY WATER AUTHORITY, a county water authority existing and operating pursuant to the County Water Authority Act, a special act of the California Legislature (“**SDCWA**” or “**Seller**”), and WESTSIDE AGRICULTURE LLC, a Delaware limited liability company (“**WESTSIDE**” or “**Buyer**”). SDCWA and WESTSIDE are individually referred to as a “**Party**” and collectively as “**Parties**.”

ARTICLE 1  
DEFINITIONS

1.1 “**Banked Water**” means all water owned by Seller that is stored within the “Semitropic Water Bank”, a groundwater bank developed by the Semitropic Improvement District of the Semitropic Water Storage District in the southern part of the San Joaquin Valley, that will be transferred and assigned to Buyer under the terms of this Agreement. Once the Banked Water Volume has been determined under the terms of this Agreement, the amount of the Banked Water will be understood to mean the Banked Water Volume.

1.2 “**Banked Water Volume**” means all of Seller’s Banked Water at the Closing Date, the final total amount of which shall be determined by the Parties by no later than thirty (30) days before the Closing Date. As of the Effective Date, Seller’s Banked Water Volume is 7,717 acre-feet.

1.3 “**Closing Date**” means on or before the date which is thirty (30) days following the end of the Due Diligence Period; provided, however, the Closing Date shall be automatically extended for up to thirty (30) days if the Closing (as defined below) hereunder is delayed for reasons beyond the reasonable control of Buyer or Seller, including, without limitation, Seller’s inability to obtain all necessary consents, authorizations, licenses, waivers, permits, approvals, confirmations and other similar documents to consummate the Closing; provided, further, if the Closing under this Agreement continues to be delayed as of the expiration of the applicable extension for reasons beyond the reasonable control of Buyer and Seller, then Seller and Buyer shall discuss, in good faith, a further extension of the Closing Date.

1.4 “**Due Diligence Period**” shall have the meaning set forth in Section 3.1.

1.5 “**Effective Date**” means the date set forth in the first paragraph of this Agreement.

1.6 “**Purchase Price**” shall have the meaning set forth in Section 2.2.

ARTICLE 2  
PURCHASE; BANKED WATER AMOUNT; PURCHASE PRICE; DEPOSIT;  
INDEPENDENT CONSIDERATION

2.1 Purchase. In consideration of the Purchase Price, Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase from Seller, all of Seller's right, title and interest in and to the Banked Water for the Purchase Price and upon the terms and conditions set forth in this Agreement. Upon the final determination of the Banked Water Volume, Seller shall not use, transfer, assign, or sell any portion of the Banked Water without Buyer's advance written consent, which may be withheld in Buyer's sole and absolute discretion. The sale and purchase of the Banked Water shall be consummated by means of an escrow (the "**Escrow**") opened at the offices of Chicago Title Company ("**Escrow Holder**") in Fresno, California, Attention: Sue Meyer. This Agreement shall constitute the instructions for the Escrow upon acceptance by Escrow Holder.

2.2 Purchase Price. The aggregate purchase price to be paid by Buyer to Seller on the Closing Date for the Banked Water shall equal: (a) Four Hundred and Fifty Dollars (\$450.00) *multiplied by* (b) the total Banked Water Volume transferred (measured in acre-feet) ("**Purchase Price**"). The Banked Water Volume shall be transferred and assigned by Seller to Buyer on the Closing Date. On or before the Closing Date, Buyer shall deposit the Purchase Price, less the Deposit, into Escrow in cash, by wire transfer or other immediately available funds.

2.3 Deposit. Within five (5) business days after the Effective Date, Buyer shall deposit One Hundred Thousand Dollars (\$100,000) ("**Deposit**") with Escrow Holder to hold until the Closing Date or earlier termination of this Agreement. If, in accordance with Section 3.1, Buyer terminates this Agreement prior to the Diligence Deadline, the Deposit shall be refunded to Buyer. If this Agreement is not terminated by Buyer pursuant to Section 3.1, the Deposit shall be credited to the Purchase Price at Closing.

2.4 Independent Contract Consideration. Concurrently with the execution of this Agreement, Buyer shall pay to Seller the sum of One Thousand Dollars (\$1,000.00) as independent consideration (the "**Independent Consideration**") for the execution of this Agreement by Seller. The Independent Consideration is being paid to, and shall be retained by, Seller as additional consideration for this Agreement and not as part of any other fee to be paid under this Agreement. Such Independent Consideration is deemed earned by Seller as of the Effective Date and is non-refundable in all events. Seller further acknowledges that Buyer shall expend time, money and other resources in connection with the examination and investigation of the Banked Water, and that, notwithstanding the fact that Buyer may terminate this Agreement pursuant to Section 3.1, such time, money and other resources expended, together with the payment of Independent Consideration, constitute good, valuable, sufficient and adequate consideration for Seller's execution of and entry into this Agreement. Buyer shall solely bear its diligence expenses and shall not have any right of reimbursement from Seller except as specifically set forth in this Agreement.

ARTICLE 3  
DUE DILIGENCE

3.1 Diligence Investigation. Buyer shall have the period from and after the Effective Date until 5:00 p.m. (Pacific Time) ninety (90) days after the Effective Date (subject to decrease as set forth herein) (the “**Due Diligence Period**”) to conduct due diligence, in its sole and absolute discretion, on the Banked Water, including without limitation, a review of: (i) any and all documents, agreements, reports, historical records, materials, accounts and any other matters related to the Banked Water; (ii) development agreements, permits, licenses, approvals, reports, engineering data, regulations, ordinances, laws and governmental requirements related to the Banked Water; (iii) environmental reports and data; and (iv) studies and reviews deemed by Buyer to be necessary and prudent. All costs, expenses, or charges incurred or relating to the performance of diligence review, inspections, or inquiries on or concerning the Banked Water shall be borne by Buyer. Buyer, in Buyer’s sole and absolute discretion, shall have the right to terminate this Agreement at any time up to and including 5:00 p.m. on the last day of the Due Diligence Period (“**Diligence Deadline**”). Notwithstanding the preceding sentence, Buyer shall have the right, in its sole and absolute discretion, to decrease the Due Diligence Period if it concludes its diligence review prior to the Diligence Deadline by sending written notice to SDCWA (“**Approval Notice**”). If Buyer sends the Approval Notice, the Closing shall occur pursuant to Article 4. Buyer may determine, in its absolute discretion, that the Banked Water is unsatisfactory for any reason, or no reason, and may therefore deliver to Seller notice of Buyer’s disapproval (the “**Disapproval Notice**”). In the event Buyer delivers a Disapproval Notice or in the event Buyer fails to deliver either an Approval Notice or a Disapproval Notice prior to the Diligence Deadline, this Agreement shall terminate, the Deposit shall be returned to Buyer, and neither Seller nor Buyer shall have any further obligation or liability to the other hereunder, except as expressly provided for in this Agreement.

3.2 Seller’s Documents. During the Due Diligence Period, SDCWA shall provide WESTSIDE copies of any and all records or information in its possession or under its control requested by WESTSIDE and related to the Banked Water (“**Contracts**”). SDCWA represents and warrants that: (i) the Contracts are used and relied on by SDCWA in the ordinary course of SDCWA’s business related to the Banked Water; and (ii) SDCWA has no knowledge of any documents or materials in SDCWA’s possession, other than the Contracts, which reflect or document circumstances which may materially adversely affect the Banked Water, its value, or the current or future operation of the Semitropic Water Bank.

ARTICLE 4  
CLOSING

4.1 Closing Date. The Closing shall, subject to Sections 6.1 and 6.2 below, occur on the Closing Date (“**Closing**”).

4.2 Seller’s Deliveries. On or before the Closing Date, Seller shall deliver to Escrow the following documents (“**Closing Documents**”):

4.2.1 If required, all permits or approvals from Semitropic Water Bank or any other required governmental authority to transfer title to the Banked Water to Buyer.

4.2.2 Written documentation confirming the Banked Water has been or will be transferred to Buyer's designated water account.

4.2.3 A current statement from Semitropic and/or the Southern California Water Bank Authority confirming the Banked Water Volume as of a date no earlier than ten (10) days prior to the Closing Date.

4.3 Buyer's Deliveries. On or before the Closing Date, Buyer shall deliver to Escrow the following:

4.3.1 The Purchase Price, less the Deposit plus all closing costs and other funds required to be paid or provided by Buyer under this Agreement.

4.4 Closing Costs. Buyer shall pay the costs of any due diligence Buyer authorizes or conducts. Upon the Closing, Buyer shall pay all costs and expenses necessary to transfer the Banked Water to Buyer, except Buyer and Seller shall split the cost of any and all escrow fees. Each Party shall be responsible for the payment of its own attorneys' fees incurred in connection with the transaction which is the subject of this Agreement.

4.5 Procedure for Closing. Escrow Holder shall close the Escrow by doing the following:

4.5.1 Pay Seller's share of the escrow costs from funds otherwise distributable to Seller;

4.5.2 Pay from funds deposited by Buyer, Buyer's share of closing costs;

4.5.3 Deliver to Buyer the documents evidencing the Banked Water has or will be transferred to Buyer's designated water account;

4.5.4 Unless otherwise instructed by Seller unilaterally, deliver the remaining funds held in Escrow, to Seller by Escrow Holder's check or wire transfer; and

4.5.5 Deliver to Seller and Buyer, respectively, Escrow Holder's escrow statements and all other documents and funds appropriate for delivery out of the Escrow.

ARTICLE 5  
REPRESENTATIONS AND WARRANTIES; CERTAIN COVENANTS

5.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer that, as of the Effective Date and the Closing Date (each of which shall survive the Closing Date as provided in Section 11.10):

5.1.1 Organization. Seller is a county water authority, duly organized and validly existing under the laws of the State of California. Seller possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own the Banked Water and to transact the businesses in which it is now engaged.

5.1.2 Due Authority. This Agreement and all instruments, documents and agreements to be executed by Seller in connection herewith are or when delivered will be duly authorized, executed and delivered by Seller and will be valid, binding and enforceable obligations of Seller. Seller has taken all necessary action to authorize the execution, delivery and performance of this Agreement. To the actual knowledge of Seller, neither this Agreement nor any instrument, document or agreement to be executed by Seller in connection herewith will constitute a default under any written contract or agreement affecting Seller or the Banked Water.

5.1.3 Litigation. Other than as disclosed to Buyer as part of the Contracts, Seller has received no notice of any pending or threatened litigation, arbitration, condemnation or other proceeding against the Banked Water or against Seller with respect to the Banked Water or that will adversely affect Seller's ability to perform its obligations hereunder.

5.1.4 Compliance. Seller has received no notice from any governmental authority having jurisdiction over the Banked Water to the effect that the Banked Water is not in compliance with applicable laws and ordinances which remain unresolved, or that all or any portion of the Banked Water is the subject of any condemnation action or proceeding, and Seller has no actual knowledge of any non-compliance of the Banked Water with applicable laws and ordinances which remain unresolved.

5.1.5 Contracts. Seller is not in monetary default or material nonmonetary default of any Contract and has not received any notice of default under any Contract, which remains uncured, and on the Closing Date, Seller shall not be in monetary default or material nonmonetary default of any Contract that remains uncured.

5.1.6 Options/Possession. Other than this Agreement, neither Seller nor any of the Banked Water is subject to any commitment, obligation, or agreement (oral or in writing) to convey, transfer, assign, encumber, or sell the Banked Water, including, without limitation, an option to purchase, right of first refusal, right of first offer, license or lease, granted to or in favor of a third party.

5.1.7 Title/Assignability. Seller owns good and marketable title to all of the Banked Water, free and clear of all liens and encumbrances, and the Banked Water may be transferred and assigned to Buyer under the laws and regulations applicable to the Banked Water imposed by any governmental authority.

5.1.8 No Other Governmental Approvals. Seller is not aware of any governmental approval required to transfer the Banked Water from Seller to Buyer.

5.2 Representations, Covenants, and Warranties of Buyer. Buyer hereby represents and warrants to Seller that, as of the Effective Date and the Closing Date (each of which shall survive the Closing Date as provided in Section 11.7 below):

5.2.1 Organization. Buyer is duly organized and is validly existing under the laws of the state of its registration and is in good standing with such state.

5.2.2 Due Authority. This Agreement and all instruments, documents and agreements to be executed by Buyer in connection herewith are or when delivered will be duly authorized, executed and delivered by Buyer and will be valid, binding and enforceable obligations of Buyer. Buyer has taken all necessary action to authorize the execution, delivery and performance of this Agreement. To the actual knowledge of Buyer, neither this Agreement nor any instrument, document or agreement to be executed by Buyer in connection herewith will constitute a default under any written contract or agreement affecting Seller or the Banked Water.

5.2.3 Litigation. Buyer has received no notice of any pending or threatened litigation, arbitration, condemnation or other proceeding against Buyer (or any of its partners or principals) with respect to the Banked Water or that will materially adversely affect Buyer's ability to perform its obligations hereunder.

5.3 AS-IS. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, EXCEPT FOR SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS CONTAINED IN THIS AGREEMENT AND ANY DOCUMENTS TO BE EXECUTED BY SELLER AS OF THE CLOSING, AS OF THE CLOSING DATE, BUYER IS PURCHASING THE BANKED WATER IN ITS AS-IS, WHERE-IS CONDITION.

5.4 Interim Covenants of Seller.

5.4.1 From the Effective Date until the Closing Date or the sooner termination of this Agreement, the following shall apply:

5.4.1.1 Notifications. Seller shall notify Buyer of any notices delivered or received with respect to the Banked Water or this transaction.

5.4.1.2 Exclusivity/No Transfer/New Contracts. Seller shall not (and shall cause its representatives and agents not to), directly or indirectly: (a) sell, assign, transfer, convey, use, encumber or otherwise dispose of, whether voluntarily or involuntarily or by operation of law, any volume of the Banked Water to any third party, except as required by any governmental authority; (b) execute any new contract or amend any existing contract, which will be binding on Buyer or the Banked Water after Closing without the prior written consent of Buyer, which may be withheld in Buyer's sole discretion; or (c) encourage, solicit, cooperate with, provide information for or otherwise engage in or facilitate discussions or negotiations regarding (a) or (b).

5.4.1.3 Consents. Seller will take all reasonable actions (including the consents specified in Section 6.1.5) to ensure that the Banked Water is available for transfer and assignment to Buyer at Closing.

ARTICLE 6  
CONDITIONS TO CLOSING

6.1 Buyer's Conditions. The Closing shall not occur, unless and until each and every one of the following conditions precedent shall have been satisfied prior to the Closing; provided, however, that Buyer shall be entitled to waive any of such conditions in writing to Seller in the manner set forth herein:

6.1.1 Performance by Seller. Seller shall have performed and observed all covenants and agreements of this Agreement to be performed or observed by Seller prior to or on the Closing Date and the Assignment and Assumption Agreement between Buyer and Seller shall have become effective, including, without limitation, the receipt of all consents required thereunder from Semitropic and its Improvement Districts and/or the Southern California Water Bank Authority, as applicable.

6.1.2 Representations and Warranties. Each and every warranty and representation of Seller set forth herein shall be accurate in all material respects as of the Effective Date and the Closing Date.

6.1.3 No Injunction. There shall be no injunction, restraining order or decree by or before any governmental authority that restrains or prohibits the consummation of the transaction or imposes conditions thereon not otherwise provided for herein, or action pending before any governmental authority that seeks any such injunction, restraining order or decree.

6.1.4 No Investigation. Neither Buyer nor Seller shall have been advised by any governmental authority (which advisory has not been officially withdrawn on or prior to the Closing Date) that it is investigating the transaction to determine whether to commence any litigation that seeks or would seek to enjoin, restrain or prohibit the consummation of the transaction contemplated by this Agreement.

6.1.5 Consents. Prior to the Closing Date, Seller shall have obtained all necessary consents, authorizations, licenses, waivers, permits, approvals and other similar documents to properly and legally transfer and assign the Banked Water to Buyer, including but not limited to Semitropic's consent to the transfer of the Banked Water.

6.1.6 Volume of Banked Water. The volume of Banked Water transferred and assigned to Buyer pursuant to this Agreement shall equal the Banked Water Volume.

6.2 Seller's Conditions. The Closing shall not occur, unless and until each and every one of the following conditions precedent shall have been satisfied prior to the Closing; provided, however, that Seller shall be entitled to waive any of such conditions in writing to Buyer in the manner set forth herein.

6.2.1 Performance by Buyer. Buyer shall have performed and observed all covenants and agreements of this Agreement to be performed or observed by Buyer prior to or on the Closing Date.

6.2.2 No Injunction. There shall be no injunction, restraining order or decree by or before any governmental authority that restrains or prohibits the consummation of the transaction or imposes conditions thereon not otherwise provided for herein, or action pending before any governmental authority that seeks any such injunction, restraining order or decree.

6.2.3 No Investigation. Neither Buyer nor Seller shall have been advised by any governmental authority (which advisory has not been officially withdrawn on or prior to the Closing Date) that it is investigating the transaction to determine whether to commence any litigation that seeks or would seek to enjoin, restrain or prohibit the consummation of the transaction contemplated by this Agreement.

6.3 Failure of a Condition. If any of the conditions set forth in Sections 6.1 and 6.2 fail to be waived or deemed satisfied by the Party benefitted by such condition, and such failure is not cured by the other Party within five (5) business days after written notice from such Party to the other Party, then the Party benefitted by such condition shall be entitled to terminate this Agreement and neither Seller nor Buyer shall have any further obligation or liability to the other hereunder, except as expressly provided for in this Agreement; provided, however, if a condition is not satisfied due to a default of a Party under this Agreement, then the non-defaulting Party shall have the right to pursue its remedies under Article 7 below.

## ARTICLE 7 DEFAULT AND REMEDIES

7.1 Buyer Default. PROVIDED THAT BUYER HAS DELIVERED AN APPROVAL NOTICE TO SELLER, ALL CONTINGENCIES FOR BUYER'S BENEFIT HAVE BEEN SATISFIED OR WAIVED BY BUYER, AND ALL OF BUYER'S CONDITIONS TO CLOSE SET FORTH IN SECTION 6.1 HAVE BEEN SATISFIED, IN THE EVENT BUYER FAILS TO CLOSE ON THE TRANSFER OF THE BANKED WATER BY REASON OF A DEFAULT OF BUYER, AND SUCH DEFAULT IS NOT CURED BY BUYER WITHIN FIVE (5) BUSINESS DAYS AFTER WRITTEN NOTICE FROM SELLER TO BUYER (WITH THE CLOSING DATE EXTENDED AS MAY BE NECESSARY TO ACCOMMODATE SUCH CURE PERIOD), BUYER AND SELLER HEREBY AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER AS A RESULT THEREOF. THEREFORE, BUYER AND SELLER DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT BUYER FAILS TO CLOSE ON THE TRANSFER OF THE BANKED WATER BY REASON OF A DEFAULT OF BUYER IS AND SHALL BE, AS SELLER'S EXCLUSIVE REMEDY (WHETHER AT LAW OR IN EQUITY), AND AS THE FULL, AGREED AND LIQUIDATED DAMAGES FOR SUCH BREACH, AN AMOUNT EQUAL TO ONE HUNDRED THOUSAND DOLLARS (\$100,000). SELLER ACKNOWLEDGES AND AGREES THAT IF BUYER DEFAULTS UNDER THIS AGREEMENT PRIOR TO THE EXPIRATION OF THE DUE DILIGENCE PERIOD, AND SUCH DEFAULT IS NOT

CURED BY BUYER WITHIN FIVE (5) BUSINESS DAYS AFTER WRITTEN NOTICE FROM SELLER TO BUYER (WITH THE CLOSING DATE EXTENDED AS MAY BE NECESSARY TO ACCOMMODATE SUCH CURE PERIOD), THEN SELLER'S EXCLUSIVE REMEDY, IN LIEU OF ALL OTHER REMEDIES AVAILABLE TO SELLER AT LAW OR IN EQUITY, SHALL BE TO TERMINATE THIS AGREEMENT UPON WRITTEN NOTICE TO BUYER, THE DEPOSIT SHALL BE RETURNED TO BUYER, AND NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATIONS UNDER THIS AGREEMENT, EXCEPT THOSE OBLIGATIONS WHICH EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT. NOTHING CONTAINED HEREIN SHALL IN ANY MANNER LIMIT THE AMOUNT OF DAMAGES OBTAINABLE PURSUANT TO AN ACTION UNDER ANY HOLD HARMLESS, DEFENSE, OR INDEMNIFICATION PROVISION SET FORTH IN THIS AGREEMENT OR REASONABLE ATTORNEYS' FEES RECOVERABLE PURSUANT TO ANY ACTION UNDER A HOLD HARMLESS, DEFENSE, OR INDEMNIFICATION SET FORTH IN THIS AGREEMENT.

\_\_\_\_\_  
SELLER'S INITIALS

\_\_\_\_\_  
BUYER'S INITIALS

7.2 Seller Default. In the event Seller: (a) fails to perform its obligations pursuant to this Agreement prior to Closing for any reason; (b) fails to consummate the Closing on or prior to the Closing Date; or (c) otherwise breaches the terms of this Agreement and the same is not cured by Seller within five (5) business days after notice from Buyer to Seller (with the Closing Date extended as may be necessary to accommodate such cure period), then Buyer may: (i) terminate this Agreement, receive a refund of the Deposit; (ii) seek specific performance of this Agreement against Seller.

7.3 Attorneys' Fees. If Buyer prevails in an action against Seller for specific performance, then Seller shall pay any and all costs and expenses incurred by Buyer on account of such action and/or in enforcing or establishing Buyer's rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by Buyer in enforcing a specific performance judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

## ARTICLE 8 DISPUTE RESOLUTION

8.1 Disputes. All disputes, claims and controversies between the Parties arising from or relating to this Agreement ("**Disputes**") shall be governed by this Article 8.

8.2 Meet and Confer. In the event of a Dispute, the Parties agree to meet and confer in person to attempt to reach a resolution. The meeting shall be attended by representatives of the Parties having full authority to resolve the Dispute in question. A Party may initiate the meet and confer process by service of a written notice referencing this Section describing the nature of the Dispute and requesting a meeting. The meeting shall thereafter be held at a mutually

agreeable date and time, but in no event more than seven (7) calendar days after the date of the foregoing notice. If the Parties cannot resolve the Dispute within sixty (60) calendar days after the first meeting, the Parties shall engage in a non-binding mediation, with the Parties to equally share in the costs of such mediation. Such mediation shall be completed no later than sixty (60) calendar days after the completion of the original meet and confer process. No Party shall commence litigation until the mediation process is completed. If a Party fails or refuses to participate in mediation, the other Party shall have the right to commence litigation without first completing mediation.

## ARTICLE 9 LIMITATION AND CONDEMNATION

9.1 Governmental Limitation or Condemnation. Seller shall promptly notify Buyer of any reduction or limitation imposed on the Banked Water by a governmental authority, or court of competent jurisdiction (“**Limitation**”) or any condemnation proceeding commenced prior to the Closing. If any such Limitation or condemnation proceeding relates to or may result in the loss of any material portion or value of the Banked Water, Buyer may, at its option, elect either to: (i) terminate this Agreement, receive a refund of the Deposit, and neither Party shall have any further rights or obligations hereunder; or (ii) continue the Agreement in effect, in which event upon the Closing, Buyer shall assume the Limitation to the Banked Water and be entitled to any compensation, awards, or other payments or relief resulting from such Limitation or condemnation proceeding, and Seller shall, as of the Closing, assign the same to Buyer.

## ARTICLE 10 INDEMNIFICATION

10.1 Buyer shall indemnify, defend (with counsel reasonably acceptable to Seller), protect and hold Seller harmless and each of its respective board members, employees, agents, and contractors, from and against any and all claims, judgments, causes of action, losses, damages, penalties, costs, liabilities, and expenses, including all court costs and attorneys' fees, arising at any time during or after the Closing Date, as a result (directly or indirectly) of or in connection with: (1) Buyer’s failure to comply with any law or regulation regarding the purchase of the Banked Water; (2) default in the performance of any obligation of Buyer under this Agreement; or (3) breach of any of Buyer’s representations or warranties, except as provided by law or for claims caused solely by Seller’s gross negligence or willful misconduct. Buyer’s obligations pursuant to the foregoing sentence shall survive the Closing Date or earlier termination of this Agreement.

10.2 Seller shall indemnify, defend (with counsel reasonably acceptable to Buyer), protect and hold Buyer harmless and each of its respective board members, employees, agents, and contractors, from and against any and all claims, judgments, causes of action, losses, damages, penalties, costs, liabilities, and expenses, including all court costs and attorneys' fees, arising at any time during or after the Closing Date, as a result (directly or indirectly) of or in connection with: (1) Seller’s failure to comply with any law or regulation regarding its sale of the Banked Water; (2) default in the performance of any obligation of Seller under this Agreement; or (3) breach of any of Seller’s representations or warranties, except as provided by law or for claims caused solely by Buyer’s gross negligence or willful misconduct. Seller’s

obligations pursuant to the foregoing sentence shall survive the Closing Date or earlier termination of this Agreement.

ARTICLE 11  
MISCELLANEOUS

11.1 Entire Agreement. This Agreement contains the entire agreement of the Parties hereto, and supersedes all prior and contemporaneous written and oral agreements between the Parties, with respect to the subject matter hereof.

11.2 Assignment. Neither Buyer nor Seller may assign this Agreement or its rights hereunder, or delegate any portion of its duties or obligations except with the express written consent of the other Party, which may be withheld in the other Party's sole and absolute discretion; provided however, Buyer shall have the right to assign this Agreement to an affiliate or subsidiary of Buyer without having to obtain Seller's consent.

11.3 Notice. Any notice, communication, request, reply or advice (collectively, "**Notice**") provided for by this Agreement must be made in writing and be given or served by (i) United States mail, postage paid, certified, and addressed to the Party to be notified, with return receipt requested, (ii) a nationally recognized overnight delivery service, (iii) delivery in person or commercial courier, or (iv) e-mail transmission with confirmation of receipt. Notice may be given on behalf of each Party by its attorney in the manner set forth in this Section 11.3. Buyer's and Seller's notice addresses, unless changed by at least five (5) days' written notice to the other Party, are as follows:

Buyer's address for Notices:

Westside Agriculture LLC  
6659 N Riverside Dr, Suite 102 - 351  
Fresno, CA 93722  
Attn: Manager  
Email: legal@westsideagriculture.com

With a copy to:

Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball, LLP  
Attn: Jennifer Reisz, Esq.  
10000 Stockdale Highway, Suite 200  
Bakersfield, California 93311  
E-Mail: jreisz@kleinlaw.com

Seller's address for Notices:

San Diego County Water Authority  
Attn: General Manager  
4677 Overland Avenue

San Diego, CA 92123  
Telephone: (858) 522-6600  
Facsimile: (858) 268-7815

With a copy to:

San Diego County Water Authority  
Attn: General Counsel  
4677 Overland Avenue  
San Diego, CA 92123

11.4 Time of the Essence. Time is of the essence in all things pertaining to the performance of this Agreement.

11.5 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without regard to conflicts of law principles, with venue for any action proper only in San Diego County.

11.6 Multiple Counterparts/Email Signatures. This Agreement may be executed electronically and in multiple counterparts (each of which is to be deemed original for all purposes).

11.7 Brokerage Commissions. Seller and Buyer each represent and warrant to the other that they have not dealt with any broker in connection with this Agreement. In the event that any person or entity perfects a claim for a brokerage commission, finder's fee or otherwise, based upon any agreement, statement or act, the Party through whom such person or entity makes such claim shall be responsible therefor and shall defend, indemnify and hold the other Party and the Banked Water harmless from and against such claim and all loss, cost and expense associated therewith, including attorneys' fees. The foregoing indemnity obligations shall survive the Closing or any earlier termination of this Agreement.

11.8 Matters Relating to Escrow Holder. In the event Escrow Holder is unable to comply with this Agreement without fault on the part of either Buyer or Seller, the Parties shall enter into joint escrow instructions instructing Escrow Holder to return to each Party such funds or documents as each has deposited into the Escrow; provided, that any cancellation charges shall be divided equally between the Parties. In the event of conflicting demands upon Escrow Holder with respect to funds or documents on deposit, Escrow Holder may cease activity with respect to the Escrow and shall retain all documents and deposits pending its receipt of consistent instructions from the Parties or instructions from a court of competent jurisdiction relating to the disbursement of funds and documents on deposit. It is understood that the foregoing sentence is intended merely as an accommodation to Escrow Holder and shall in no way affect the rights, duties or obligations of the Parties under this Agreement.

11.9 Indemnification of Escrow Holder. Escrow Holder shall be indemnified and held harmless by Buyer and Seller against any and all costs, damages, attorneys' fees, expenses and liabilities which it incurs or sustains in connection with the Escrow, except for such items as may be caused by Escrow Holder's misconduct or negligence.

11.10 Survival. Unless otherwise expressly provided for in this Agreement, the representations, warranties, indemnification obligations and covenants of the Parties set forth in this Agreement shall survive consummation of the transaction contemplated by this Agreement for a period of eighteen (18) months after the Closing Date, provided, however, the representations in Sections 5.1.1, 5.1.2, 5.2.1 and 5.2.2 shall survive for the applicable statute of limitation period.

11.11 No Recourse. Subject to the remainder of this Section, all claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, or granted by statute) that may be based upon, are in respect of, arise under, arise out of or by reason of, are connected with, or relate in any manner to this Agreement, the negotiation, execution, or the performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement) or the transaction contemplated hereby and thereby, may be made only against (and are expressly limited to) the entities that are expressly identified as “Parties” in the preamble to this Agreement or any successor or permitted assign of any such Parties (“**Contracting Parties**”).

No person who is not a Contracting Party, including without limitation any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financing source, financial advisor, lender, investor or equity provider (whether actual or prospective) of, any Contracting Party, or any trustee, director, officer, employee, incorporator, member, partner, manager, stockholder, affiliate, agent, attorney, or representative of, and any financing source, financial advisor, lender, investor or equity provider (whether actual or prospective) of, any of the foregoing (“**Nonparty Affiliates**”), shall have any liability (whether in contract or in tort, in law or in equity, or granted by statute) to any Contracting Party with which it is not engaged or does not have a contractual relationship with (outside of this Agreement) or any claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement, the performance of this Agreement, or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach; and, to the maximum extent permitted by law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates.

Without limiting the foregoing, to the maximum extent permitted by law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of the other Contracting Party on any of its Nonparty Affiliates, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any of the other Contracting Party’s Nonparty Affiliates with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement.

Notwithstanding anything in this Section to the contrary, this Section does not provide (and shall in no event be interpreted to provide) for any waiver, release or relinquishment by any Contracting Party of any claims, obligations, liabilities, or causes of

action (whether in contract or in tort, in law or in equity, or granted by statute) of any sort which such Contracting Party may have against any of its own Nonparty Affiliates (being those that such Contracting Party has engaged or has a contractual relationship with outside of this Agreement).

[signatures appear on the following page]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date indicated below.

DATE: \_\_\_\_\_

SELLER:

SAN DIEGO COUNTY WATER  
AUTHORITY, a county water authority

By: \_\_\_\_\_  
Dan Denham, General Manager

Approved as to form:

By \_\_\_\_\_  
David J. Edwards  
General Counsel

DATE: \_\_\_\_\_

BUYER:

WESTSIDE AGRICULTURE LLC, a  
Delaware limited liability company

By: \_\_\_\_\_  
Pamela Gregorski, Manager