

1 MICHAEL WEED (SBN 199675)  
2 STANLEY J. DIRKS (SBN 65645)  
3 ORRICK, HERRINGTON & SUTCLIFFE LLP  
4 400 Capitol Mall, Suite 3000  
5 Sacramento, California 95814-4497  
6 Telephone: 916-447-9200  
7 [mweed@orrick.com](mailto:mweed@orrick.com)  
8 [sjdirks@orrick.com](mailto:sjdirks@orrick.com)

9 ANN K.B. CARROLL (SBN 240452)  
10 CHRISTOPHER MARTIN (SBN 249129)  
11 CALIFORNIA DEPARTMENT OF WATER  
12 RESOURCES, OFFICE OF THE GENERAL  
13 COUNSEL  
14 715 P Street  
15 Sacramento, California 95814  
16 Telephone: 916-820-8100  
17 christoper.martin@ca.water.gov

18 Attorneys for Plaintiff  
19 California Department of Water Resources

20 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
21 COUNTY OF SACRAMENTO

22 CALIFORNIA DEPARTMENT OF WATER  
23 RESOURCES,

24 Plaintiff,

25 v.

26 ALL PERSONS INTERESTED IN THE  
27 MATTER of the Authorization of Delta  
28 Conveyance Program Revenue Bonds, the  
Issuance, Sale and Delivery of Delta  
Conveyance Program Revenue Bonds, the  
Adoption of the Delta Conveyance Program  
Revenue Bond General Bond Resolution  
Providing for the Issuance of Delta  
Conveyance Program Revenue Bonds, and the  
Proceedings Related Thereto,

Defendants.

///  
///  
///  
///

**ELECTRONICALLY FILED**  
Superior Court of California  
County of Sacramento  
01/07/2025  
By: S. Burdette Deputy

Case No. **25CV000704**

UNLIMITED JURISDICTION

**COMPLAINT FOR VALIDATION**  
(Cal. Civ. Proc. Code §§ 860-870.5)

**CALENDAR PREFERENCE per**  
**California Civil Procedure Code § 867**

**EXEMPT from filing fees per Govt.**  
**Code § 6103.**



1 Resolution) to be issued pursuant to and in accordance with the authorizing Delta Conveyance  
2 Program Revenue Bond General Bond Resolution (General Resolution).

3 **Jurisdiction and Venue**

4 7. The court has jurisdiction over this case pursuant to the Validation  
5 Statute and Government Code section 17700. In accordance with Civil Procedure Code  
6 section 862, jurisdiction will be complete and established in this court as of the date specified in  
7 the published Summons.

8 8. This action is entitled to calendar preference over all other civil actions  
9 before the court and to speedy hearing and determination under Civil Procedure Code  
10 section 867.

11 9. Venue is proper in the Superior Court for the County of Sacramento  
12 pursuant to Government Code section 17700 and Civil Procedure Code section 860.

13 **The Statutory Authority for and the Development of the State Water Project**

14 10. The Department operates, manages and oversees facilities that conserve,  
15 store, transport and deliver water to urban and agricultural water agencies throughout the state,  
16 an integrated system of water storage and transportation (and power generation) facilities  
17 commonly referred to as the State Water Project.

18 11. The Department is authorized to carry out its duties and functions in  
19 relation to the State Water Project by the Central Valley Project Act (Wat. Code, §§ 11100 *et*  
20 *seq.*, the CVP Act), and the California Water Resources Development Bond Act (Wat. Code,  
21 §§ 12930 *et seq.*, the Burns-Porter Act), among other authorities.<sup>1</sup>

22 12. The State Water Project comprises certain facilities of the “Central  
23 Valley Project,” as defined in and authorized by the CVP Act (*see e.g.*, Wat. Code, §§ 11201),  
24 and the “State Water Resources Development System,” as defined in and authorized by the  
25 Burns-Porter Act (*see e.g.*, Wat. Code, § 12931).

26 ///

27 ///

28 

---

<sup>1</sup> Statutory references are to the Water Code unless otherwise stated.

1           13.     Enacted in 1933, the CVP Act authorized a statewide water system to  
2 address the natural maldistribution of water resources in the state. Events intervened, e.g., the  
3 Depression and World War II, delaying implementation.

4           14.     Planning and design of the statewide water system continued throughout  
5 the 1950's utilizing legislative appropriations made for such purposes, and grounded on the  
6 provisions of the CVP Act and the facilities envisioned and authorized therein.

7           15.     In 1951, the Legislature enacted section 11260 of the CVP Act, with  
8 amendments in 1955 and 1959 (section 11260), authorizing extensive facilities to conserve,  
9 store, and redistribute the state's water resources from areas of surplus supplies in the north to  
10 areas of deficient supplies in the western and southern parts of the state. Three reports  
11 incorporated into section 11260 when enacted and thereafter amended, hereinafter, the 1951  
12 Report, the 1955 Report, and the 1959 Report, describe and authorize this system of facilities,  
13 then referred to as the Feather River Project (all as defined and discussed in more detail below),  
14 and now known as the State Water Project.

15           16.     In 1959, concurrently with the last amendment of section 11260, the  
16 Legislature approved the Burns-Porter Act, which was then submitted to and approved by the  
17 voters in 1960. The Burns-Porter Act provided \$1.75 billion in general obligation bonds as the  
18 initial funding to develop and construct the "State Water Resources Development System," as  
19 defined therein. The Burns-Porter Act continued the CVP Act and the facilities it authorized,  
20 stating in Water Code section 12931: "Any facilities heretofore or hereafter authorized as a part  
21 of the Central Valley Project or facilities which are acquired or constructed as a part of the State  
22 Water Resources Development System with funds made available [under the Burns-Porter Act]  
23 shall be acquired, constructed, operated, and maintained pursuant to the provisions of the code  
24 governing the Central Valley Project, as said provisions may now or hereafter be amended."<sup>2</sup>

25           17.     In addition to the \$1.75 billion in general obligation bonds authorized by  
26 the Burns-Porter Act, the Department is authorized by the CVP Act to issue revenue bonds to  
27

---

28 <sup>2</sup> Courts must harmonize the Burns-Porter Act and the CVP Act. (*Warne v. Harkness* (1963) 60  
Cal.2d 579, 587-589.)

1 finance the development, construction and operation and maintenance of water system facilities.  
2 The CVP Act authorizes the Department to issue revenue bonds to pay for a broad range of  
3 activities, including surveys and the preparation of plans and specifications, construction,  
4 reconstruction, and repair, and all other costs and expenses prior to and during construction.

### 5 **The State Water Project**

6 18. The Feather River Project and its system of aqueducts authorized in  
7 section 11260, as described in the 1951 Report, as modified by the 1955 Report, and as further  
8 modified by the 1959 Report, and with such further modifications thereto as the Department has  
9 since adopted from time to time, is now known as the State Water Project.

10 19. The State Water Project comprises numerous conservation and storage  
11 facilities, reservoirs, powerplants, forebays, afterbays, canals, tunnels, aqueducts, pumping  
12 facilities, intakes, fish screens, and other appurtenant facilities, beginning from Oroville Dam  
13 and reservoir in the north and extending to the County of San Diego in the south, with  
14 transportation and delivery facilities throughout the state along the way.

15 20. The State Water Project conserves water from the Feather River  
16 watershed and the Sacramento-San Joaquin Delta (Delta)<sup>3</sup> and transports it to delivery points in  
17 Northern California, the North Bay, the South Bay, the Santa Barbara-San Luis Obispo area, the  
18 San Joaquin Valley and Southern California. From Lake Oroville located in the Feather River  
19 watershed to the north Delta, State Water Project water is conveyed predominately via natural  
20 channels of the Feather and Sacramento Rivers.

21 21. Currently, State Water Project water conserved in the north is conveyed  
22 through the Delta for eventual delivery to other parts of the state utilizing the channels of the  
23 river delta formed by the confluence of the Sacramento and San Joaquin Rivers, as those  
24 channels have been modified over 150 years by the construction of levees, ship and other  
25 canals, flood protection facilities, salinity gates, and other facilities.

26 22. From the Banks Pumping Plant at the southern edge of the Delta to points  
27 further south, water moved through the Delta is pumped into the California Aqueduct and  
28

---

<sup>3</sup> The term "Delta" is a defined in Water Code section 12220 as a specific geographic area.

1 conveyed by the State Water Project aqueduct system, which includes a number of additional  
2 pumping plants, siphons, pipelines, canals and tunnels, to points west and south of the Delta.

### 3 **The Delta Conveyance Program**

4 23. For several decades, the Department has undertaken to develop a  
5 comprehensive plan for the effective delivery of State Water Project water through the Delta.  
6 Alternatives have included a Delta Cross Channel, the Peripheral Canal, one of the conservation  
7 measures identified in the Bay Delta Conservation Plan, and the California WaterFix, a  
8 proposed two tunnel conveyance facility.

9 24. After taking office in January 2019, Governor Gavin Newsom directed  
10 the responsible state agencies to assess and carry forward planning to modernize conveyance  
11 through the Delta with a proposed single tunnel conveyance facility.

12 25. On January 15, 2020, the Department issued a Notice of Preparation  
13 (NOP) initiating the environmental review process under the California Environmental Quality  
14 Act (Pub. Resources Code, §§ 21000 *et seq.*, CEQA) for a proposed Delta conveyance facility.  
15 On December 21, 2023, the Department certified the Final EIR, adopted CEQA findings, a  
16 statement of overriding considerations, and a mitigation monitoring and reporting program, and  
17 it approved Alternative 5, known as the Delta Conveyance Project.

18 26. In adopting the General Resolution, the Department authorized a revenue  
19 bond financing pursuant to the CVP Act to fund the Delta Conveyance Program, as that term is  
20 defined in the General Resolution. The definition of the Delta Conveyance Program in the  
21 General Resolution describes the general attributes of a Delta conveyance facility, including the  
22 Delta Conveyance Project the Department approved on December 21, 2023.

23 27. In brief, the Delta Conveyance Program is the planning and potential  
24 construction of facilities to conserve and convey water from the north Delta to Department  
25 facilities in the south Delta or south of the Delta utilizing one or more tunnels and appurtenant  
26 facilities. More specifically, the General Resolution defines the Delta Conveyance Program as:

27 [T]he environmental review, planning, engineering, design, and, if  
28 and when the Department determines to be appropriate, acquisition,  
construction, operation and maintenance of facilities for the

1 conservation and conveyance of water diverted from the  
2 Sacramento River through intakes located in the north Delta in,  
3 about and through the Delta southward toward and ultimately into  
4 the California Aqueduct, which is a portion of the existing State  
5 Water Project, originally known as the Feather River Project. Delta  
6 Conveyance Program facilities include, but are not limited to, one  
7 or more water diversion intake structures, sedimentation basins,  
8 flow control structures, tunnels, tunnel access structures, pumping  
9 plants, pipelines, electrical transmission structures, appurtenant  
10 facilities, and including as applicable, necessary or desirable  
11 mitigation, all such facilities and mitigation collectively to  
12 accomplish the purposes of the preceding sentence.

13  
14 28. The Department brought this validation action to confirm the  
15 Department’s legal authority to undertake the Delta Conveyance Program financing, consistent  
16 with the terms of the General Resolution and applicable law.

17 **Statutory Authority for Financing the Delta Conveyance Program**

18 29. The Department has broad discretion and authority to determine the need  
19 for and the nature of State Water Project facilities and to finance them.

20 30. Section 11201 of the CVP Act provides: “The project as authorized by  
21 this part consists of the units provided for in this chapter [Chapter 2 of the CVP Act].”  
22 Chapter 2 encompasses Water Code sections 11200 through 11295.

23 31. Section 11454 of the CVP Act authorizes the Department to “do any and  
24 all things which in its judgment are necessary, convenient, or expedient for the accomplishment  
25 of the purposes and objects of this part.” In describing the Department’s authority under the  
26 Burns-Porter Act, the California Supreme Court has stated that “the conduct of an important  
27 public enterprise [such as the State Water Project] requires that broad power and discretion be  
28 granted to the administrative agency in charge of the project.”<sup>4</sup>

32. Section 11290 of the CVP Act authorizes the Department to “add  
additional units which are consistent with and which may be constructed, maintained, and  
operated as a part of the project and in furtherance of the single object contemplated by this  
part.”

---

<sup>4</sup> *Metropolitan Water District v. Marquardt* (1963) 59 Cal.2d 159, 177.

1                   33.     The Legislature emphasized the import of the Department’s broad  
2 discretion and authority in section 11126 of the CVP Act, which provides:

3                   The construction, operation, and maintenance of the project as  
4 provided for in this part is in all respects for the welfare and benefit  
5 of the people of the State, for the improvement of their prosperity  
6 and their living conditions, and the provisions of this part shall  
7 therefore be liberally construed to effectuate the purposes and  
8 objects thereof.

9                   34.     Section 11260 of the CVP Act authorizes the Department to plan and  
10 construct the Feather River Project, comprising facilities described in the three reports  
11 referenced in that statute, and to make “further modifications thereof as the [Department] may  
12 adopt[.]” Section 11260 authorizes facilities to include:

13                   The units set forth in publication of the State Water Resources  
14 Board entitled “Report on Feasibility of Feather River Project and  
15 Sacramento-San Joaquin Delta Diversion Projects Proposed as  
16 Features of the California Water Plan,” dated May, 1951 [the 1951  
17 Report], as modified in the publication of the Division of Water  
18 Resources entitled “Program for Financing and Constructing the  
19 Feather River Project as the Initial Unit of the California Water  
20 Plan,” dated February, 1955 [the 1955 Report], and including the  
21 upstream features set forth in Chapter VI of the 1955 report, except  
22 the features on the south fork of the Feather River, and as further  
23 modified by the recommendations contained in Bulletin No. 78 of  
24 the Department of Water Resources, entitled “Preliminary  
25 Summary Report on Investigation of Alternative Aqueduct Systems  
26 to Serve Southern California,” dated February, 1959 [the 1959  
27 Report], and subject to such further modifications thereof as the  
28 Department of Water Resources may adopt, and such units or  
portions thereof may be constructed by the department and  
maintained and operated by it to such extent and for such period as  
the department may determine, as units of the Central Valley  
Project separate and apart from any or all other units thereof.

33.     The 1951 Report evaluates the feasibility of a “plan for the ultimate  
development and utilization of the water resources of the State” by the transfer of water from  
areas of surplus supply to areas of deficient supply comprised of the Feather River Project  
(including facilities and improvements for the transfer of water from the Sacramento River to  
diversions located in the south Delta), and the Sacramento-San Joaquin Delta Diversion  
Projects, called (i) the Santa Clara-Alameda Diversion, (ii) the San Joaquin Valley-Southern  
California Diversion, and (iii) the Santa-Barbara-Ventura Diversion.



1           36.     The 1955 Report presents a plan for the construction of the Feather River  
2 Project, described as a modified version of the several projects described in the 1951 Report and  
3 several possible routes and modifications of the Feather River Aqueduct for delivering water to  
4 southern California. The modifications introduced by the 1955 Report include the consolidation  
5 of the Feather River Project and two of the three Sacramento-San Joaquin Delta Diversions, the  
6 addition of the San Luis Reservoir and its forebay, the Buena Vista Forebay, the Quail Lake  
7 Afterbay and the deletion of the Santa-Barbara-Ventura Diversion and power transmission  
8 facilities originating at Oroville and terminating in Contra Costa County.

9           37.     The 1959 Report further modifies the Feather River Project by selecting  
10 an optimum aqueduct system comprising an Inland Aqueduct with two termini and a Coastal  
11 Aqueduct from among several competing systems evaluated therein and describes its stepwise  
12 construction over a 55-year period.

13           38.     Consistent with purposes enumerated in section 11125 of the CVP Act,  
14 the purpose of the Feather River Project is the conservation of water from the Feather River  
15 watershed in the Oroville reservoir and transportation of that water, together with water  
16 conserved in and diverted or re-diverted from the Delta, to service areas in the San Francisco  
17 Bay area, San Joaquin Valley, central coast and southern California. The project constructed,  
18 modified and maintained and operated by the Department, now known as the State Water  
19 Project, serves this same purpose.

20           39.     Conserving and conveying water in and from areas of surplus in the north  
21 to areas of deficiency south and west of the Delta, as described in the section 11260 reports,  
22 requires moving water in some manner from north of the Delta to areas south and west of the  
23 Delta. The section 11260 reports envisioned a facility called the Delta Cross Channel and  
24 numerous channel improvements for that purpose. Currently, the State Water Project conveys  
25 water from north of the Delta to the south Delta through the natural channels of the Delta as  
26 they have been modified over time, with the Banks Pumping Plant in the south Delta lifting  
27 water into Bethany Reservoir at the beginning of what is now known as the California  
28 Aqueduct.

1           40.     The facilities to be planned, potentially constructed, and financed under  
2 the Delta Conveyance Program would provide an additional method for conserving and  
3 conveying water from the north Delta southward to existing State Water Project facilities in the  
4 south Delta or just south of the Delta, resulting in a dual conveyance capability from north to  
5 south through the Delta.

6           41.     The facilities described in the definition of the Delta Conveyance  
7 Program in the General Resolution would be a proper “further modification” of the Feather  
8 River Project within the Department’s authority under section 11260 and the CVP Act. The  
9 General Resolution authorizes the Bonds to finance the planning and potentially the  
10 construction of facilities serving the same purpose as the Feather River Project.

11          42.     In the General Resolution, the Department adopted the Delta Conveyance  
12 Program as a “further modification” of the Feather River Project pursuant to section 11260.

13          43.     The CVP Act authorizes the Department to issue revenue bonds to pay  
14 the capital costs of State Water Project facilities, including the costs of environmental review,  
15 planning, engineering and design, as well as the costs of acquisition and construction of such  
16 facilities.

17          44.     Section 11700 of the CVP Act authorizes the Department to issue  
18 revenue bonds “[f]or the purpose of providing money and funds to pay the cost and expense of  
19 carrying out any of the objects and purposes of [the CVP Act].”

20          45.     In undertaking the Delta Conveyance Program, the Department is  
21 carrying out the objects and purposes of the CVP Act, and more specifically, is undertaking a  
22 “further modification” of the Feather River Project in accordance with section 11260. The  
23 Department is authorized under section 11700 to issue revenue bonds to fund Delta Conveyance  
24 Program Capital Costs in accordance with the General Resolution.

25          46.     Section 11761 of the CVP Act authorizes the Department to spend bond  
26 proceeds on the Delta Conveyance Program Capital Costs. Section 11761 provides that  
27 proceeds of revenue bonds shall be applied solely for certain purposes, which include  
28 “[s]urveys, and the preparation of plans and specifications,” “the acquisition of . . . property of

1 every kind and description,” “construction . . . of the project,” and “all other costs and expenses  
2 prior to and during construction.”

3 47. Section 11701 sets forth the procedural steps the Department must take to  
4 authorize the issuance of revenue bonds for purposes authorized under the CVP Act. The  
5 General Resolution meets these procedural requirements. Section 11701 provides:

6 Whenever the department determines that it is necessary to carry  
7 out any of the objects and purposes of this part, it shall prepare  
8 preliminary cost estimates, an estimate of the amount required to be  
9 raised for those purposes by the issuance of bonds, and a statement  
10 of the probable amount of money, property, materials, or labor, if  
11 any, to be contributed from other sources in aid thereof, and shall  
12 adopt a resolution declaring that the public interest and necessity  
13 require the carrying out of those objects and purposes and  
14 authorizing the issuance of bonds for the purpose of obtaining funds  
15 in an amount not in excess of that estimated to be required for those  
16 purposes.

#### 12 **The General Resolution and the Bonds**

13 48. On January 6, 2025, the Department adopted the General Resolution,  
14 designated “No. DWR-DCPRB-1” and titled “Delta Conveyance Program Revenue Bond  
15 General Bond Resolution.” A true and correct copy of the General Resolution is attached as  
16 **Exhibit 1** and incorporated by this reference.

17 49. By adopting the General Resolution, the Department authorized the  
18 issuance of Delta Conveyance Program Revenue Bonds (previously defined as the Bonds).  
19 Section 203 of the General Resolution provides, in pertinent part:

20 Bonds of the Department are hereby authorized to be issued for the  
21 purpose of obtaining funds to pay Delta Conveyance Program  
22 Capital Costs and to refund obligations of the Department issued  
23 for such purpose.

23 50. The General Resolution defines Delta Conveyance Program Capital  
24 Costs to include:

25 Delta Conveyance Program Planning Costs, and, if and when  
26 determined by the Department to be appropriate, costs of the  
27 acquisition and construction of the Delta Conveyance Program  
28 facilities for the conservation and conveyance of water diverted  
from the Sacramento River through intakes located in the north  
Delta in, about and through the Delta southward toward and

1 ultimately into the California Aqueduct, which is a portion of the  
2 existing State Water Project.

3 51. Delta Conveyance Program Planning Costs, as defined in the General  
4 Resolution, are:

5 [T]he Department's costs of (i) environmental review, planning,  
6 engineering and design of the Delta Conveyance Program and  
7 (ii) all other Delta Conveyance Program Capital Costs incurred  
8 prior to the commencement of the acquisition or construction of  
9 Delta Conveyance Program facilities.

10 52. In accordance with the General Resolution and CVP Act, section 11139  
11 and related provisions, the Department authorized the use of Bond proceeds, among other  
12 authorized uses, to reimburse Delta Conveyance Program Planning Costs previously paid with  
13 contributions the Department received from State Water Contractors pursuant to funding  
14 agreements with the Department.

15 53. The Department determined in the General Resolution:

16 [I]n accordance with Section 11701 of the Act, the Department  
17 hereby determines that the public interest and necessity require the  
18 carrying out of the objects and purposes of the Act by implementing  
19 the Delta Conveyance Program as defined herein.

20 54. The Department stated in the General Resolution:

21 [T]he Department has, and will, for each series of bonds that may  
22 be issued under this General Bond Resolution, prepare preliminary  
23 cost estimates for the portion of the Delta Conveyance Program to  
24 be financed by such bonds, an estimate of the amount required to be  
25 raised by the issuance of bonds, and a statement of the probable  
26 amount of money, property, materials, or labor, if any, to be  
27 contributed from other sources in aid thereof.

28 55. The Department further stated in the General Resolution preliminary  
estimates of the costs of the Delta Conveyance Program, as well as the amount previously  
contributed and amount that potentially may be contributed in the future by other sources, and  
the amount estimated to be raised by the issuance of the Bonds for these purposes. The  
preliminary cost estimates, exclusive of the amounts previously contributed and potentially  
contributed in the future by other sources, stated in non-discounted 2023 dollars, are based on

1 the Total Project Cost Summary Memorandum, dated May 14, 2024, prepared by the Delta  
2 Conveyance Design and Construction Authority.

3 56. In accordance with Section 11701, the General Resolution also provides:

4 The aggregate principal amount of Bonds which may be executed,  
5 authenticated and delivered under this Resolution shall not exceed  
6 the amount(s) estimated to be needed in the Recitals to this  
7 Resolution or pursuant to a subsequent preliminary estimate  
8 prepared by or for the Department or as hereafter provided by  
9 amendment to this Resolution pursuant to Section 1101(C)(1) or by  
10 delivery of the Certificate of the Department described in Section  
11 204(b)(3), or as may be limited by law.

12 57. Consistent with the CVP Act, the Department determined in the General  
13 Resolution that it would not commence acquisition and construction of the Delta Conveyance  
14 Program unless and until it determined (1) that legally available revenues are or will become  
15 available in amounts sufficient to repay the Bonds, and (2) that all conditions precedent to such  
16 acquisition and construction established by law have been satisfied.

17 58. The General Resolution also requires that the Department satisfy  
18 applicable conditions before a series of Bonds can be authenticated and delivered to pay for  
19 acquisition and construction activities. Section 205(B) of the General Resolution requires that  
20 the Department provide to the Treasurer:

21 [A] Certificate of the Department stating that (1) in the opinion of  
22 the Department moneys are then required for such costs, stating an  
23 estimate of the amount of moneys required for such purposes, and  
24 (2) that the Department has determined that all conditions precedent  
25 to the commencement of acquisition or construction of any Delta  
26 Conveyance Program facilities to be acquired or constructed with  
27 the proceeds of such Series of Bonds established by law have been  
28 satisfied.

59. The Department committed in the General Resolution to “do and perform  
or cause to be done and performed all acts and things required to be done and performed by or  
on behalf of the Department under law and this Resolution.” The General Resolution constitutes  
a contract with the holders of the Bonds, as stated in section 202 of the General Resolution.

///

///



1 implementation of the review, planning, engineering, design, or acquisition and construction of  
2 such facility or permits issued therefore, including any litigation challenging the Final EIR,  
3 CEQA findings, statement of overriding considerations, mitigation monitoring and reporting  
4 program or project approval for such facility. This action does not seek to adjudicate the legality  
5 or adequacy of any authorizations, approvals, decisions, or actions taken or proposed to be  
6 taken with respect to a potential Delta conveyance facility by any local public agency, district,  
7 or agency, department or other political subdivision of the state, other than the Department,  
8 including without limitation the validity of any *ad valorem* tax levy any local agency may  
9 consider or approve related to a Delta conveyance facility.

10           66.     The issue presented regarding the Department's pledge of revenues to the  
11 repayment of the Bonds as provided in the General Resolution is the Department's legal  
12 authority to pledge that source of revenues to the repayment of such bonds, separate and apart  
13 from other revenues pledged by the Department or by law to the repayment of other bonds  
14 issued to finance the State Water Project. The credit quality, at present or in the future, of the  
15 revenues pledged as the source of repayment for the Bonds is not at issue in and is not relevant  
16 to the determination of the legal validity of the Delta Conveyance Program revenue bond  
17 financing the Department seeks to validate. As required by the General Resolution, the  
18 Department cannot issue any Bonds unless and until it satisfies express conditions-precedent  
19 regarding the adequacy of the revenues pledged to the repayment of such bonds.

20           67.     The legal validity of the Delta Conveyance Program revenue bond  
21 financing, i.e., the Bonds and General Resolution, is not dependent on the amendment of the  
22 Water Supply Contracts, and the status or existence of any such amendment is not relevant in  
23 this action. This action does not seek to adjudicate, and will not be binding with respect to, how  
24 any party to the Water Supply Contracts (i.e., the State Water Contractors) might internally or  
25 locally allocate its costs among member agencies, how Delta Conveyance Program Capital  
26 Costs will be allocated between State Water Contractors, or how a State Water Contractor  
27 might seek to recover costs for Delta Conveyance Program Capital Costs from its member  
28 agencies. The validity of any provision of the existing Water Supply Contracts is not at issue in

1 this action, including without limitation whether the Department can lawfully charge State  
2 Water Contractors for costs of the Delta Conveyance Program under the terms of the Water  
3 Supply Contracts as those contracts existed as of the date the Department adopted the General  
4 Resolution.

5 68. The Department’s adoption of the General Resolution authorizing the  
6 issuance of the Bonds is not a “project” subject to CEQA, but rather is “[t]he creation of [a]  
7 government funding mechanism[] ... which do[es] not involve any commitment to any specific  
8 project which may result in a potentially significant physical impact on the environment” (Cal.  
9 Code Regs., tit. 14, § 15378, subd. (b)(4).) The Department’s adoption of the General  
10 Resolution authorizing the issuance of the Bonds is not an “approval” within the meaning of the  
11 CEQA Guidelines, in that such adoption does not commit the Department to a definite course of  
12 action in regard to a project subject to CEQA (*see* Cal. Code Regs., tit. 14, § 15352).

13 **Service By Publication of Summons and Additional Notice**

14 69. Pursuant to the Validation Statute, notice of this validation action is to be  
15 given by publication of the summons in a newspaper of general circulation within Sacramento  
16 County, the county in which the action is pending, and in such other counties that the court may  
17 direct. The court may also direct that notice of the pendency of the action be given by mail or  
18 other means to the extent the court finds such methods reasonably practicable.

19 70. The Department proposes and will seek the court’s order to provide  
20 notice of this validation action by publication of the summons in a newspaper of general  
21 circulation in the County of Sacramento as required by the Validation Statute, and as additional  
22 practicable notice in all other counties in California where a newspaper of general circulation is  
23 published. In addition to the information required by the Validation Statute, the summons  
24 submitted for approval by the court will include a link to the Department’s internet website  
25 where any interested person may obtain a copy of the validation complaint.

26 71. Consistent with Code of Civil Procedure section 861, the proposed order  
27 for publication of summons to be submitted by the Department provides that, where a  
28 newspaper of general circulation is not published in a county, publication of summons in an



1 adjacent county or the next nearest county with a newspaper of general circulation is proper  
2 notice in accordance with the Validation Statute.

3 72. Publication of summons in newspapers in all 58 California counties, or  
4 adjacent or next nearest counties where applicable, exceeds the notice required by law and is a  
5 method most likely to give notice to persons interested in these proceedings. The court should  
6 order publication of the summons as described above pursuant to Civil Procedure Code section  
7 861 and Government Code section 6063.

8 73. The Department has established a list of interested persons in connection  
9 with the January 2020 NOP and the December 2023 Final EIR. Accordingly, the Department  
10 also proposes and will seek the court's order to provide additional notice of this validation  
11 action to those persons and organizations that have informed the Department of their interest in  
12 Delta conveyance facilities in connection with the NOP and the Final EIR.

13 74. To that end, the court should order that the Department: (1) not later than  
14 20 days after the first publication of summons in this action, email and/or mail (as the  
15 Department chooses in its discretion or in accordance with the information it has) to each of the  
16 parties to the Water Supply Contracts a written notice (to be submitted to and approved by the  
17 court, hereinafter, the "Approved Notice") informing the recipient of this validation action and  
18 how to obtain a copy of the summons and complaint; and (2) not later than 20 days after the  
19 first publication of summons in this action, email and/or mail (as the Department chooses in its  
20 discretion or in accordance with the information it has) the Approved Notice to persons or  
21 entities that have informed the Department of their interest in Delta conveyance facilities in  
22 connection with the January 15, 2020 NOP and the December 21, 2023 Final EIR. .

23 **First Cause of Action**

24 (Determination of Validity)

25 75. The Department realleges and incorporates by this reference the  
26 allegations of paragraphs 1 through 74 above as though fully set forth herein.

27 ///

28

1           76.     The Department has properly brought this validation action under  
2 Government Code section 17700 and the Validation Statute.

3           77.     Pursuant to Civil Procedure Code section 864, and the Department’s  
4 adoption of and authorizations in the General Resolution, the Bonds are “in existence” for the  
5 purpose of being validated in this action.

6           78.     The Bonds and the General Resolution are proper matters to be validated  
7 in this *in rem* validation action brought pursuant to the Validation Statute, and such matters are  
8 ripe for judicial determination.

9           79.     The Department has the authority under the CVP Act, and in particular  
10 Water Code section 11260, to acquire and construct Delta water conveyance facilities, such as  
11 the facilities described in the definition of the Delta Conveyance Program, as a proper “further  
12 modification” of the Feather River Project as authorized under section 11260 of the CVP Act, if  
13 and when the applicable statutory and regulatory conditions precedent to acquisition and  
14 construction are satisfied in accordance with the General Resolution.

15           80.     The Department has the authority under the CVP Act, and in particular  
16 section 11260 and section 11700, to adopt the General Resolution to authorize the issuance of  
17 the Bonds to finance Delta Conveyance Program Capital Costs in accordance with the terms of  
18 the General Resolution.

19           81.     The Department has the authority to pledge revenues from the Delta  
20 Conveyance Program to secure the repayment of the Bonds, separate and apart from any and all  
21 other pledges of Department revenues to secure other debt issued to finance the State Water  
22 Resources Development System as defined in Water Code section 12931 or any other facilities  
23 authorized by Water Code section 11260 or any other provision of the CVP Act.

24           82.     Upon issuance, sale and delivery thereof in accordance with the terms of  
25 the General Resolution and applicable law, the Bonds will be valid, legal and binding  
26 obligations of the Department in accordance with their terms.

27     ///

28     ///

1 **Prayer for Relief**

2 The Department prays for relief as follows:

3 83. That the court order that jurisdiction over the subject matter and all  
4 interested persons be obtained by:

5 (a) Publishing the summons pursuant to Civil Procedure Code section  
6 861 and Government Code section 6063 in the manner described herein and pursuant to the  
7 proposed order for publication of summons to be submitted for approval by the court; and

8 (b) Providing additional notice of this action to interested persons in  
9 the form and manner described herein and pursuant to the proposed order for publication of  
10 summons to be submitted for approval by the court.

11 84. That the court find that the notice procedures in accordance with the  
12 Validation Statute, and the notice to be provided by the Department in this action as described  
13 above and in the proposed order for publication of summons, do and will provide due and  
14 proper notice to all persons interested in the subject matter of this action, and that pursuant to  
15 such notice, this court has jurisdiction over all persons and the subject matter of this action.

16 85. That the court find that this action is properly brought under Government  
17 Code section 17700 and the Validation Statute in the superior court for the County of  
18 Sacramento.

19 86. That judgment be entered on the First Cause of Action determining that:

20 (a) Pursuant to Civil Procedure Code section 864, and the  
21 Department's adoption of and authorizations in the General Resolution, the Bonds are "in  
22 existence" for the purpose of being validated in this action.

23 (b) The Bonds and the General Resolution are proper matters to be  
24 validated in this *in rem* validation action brought pursuant to the Validation Statute, and such  
25 matters are ripe for judicial determination.

26 (c) The Department has the authority under the CVP Act, and in  
27 particular section 11260, to acquire and construct Delta water conveyance facilities, such as the  
28 facilities described in the definition of the Delta Conveyance Program, as a proper "further

1 modification” of the Feather River Project as authorized under section 11260 of the CVP Act, if  
2 and when the applicable statutory and regulatory conditions precedent for acquisition and  
3 construction are satisfied in accordance with the General Resolution.

4 (d) The Department has the authority under the CVP Act, and in  
5 particular section 11260 and section 11700, to adopt the General Resolution to authorize the  
6 issuance of the Bonds to finance Delta Conveyance Program Capital Costs in accordance with the  
7 terms of the General Resolution.

8 (e) The Department has the authority to pledge revenues from the Delta  
9 Conveyance Program to secure the repayment of the Bonds separate and apart from any and all  
10 other pledges of Department revenues to secure other debt issued to finance the State Water  
11 Resources Development System as defined in Water Code section 12931 or any other facilities  
12 authorized by Water Code section 11260 or any other provision of the CVP Act.

13 (f) Upon issuance, sale and delivery thereof in accordance with the  
14 terms of the General Resolution and applicable law, the Bonds will be valid, legal and binding  
15 obligations of the Department in accordance with their terms.

16 87. That, as expressly provided under Civil Procedure Code section 870,  
17 subdivision (a), upon issuance of a judgment validating the General Resolution and the Bonds,  
18 the court permanently enjoin and restrain all persons from the institution of any action or  
19 proceeding challenging the validity of the General Resolution and the Bonds, or any matters  
20 herein adjudicated or which at this time could have been adjudicated in this action.

21 88. For such other and further relief as the court may deem just and proper.

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

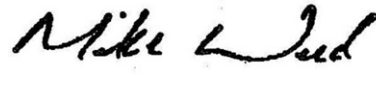
28 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Dated: January 6, 2025

MICHAEL WEED  
STANLEY J. DIRKS  
ORRICK, HERRINGTON & SUTCLIFFE LLP

ANN K.B. CARROLL  
CHRISTOPHER MARTIN  
CALIFORNIA DEPARTMENT OF WATER  
RESOURCES

By:   
\_\_\_\_\_  
MICHAEL WEED  
Attorneys for Plaintiff  
California Department of Water Resources

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

# Exhibit 1

---

---

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

DELTA CONVEYANCE PROGRAM REVENUE BOND  
GENERAL BOND RESOLUTION  
(No. DWR-DCPRB-1)

Adopted as of January 6, 2025

---

---

# TABLE OF CONTENTS

Page

## ARTICLE I

### DEFINITIONS

SECTION 101.	Definitions.....	5
SECTION 102.	Incorporation by Reference.....	13

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 201.	Statutory Authority for Resolution .....	13
SECTION 202.	Resolution to Constitute Contract.....	13
SECTION 203.	Authorization of Bonds.....	13
SECTION 204.	General Provisions for Issuance of Bonds .....	13
SECTION 205.	Special Provisions for Bonds for Delta Conveyance Program Capital Costs.....	17
SECTION 206.	Special Provisions for Refunding Bonds .....	17
SECTION 207.	Validity of Bonds.....	19

## ARTICLE III

### GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 301.	Form, Numbering, Date and Payment of Interest .....	19
SECTION 302.	Maturity Dates, Interest Payment Dates and Sinking Fund Installment Dates .....	20
SECTION 303.	Medium, Place and Procedure of Payment .....	20
SECTION 304.	Execution .....	20
SECTION 305.	Authentication by Treasurer .....	21
SECTION 306.	Negotiability .....	21
SECTION 307.	Registration.....	21
SECTION 308.	Transfer of Bonds .....	21
SECTION 309.	Exchange of Bonds .....	21
SECTION 310.	Regulations with Respect to Registration, Exchange and Transfer.....	22
SECTION 311.	Bonds Mutilated, Destroyed, Stolen or Lost.....	22
SECTION 312.	Preparation of Definitive Bonds; Temporary Bonds .....	22
SECTION 313.	Book Entry Registration .....	22

## ARTICLE IV

### REDEMPTION OF BONDS

SECTION 401.	Right of Redemption, Redemption Prices, and Notice to Treasurer.....	23
SECTION 402.	Selection of Bonds to be Redeemed .....	23
SECTION 403.	Notice of Redemption .....	23
SECTION 404.	Transfer of Redemption Money.....	24



SECTION 405.	Payment of Redeemed Bonds .....	24
SECTION 406.	Effect of Notice and Availability of Redemption Money .....	25

ARTICLE V

APPLICATION OF BOND PROCEEDS

SECTION 501.	Disposition of Bond Proceeds.....	25
SECTION 502.	Reimbursement to State of California for Delta Conveyance Program Capital Costs .....	26
SECTION 503.	Establishment of Accounts in Construction Fund; Application of Moneys in Such Accounts .....	26
SECTION 504.	Delta Conveyance Program Planning Cost Account .....	26
SECTION 505.	Disposition of Moneys Remaining in Construction Fund .....	27

ARTICLE VI

APPLICATION OF REVENUES

SECTION 601.	Receipt and Deposit of Revenues .....	27
SECTION 602.	Establishment of Accounts in Revenue Fund; Allocation of Revenues to Such Accounts.....	27
SECTION 603.	Interest Account.....	27
SECTION 604.	Principal Retirement Account.....	28
SECTION 605.	Operating Account.....	28
SECTION 606.	Reserve Account .....	28
SECTION 607.	Surplus Account.....	28

ARTICLE VII

DEPOSIT, DISBURSEMENT AND INVESTMENT  
OF MONEYS HELD HEREUNDER

SECTION 701.	Deposit, Disbursement and Investment .....	29
--------------	--	----

ARTICLE VIII

PARTICULAR COVENANTS OF THE DEPARTMENT

SECTION 801.	Payment of Bonds .....	29
SECTION 802.	Security for Payment of Bonds .....	29
SECTION 803.	Encumbrances on the Revenues; Sale or Other Disposition of the Delta Conveyance Program .....	30
SECTION 804.	Payment of Delta Conveyance Program Capital Costs.....	30
SECTION 805.	Water Supply Contract Charges.....	30
SECTION 806.	Maintenance of Revenues. ....	31
SECTION 807.	Performance of Water Supply Contracts .....	31
SECTION 808.	Compliance with Law and Resolution; Licenses and Permits.....	31
SECTION 809.	Accounting Records and Financial Statements of the Department .....	31

SECTION 810.	Tax Covenants .....	32
SECTION 811.	Further Assurances.....	32

ARTICLE IX

THE TREASURER AND THE PAYING AGENTS

SECTION 901.	Appointment and Acceptance of Duties .....	32
SECTION 902.	Responsibility of Treasurer and Paying Agents.....	32
SECTION 903.	Evidence on Which Agents May Act.....	32
SECTION 904.	Ownership of Bonds .....	33
SECTION 905.	Resignation or Removal of Agents and Appointment of Successors .....	33
SECTION 906.	Merger or Consolidation of Agents .....	34

ARTICLE X

REMEDIES OF BONDHOLDERS

SECTION 1001.	Events of Default and Acceleration of Maturities .....	35
SECTION 1002.	Priority of Payments After Default .....	35
SECTION 1003.	Other Remedies of Bondholders.....	36
SECTION 1004.	Treasurer to Represent Bondholders.....	36

ARTICLE XI

AMENDMENT OF THE RESOLUTION

SECTION 1101.	Powers of Amendment.....	37
SECTION 1102.	Amendment by Written Consent of Bondholders.....	38
SECTION 1103.	Meetings of Bondholders; Amendment Approved at Meetings .....	39
SECTION 1104.	Notice of Approved Amendment.....	39
SECTION 1105.	Disqualification of Bonds With Respect to Action on Amendments .....	39
SECTION 1106.	Notation on Bonds Issued After Amendments .....	39

ARTICLE XII

MISCELLANEOUS

SECTION 1201.	Benefits of Resolution Limited.....	40
SECTION 1202.	State Not Liable on Bonds; Limit on Department Liability .....	40
SECTION 1203.	No Personal Liability for Payment of Bonds.....	40
SECTION 1204.	Discharge of Obligations Under Resolution .....	40
SECTION 1205.	Unclaimed Moneys .....	41
SECTION 1206.	Proof of Signature of Bondholder and of Ownership of Bonds.....	41
SECTION 1207.	Reliance of Counsel on Certificate of Department.....	41
SECTION 1208.	Cancellation of Bonds Surrendered .....	42
SECTION 1209.	Statutory Changes with Respect to Officers .....	42
SECTION 1210.	Successors and Assigns.....	42
SECTION 1211.	Applicable Law .....	42

SECTION 1212.	Any Invalid Provisions Severable.....	42
SECTION 1213.	Repeal of Inconsistent Resolutions.....	42

## DELTA CONVEYANCE PROGRAM REVENUE BOND

### GENERAL BOND RESOLUTION

(No. DWR-DPRB-1)

1. WHEREAS, Part 3 of Division 6 (commencing with Section 11100) of the California Water Code (entitled the “Central Valley Project Act” and referred to herein as the “Act”) authorizes the Department of Water Resources of the State of California (the “Department”) to construct, maintain and operate certain facilities described in the Act (the “Central Valley Project”), subject to the requirements and limitations of the Act;

2. WHEREAS, the legislature of the State of California determined in Section 11125 of the Act that the public interest, welfare, convenience, and necessity require the construction in the manner provided in the Act of a system of works for the conservation, development, storage, distribution, and utilization of water, with incidental generation, transmission, and distribution of electric power, which system of works is designated as the Central Valley Project and is specifically approved and authorized;

3. WHEREAS, in Section 11126 of the Act the legislature of the State of California has directed that the Act be liberally construed to effectuate the objects and purposes thereof;

4. WHEREAS, Section 12931 of the California Water Code (“Water Code”) provides that the Central Valley Project, and facilities authorized for inclusion therein, are an authorized component of the State Water Resources Development System;

5. WHEREAS, Section 12931 further provides that the State Water Resources Development System shall be acquired, constructed, operated and maintained pursuant to the provisions of the Act governing the Central Valley Project, as said provisions may now or hereafter be amended;

6. WHEREAS, Section 11290 of the Act provides that the Central Valley Project includes such other units as may be from time to time added by the Department to the units specifically enumerated and provides that the Department may add additional units which are consistent with and which may be constructed, maintained, and operated as a part of the Central Valley Project and in furtherance of the single object contemplated by the Act;

7. WHEREAS, Section 11125 of the Act states that the objects and purposes of the Act are the construction in the manner provided in the Act of a system of works for the conservation, development, storage, distribution, and utilization of California’s water resources;

8. WHEREAS, Section 11700 of the Act provides that to provide money and funds to pay the cost and expense of carrying out any of the objects and purposes of the Act, the Department may, from time to time, issue bonds;

9. WHEREAS, Section 11260 of the Act provides that the Central Valley Project includes the units set forth in the 1951 Report, as modified by the 1955 Report, as further modified by the 1959 Report, and subject to such further modifications thereof as the Department may adopt, and provides that such units or portions thereof may be constructed by the Department and maintained and operated by it to such extent and for such period as the Department may determine, as units of the Central Valley Project separate and apart from any or all other units thereof;

10. WHEREAS, the Supreme Court of the State of California has declared that the use and disposition of revenues from facilities authorized under Section 11260 of the Act and financed with Central Valley Project bonds may be pledged to secure those bonds separate and apart from revenues from other facilities so authorized and financed and without implicating the pledge and priority provisions of the California Water Resources Development Bond Act (commencing with Section 12930 of the Water Code);

11. WHEREAS, the 1951 Report evaluates the feasibility of a “plan for the ultimate development and utilization of the water resources of the State” by the transfer of water from areas of surplus supply (identified as the “Sacramento River Basin and North Coastal” areas) to areas of deficiency (identified as “San Francisco Bay area, the San Joaquin River Basin, and the South Coastal, Lahontan and Colorado Desert areas”) comprised of the Feather River Project (including facilities and improvements for the transfer of water from the Sacramento River to diversions located in the south Delta), and the Sacramento-San Joaquin Delta Diversion Projects, called (i) the Santa Clara-Alameda Diversion, (ii) the San Joaquin Valley-Southern California Diversion, and (iii) the Santa-Barbara-Ventura Diversion;

12. WHEREAS the 1955 Report presents a plan for the construction, in stepwise manner, of the Feather River Project, described therein as a modified version of the several projects described in the 1951 Report and several possible routes and modifications of the Feather River Aqueduct for delivering water to southern California. The modifications introduced by the 1955 Report include the consolidation of the Feather River Project and two of the three Sacramento-San Joaquin Delta Diversions, the addition of the San Luis Reservoir and its forebay, the Buena Vista Forebay, the Quail Lake Afterbay and the deletion of the Santa-Barbara-Ventura Diversion and power transmission facilities originating at Oroville and terminating in Contra Costa County;

13. WHEREAS, the 1959 Report further modifies the Feather River Project by selecting an aqueduct system comprising an Inland Aqueduct with two termini and a Coastal Aqueduct from among several competing systems evaluated therein and describes its stepwise construction over a 55 year period;

14. WHEREAS, consistent with purposes enumerated in Section 11125 of the Act, the purpose of the Feather River Project is the conservation of water from the Feather River watershed in the Oroville reservoir and transportation of that water, together with water diverted from the Sacramento-San Joaquin River Delta to service areas in San Francisco Bay area, the San Joaquin Valley, central coast and southern California;

15. WHEREAS, the Feather River Project and its system of aqueducts as described in the 1951 Report, as modified by the 1955 Report, and as further modified by the 1959 Report, and with such further modifications thereto as the Department has since adopted from time to time is now known as the State Water Project;

16. WHEREAS, in accordance with Section 11260 of the Act, the Department hereby adopts the Delta Conveyance Program as a further modification of the Feather River Project for the purpose of authorizing the issuance of revenue bonds for the purpose of obtaining funds in an amount not in excess of that estimated to be required for that purpose;

17. WHEREAS, the Department hereby determines pursuant to Section 11260 of the Act that, if constructed, Delta Conveyance Program facilities shall be constructed, maintained and operated by the Department separate and apart from other portions of the Feather River Project and all other units of the Central Valley Project to such extent and for such period as the Department may determine in accordance with this Resolution;

18. WHEREAS, in accordance with Section 11701 of the Act, the Department hereby determines that the public interest and necessity require the carrying out of the objects and purposes of the Act by implementing the Delta Conveyance Program as defined herein;

19. WHEREAS, as required by Section 11701 of the Act, the Department has prepared, and will, for each series of bonds that may be issued under this General Bond Resolution, prepare preliminary cost estimates for the portion of the Delta Conveyance Program to be financed by such bonds, an estimate of the amount required to be raised by the issuance of bonds, and a statement of the probable amount of money, property, materials, or labor, if any, to be contributed from other sources in aid thereof;

20. WHEREAS, the Department, based on information presently available to it including the Total Project Cost Summary Memorandum dated May 14, 2024, prepared by the Delta Conveyance Design and Construction Authority, hereby estimates that the cost of the Delta Conveyance Program, not including amounts that cannot be ascertained until such time as bonds are issued such as capitalized interest, costs of issuance, bond reserves and reimbursable contributions from public water agencies is approximately \$20.12 billion in non-discounted 2023 dollars;

21. WHEREAS, prior to the date hereof public water agencies have contributed \$411,686,000 to the Department for environmental review, planning, engineering and design of the Delta Conveyance Program;

22. WHEREAS the probable amount of money, property, materials and labor to be contributed in the future by public water agencies or other sources for the Delta Conveyance Program cannot at this time be certainly ascertained, but could under certain circumstances be as much as \$300,000,000;

23. WHEREAS, the Department estimates the amount to be required to be raised for the objects and purposes of the Delta Conveyance Program by the issuance of revenue bonds to be \$20.83 billion;

24. WHEREAS, the bonds of each series may be sold and issued in one or more transactions, each subject to the provisions of the General Bond Resolution, a Series Resolution, as applicable, and upon such financial terms as are not in conflict with this Resolution or applicable law;

25. WHEREAS, the Department hereby determines that it will commence the acquisition and construction phase, if any, of the Delta Conveyance Program only when:

(1) in the judgment of the Department, appropriations, contributions, and revenues from all sources which are legally available or which will be made or become legally available upon, during, after, or before acquisition and construction of the Delta Conveyance Program, including contracts or contract amendments that the Department may negotiate and enter into with responsible persons, public agencies or private entities, the United States, and state agencies for the furnishing water, water flow, the use of water, water storage, electric power, or other resources and facilities to be made available by the Delta Conveyance Program, are or will be available from such sources in such amounts and at such times as will afford funds sufficient to pay and discharge as and when the same become due and payable all cost and expense incurred prior to construction, and all cost and expense of acquisition, construction, operation, and maintenance of any Delta Conveyance Program facilities, together with necessary repairs and replacements thereto, including funds sufficient to meet and pay, as and when they become due and payable, all Delta Conveyance Program Revenue Bonds, with interest accruing thereon; and

(2) the Department determines that all conditions precedent to such acquisition and construction established by law have been satisfied;

26. WHEREAS, this General Bond Resolution is not a “project” subject to the California Environmental Quality Act (Pub. Resources Code, Section 21000 et seq.) (CEQA), but rather is an example of “[t]he creation of [a] government funding mechanism[] ... which do[es] not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment” (Cal. Code Regs., tit. 14, Section 15378, subd. (b)(4)); and

27. WHEREAS, the adoption of this resolution is not an “approval” within the meaning of the CEQA Guidelines, in that such adoption does not commit the Department to a definite course of action in regard to a project subject to CEQA (see Cal. Code Regs., tit. 14, Section 15352).

NOW, THEREFORE, BE IT RESOLVED BY the State of California Department of Water Resources as follows:

## ARTICLE I

### DEFINITIONS

SECTION 101. Definitions. Unless the context clearly indicates that another meaning is intended, the following terms shall, for the purposes of this Resolution, any Series Resolution, any Supplemental Resolution, and any certificate, opinion or other document herein mentioned, have the following meanings:

1951 Report means the publication of the State Water Resources Board entitled “Report on the Feasibility of the Feather River Project and Sacramento-San Joaquin Delta Diversion Projects Proposed as Features of the California Water Plan,” dated May, 1951.

1955 Report means the publication of the State of California Department of Public Works Division of Water Resources entitled “Program for Financing and Constructing the Feather River Project as the Initial Unit of the California Water Plan,” dated February, 1955.

1959 Report means the publication of the California Department of Water Resources entitled “Bulletin 78 Feather River and Delta Diversion Projects Preliminary Summary Report on Investigation of Alternative Aqueduct Systems to Serve Southern California,” dated February, 1959.

Act means Part 3 of Division 6 of the California Water Code, also known as the Central Valley Project Act.

Annual Debt Service means the amount payable on the Bonds in any specified twelve-month period on account of (1) interest, plus (2) the principal amount of Serial Bonds becoming due, if any, plus (3) Sinking Fund Installments, if any.

Bond Anticipation Bonds means any bonds issued by the Department, as authorized by Section 11755 of the Act, in anticipation of one or more Series of Bonds that have been authorized pursuant to this Resolution but not yet sold and delivered.

Bonds means Delta Conveyance Program Revenue Bonds at any time Outstanding pursuant to this Resolution.

Bondholder, Holder of Bonds or any similar term means any person who shall be the registered owner of any Outstanding Bond.

Certificate of the Department means an instrument in writing signed by the Director or such other person as the Director may designate by a written statement filed with the Treasurer.

Construction Fund means The Central Valley Water Project Construction Fund existing in the Treasury of the State of California pursuant to Section 11810 of the Act.



Counsel's Opinion means a written opinion of an independent lawyer or firm of lawyers of nationally recognized standing in the field of municipal bonds (who may be counsel for the State of California or the Department) selected by the Department.

Delta means the Sacramento-San Joaquin Delta as defined in California Water Code section 12220.

Delta Conveyance Program means the environmental review, planning, engineering, design, and, if and when the Department determines to be appropriate, acquisition, construction, operation and maintenance of facilities for the conservation and conveyance of water diverted from the Sacramento River through intakes located in the north Delta in, about and through the Delta southward toward and ultimately into the California Aqueduct, which is a portion of the existing State Water Project, originally known as the Feather River Project. Delta Conveyance Program facilities include, but are not limited to, one or more water diversion intake structures, sedimentation basins, flow control structures, tunnels, tunnel access structures, pumping plants, pipelines, electrical transmission structures, appurtenant facilities, and including as applicable, necessary or desirable mitigation, all such facilities and mitigation collectively to accomplish the purposes of the preceding sentence.

Delta Conveyance Program Capital Costs means Delta Conveyance Program Planning Costs, and, if and when determined by the Department to be appropriate, costs of the acquisition and construction of the Delta Conveyance Program facilities for the conservation and conveyance of water diverted from the Sacramento River through intakes located in the north Delta in, about and through the Delta southward toward and ultimately into the California Aqueduct, which is a portion of the existing State Water Project. In the event that the Delta Conveyance Program includes only a portion of a resource or facility, Delta Conveyance Program Capital Costs shall include only those costs and expenses of environmental review, planning, engineering, design, and, if and when appropriate, acquisition and construction of such resource or facility that are apportioned by the Department, for the purpose of this Resolution and any Series Resolution, to the Delta Conveyance Program.

Delta Conveyance Program Capital Costs include any amounts that are reimbursed to the State of California pursuant to Section 502 and any interest on the Bonds and Operating Expenses that are paid from the Construction Fund pursuant to the direction of a Series Resolution.

Without limiting the generality of the foregoing, Delta Conveyance Program Capital Costs also include all expenses of the Department incurred in connection with the issuance and sale of Bonds, including, without limitation, the compensation and expenses of the Treasurer and the Paying Agents, the costs of services of counsel, independent advisors and experts, the costs of preparing and printing Bonds and Official Statements in connection therewith, and the costs of publication of the notice of sale of Bonds.

Delta Conveyance Program Planning Costs means the Department's costs of (i) environmental review, planning, engineering and design of the Delta Conveyance Program and (ii) all other Delta Conveyance Program Capital Costs incurred prior to the commencement of the acquisition or construction of Delta Conveyance Program facilities.

Delta Conveyance Program Planning Cost Account means the account by that name created pursuant to and for the purposes specified in Section 504.

Department means the State of California Department of Water Resources, existing pursuant to Article 1 (commencing with Section 120) of Chapter 2 of Division 1 of the California Water Code.

Director means the Director of Water Resources appointed pursuant to Section 120 of the California Water Code or their duly authorized delegate.

Fiscal Year means each twelve-month period ending June 30, or such other twelve-month period as the Department may designate as its fiscal year, provided however, for the initial fiscal year ending after the initial issuance of Bonds under this Resolution or if the Department elects to change its fiscal year end, such initial period and the first period following such change may be a period of less than twelve months, and any covenant calculations for such shortened period shall be based upon unaudited financial results for the trailing twelve months that end on the last day of the shortened period, or at the election of the Department a prorated calculation based upon the number of months in such shortened period .

Investment Securities means:

(a) Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest;

(b) Bonds or interest-bearing notes on obligations that are guaranteed as to principal and interest by a federal agency of the United States;

(c) Bonds and notes of the State, or those for which the faith and credit of the State are pledged for the payment of principal and interest and rated at least as high as the second highest Rating Category of S&P, Moody's and, if rated by Fitch, of Fitch;

(d) Bonds or warrants, including, but not limited to, revenue warrants, of any county, city, metropolitan water district, State water district, State water storage district, irrigation district in the State, municipal utility district, or school district in the State and rated at least as high as the second highest Rating Category of S&P, Moody's and, if rated by Fitch, of Fitch;

(e) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended; debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended; bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act; bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended and bonds of any federal home loan bank established under that act; obligations of the Federal Home Loan Mortgage Corporation;

(f) (1) Commercial paper of “prime” quality as defined by S&P, Moody’s and, if rated by Fitch, by Fitch. Eligible paper is further limited to issuing corporations or trusts approved by the Pooled Money Investment Board created by Section 16480.1 of the California Government Code that meet the conditions in either subparagraph (A) or subparagraph (B):

(A) Both of the following:

(i) Organized and operating within the United States.

(ii) Having total assets in excess of five hundred million dollars (\$500,000,000).

(B) Both of the following:

(i) Organized within the United States as a special purpose corporation or trust.

(ii) Having program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

(2) Purchases of eligible commercial paper may not exceed 270 days' maturity, represent more than 10% of the outstanding paper of an issuing corporation or trust, nor exceed 30% of the resources of an investment program;

(g) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System and rated at least as high as the second highest Rating Category of S&P, Moody’s and Fitch, if rated by Fitch;

(h) Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union and rated at least as high as the second highest Rating Category of S&P, Moody’s and Fitch, if rated by Fitch. For the purposes of this section, negotiable certificates of deposits do not come within the provisions of Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600);

(i) The portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration;

(j) Student loan notes insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1001 and following) and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2);

(k) Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision shall

be rated at least as high as the second highest Rating Category of S&P, Moody's and , if rated by Fitch, of Fitch;

(l) The Surplus Money Investment Fund established pursuant to Section 16470 of the California Government Code, as amended from time to time;

(m) Repurchase agreements or reverse repurchase agreements, as such terms are defined in and pursuant to the terms of Section 16480.4 of the California Government Code, with counterparties that have short-term ratings and long-term ratings at least as high as the third highest Rating Category of S&P, Moody's or Fitch;

(n) Collateralized or uncollateralized investment agreements or other contractual arrangements with domestic or foreign corporations, financial institutions or national associations, provided that the senior long term debt of such corporations, institutions or associations is rated within the highest two Rating Categories by S&P, Moody's or Fitch;

(o) Forward purchase agreements collateralized with obligations described in (a) through (f) above with corporations, financial institutions or national associations within the United States, provided that the senior long term debt of such corporations, institutions or associations is rated within the highest three Rating Categories by S&P, Moody's or Fitch;

(p) Money market funds that invest solely in obligations described in clause (a) and rated AAAM-G, AAA-m or AA-m by S&P and Aaa, Aa1 or Aa2 by Moody's. If the Trustee is not the State Treasurer's Office, then this clause (p) may also include funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee of such holding company provide investment advisory or other management services; or

(q) Such other investments as may be authorized by a Supplemental Indenture, provided that prior written notice thereof has been provided to each Rating Agency then rating the Bonds.

Notwithstanding the foregoing, any Permitted Investment (other than those described in clause (l)) that has a short-term rating shall be rated in the highest Rating Category by S&P, Moody's and , if rated by Fitch, by Fitch.

Operating Expenses means the costs of operation and maintenance (including appropriate amounts for operating and replacement reserves) of the portion of the Delta Conveyance Program the Delta Conveyance Program Capital Costs of which are paid with the proceeds of Bonds. Operating Expenses shall include, without limiting the generality of the foregoing: administrative expenses, payments under any operation contract the Department may enter into, insurance premiums, payments for legal, engineering, and insurance advisory services, and payments to the Treasurer and Paying Agents.

Outstanding, when used with reference to Bonds, means, as of a particular date, all Bonds theretofore executed, authenticated and delivered under this Resolution except:

(1) Bonds theretofore cancelled by the Treasurer or a Paying Agent or delivered to the Treasurer or a Paying Agent for cancellation or otherwise deemed paid in accordance with the terms hereof;

(2) Bonds for the payment of which, or for the redemption of which, cash or Investment Securities (maturing on or prior to the date when cash shall be required) or both, sufficient to pay the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall have theretofore been deposited with the Treasurer or a Paying Agent in trust (whether upon or prior to the maturity or redemption date of such Bonds); provided that if such Bonds are to be redeemed prior to their maturity, notice of such redemption shall have been given as provided in Section 403 or provision satisfactory to the Treasurer shall have been made for the giving of such notice in accordance with Section 403; and provided, further, that interest or other income which shall become due on Investment Securities may be deemed to be included in the amount so deposited; and

(3) Bonds in lieu of or in substitution for which other Bonds have been executed, authenticated, and delivered pursuant to Sections 308, 309, 311, 312, 405, or 1106.

Paying Agent means any paying agent for the Bonds of any Series appointed in a Supplemental Resolution, including their respective successors.

Redemption Price means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

Refunding Bonds means Bonds to be issued as provided by Section 206.

Reserve Account Requirement, for any date of calculation, means, for all Series of Bonds Outstanding for which interest is then payable in whole or in part from Revenues, one-half of the maximum Annual Debt Service for the then current Year or any Year after such date of calculation. For purposes of calculating the Reserve Account Requirement for any fiscal year, Bonds bearing interest at a variable rate shall be assumed to bear interest during such fiscal year at a rate equal to the rate most recently reported by The Bond Buyer as the Bond Buyer Index for long-term revenue bonds; provided that if on the date of calculation the interest rate on such Bonds shall then be fixed for a specified period during such fiscal year, the interest rate assumed for such Bonds for such period shall be the actual interest rate.

Resolution means this Resolution as from time to time amended or supplemented in accordance with the terms hereof.

Revenue Fund means the Central Valley Water Project Revenue Fund existing in the Treasury of the State of California pursuant to Section 11815 of the Act.

Revenues means all moneys received by the Department:

(1) under the Water Supply Contracts resulting from the portion of the Delta Conveyance Program the Delta Conveyance Program Capital Costs of which are paid or

reimbursed with the proceeds of Bonds or earnings from the investment of proceeds of the Bonds, in the amounts specified in Section 805 of this Resolution;

(2) from any other legally available source that the Department in its discretion determines to be Revenues and so designates in a Certificate of the Department filed with the Treasurer; and

(3) as income from the deposit or investment of moneys held in the Revenue Fund pursuant to this Resolution.

Revenues shall not include any income or receipts resulting from the Delta Conveyance Program other than the income and receipts specified in clauses (1), (2) and (3) above.

Revenues include income or receipts arising from payments made with respect to the Delta Conveyance Program under the Water Supply Contracts before or after Delta Conveyance Program facilities are put into operation where such payments are required by the terms of the Water Supply Contracts, as the same exist or may be amended.

Serial Bond means a Bond of any Series which is so designated by the Series Resolution pursuant to which such Series of Bonds is issued.

Series means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to Sections 308, 309, 311, 312, 405 or 1106, regardless of variations in maturity date, interest rate, or other provisions. In accordance with Section 204, a Series of Bonds may consist of Bonds issued for the purposes of both Section 205 and Section 206, the portion of each Series allocable to Section 205 or 206 shall, as the context requires, be treated as its own Series hereunder.

Series Resolution means a Supplemental Resolution providing for the issuance of a Series of Bonds and specifying the matters required either by Section 204(A) or by Section 204(C).

Sinking Fund Installment means an amount so designated which is established, in accordance with Section 204(A)(7), for the Bonds of any Series by the Series Resolution pursuant to which such Series is issued.

Supplemental Resolution means any resolution, amendatory of or supplemental to this Resolution (including any Series Resolution), which has been duly adopted by the Department under the terms of this Resolution in accordance with the Act or any law then in effect amendatory of or supplemental to the Act.

Term Bond means a Bond of any Series which is so designated by the Series Resolution pursuant to which such Series is issued.

Treasurer means the Treasurer of the State of California, elected pursuant to Section 11 of Article V of the Constitution of the State of California.

Treasury means the Treasury of the State of California.

Water Code means the Water Code of the State of California.

Water Supply Contracts means contracts, as now or hereafter amended, for a supply of water from the Department. As of the date of this resolution, the term includes the Department's water supply contracts with the following entities:

- Alameda County Flood Control and Water Conservation District, Zone 7
- Alameda County Water District
- Antelope Valley-East Kern Water Agency
- City of Yuba City
- Coachella Valley Water District
- County of Butte
- County of Kings
- Crestline-Lake Arrowhead Water Agency
- Desert Water Agency
- Dudley Ridge Water District
- Empire West Side Irrigation District
- Kern County Water Agency
- Littlerock Creek Irrigation District
- Mojave Water Agency
- Napa County Flood Control and Water Conservation District
- Oak Flat Water District
- Palmdale Water District
- Plumas County Flood Control and Water Conservation District
- San Bernardino Valley Municipal Water District
- San Gabriel Valley Municipal Water District
- San Geronio Pass Water Agency
- San Luis Obispo County Flood Control and Water Conservation District
- Santa Barbara County Flood Control and Water Conservation District
- Santa Clara Valley Water District
- Santa Clarita Valley Water Agency
- Solano County Water Agency
- The Metropolitan Water District of Southern California
- Tulare Lake Basin Water Storage District
- Ventura County Watershed Protection District

Year means a twelve-month period ending each Year on the day designated by the Department for one or more purposes of this Resolution. Such day is hereby initially designated for all such purposes as December 1.

Unless otherwise indicated, all references in this Resolution to "Articles", "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section, or subdivision hereof.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa; and words importing persons shall include firms, associations and corporations and vice versa.

SECTION 102. [Incorporation by Reference.](#) The recitals to this Resolution are hereby incorporated into this Resolution and are made a part hereof.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 201. [Statutory Authority for Resolution.](#) This Resolution is adopted pursuant to the provisions of the Act.

SECTION 202. [Resolution to Constitute Contract.](#) In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder but not accomplished hereby, by those who shall hold the same from time to time, this Resolution shall constitute a contract between the Department and the Holders from time to time of the Bonds appurtenant thereto. The covenants and agreements required by this Resolution to be performed on behalf of the Department shall be performed for the equal and proportionate benefit, security and protection of all Holders of Bonds without preference or distinction being given to any Bond over any other except as expressly provided in this Resolution.

SECTION 203. [Authorization of Bonds.](#) Bonds of the Department are hereby authorized to be issued for the purpose of obtaining funds to pay Delta Conveyance Program Capital Costs and to refund obligations of the Department issued for such purpose. The aggregate principal amount of Bonds which may be executed, authenticated and delivered under this Resolution shall not exceed the amount(s) estimated to be needed in the Recitals to this Resolution or pursuant to a subsequent preliminary estimate prepared by or for the Department or as hereafter provided by amendment to this Resolution pursuant to Section 1101(C)(1) or by delivery of the Certificate of the Department described in Section 204(b)(3), or as may be limited by law. The Bonds may be issued in one or more Series, if and when determined by the Department pursuant to one or more Series Resolutions. The Bonds shall be designated generally as the Department's "Delta Conveyance Program Revenue Bonds," with such further particular designations incorporated in such title for the Bonds of any particular Series as the Department may determine to be appropriate. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs. The Bonds are hereby identified as Central Valley Project revenue bonds in accordance with Water Code Section 11705.

SECTION 204. [General Provisions for Issuance of Bonds.](#)

(A) The Department may issue under this Resolution Bonds of any Series for the purposes specified in Sections 205 or 206, upon compliance with the provisions thereof and of this Section. Bonds of any Series shall be issued pursuant to a Series Resolution which shall specify:



(1) The purposes for which such Series of Bonds is being issued, which shall be one or more of the purposes set forth in Section 205 of this Resolution or the refunding purposes set forth in Section 206;

(2) The principal amount of such Series of Bonds, or the manner of determining such principal amount, and the designation of the Bonds of such Series;

(3) The date or dates and the maturity date or dates of the Bonds of such Series;

(4) The interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, and the record dates and interest payment dates for the Bonds of such Series;

(5) The Paying Agent or Paying Agents, if any, for the Bonds of such Series and the place or places of payment (which may include the office of the Treasurer in Sacramento, California) of the principal and Redemption Price, if any, of, and interest on, the Bonds of such Series;

(6) The Redemption Price or Prices and the redemption terms, if any, for the Bonds of such Series, including the period for notice of redemption, or the manner of determining such prices and terms;

(7) The amount and due date of each Sinking Fund Installment, if any, for Term Bonds of such Series, or the manner of determining such amounts and dates;

(8) The denominations of the Bonds of such Series;

(9) The form of the Bonds of such Series, including the certificate of authentication, if any;

(10) The Bonds of such Series designated Serial Bonds, if any, and the Bonds of such Series designated Term Bonds, if any, or the manner of determining such designations;

(11) The provisions for placing moneys in the Reserve Account so that on the first interest payment date when interest on the Bonds of such Series is to be paid from the Interest Account, the Reserve Account shall contain an amount at least equal to the Reserve Account Requirement on such date;

(12) If such Series of Bonds is being issued for one of the purposes of Section 205, the amount, if any, of the proceeds of the sale of such Bonds to be transferred in reimbursement to the State of California pursuant to Section 502;

(13) If such Series of Bonds is being issued for one of the purposes of Section 205, any period during which interest on the Bonds of such Series shall be paid from the Construction Fund and any period during which Operating Expenses shall be paid from the Construction Fund, or the manner of determining such periods;

(14) If such Series of Bonds is being issued for one of the purposes of Section 205, the amount of the proceeds of the sale of such Bonds, if any, to be allocated to the Delta Conveyance Program Planning Cost Account and made available for Delta Conveyance Program Planning Costs;

(15) The tax covenants, if any, applicable to such Series of Bonds as authorized by Section 810; and

(16) Any other provisions deemed advisable by the Department, not in conflict with or in substitution for the provisions of the Resolution (except as expressly permitted in the Resolution).

(B) All (but not less than all) of the Bonds of each Series shall be executed by the Department for issuance under this Resolution and delivered to the Treasurer and thereupon shall be authenticated and delivered by the Treasurer to the Department or upon its order but only upon receipt by the Treasurer of the following:

(1) A copy of the Series Resolution pursuant to which the Bonds of such Series are issued, signed or certified by the Director;

(2) The written order of the Department, signed by the Director, as to the delivery of the Bonds of such Series and including therein such items or matters as may have been required to be determined pursuant to subsection (A) of this Section 204 of this Resolution and such Series Resolution;

(3) A Certificate of the Department containing, as required by Section 11701 of the Act, the following: (a) preliminary cost estimates for the phase of the Delta Conveyance Program to be financed by such Bonds, (b) an estimate of the amount required to be raised for the purposes of that phase by the issuance of such Bonds, (c) a statement of the probable amount of money, property, materials, or labor, if any, to be contributed from other sources in aid thereof, and (d) a certification that the amount to be raised by the issuance of such Bonds is not in excess of that estimated to be required for those purposes;

(4) A Certificate of the Department stating (a) for the current Year and for each subsequent Year to and including the Year of the latest maturity date of the Bonds (i) estimated Revenues of the Delta Conveyance Program, (ii) estimated Operating Expenses of the Delta Conveyance Program to be paid from the Revenue Fund, and (iii) Annual Debt Service to be paid from the Revenue Fund of all Bonds to be Outstanding immediately after the delivery of the Bonds of such Series and of all Bonds, if any, which shall be required to be issued to pay the balance of the Delta Conveyance Program Capital Costs (for the purpose of calculating Annual Debt Service on such additional Bonds, there shall be assumed substantially level debt service for a period not greater than the economic useful life of the portion of the Delta Conveyance Program to be financed by such additional Bonds at an interest rate equal to the then current rate for bonds of like rating and maturity); and (b) that in each of such years such estimated Revenues for such Year are not less than the sum of (i) 1.25 times such Annual Debt

Service for such Year to be paid from the Revenue Fund, plus (ii) such estimated Operating Expenses for such Year to be paid from the Revenue Fund;

(5) A Certificate of the Department stating that on the first interest payment date when interest on the Bonds of such Series is to be paid from the Interest Account, the Reserve Account is projected to contain an amount at least equal to the Reserve Account Requirement on such date;

(6) A Certificate of the Department stating that, upon the authentication and delivery of the Bonds of such Series, the Department will not be in default in the performance of any of the provisions of this Resolution or of any of the Bonds; and

(7) Such further documents and moneys as are required by Section 205 or Section 206.

(C) Bonds of any Series in anticipation of which the Department intends to issue Bond Anticipation Bonds shall be the subject of a Series Resolution adopted by the Department prior to the issuance of such Bond Anticipation Bonds, which Series Resolution shall specify:

(1) The purposes for which such Series of Bonds is to be issued, which shall include, as applicable, the payment of Delta Conveyance Program Capital Costs (including the reimbursement of amounts expended by the State of California to pay Delta Conveyance Program Capital Costs as specified in Section 502) and refunding purposes, and shall specify that the proceeds of such Bonds shall be used to refund any Bond Anticipation Bonds issued in anticipation of such Bonds and outstanding when the Bonds are issued;

(2) The maximum principal amount of the Bonds of such Series and the designation of the Bonds of such Series;

(3) The latest permitted final maturity date of the Bonds of such Series; provided that such final maturity date shall be within the stated term of the Water Supply Contracts under which Revenues related to such Bonds will be collected;

(4) Any other provisions deemed advisable by the Department, not in conflict with or in substitution for the provisions of the Resolution (except as expressly permitted in the Resolution).

Such Series Resolution shall be amended or supplemented by the Department, after the issuance of such Bond Anticipation Bonds and prior to the issuance of the Bonds of such Series so that such Series Resolution, as so amended or supplemented, and the Bonds of such Series when issued, comply with Section 204(A). Such Series Resolution, as amended or supplemented, may also provide for the issuance of additional Bonds for the purposes of Sections 205 and 206, provided that the requirements of Section 11755 of the Act are met with respect to the payment of such Bond Anticipation Bonds.

SECTION 205. [Special Provisions for Bonds for Delta Conveyance Program Capital Costs](#). The Department may at any time hereafter issue one or more Series of Bonds to obtain moneys for the payment of Delta Conveyance Program Capital Costs and for deposit in the Reserve Account in accordance with Section 501. Each such Series of Bonds shall be authenticated and delivered by the Treasurer only upon the receipt by the Treasurer of the following (in addition to the documents required by Section 204):

(A) If the Series Resolution pursuant to which the Series of Bonds is issued provides for proceeds of the sale of the Bonds to be available for Delta Conveyance Program Planning Costs (including, but not limited to, for reimbursement of counterparties to Water Supply Contracts who have advanced amounts to the Department to pay such costs), a Certificate of the Department stating that in the opinion of the Department moneys are then required for such costs, stating an estimate of the amount of moneys required for such purposes, and, if all or a portion of the proceeds are to be used for reimbursement of counterparties to Water Supply Contracts who have advanced amounts to the Department to pay such costs, stating that no Bonds or other obligations are Outstanding that have been issued by the Department for the costs of construction of Delta Conveyance Program facilities;

(B) If the Series Resolution pursuant to which the Series of Bonds is issued provides for proceeds of the sale of Bonds to be available for Delta Conveyance Program Capital Costs other than Delta Conveyance Program Planning Costs, a Certificate of the Department stating that (1) in the opinion of the Department moneys are then required for such costs, stating an estimate of the amount of moneys required for such purposes, and (2) that the Department has determined that all conditions precedent to the commencement of acquisition or construction of any Delta Conveyance Program facilities to be acquired or constructed with the proceeds of such Series of Bonds established by law have been satisfied;

(C) A Certificate of the Department setting forth that all of the proceeds to be received by the Department from the sale of the Bonds of such Series are to be placed in the Construction Fund in accordance with Section 501, concurrently with the issuance of the Bonds of such Series, and that the Department and the Treasurer have taken, or are to take, all action necessary to cause such proceeds, in the amounts required by this Resolution and the Series Resolution pursuant to which the Bonds of such Series are issued, to be reimbursed to the State of California or to be allocated to such funds or accounts as are required by this Resolution and such Series Resolution; and

(D) Moneys in an amount at least equivalent to the proceeds of the sale of the Bonds of such Series, including an amount equivalent to interest on the Bonds of such Series accrued to the date of delivery.

SECTION 206. [Special Provisions for Refunding Bonds](#).

(A) The Department may at any time hereafter issue, subject to the applicable law at the time of such issuance, one or more Series of Bonds for refunding purposes. Any bonds, notes or other evidences of indebtedness issued to obtain moneys for the payment of the costs of planning, construction or acquisition of the Delta Conveyance Program (whether such costs were identified as part of the Delta Conveyance Program before or after the related

planning, construction or acquisition of the allocable portion of the Delta Conveyance Program) or for the purpose of refunding bonds, notes or other evidences of indebtedness issued for such purposes may be paid at or (subject to the applicable redemption provisions) before maturity from the proceeds of Refunding Bonds. Refunding Bonds may be issued in a principal amount (together with any other funds available or to become available) sufficient to provide funds for the payment of all or any of the following:

- (1) The principal or Redemption Price (if applicable) of all bonds, notes or other evidences of indebtedness to be refunded;
- (2) Expenses of calling and paying the bonds, notes or other evidences of indebtedness to be refunded and issuing the Refunding Bonds, including the difference between the principal amount of the Refunding Bonds and any amount less than such principal amount for which the Refunding Bonds may be sold;
- (3) Interest on the Refunding Bonds to the date of payment of the bonds, notes or other evidences of indebtedness to be refunded;
- (4) Interest on the bonds, notes or other evidences of indebtedness to be refunded to the date of payment of such bonds, notes or other evidences of indebtedness; and
- (5) Any appropriate deposit to the Reserve Account.

A Series of Refunding Bonds may be issued to provide for the retirement of all or any part of any issue at any time at, before or after the maturity of any such issue.

(B) Each Series of Refunding Bonds shall be authenticated and delivered by the Treasurer only upon the receipt by the Treasurer of the following (in addition to the documents required by Section 204):

- (1) Funds sufficient, in the opinion of the Treasurer, to pay or redeem the bonds, notes or other evidences of indebtedness to be refunded. The funds deposited by the Department with the Treasurer shall be cash or Investment Securities (maturing on or prior to the date when cash therefrom shall be required) or a combination of cash and Investment Securities. If the Series Resolution pursuant to which such Series of Refunding Bonds is issued so provides, interest or other income on Investment Securities shall be deemed to be included in the funds so deposited.
- (2) Instructions by the Department to the Treasurer, expressed to be irrevocable, to give the notice of redemption, as provided in Section 403 (or a waiver of the notice of redemption signed by the Holders of all of the bonds, notes or other evidences of indebtedness to be redeemed) or proof that such notice has been duly given; provided that in lieu of such instructions or waiver or proof of notice of redemption, the Department may cause to be deposited with the Treasurer all of the bonds, notes or other evidences of indebtedness proposed to be redeemed (whether cancelled or uncanceled, accompanied by proper instruments of assignment and transfer), with instructions,

expressed to be irrevocable, to the Treasurer to cancel the bonds, notes or other evidences of indebtedness so to be redeemed upon the issuance and delivery of Refunding Bonds.

The proceeds of the sale of the Refunding Bonds shall be applied by the Treasurer to the payment of the bonds, notes or other evidences of indebtedness for the refunding of which such Refunding Bonds are issued or to the payment of the purchase price of the Investment Securities to be held by the Treasurer to ensure the payment of the bonds, notes or other evidences of indebtedness to be refunded, and to the expenses described in this Section. All bonds, notes or other evidences of indebtedness purchased, redeemed or retired by use of funds received from the sale of Refunding Bonds and all bonds, notes or other evidences of indebtedness surrendered to the Treasurer against the issuance of Refunding Bonds shall be immediately cancelled by the Treasurer and shall not be reissued.

SECTION 207. [Validity of Bonds](#). The validity of the Bonds shall not be dependent upon or affected in any way by (A) the proceedings taken or to be taken by the Department for the acquisition, construction or completion of the Delta Conveyance Program, or (B) any contracts made by the Department in connection therewith, or (C) the failure on the part of the Department to complete the Delta Conveyance Program or to maintain the same or to make all necessary improvements thereto or replacements thereof or any part thereof, or (D) the acquisition or maintenance by the Department of all rights, licenses or permits necessary for the operation of the Delta Conveyance Program facilities.

The recital contained in the Bonds that the same are issued pursuant to the Act shall be conclusive evidence of the validity and regularity of their issuance and all such Bonds shall be incontestable from and after the time of payment of the purchase price thereof.

### ARTICLE III

#### GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 301. [Form, Numbering, Date and Payment of Interest](#). The definitive Bonds shall be in the form of fully registered Bonds without coupons.

The form of the Bonds and the certificate of authentication, if any, shall be as provided by Series Resolution in accordance with Section 204(A)(9). The Bonds may have endorsed thereon such notations, endorsements or legends as may be required to comply with the rules of any securities depository, or national securities exchange or to conform to usage or law with respect thereto. The Bonds may contain such variations, omissions and insertions as are incidental to differences of Series, numbering, denomination and form.

The Bonds shall bear numbers in accordance with such plan as may be adopted by the Department.

The Bonds of each Series shall be dated as specified in the Series Resolution pursuant to which such Series is issued in accordance with Section 204(A)(3).

Except as may be otherwise provided for specified Bonds by the Series Resolution pursuant to which such Bonds are issued, each Bond shall bear interest from the interest payment date next preceding the date of authentication thereof, unless such date of authentication is during the period from any record date for such Bond to any interest payment date for such Bond, inclusive, in which event it shall bear interest from such interest payment date, or unless such date of authentication is prior to the first interest payment date for such Bond, in which event it shall bear interest from its date; provided that if at the time of authentication of any Bond, interest is in default on such Bond, it shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on such Bond.

SECTION 302. Maturity Dates, Interest Payment Dates and Sinking Fund Installment Dates. All maturity dates and interest payment dates of Bonds and due dates of Sinking Fund Installments shall fall on such dates as shall be specified by the Supplemental Resolution pursuant to which such Bonds are issued.

SECTION 303. Medium, Place and Procedure of Payment. The principal or Redemption Price of, and interest on, the Bonds shall be payable in lawful money of the United States of America, at such place or places as may be fixed and determined by the Department in the Series Resolution for a particular Series of Bonds and/or in such Bonds. Except to the extent otherwise provided for specified Bonds by the Series Resolution pursuant to which such Bonds are issued, payment of the interest on each Bond shall be made to the person appearing on the registration books for such Bond as the registered owner thereof as of the close of business on the record date for such Bond immediately preceding the applicable interest payment date, such interest or principal to be paid by check, warrant or draft mailed or delivered to the registered owner at such registered owner's address as it appears on such registration books or at such address as such registered owner may have filed for that purpose with the Treasurer or other registrar designated by Series Resolution or by wire transfer pursuant to wire transfer instructions containing a wire transfer address within the continental United States provided by such registered owner to the Treasurer or other registrar designated by Series Resolution for such purpose. The principal or Redemption Price of Bonds may be made payable in the same manner as interest or may be made payable upon presentation and surrender of the Bonds to be paid as specified in such Bonds.

SECTION 304. Execution. All of the Bonds shall be executed in the name of and on behalf of the Department, and under its seal, with the facsimile signature of the Director and the facsimile countersignature of the Governor of the State of California. The facsimile seal of the Department may be reproduced on the Bonds by imprinting, lithography, or other reproductive process.

In case any person whose official signature or countersignature appears on Bonds shall cease to hold such office before the Bonds so signed shall have been authenticated, such signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as if such person had remained in office until the authentication, and by the presentation of such Bonds to the Treasurer for authentication such signature or countersignature shall be adopted by the Department, and such Bonds may be authenticated and delivered as herein provided and upon delivery and purchase thereof such Bonds shall be issued and Outstanding hereunder and

shall be binding upon the Department as though the person who signed such Bonds had held such office on the date of adoption of this Resolution and the Series Resolution, on the date borne by the Bonds and also on the date of delivery to the purchaser thereof.

SECTION 305. [Authentication by Treasurer](#). The Bonds shall bear thereon a certificate of authentication, executed by the Treasurer, any deputy of the Treasurer or any other authenticating agent designated by Supplemental Resolution. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Resolution and no Bond shall be valid for any purpose under this Resolution until such certificate of authentication shall have been duly so executed. Such certificate of authentication upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly issued under this Resolution and, upon delivery of such Bond to the purchaser thereof, that the Holder thereof is entitled to the benefits of this Resolution.

SECTION 306. [Negotiability](#). All the Bonds issued pursuant to this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. The Department, the Treasurer, the Paying Agents, and any other person may treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, and the Department, the Treasurer and the Paying Agents shall not be affected by any notice or knowledge to the contrary, whether such Bond shall be overdue or not. All payments of or on account of principal and interest to the registered owner of any registered Bond (or to his registered assigns) shall be valid and effectual to discharge the Department, the Treasurer and the Paying Agents from liability upon the Bond or claim for interest, as the case may be, to the extent of the sums so paid.

SECTION 307. [Registration](#). So long as any of the Bonds shall remain Outstanding, the Department shall cause to be kept, at the office of the Treasurer in Sacramento, California, or at the office of such other registrar as may be designated by Supplemental Resolution, books for the registration and transfer of Bonds. The Department shall register or cause to be registered in such registration books all Bonds and shall permit to be transferred on such registration books any Bond that is presented for such purpose at the office of the Treasurer or such other registrar.

SECTION 308. [Transfer of Bonds](#). Transfer of a Bond shall be effected on the registration books of the Department in Sacramento, California, or at the office of such other registrar or authenticating agent as may be designated by Supplemental Resolution, upon surrender of such Bond at such office, together with a satisfactory instrument of transfer. Upon such surrender, the Department shall execute, and the Treasurer, or such other registrar or authenticating agent, shall authenticate, in the name of the transferee, and deliver a new Bond or Bonds of the same Series, maturity and aggregate principal amount (in authorized denominations) as the surrendered Bond.

SECTION 309. [Exchange of Bonds](#). Bonds of any Series may be exchanged for Bonds of other authorized denominations, of the same Series, maturity and aggregate principal amount upon the surrender thereof, together with satisfactory instruments of transfer, at the office of the Treasurer or at the office of such other registrar or authenticating agent as may be designated by Supplemental Resolution.



The Treasurer, or such other registrar or authenticating agent, shall authenticate and deliver the Bond or Bonds necessary to make such exchange.

SECTION 310. [Regulations with Respect to Registration, Exchange and Transfer](#). As a condition of any registration, transfer, or exchange of a Bond, the Department may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge that may be imposed on such transaction. No other payment shall be required for any registration, transfer, or exchange of a Bond. The Department and the Treasurer may prescribe such other regulations governing the registration, exchange, and transfer of Bonds as may be reasonable and in accordance with the provisions of this Resolution, the Bonds and any applicable law.

SECTION 311. [Bonds Mutilated, Destroyed, Stolen or Lost](#). In case any Bond shall become mutilated or be destroyed, stolen or lost, the Department shall execute, and thereupon the Treasurer, or such other registrar or authenticating agent as may have been designated by Supplemental Resolution, shall authenticate and deliver, a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender of such mutilated Bond or in lieu of and substitution for such Bond destroyed, stolen or lost, upon filing with the Treasurer, or such other registrar or authenticating agent, evidence satisfactory to the Department and the Treasurer that such Bond has been destroyed, stolen or lost and proof of ownership thereof; and upon furnishing the Department, the Treasurer and such other registrar or authenticating agent with indemnity satisfactory to them and paying such reasonable expenses as the Department, Treasurer and such other registrar or authenticating agent may incur.

SECTION 312. [Preparation of Definitive Bonds; Temporary Bonds](#). Subject to Section 313 Book Entry Registration, the Bonds may be printed, lithographed or typewritten and shall be in such denominations as may be determined by the Department.

SECTION 313. [Book Entry Registration](#).

(A) Notwithstanding any of the provisions of Sections 304 through 312 to the contrary, the Series Resolution may provide: (1) that one or more typewritten, printed or electronically stored Bonds shall be delivered upon initial issuance to, and registered in the name of, or in the name of one or more nominees of, one or more bond depositories, (2) that such Bonds may not be exchanged, transferred or replaced on the registration books maintained pursuant to Section 307, subject to such exceptions as may be provided by such Series Resolution, (3) that, while any such Bond is held by such a bond depository, the Department, the Treasurer, any Paying Agent, and any registrar for such Bond may treat the bond depository as the absolute owner of such Bond for all purposes and shall have no liability with respect to (a) the accuracy of the records of such bond depository or any participant with respect to any ownership interest in such Bond, (b) the delivery to any participant, any beneficial owner or any other Person, other than such bond depository, of any notice with respect to such Bond, including any notice of redemption, or (c) the payment to any participant, any beneficial owner or any other Person, other than such bond depository, of any amount with respect to the principal or Redemption Price of or interest on such Bond.

(B) In the alternative, notwithstanding any of the provisions of Sections 304 through 312 to the contrary, a Series Resolution may provide: (1) that one or more typewritten, printed or electronically stored Bonds shall be delivered upon initial issuance to, and registered in the name of, or in the name of one or more nominees of, the Treasurer or any other registrar for such Series of Bonds, in order to set forth the terms of such Bonds in the same manner as for Bonds that are subject to exchange, transfer and replacement in written certificated form, (2) that no Person other than the Treasurer or such other registrar may receive an authenticated Bond, subject to such exceptions as may be provided by such Series Resolution, (3) that the ownership of such Bonds shall be evidenced solely by the bond registration books of the Treasurer or such other registrar, and (4) that the transfer of the ownership of such Bonds shall take place subject to such regulations as may be provided by such Series Resolution.

## ARTICLE IV

### REDEMPTION OF BONDS

SECTION 401. [Right of Redemption, Redemption Prices, and Notice to Treasurer.](#) Bonds made subject to redemption prior to maturity by a Series Resolution in accordance with Section 204(A)(6) shall be redeemable at such times, at such Redemption Prices, and upon such terms as may be specified in or pursuant to such Supplemental Resolution and in the manner set forth in this Article IV. The Department shall give written notice to the Treasurer or applicable Paying Agent of its election to redeem Bonds which are subject to optional redemption (redemption other than from Sinking Fund Installments) and of the date fixed for redemption, which notice shall be given not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption or at such earlier or later date as shall be acceptable to the Treasurer.

SECTION 402. [Selection of Bonds to be Redeemed.](#) Whenever less than all of the Outstanding Bonds of a Series or portion thereof are to be redeemed, the Treasurer shall select the Bonds to be redeemed as directed in writing by the Department in the absence of such direction, by lot in any manner the Treasurer deems fair. For such purpose the Treasurer shall assign to each Outstanding Bond of a denomination larger than the minimum denomination of the Bonds of such Series and maturity a distinctive number for each portion of such Bond equal to such denomination. If less than all the numbers so assigned to a Bond are drawn, only such portion of such Bond shall be redeemed as shall equal the amount of such denomination for each number assigned to it and drawn. For the purposes of this Section, a Bond, or a portion thereof, which has already been selected for redemption shall not be deemed Outstanding.

SECTION 403. [Notice of Redemption.](#) Notice of redemption of Bonds shall be given, during the period provided for such Bonds by or pursuant to the Series Resolution pursuant to which such Bonds are issued, by mail to each of the registered owners of Bonds designated for redemption at their addresses appearing on the bond registration books on the date the Bonds to be redeemed are selected. Such notice of redemption shall (A) state the date of such notice (B) specify the Series, maturities and CUSIP numbers (individually or by group), if any, of the Bonds selected for redemption and, in the case of any Bond to be redeemed only in part, the portion of the principal amount of such Bond to be redeemed; (C) state the date fixed for redemption; (D) state the Redemption Price or Prices. Each such notice shall also state that, subject to the deposit of sufficient funds with the Treasurer or applicable Paying Agent on or

prior to the redemption date to effect the redemption as provided in the next paragraph of this Section, on that date there will become due and payable on each of the Bonds the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the place or places designated for payment.

Any notice given pursuant to this Section shall state (i) that it is conditioned upon the deposit with the Treasurer of applicable Paying Agent Trustee on or prior to the redemption date of moneys in an amount equal to the amount necessary to effect the redemption and (ii) that the notice may be rescinded by written notice given to the Treasurer or applicable Paying Agent by the Department on or prior to the date specified for redemption, and in either of such cases such notice and redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any Bond for which a notice of redemption has been rescinded or for which sufficient funds to pay the Redemption Price thereof have not been deposited with the Treasurer or applicable Paying Agent on or prior to the redemption date shall remain outstanding and neither the rescission of the notice nor the failure to fund the Redemption Price shall constitute an event of default hereunder. The Treasurer or applicable Paying Agent shall give notice of such rescission or failure to fund the Redemption Price as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such redemption was given pursuant to this Section.

Failure by the Treasurer or applicable Paying Agent to give notice pursuant to this Section to any one or more of the securities information services or depositories, or the insufficiency of any such notice shall not affect the sufficiency of the proceedings for redemption. The receipt of such notices shall not be a condition precedent to such redemption and the failure to so receive any such notice shall not affect the validity of the proceedings for the redemption of such Bonds.

SECTION 404. [Transfer of Redemption Money](#). Whenever notice of redemption has been given in accordance with Section 403 for the redemption of Bonds, and not rescinded, and a sum of money sufficient to redeem such Bonds or portions thereof designated for redemption and to pay the interest which will accrue thereon to the date fixed for redemption has been deposited with the Treasurer, the Treasurer shall take any and all actions necessary to make available at the place or places of payment for the Bonds designated for redemption such sum of money to redeem such Bonds or portions thereof designated for redemption and to pay the interest which will accrue thereon to the date fixed for redemption. Moneys so made available shall be held in trust to be applied on or after such date fixed for redemption to the payment of the Redemption Price of such Bonds or portions thereof and such accrued interest in accordance with Section 405.

SECTION 405. [Payment of Redeemed Bonds](#). The Bonds or portions thereof called for redemption in accordance with Section 403 shall become due and payable on the designated date fixed for redemption at the Redemption Price, together with interest accrued to the date fixed for redemption. Upon presentation and surrender of any such Bond at any of the places designated for payment, together with satisfactory instruments of transfer, the Redemption Price, together with interest accrued on such Bond or the portion thereof designated for redemption to the date

fixed for redemption, shall be paid to the registered owner of such Bond (or to his registered assigns). If less than all of a Bond is designated for redemption, upon presentation and surrender of such Bond together with a satisfactory instrument of transfer, payment of the portion of such Bond designated for redemption shall be made and one or more Bonds of like Series and maturity and for an aggregate principal amount equal to the unredeemed balance of the principal of such Bond shall be delivered to the registered owner of such Bond without expense to such owner.

No Bonds shall be issued hereunder in place of redeemed Bonds, except in place of the unredeemed balance of a registered Bond redeemed in part only as provided above.

SECTION 406. [Effect of Notice and Availability of Redemption Money](#). If, on the date fixed for redemption, moneys equal to the Redemption Price of Bonds or portions thereof designated for redemption, together with interest accrued thereon to the date fixed for redemption, shall be held by the Treasurer of applicable Paying Agent for such Bonds so as to be available for payment of such Redemption Price and interest on such date, and if notice of redemption shall have been provided in accordance with Section 403 and not rescinded, then (A) such Bonds or portions thereof, whether or not presented for redemption, shall cease to be entitled to any benefit under this Resolution other than the right to receive payment of the Redemption Price together with accrued interest to the date fixed for redemption; (B) no interest shall accrue on such Bonds or portions thereof after the date fixed for redemption; and (C) except as to the portion not designated for redemption of any Bond designated for redemption only in part, the Redemption Price of and accrued interest on such Bonds shall be payable only from the moneys held by the Treasurer or applicable Paying Agent for such Bonds for that purpose pursuant to the terms hereof.

All Bonds redeemed pursuant to the provisions of this Article IV shall be cancelled upon surrender thereof (and if applicable credited against Sinking Fund Installments).

## ARTICLE V

### APPLICATION OF BOND PROCEEDS

SECTION 501. [Disposition of Bond Proceeds](#). The proceeds of the sale of the Bonds shall be paid by the purchasers thereof directly to the Treasurer. The Treasurer shall promptly deposit the proceeds of the sale of all Bonds issued for one of the purposes of Section 205 to the credit of the Construction Fund, provided that the proceeds of sale of any Series of Bonds in anticipation whereof Bond Anticipation Bonds shall have been issued may be used to the extent required to pay such Bond Anticipation Bonds, and provided that an amount of the proceeds of a Series of Bonds not exceeding the portion of the Reserve Account Requirement allocable to such Series of Bonds or such larger amount as may be specified by the Series Resolution pursuant to which such Series of Bonds is issued may, to the extent permitted by law, be deposited in the Reserve Account. The Treasurer shall promptly deposit the proceeds of Refunding Bonds in the Revenue Fund, for the payment of principal of, interest on and Redemption Price of Bonds to be refunded thereby and, if directed in a Supplemental Resolution, in such other fund(s) or account(s) as directed to retire other evidences of indebtedness in accordance with Section 206.

SECTION 502. [Reimbursement to State of California for Delta Conveyance Program Capital Costs](#). Notwithstanding Section 501, out of the proceeds of each sale of Bonds issued for one of the purposes of Section 205 the Treasurer shall transfer to such fund or account in the Treasury as is legally available to receive such moneys and designated by the Department the amount, if any, determined by the Department to have been expended by the State of California, on or prior to the date of delivery of such Series, and not yet reimbursed, for the same purpose as the purpose for which such Series is being issued. The amount, if any, of the proceeds of the sale of each Series of Bonds to be so transferred shall be specified in accordance with Section 204(A)(12) in the Series Resolution pursuant to which such Series is issued. Proceeds transferred pursuant to this Section shall not be subject to the charge and lien established by Section 802 to secure payment of the principal or Redemption Price of, and interest on, the Bonds, or be subject to any other provision of this Resolution.

SECTION 503. [Establishment of Accounts in Construction Fund; Application of Moneys in Such Accounts](#). The Department shall establish and maintain a separate account in the Construction Fund for the proceeds of the sale of each Series of Bonds issued for one of the purposes of Section 205, and shall allocate to such account the proceeds remaining after making any deposits or transfers appropriate under Sections 501, 502 and 504. The Department may establish such subaccounts in such Series accounts as are necessary or desirable to carry out the requirements of this Resolution or any Supplemental Resolution.

Moneys in a Series account shall be applied to pay Delta Conveyance Program Capital Costs, including the payment of interest on Bonds and Operating Expenses during any period specified by Supplemental Resolution. Moneys in a Series account may, to the extent permitted by law, be transferred to the Reserve Account in an amount not exceeding the portion of the Reserve Account Requirement allocable to the Series of Bonds for which such Series account was established upon the filing with the Treasurer of a Certificate of the Department requesting such transfer. Application of moneys in a Series account to pay interest shall be upon the claim of the Treasurer.

Application of moneys in a Series account to pay Delta Conveyance Program Capital Costs other than interest shall be upon the claim of the Department; provided that there shall be retained in each Series account at all times sufficient moneys to pay all interest thereafter to become due on the Bonds of such Series during any period specified by Series Resolution when interest is to be paid from the Construction Fund. Each such claim of the Department shall be accompanied by a Certificate of the Department describing the costs to be paid with the money demanded and stating that such costs are Delta Conveyance Program Capital Costs.

SECTION 504. [Delta Conveyance Program Planning Cost Account](#). In the event a Series Resolution provides, in accordance with Section 204(A)(14), that a portion of the proceeds of such Series of Bonds shall be made available for Delta Conveyance Program Planning Costs, the Department shall establish and maintain the Delta Conveyance Program Planning Cost Account in the Construction Fund. The amount of proceeds specified in any Series Resolution to be made available for Delta Conveyance Program Planning Costs shall be allocated by the Department to the Delta Conveyance Program Planning Cost Account. Moneys in the Delta Conveyance Program Planning Cost Account shall be applied only to pay or reimburse Delta Conveyance Program Planning Costs.

SECTION 505. [Disposition of Moneys Remaining in Construction Fund.](#) The Department may at any time file with the Treasurer a Certificate of the Department with respect to the disposition of the moneys remaining in a Series account of the Construction Fund or the Delta Conveyance Program Planning Cost Account. Such Certificate shall state: (A) the amount, if any, that will be required to be retained in such Series account to pay for specified Delta Conveyance Program Capital Costs or Delta Conveyance Program Planning Costs; (B) the amount, if any, that will be required to be transferred to the Interest Account created by Section 602 to provide for the payment of interest on Bonds; and (C) if there is money in such Series account or Delta Conveyance Program Planning Cost Account in excess of that required for (A) and (B) above, the fund or account to which such excess shall be transferred. The Treasurer shall transfer to the Interest Account and to such other fund or account the respective amounts, if any, stated in such Certificate to be required to be so transferred. If, pursuant to such Certificate of the Department, money is retained in a Series account to pay for specified Delta Conveyance Program Capital Costs or Delta Conveyance Program Planning Costs, when such specified costs have been paid the Department shall so state in a subsequent Certificate of the Department filed with the Treasurer, and the Treasurer shall thereupon transfer any moneys then remaining in such Series account to another legally permissible fund or account as directed by such Certificate.

## ARTICLE VI

### APPLICATION OF REVENUES

SECTION 601. [Receipt and Deposit of Revenues.](#) All Revenues received shall be promptly paid over to the Treasurer and deposited by the Treasurer to the credit of the Revenue Fund.

SECTION 602. [Establishment of Accounts in Revenue Fund; Allocation of Revenues to Such Accounts.](#) The Department shall establish and maintain the following accounts in the Revenue Fund, as described below: Interest Account, Principal Retirement Account, Operating Account, Reserve Account, and Surplus Account. The Department shall allocate Revenues, when received, to the Interest Account, the Principal Retirement Account, the Operating Account, the Reserve Account, and the Surplus Account, in that priority, in the amounts respectively set forth for such accounts in Sections 603, 604, 605, 606, and 607.

SECTION 603. [Interest Account.](#) The Department shall allocate to the Interest Account on or before each interest payment date for Bonds, an amount equal to the interest on the Bonds that shall become due on such interest payment date; provided that Revenues shall be allocated to the Interest Account only to the extent that the sum of the amount contained therein plus the amount contained in the Construction Fund and available to pay interest on such interest payment date is less than the amount of interest on the Bonds that shall become due on the next interest payment date.

Moneys in the Interest Account shall be applied only to the purpose of paying the interest on the Bonds as such interest becomes due and payable (including accrued interest on any Bonds purchased or redeemed hereunder).

SECTION 604. [Principal Retirement Account](#). The Department shall allocate to the Principal Retirement Account on or before each maturity date for Bonds and each date for the payment of any Sinking Fund Installment (collectively, "principal installment dates"), an amount equal to the sum of (A) the principal amount of any Serial Bonds that shall become due on such date, plus (B) any Sinking Fund Installments that shall become due on such date; provided that Revenues shall be allocated to the Principal Retirement Account only to the extent that the amount contained therein is less than such sum.

Moneys in the Principal Retirement Account shall be applied only to the purposes of (A) paying, through purchase or payment at maturity, the principal amount of Serial Bonds becoming due or, (B) paying the principal amount of Term Bonds of appropriate Series and maturities through purchase, redemption or payment at maturity. The Treasurer shall timely commence, in accordance with Article IV, proceedings for the redemption of Term Bonds of the Series entitled to each Sinking Fund Installment in an aggregate principal amount which can be redeemed with moneys remaining available for the redemption of such Bonds.

The Treasurer may use moneys in the Principal Retirement Account to purchase Bonds of any Series and maturity becoming due or to be redeemed on the next principal installment date at public or private sales at such times and at such prices as the Treasurer deems advisable; provided that the Treasurer shall not purchase at prices (including brokerage and other expenses but excluding accrued interest) that exceed the principal amount.

SECTION 605. [Operating Account](#). The Department shall allocate to the Operating Account during each Year an amount equal to the amount previously estimated by the Department to be required in such Year for Operating Expenses. On or before the beginning of each Year, the Department shall prepare and furnish to the Treasurer an estimate of the amount required for Operating Expenses in the next succeeding Year (including appropriate amounts for operating and replacement reserves, if any).

Moneys in the Operating Account shall be applied, upon the claim of the Department, only to the purpose of paying Operating Expenses.

SECTION 606. [Reserve Account](#). The Department shall allocate amounts to the Reserve Account if and to the extent required so that the amount in such account upon such allocation shall be equal to the Reserve Account Requirement. Any amount in the Reserve Account in excess of the Reserve Account Requirement may be transferred to any legally permissible fund or account designated by Certificate of the Department filed with the Treasurer.

Moneys in the Reserve Account shall be applied, upon the claim of the Treasurer, only to make good any deficiency in the Interest Account or the Principal Retirement Account, in that priority.

SECTION 607. [Surplus Account](#). The Department shall allocate the balance of any Revenues to the Surplus Account. Moneys in the Surplus Account may be applied, upon the claim of the Department, to any lawful purpose, and money so applied shall not be subject to the charge and lien established by Section 802 to secure payment of the principal or Redemption Price of, and interest on, the Bonds, or be subject to any other provision of this Resolution.

## ARTICLE VII

### DEPOSIT, DISBURSEMENT AND INVESTMENT OF MONEYS HELD HEREUNDER

SECTION 701. Deposit, Disbursement and Investment. All moneys held in the Construction Fund or any account thereof or the Revenue Fund or any account thereof other than the Reserve Account pursuant to this Resolution shall be promptly deposited or invested by the Treasurer as permitted or required by law. Such deposits or investments need not be kept separate from other bank deposits of moneys in the Treasury.

Moneys in the Reserve Account shall be promptly invested to the extent practicable. Such moneys shall be invested only in Investment Securities or in the Surplus Money Investment Fund operated under the provisions of Sections 16470 et seq. of the Government Code of the State of California or its successor.

Moneys in accounts established in the Construction Fund or the Revenue Fund pursuant to this Resolution shall be disbursed or transferred by the Treasurer or the Department, as appropriate, only for the respective purposes specified: (A) for a Series account in the Construction Fund in Sections 503 and 505; (B) for the Delta Conveyance Program Planning Cost Account in Section 504; (C) for the Interest Account in Section 603; (D) for the Principal Retirement Account in Section 604; (E) for the Operating Account in Section 605; (F) for the Reserve Account in Section 606; and (G) for the Surplus Account in Section 607.

In the event that moneys held in the Delta Conveyance Program Planning Cost Account, the Operating Account, or the Surplus Account are required for debt service, the Department and the Treasurer shall take all actions necessary to disburse such moneys, in the amount required, for the payment of debt service.

All income from the deposit or investment of moneys in each Series account in the Construction Fund shall be credited to such Series account. All income from the deposit or investment of moneys in the Delta Conveyance Program Planning Cost Account shall be credited to that account. All income from the deposit or investment of moneys in the Reserve Account shall be credited to that account.

## ARTICLE VIII

### PARTICULAR COVENANTS OF THE DEPARTMENT

SECTION 801. Payment of Bonds. The Department shall duly and punctually pay or cause to be paid the principal or Redemption Price of, and interest on, the Bonds in strict conformity with the terms of this Resolution and the Series Resolutions and of the Bonds, and shall faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and all Series Resolutions and of the Bonds.

SECTION 802. Security for Payment of Bonds. Payment of the principal or Redemption Price of, and interest on, the Bonds is secured by a first and direct charge and lien upon the Revenues and all moneys and securities held, and accounts established, under this Resolution by



the Department, the Treasurer, or the Paying Agents, subject only to the provisions of this Resolution permitting the payment or use thereof for the purposes, in the manner, and upon the terms and conditions set forth in this Resolution.

SECTION 803. [Encumbrances on the Revenues; Sale or Other Disposition of the Delta Conveyance Program.](#) The Department shall not create, or permit to be created, any mortgage, lien or pledge on the Revenues equal or prior to the charge and lien of this Resolution, nor sell or otherwise dispose of all or any part of any Delta Conveyance Program facility essential to the maintenance of Revenues in compliance with Section 805, nor enter into any lease or agreement with respect thereto, which would materially adversely affect the rights or security of the Bondholders under this Resolution.

SECTION 804. [Payment of Delta Conveyance Program Capital Costs.](#) The Department shall pay all Delta Conveyance Program Capital Costs from the proceeds of Bonds, or, to the extent that such proceeds may be insufficient for such purpose, from any moneys legally available to the Department for such purpose in the Construction Fund. The Department warrants, covenants and agrees that from and after the date of delivery of the first Series of Bonds for the Delta Conveyance Program, it will not use any moneys appropriated by the California Water Resources Development Bond Act (also referred to herein as the Burns-Porter Act) (Chapter 8, commencing with Section 12930, of Part 6 of Division 6 of the Water Code) to pay Delta Conveyance Program Capital Costs, to the end that the entire Revenues shall be applied exclusively as in this Resolution provided for the benefit of the Bonds.

In the event that the Delta Conveyance Program consists of a portion only of a resource or facility of the Department, the Department shall, subject to the availability of funds, pay all costs of planning, acquisition, construction, operation and maintenance of such resource or facility which are apportioned by the Department other than to the Delta Conveyance Program from funds appropriated by other applicable law or advanced by other parties.

SECTION 805. [Water Supply Contract Charges.](#) From and after issuance of the Bonds, and in accordance with the Water Supply Contracts under which Revenues related to such Bonds will be collected, the Department shall charge and collect amounts under the Water Supply Contracts sufficient to return the costs of the Delta Conveyance Program for which Bonds have been authenticated and delivered without regard to whether or not the Department is able to construct, acquire or operate any Delta Conveyance Program facilities. In accordance with the Water Supply Contracts under which Revenues related to such Bonds will be collected, the amount of Revenues collected under the Water Supply Contracts shall not be contingent upon the conveyance of water through Delta Conveyance Program facilities and the Department shall collect the Revenues required by this Section irrespective of the amount of water, if any, conveyed by or through Delta Conveyance Program facilities. The total amount of Revenues receivable under all Water Supply Contracts in any Year shall be the sum of (A) 1.25 times the Annual Debt Service for such Year to be paid from the Revenue Fund, plus (B) the amount estimated by the Department, pursuant to Section 605, to be required from the Revenue Fund in such Year to provide for Operating Expenses, plus (C) all amounts required by a Series Resolution to be received as Revenues in order to place moneys in the Reserve Account so as to meet the requirement of Section 204(A)(11).

SECTION 806. [Maintenance of Revenues.](#) The Department shall at all times use its best efforts to maintain the Revenues in each Year at the amount specified in Section 805.

SECTION 807. [Performance of Water Supply Contracts.](#) The Department shall perform and observe all the obligations and conditions required to be performed and observed by it under the Water Supply Contracts at the times, and in the manner therein prescribed. The Department shall diligently enforce its rights under the Water Supply Contracts and shall not agree to any amendment to the Water Supply Contracts which would materially adversely affect the security of the Bonds.

SECTION 808. [Compliance with Law and Resolution; Licenses and Permits.](#) The Department shall do and perform or cause to be done and performed all acts and things required to be done and performed by or on behalf of the Department under law and this Resolution. The Department shall take all action necessary to obtain all licenses and permits needed for the planning, acquisition, construction or operation of the Delta Conveyance Program and shall perform and observe all of the obligations and conditions required to be performed and observed by it under such licenses and permits.

SECTION 809. [Accounting Records and Financial Statements of the Department.](#) The Department shall keep or cause to be kept proper books of record and account in which complete and accurate entries shall be made in accordance with industry standards of all transactions relating to the proceeds of Bonds, the Revenues, and all funds and accounts established pursuant to this Resolution.

Not later than two hundred ten (210) days after the end of each Fiscal Year of the Department, the Department will furnish to the Treasurer a detailed, certified report of audit, based on an examination sufficiently complete to comply with generally accepted auditing standards, prepared by an Independent Certified Public Accountant, covering the operations of the State Water Resources Development System for the Fiscal Year next preceding, and showing the Revenues and expenses (by major classification) for such period. There shall also be included with each audit report a written opinion of the Independent Certified Public Accountant, to the effect that in making the examination necessary in connection with said audit, no knowledge of any default by the Department in the fulfillment of any of the terms, covenants, provisions and conditions of this Resolution, or any Supplemental Resolution, was obtained or, if said accountant shall have obtained knowledge of any such default, a statement of the default or defaults thus discovered and the nature thereof.

Not later than two hundred ten (210) days after the end of each Fiscal Year of the Department, the Department shall also furnish to the Treasurer a certified report of audit, prepared by an Independent Certified Public Accountant, reflecting the financial condition and record of operation of the State Water Resources Development System.

The Department shall file with the Treasurer copies of all Supplemental Resolutions, all Water Supply Contracts, and all amendments to Water Supply Contracts.

All papers required to be filed with the Department and the Treasurer pursuant to this Resolution shall be available for inspection by Bondholders at the offices of the Department and the Treasurer in Sacramento, California.

SECTION 810. [Tax Covenants](#). The Department may include in any Series Resolution covenants designed to preserve the exemption from federal income taxes for interest on a Series of Bonds, including, but not limited to, covenants concerning the rebate of excess investment earnings on moneys held under this Resolution.

SECTION 811. [Further Assurances](#). At any and all times the Department, insofar as it may be authorized by law, shall make, do, adopt, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be reasonably required for effectuating the intention of this Resolution and for better assuring and confirming to the Bondholders the rights and benefits provided by this Resolution.

## ARTICLE IX

### THE TREASURER AND THE PAYING AGENTS

SECTION 901. [Appointment and Acceptance of Duties](#).

(A) The Treasurer by his or her signature affixed to this Resolution, agrees to perform the duties imposed upon the Treasurer by this Resolution.

(B) The Department may appoint one or more Paying Agents, registrars or authenticating agents for the Bonds of any Series in a Supplemental Resolution. Paying Agents, registrars and authenticating agents shall perform such duties and obligations as are specified by such Supplemental Resolution.

(C) The Treasurer may from time to time appoint one or more additional Paying Agents for the Bonds of any Series having the qualifications required in Section 905 for appointment as a successor Paying Agent. A Paying Agent, registrar or authenticating agent shall signify its acceptance of the duties imposed upon it by executing and delivering to the Department and the Treasurer a written acceptance thereof.

SECTION 902. [Responsibility of Treasurer and Paying Agents](#). The statements of fact contained in this Resolution and in the Bonds are the statements of the Department. Neither the Treasurer, any Paying Agent, any registrar or any authenticating agent assumes any responsibility for the correctness of such statements, makes any representations as to the validity or sufficiency of this Resolution or of the Bonds issued hereunder, or shall incur any responsibility in respect thereof other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon such person or entity or as otherwise required by law.

SECTION 903. [Evidence on Which Agents May Act](#). The Treasurer, any Paying Agent, any registrar or any authenticating agent shall be protected in acting upon any paper or document believed by such person or entity to be genuine, and to have been signed or presented by the proper party. The Treasurer, any Paying Agent, any registrar or any authenticating agent may consult with counsel, who may be counsel to the Department, and the opinion of such counsel

shall be full and complete authorization and protection with respect to any action taken or suffered by such person or entity hereunder in accordance with such opinion and in good faith reliance thereon.

Whenever the Treasurer, any Paying Agent, any registrar or any authenticating agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be specifically required herein) may be deemed to be conclusively proved and established by a Certificate of the Department, and such Certificate shall be full warrant for any action taken or suffered pursuant to this Resolution in good faith reliance thereon; but in the discretion of the Treasurer, such Paying Agent, such registrar or such authenticating agent, such person or entity may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to such person or entity may seem reasonable.

SECTION 904. [Ownership of Bonds](#). Any Paying Agent, any registrar or any authenticating agent may become the owner of Bonds with the same rights it would have if it were not a Paying Agent, registrar or authenticating agent, and may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed in the interest of Bondholders, whether or not such committee shall represent the holders of a majority in principal amount of the Bonds Outstanding hereunder.

SECTION 905. [Resignation or Removal of Agents and Appointment of Successors](#). Any Paying Agent, registrar or authenticating agent may at any time resign and be discharged of the duties imposed on it by this Resolution by giving not less than sixty (60) days written notice of such resignation to the Department and the Treasurer, specifying the date when such resignation shall take effect. The resignation shall take effect upon the date specified in the notice to the Treasurer, unless a successor Paying Agent, registrar or authenticating agent is appointed by the Treasurer as provided in this Section prior to such date, in which event the resignation shall take effect immediately upon the delivery to the Treasurer of the acceptance of the successor.

The Treasurer may at any time remove any Paying Agent, registrar or authenticating agent by giving such agent written notice of such removal, specifying the date when such removal shall take effect. Such removal shall become effective on the date specified or on the date on which a successor appointed pursuant to this Section delivers to the Treasurer the written acceptance provided for in this Section, whichever date occurs first. The Treasurer shall also give written notice of such removal to the Department.

Any successor Paying Agent shall be appointed by the Treasurer and shall:

- (A) be a bank or trust company,
- (B) be a member of the Federal Reserve System,
- (C) be authorized by law to perform all the duties imposed on it by this Resolution, and

(D) have capital funds (consisting of capital stock, paid in surplus, undivided profits, and debt securities which by their terms are subordinated in right of payment to claims of depositors and other creditors) of at least \$50,000,000.

Any successor Paying Agent appointed under this Resolution shall signify its acceptance of such appointment by executing and delivering to the Treasurer and the Department and its predecessor Paying Agent a written acceptance thereof, and thereupon such successor Paying Agent, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Paying Agent, with like effect as if originally named Paying Agent for the applicable Bonds.

In the event of the resignation or removal of any Paying Agent, such agent shall forthwith pay over, assign and deliver any moneys held by it as Paying Agent to its successor or, if there be no successor, to the Treasurer, and shall, on the written request of the Department or the Treasurer, do such other things as may be reasonably required to transfer its rights, powers and duties under this Resolution and all properties, records and moneys held by it under this Resolution to its successor.

Any successor registrar or authenticating agent shall be appointed by the Treasurer and shall be authorized by law to perform all the duties imposed on it by this Resolution. In the event of the resignation or removal of any registrar or authenticating agent, such person or entity shall forthwith do such things as may be reasonably required to transfer its rights, powers and duties under this Resolution and all properties and records held by it under this Resolution to its successor.

At the request of the Treasurer, the Department or the request of the successor Paying Agent, such predecessor Paying Agent shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Paying Agent all the right, title and interest of such predecessor Paying Agent in and to any property held by it under this Resolution. Upon request of the successor Paying Agent, the Department shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Paying Agent all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Paying Agent as provided in this Section, the Department shall cause such successor Paying Agent to mail a notice of the succession of such Paying Agent to the applicable Holders at the addresses shown on the registration books.

SECTION 906. [Merger or Consolidation of Agents](#). Any company into which any Paying Agent, registrar or authenticating agent may be merged, converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Paying Agent, registrar or authenticating agent may sell or transfer all or substantially all of the applicable part of its business, shall be the successor to such Paying Agent, registrar or authenticating agent without the execution or filing of any paper or the performance of any further act; provided that any such successor Paying Agent, registrar or authenticating agent shall have the respective qualifications specified in Section 905.

## ARTICLE X

### REMEDIES OF BONDHOLDERS

SECTION 1001. Events of Default and Acceleration of Maturities. If one or more of the following events (herein called "events of default") shall happen, that is to say:

(A) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond (including the paying of Sinking Fund Installments) when and as the same shall become due and payable, whether at maturity as therein expressed, or by proceedings for redemption, or otherwise;

(B) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(C) if the Department shall fail or refuse to comply with any of the covenants, agreements or conditions on its part required to be complied with in this Resolution or in the Bonds contained and such default shall have continued for a period of sixty (60) days after written notice thereof specifying such default and requiring the same to be remedied shall have been given to the Department by the Treasurer or to the Department and the Treasurer by the holders of not less than a majority in aggregate principal amount in principal amount of the Bonds at the time Outstanding; provided that, if such default cannot with due diligence and dispatch be cured within 60 days but can be cured, the failure of the Department to remedy such default within such 60 day period shall not constitute a default hereunder if the Treasurer is provided with a certification from the Department to the effect that such default cannot with due diligence and dispatch be cured within 60 days but can be cured and the Department shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch within 180 days of the delivery of such default notice:

then and in each and every such case during the continuance of such event of default the Treasurer or the holders of not less than a majority in principal amount of the Bonds at the time Outstanding shall be entitled upon notice in writing to the Department to declare the principal of all of the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately and upon any such declaration the same shall become immediately due and payable, anything contained in this Resolution or in the Bonds to the contrary notwithstanding.

SECTION 1002. Priority of Payments After Default. In the event that the moneys, securities, and accounts which secure the payment of the principal or Redemption Price of the Bonds and the payment of interest thereon shall be insufficient for such payment, such moneys, securities and accounts (other than funds held by the Treasurer or Paying Agents for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption or for the payment of particular interest installments which have theretofore become due) and all Revenues thereafter received or collected, after making provision for the

payment of any expenses necessary in the opinion of the trustee appointed under Section 1004 to preserve the continuity of the Revenues, or to provide for the continuation of the Delta Conveyance Program or otherwise to protect the interests of the Bondholders, and for the payment of the charges and expenses and liabilities incurred and advances made by the Treasurer and the Paying Agents in the performance of their duties under this Resolution, shall be applied as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment of all installments of interest then due in the order of the maturity of such installments and if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment of the unpaid principal or Redemption Price of any Bonds which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratable, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratable, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Such payments shall be made upon presentation of the Bonds, if any, to be paid and the surrender thereof if fully paid, or the stamping thereon of the payment if only partially paid.

SECTION 1003. [Other Remedies of Bondholders](#). The Bondholders and the trustee acting for the Bondholders pursuant to Section 1004 shall be entitled to all of the rights and remedies provided in the Act and to all of the rights and remedies otherwise provided or permitted by law.

SECTION 1004. [Treasurer to Represent Bondholders](#). The Treasurer is hereby appointed (and the successive respective Holders of Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Treasurer) as trustee to represent the Holders of Bonds in exercising and prosecuting on their behalf the rights and remedies available to the Holders of Bonds. Upon any default or other occasion creating a right in such trustee to represent the Holders of Bonds, the Treasurer (A) may take such action on behalf of the Holders of Bonds as the Treasurer may deem appropriate, and (B) shall take such action as shall be specified in a written request of the Holders of at least a majority in aggregate principal amount

in principal amount of the Outstanding Bonds, which request shall also specify such default or occasion, provided that the Treasurer shall have been furnished with indemnity satisfactory to the Treasurer.

Nothing in this Resolution shall affect or impair the unconditional obligation of the Department to pay the principal of and interest on the Bonds to the respective Holders of the Bonds at the respective dates of maturity, as provided in this Resolution, out of the Revenues herein pledged for such payment, or affect or impair the unconditional right of such Holders to enforce such payment by virtue of the contract embodied herein and in the Bonds.

## ARTICLE XI

### AMENDMENT OF THE RESOLUTION

SECTION 1101. Powers of Amendment. This Resolution and the rights and obligations of the Department and of the Bondholders hereunder may be changed as provided in this Section:

(A) No change shall be made, without the consent of all Bondholders, (1) in the principal amount or the Redemption Price of any Bond, or the rate of interest thereon, or the maturity of the principal thereof or of any installment of interest thereon; or (2) in the percentages of the principal amount of Bonds the vote or consent of which is required by this Section to effect any change.

(B) Any other change may be made at any time by a Supplemental Resolution, when approved by the Holders of sixty percent (60%) of the principal amount of the Bonds then Outstanding at a meeting of Bondholders or by the written consents of the Bondholders; provided that (1) in case the change made affects less than all of the several Series of Bonds then Outstanding, approval shall be required of only the Holders of sixty percent (60%) of the principal amount of the Bonds then Outstanding of the Series so affected, and (2) in case the change made is only to reduce the amount or defer the date of a Sinking Fund Installment, approval shall be required of only the Holders of sixty percent (60%) of the principal amount of the Term Bonds then Outstanding and entitled to such Sinking Fund Installment.

(C) A change may also be made at any time by a Supplemental Resolution, without the consent of any Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes;

(1) To add to the covenants and agreements of the Department contained in this Resolution, other covenants and agreements thereafter to be observed, additional security for Bonds or a portion thereof, or to surrender any right, power, or privilege reserved to, or conferred upon the Department by this Resolution.

(2) To cure any ambiguity or to cure, correct, or supplement any defect or inconsistent provision contained in this Resolution, or to make such provisions in regard to matters or questions arising under this Resolution as the Department may deem necessary or desirable and not contrary to or inconsistent with this Resolution, and which shall not materially adversely affect the interests of the Bondholders.



(3) To provide, in accordance with Section 204, for the issuance of Bonds of a Series.

(4) To provide for the issuance of Bonds in coupon form rather than or in addition to registered form. No such change may be materially adverse to the interests of the Holders of Outstanding Bonds.

(5) To add such provisions as may be necessary to accommodate such banking, insurance, remarketing and other financial arrangements as may be necessary or desirable to provide additional security for the payment of principal and interest on any one or more Series of Bonds or to provide the Holders of any one or more Series of Bonds the right to tender such Bonds to the Department or to another party for purchase at the times, on the notice and on such other terms as the Department may determine. These arrangements may provide for the reimbursement by the Department, with interest, of moneys advanced by the provider of additional security, the provider of a tender right, the provider of moneys to fund a tender right or anyone performing a related function from the sources available for the payment of Bonds. No such change may be materially adverse to the interests of the Holders of Outstanding Bonds.

(6) To facilitate and implement any book-entry system (or any termination of a book-entry system) with respect to the Bonds in accordance with the terms hereof.

(D) Nothing contained herein shall prevent any Bondholder from accepting any change as to the particular Bonds held by such Bondholder, provided that due notation thereof is made on such Bonds.

SECTION 1102. [Amendment by Written Consent of Bondholders](#). The Department may at any time adopt, in accordance with Section 1101, a Supplemental Resolution making a change which requires the approval of Bondholders, to take effect when and as provided in this Section and Section 1104. Upon the adoption of such Supplemental Resolution, a copy thereof shall be delivered to and held by the Treasurer for the inspection of the Bondholders. Within fifteen (15) days of the date of such delivery to the Treasurer, a copy of such Supplemental Resolution (or a summary thereof in a form approved by the Treasurer) together with a request to Bondholders for their consent thereto shall be mailed to Bondholders, by the Department in the manner provided in Section 1104 for the mailing referred to in such Section (but failure to receive such Supplemental Resolution and request shall not affect the validity of the Supplemental Resolution when consented to as provided in this Section). Such Supplemental Resolution shall not be effective unless there shall have been filed with the Treasurer the written consent of the Holders of the required percentages of Bonds and a notice shall have been given as provided in Section 1104. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 1206. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder (whether or not such subsequent Holder has notice thereof) unless such consent is revoked in writing by the Holder giving such consent or a subsequent Holder by filing such revocation with the Treasurer prior to the date when the notice provided for in Section 1104 has been mailed.

A record, consisting of the papers required by this Section and Section 1104 to be filed with the Treasurer, shall be kept by the Treasurer, and shall be proof of the matters therein stated.

SECTION 1103. [Meetings of Bondholders; Amendment Approved at Meetings.](#) The Department or the Treasurer may at any time call a meeting of the Bondholders. Each such meeting shall be held at such time and place, upon such notice, and pursuant to such terms and conditions as may be specified by the Department.

Any Supplemental Resolution making a change which, under Section 1101, requires the approval of Bondholders may be submitted by the Department to a meeting of Bondholders. If such Supplemental Resolution shall be approved by the affirmative vote of the Holders of the required percentages of Bonds, such Supplemental Resolution shall not become effective unless a notice shall have been given as provided in Section 1104.

SECTION 1104. [Notice of Approved Amendment.](#) After a Supplemental Resolution making a change which requires approval of Bondholders shall have been approved by the Holders of the required percentages of Bonds, a notice of such approval shall be given by the Department. Such notice shall briefly summarize the change made by the Supplemental Resolution, and state that the Supplemental Resolution has been approved by the Bondholders and will become effective as provided in this Section. Such notice shall be mailed to each registered owner of Outstanding Bonds (but failure to receive copies of such notice shall not affect the validity of the Supplemental Resolution). Proof of such mailing by the affidavit or affidavits of a person or persons having knowledge of the facts shall be filed with the Treasurer. The Supplemental Resolution shall be deemed conclusively to be binding upon the Department and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Treasurer of the proof of such mailing, except in the event of a final decree of a court of competent jurisdiction setting aside the adoption of the Supplemental Resolution by the Department, or the approval of the Bondholders, in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period.

SECTION 1105. [Disqualification of Bonds With Respect to Action on Amendments.](#) Bonds owned by or held for the account of the Department or the State of California (but not Bonds owned by or held for the account of any State of California retirement, pension or like fund) shall not be deemed Outstanding for the purpose of any vote or consent or other action or any calculation of Outstanding Bonds provided for in this Article XI and shall not be entitled to vote or consent or take any other action provided for in this Article XI.

SECTION 1106. [Notation on Bonds Issued After Amendments.](#) Bonds authenticated and delivered after the effective date of any change made as hereinabove provided in this Article XI may, and, if the Treasurer or the Department so determines, shall, bear a notation by endorsement or otherwise, in form approved by the Department and the Treasurer as to such change. Upon demand of the Holder of any Bond Outstanding at such effective date and presentation of such Bond for such purpose at the office of the Treasurer, suitable notation shall be made on such Bond by the Treasurer as to any such change. If the Treasurer or the Department shall so determine, new Bonds so modified as necessary in the opinion of the Treasurer and Department to conform to such change shall be prepared, authenticated and

delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, maturity and principal amount, upon surrender of such Bonds.

## ARTICLE XII

### MISCELLANEOUS

SECTION 1201. [Benefits of Resolution Limited](#). Nothing in this Resolution, express or implied, is intended or shall be construed to confer upon, or to give to, any person other than the Department or the Holder of a Bond, any right, remedy, or claim under or by reason of this Resolution or any promise, condition or stipulation hereof; and all such promises, conditions and stipulations by or on behalf of the Department shall be for the sole and exclusive benefit of the Department and the Holders of the Bonds appurtenant thereto.

SECTION 1202. [State Not Liable on Bonds; Limit on Department Liability](#). The payment of the principal or Redemption Price of the Bonds and the payment of interest thereon are not secured by any property or moneys of, or under the control or possession of, the Department or the State of California other than the property and moneys described in Section 802. Neither the payment of the principal or Redemption Price nor any part thereof of the Bonds nor any interest thereon constitutes a debt, liability, or obligation of the State of California, or, except as expressly provided in this Resolution, of the Department.

SECTION 1203. [No Personal Liability for Payment of Bonds](#). No officer or employee of the Department or of the State of California shall be individually or personally liable for the payment of the principal or Redemption Price of, or interest on, the Bonds; but only for the performance of his or her official duties as required by law.

SECTION 1204. [Discharge of Obligations Under Resolution](#). If no Bonds remain Outstanding, then, at the election of the Department evidenced by a Certificate of the Department filed with the Treasurer (and notwithstanding that any Bonds shall not have been paid or surrendered for payment), the charge and lien upon the Revenues and other moneys, securities, and accounts as provided for in this Resolution and all other obligations imposed by this Resolution shall be discharged, except only the obligation of the Department to pay or cause to be paid to the Holders of the Bonds not surrendered and paid all sums due thereon (including, with respect to Term Bonds, the obligation to pay the principal amount from amounts equal to any Sinking Fund Installments which under this Resolution would have become due prior to the date such Term Bonds shall mature or be otherwise redeemed).

In the event of such discharge, the Treasurer shall, upon the request of the Department, execute and deliver to the Department all such instruments as may be desirable to evidence such discharge, and the Treasurer and each Paying Agent shall pay over or deliver to the Department all moneys held by such person or entity pursuant to this Resolution which are not required for the payment of the principal or Redemption Price of Bonds and interest thereon.

Neither Investment Securities nor cash deposited with the Treasurer pursuant to clause (2) of the definition of Outstanding in Section 101 nor principal or interest payments on such Investment Securities shall be withdrawn or used for any purpose other than the payment of the principal or Redemption Price, if any, of, and interest on, the Bonds to be paid with such cash or Investment Securities; provided that any cash received from such principal or interest payments on Investment Securities, if not then needed for such purpose, shall, in so far as practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, of, and interest on, such Bonds.

SECTION 1205. [Unclaimed Moneys](#). In the event any moneys placed with the Treasurer or a Paying Agent in trust for the payment of the principal or the Redemption Price of, or interest on, any Bond shall remain unclaimed for ten years after the principal of all the Bonds has become due and payable (whether at maturity or upon call for redemption), such moneys shall be repaid to the Department upon its written request, notwithstanding any other provision of this Resolution. The Holders of the unpaid Bonds shall thereafter be entitled to look only to the Department for payment thereof, and all liability of the Treasurer or the Paying Agent with respect to such moneys shall thereupon cease. Before the repayment of such moneys to the Department, the Treasurer or the Paying Agent holding such moneys may, at the Department's expense publish once in newspapers of general circulation in Sacramento, California, and in New York, New York, a notice stating that such moneys will be repaid to the Department pursuant to this Section and the effect of such repayment. In the event of the repayment of such moneys to the Department as provided in this Section, the Holders of the Bonds for which such moneys were held shall thereafter be deemed to be unsecured creditors of the Department for amounts equivalent to the respective amounts previously held by the Treasurer or the Paying Agent for the payment of such Bonds and repaid to the Department.

SECTION 1206. [Proof of Signature of Bondholder and of Ownership of Bonds](#). Any request, declaration or other instrument which this Resolution may require or permit to be signed or executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by Bondholders in person or by their attorneys-in-fact appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Bondholder or his attorney-in-fact of any such instrument may be proved by the certificate of any notary public (or other officer authorized to take acknowledgements of deeds to be recorded in the State in which he purports to act) that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amounts, serial numbers, maturity dates and date of holding the same shall be proved by the registration books.

Any request, declaration or other instrument or writing of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Department or the Treasurer hereunder in accordance therewith.

SECTION 1207. [Reliance of Counsel on Certificate of Department](#). Any Counsel's Opinion may be based, insofar as it relates to factual information which is in the possession of the

Department, upon a Certificate of the Department, unless the signer of such Counsel's Opinion knows, or in the exercise of reasonable care should have known, that such Certificate of the Department is in error with respect to such factual information.

SECTION 1208. [Cancellation of Bonds Surrendered](#). The Treasurer, the Paying Agents, any registrar and any authenticating agent shall promptly cancel all Bonds surrendered to them on payment at maturity, or on payment upon redemption in accordance with Section 405, or on the transfer or substitution of Bonds in accordance with Section 308, 312, 405, or 1106, or purchased by the Treasurer pursuant to Section 604. All Bonds cancelled by a Paying Agent, registrar or authenticating agent shall be delivered to the Treasurer, provided that the Treasurer may direct any Paying Agent, registrar or authenticating agent, in lieu of such delivery to destroy the Bonds and furnish to the Treasurer a certificate of such destruction.

SECTION 1209. [Statutory Changes with Respect to Officers](#). While any Bonds remain Outstanding, the powers, duties, or existence of the Department or any official or agency of the State of California shall not be diminished or impaired in any manner that will affect adversely the interests and rights of the Holders of the Bonds. If the powers or duties of any officer of the State of California or of the Department shall hereafter be transferred to another officer by statute and if such transfer shall relate to any matter or thing permitted or required to be done under this Resolution by such officer, then the officer who shall succeed to such powers or duties shall act and be obligated in the place and stead of the officer hereinbefore in this Resolution designated or empowered to act.

SECTION 1210. [Successors and Assigns](#). Whenever in this Resolution the Department is named or referred to, its successors or assigns shall be deemed to be included, and all the covenants and agreements contained in this Resolution by or on behalf of the Department shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

SECTION 1211. [Applicable Law](#). The law of the State of California shall govern the rights and duties of the Department under this Resolution.

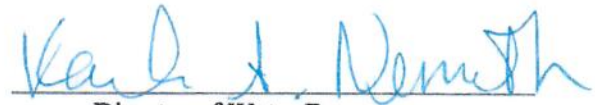
SECTION 1212. [Any Invalid Provisions Severable](#). If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution to be performed on the part of the Department, the Treasurer, or any Paying Agent should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the other provisions of this Resolution.

This Resolution is hereby adopted in the State of California by the State of California Department of Water Resources as of January 6, 2025.

Approved as to legal form  
and sufficiency:

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

  
\_\_\_\_\_  
General Counsel

  
\_\_\_\_\_  
Director of Water Resources

Approved as to legal form  
and sufficiency:

Approved pursuant to California Water Code  
Section 11706 and as to the express obligations  
of the Treasurer hereunder:

ROB BONTA  
Attorney General of the State of California

TREASURER OF THE STATE OF  
CALIFORNIA, AS TRUSTEE

By   
\_\_\_\_\_  
Deputy Attorney General

By \_\_\_\_\_  
Deputy State Treasurer  
For California State Treasurer Fiona Ma

Approved:

ORRICK, HERRINGTON & SUTCLIFFE LLP

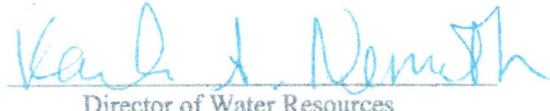
By \_\_\_\_\_

This Resolution is hereby adopted in the State of California by the State of California Department of Water Resources as of January 6, 2025.

Approved as to legal form  
and sufficiency:

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

  
\_\_\_\_\_  
General Counsel

  
\_\_\_\_\_  
Director of Water Resources

Approved as to legal form  
and sufficiency:

Approved pursuant to California Water Code  
Section 11706 and as to the express obligations  
of the Treasurer hereunder:

ROB BONTA  
Attorney General of the State of California

TREASURER OF THE STATE OF  
CALIFORNIA, AS TRUSTEE

By \_\_\_\_\_  
Deputy Attorney General

By   
\_\_\_\_\_  
Deputy State Treasurer  
For California State Treasurer Fiona Ma

Approved:

ORRICK, HERRINGTON & SUTCLIFFE LLP

By   
\_\_\_\_\_