

*Stradling Yocca Carlson & Rauth  
Draft of 4/11/22*

**Summary of Discussion between Wheeler Ridge-Maricopa Water Storage District  
and Sites Project Authority on March 24, 2022**

- Sites Reservoir benefits and obligations contract between Sites Project Authority and the Wheeler Ridge-Maricopa Water Storage District (the “Sites Project Contract”) that sets forth the District’s participation in the Sites Reservoir Project, including the District’s obligation to make payments under the Sites Project Contract.
  - Primary source of District revenues for the payment of the District’s obligations under the Sites Project Contract will be land based charges that are approved by participating landowners via Proposition 218 election or a Proposition 218 waiver, if applicable.
  - Secondary source of District revenues for the payment of the District’s obligations under the Sites Project Contract will be proceeds of foreclosure by the District on land of the participating landowners securing the deed of trust (1) referred to in the seventh bullet point below. Such proceeds would include the proceeds of the disposition of contract rights to receive State Water Project water (if applicable) appurtenant to such land to the extent proceeds exceed any delinquent SWP charges.
  - The District will be responsible for completing any necessary Proposition 218 compliance activities.
  - The District will enter into benefits and obligations contracts with participating landowners (the “Wheeler Ridge Benefits and Obligations Contract”) setting forth the terms by which such landowners will receive Sites Reservoir Project water and storage from the District, the obligation of such landowners to make payments for Sites Reservoir Project water and storage, and the remedies in the event of landowner default including foreclosure
  - Wheeler Ridge Benefits and Obligations Contracts shall include deeds of trust on participating landowners’ property. (1)
  - Wheeler Ridge Benefits and Obligation Contracts are expected to include the appropriate remedies for non-performance by participating landowners, including, but not limited to, the discontinuation of Sites Reservoir Project water and storage benefits and [State Water Project or other District water sources (2)] to the defaulting participating landowner for a failure to pay Proposition 218 compliant land based charges as well as Sites Reservoir Project operation and maintenance payments.
- (1) The use of a Deed of Trust has been proposed to but not yet formally endorsed by the Wheeler Ridge Board of Directors. The Deed of Trust shortens the time line for land foreclosure which is important for meeting the bond payment schedule.
- (2) Discontinuation of SWP water service in the event of a Sites default is still under consideration