

Dear Interested Party:

You are receiving this information because you previously indicated your interest to the California Department of Water Resources (Department) regarding Delta water conveyance facilities. The information below relates to a judicial validation proceeding for the proposed revenue bond financing for the environmental review, planning, and if ultimately approved, construction of such conveyance facilities.

The Department operates facilities which store, transport and deliver water to urban and agricultural water agencies throughout the State. Since 1960, the Department has approved, planned and constructed a system of water storage and transportation and power generation facilities (the Project). Currently, Project water is conveyed across the Sacramento-San Joaquin Delta (Delta) through the natural channels of the Delta formed by the confluence of the Sacramento and San Joaquin Rivers, as those channels have been modified over the past 150 years.

The Department is currently undertaking environmental review and related planning and design activities regarding new Delta conveyance facilities. The facilities under review would transport water from new intake points on the Sacramento River at the northern edge of the Delta through an underground tunnel running below the natural waterways of the Delta to export facilities at the southern edge of the Delta. The revenue bond financing mechanism involved in the validation action is intended to finance these review and planning activities, and subject to specific conditions precedent, construction of such facilities. Bonds for construction cannot be issued unless those conditions precedent are satisfied, which include regulatory and statutory requirements regarding the physical and environmental aspects of approving, constructing, and operating Delta conveyance facilities.

A validation action is a judicial proceeding in which a governmental agency, like the Department, can confirm the validity of a proposed financial transaction before it commits to or undertakes the transaction. The most common use of a validation action is to confirm the validity of an agency's bonds and the official actions authorizing bonds before the bonds are issued. The legal effect of a validation action is limited to the bonds and bond authorizations. Matters such as compliance with environmental and other regulatory requirements that may be applicable to a physical project will not be determined in the validation action.

The Department has initiated the validation action in Sacramento County Superior Court (Case No. 34-2020-00283112). The Department seeks a judgment confirming the validity of revenue bonds the Department authorized to pay for the environmental review, planning and design, and if approved and subject to the specific conditions precedent, construction of Delta conveyance facilities. The Department is not seeking in the validation proceeding a determination that it has complied with all legal prerequisites that may apply to approval and/or implementation of any Delta conveyance facility.

Any interested person may appear and contest a validation action, subject to specific time limits and procedural requirements. In the Department's validation proceeding, interested persons must appear, in conformance with applicable legal and procedural requirements, not later than October 30, 2020.

Copies of the Department's validation complaint and the legal summons that corresponds to the complaint are available on the Department's website, at this link: <https://water.ca.gov/Programs/State-Water-Project/Delta-Conveyance/Public-Information>.