

SITES JOINT POWERS AUTHORITY

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Board of Directors

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DON BADER, U.S BUREAU OF RECLAMATION – COST SHARE PARTNER **(NON-VOTING)**
ROB COOKE, CALIFORNIA DEPARTMENT OF WATER RESOURCES – EX-OFFICIO MEMBER **(NON-VOTING)**

SITES PROJECT AUTHORITY OFFICE OLD HIGHWAY 99 122 WEST MAXWELL, CA 95955

June 18, 2018 Minutes
Sites Project Authority
1:30 p.m.

The Sites Project Authority Board met in Regular Session on June 18, 2018 at the hour of 1:30 p.m.

Directors Present: Fritz Durst, Chairman, Gray Allen, Jamie Traynham, Jeff Sutton, Mary Wells, Joe Marsh, Jim Jones, Jeff Harris, Rob Cooke, Don Baber. **Directors Absent:** Gary Evans, County of Colusa, Don Bransford, GCID, Leigh McDaniels, Glenn County, Wade Mathis, TC6, Greg Johnson, Western Canal Water District. **Alternate Directors Present:** Michael Azevedo, Colusa County, Logan Dennis, GCID, Tom Charter, TC6

Staff Present: Jim Watson, General Manager.
Ernest Conant, Counsel.
Joe Trapasso, Kevin Spesert, Kim Davis - Sites Project Authority.
Yolanda Tirado, Clerk.

Others Present: Emily Powell.
Bill Graves, BYSWQ.
Bob Richards.
Jacob Spooner.
Linc To, HDR.
Doug Montague, Montague & Rose.
Brian Person, AECOM.
Jonathan Ash, CitiGroup.
Natalie Wolder.
Doug Brown, SYCR.
Thad Bettner, GCID.
Jeff Herrin, AECOM.
Scott Brown, LWA.
Allen Myers, Westside Water District.

Doug Parker, Westside Water District
 Charlene Vaughn, KCoE Isom.
 Brian Bullock, Psomas.
 Emil Cavagnolo, Jim Jones, OAWD.
 Jim Peifer, Bill Busath, City of Sacramento.
 Oscar Serrano, CICC.

Pledge of Allegiance.

INTRODUCTIONS

Chairman Durst asked those present to introduce themselves.

AGENDA APPROVAL

It was moved Director Jones, seconded by Director Harris to approve the June 18, 2018 Sites Project Authority Agenda. Motion carried: All Directors present voted yes.

MINUTES APPROVAL

It was moved by Director Wells, seconded by Director Harris to approve the April 23, 2018 Sites Project Authority Minutes, as corrected. Motion carried: All Directors present voted yes.

MINUTES APPROVAL

It was moved by Director Traynham, seconded by Director Jones to approve the May 21, 2018 Sites Project Authority Minutes, as corrected. Motion carried: All Directors present voted yes.

PERIOD OF PUBLIC COMMENT

Chairman Durst asked for public comment. Hearing none, he closed the period of public comment.

- 1. **BOARD MEMBER REPORTS** (No action will be taken)
None.

- 2. **CHAIRPERSON’S REPORT**

- 2.1 Discussion regarding the Sites Project Authority’s Treasurer Position.

Chairman Durst stated Director Traynham no longer sits on the Board of the Westside Water District so she can no longer participate as a JPA Director. A brief discussion was held to keep Director Traynham as the Treasurer it being noted the Treasurer position does not have to be an Authority Board member.

Following discussion, it was the consensus that Ms. Traynham continue as the Treasurer for the Sites Project Authority.

- 2.2 Discussion regarding the Sites Project Authority Employer status and consider forming an Ad Hoc Committee to investigate options.

Chairman Durst stated he would like to form an Ad Hoc Committee to investigate options of the JPA becoming an “Employer” and having employees or continuing the practice of hiring consultants. A brief discussion followed, with Directors Sutton, Evans/Azevedo (Alternate), and Allen volunteering to sit on the Ad Hoc Committee, to be assisted by Counsel Conant.

Chairman Durst also noted the Committee needs to review Mr. Watson’s contract as it expires in August. After a brief discussion it was the consensus to extend Mr. Watson’s contract to

January 1, 2019. Counsel Conant stated the extension to Mr. Watson's contract will be on the next Authority Agenda for formal approval of same.

3. MANAGER'S REPORT

3.1 Discussion and possible direction to staff regarding the General Manager's monthly status report. **(Attachment 3-1)**

Mr. Watson stated work for the month of May 2018 focused on the reprioritized Budget with all the contract task orders processed and work authorized, approved selection of Bond Counsel, development of Phase 2 Agreements, progress being made on Financial Plan and Model, as well as the Finances of entire process, Interim Financing for Phase 2, work plan for Phase 2 which serves as the basis for the Phase 2 financing plan, early funding for Phase 2, working on RFQs, standard contract terms and conditions, and continuing to work with the Water Commission and WIIN Act activities and the application for the U.S. Department of Agriculture loan. Discussion was held with no action taken.

3.2 Report on status of Prop 1 WSIP application and WIIN Act Funding. **(Attachment 3-2)**

Mr. Watson stated the document titled "California Water Commission Summary of Water Storage Investment Program Application Preliminary Scores" Prop 1 WSIP application. A lengthy discussion followed regarding cost effectiveness, final investment scores, additional points in the public benefits ratio, salmon benefits and funding. He noted that the project is currently ranked in tier 3, and the project's component score is currently at 61. He noted that even if additional points are not awarded the project would still be eligible for about \$900 million. He further noted the risk would be the Commission deciding to fund all the projects with a lower score with funding coming from the Sites Project.

Mr. Watson updated the Board on the WIIN Act Funding. Discussion followed regarding Reclamation's participation under the WIIN Act for FY 2019 and submitting a letter to Reclamation asking for approval of use of the JPA's Alternative D for the Feasibility Report.

Action: It was moved by Director Sutton, seconded by Director Azevedo to authorize the Chair to sign a letter requesting the Bureau of Reclamation adopt Alternative D as their proposed project based in their Feasibility Report. Motion carried: All Directors present voted yes.

Mr. Watson also addressed submitting a formal Application to the Secretary of Interior for WIIN Act funding in the amount of \$28.5 million. He stated a letter of support from the Governor would be needed to submit with the formal application. Discussion is held, with no action taken at this time.

3.3 Discussion and possible direction to staff regarding the submittal of an application for the USDA Rural Development Community Facilities Loan program.

Mr. Spesert updated the Board on an application for the USDA Rural Development Community Facilities Loan program, which, if approved would provide a low interest loan to fund a portion of the facilities that align with the program's goals. He stated the estimated loan value is \$500 million and the funds should be obligated by mid-September. Discussion followed regarding loan terms and whose obligation it would be to repay the loan, with no action taken.

3.4 Discussion and possible direction to staff regarding the submittal of a technical assistance grant application from U.S. Department of Energy for pump storage programs.

Mr. Watson stated on June 12, 2018 a Letter of Intent was submitted to the U.S. Department of Energy's Energy Efficiency and Renewable Energy's Office to perform a "Techno-Economic Studies of Pumped-Storage Hydropower." He stated this effort would provide project-specific analysis related to the cost-benefit, power market, financial and valuation. He stated further the

final application deadline is July 12, 2018 and the grant would provide \$1.5 million of funding for up to two projects. He requested the Board's approval to submit an application for same. A brief discussion followed.

Action: It was moved by Director Harris, seconded by Director Sutton to approve the submission of a technical assistance grant application to the Department of Energy for pumped-storage hydropower (PSH) projects. Motion carried: All Directors present voted yes.

4. 2018 FINANCE & BUDGET AD HOC COMMITTEE

4.1 Accept the Treasurer's Report. **(Attachment 4-1)**

Action: It was moved by Director Jones, seconded by Director Dennis to accept the Treasurer's Report as presented. Motion carried: All Directors present voted yes.

4.2. Approve the Payment of Claims. **(Attachment 4-2)**

Action: It was moved by Director Sutton, seconded by Director Wells to approve the Payment of Claims as presented. Motion carried: All Directors present voted yes.

5. PHASE 1 RESERVOIR COMMITTEE

5.1 Report on activities regarding the development of the Phase 2 financing plan.

Mr. Brown updated the Board on the activities as they relate to the development of the Phase 2 financing plan.

Mr. Montague stated the ball is rolling forward, and summarized work on development of an enterprise model, USDA loan, interim financing and repayment of bonds and loans. He also stated the Phase 2 Agreements will be presented at the August meetings of the Authority and the Reservoir for possible approval.

Mr. Watson stated two workshops have been scheduled on July 9th and 10th for the Authority Board and the Reservoir Committee regarding financing, participation agreements for Phase 2 and use of one standard agreement that a Lender can review and encouraged all to attend.

5.2 Report on activities regarding the development of the Phase 2 Participation Agreements.

Mr. Watson stated the Phase 2 Participation Agreements have been reviewed by the Authority and the Reservoir Joint Work Groups and formally named Phase 2 Project Agreements.

Mr. Brown stated key points of the development of the Phase 2 Participation Agreements are as follows: step-up provisions, obligation of the Authority and the participants, default of participants, repayment of loan, late payment provisions, refinancing of loan, withdrawal and/or addition of participants, class of water, credit entities and termination date of the project agreements (2025 or until debt is paid) and requirement of Counsel opinions.

Mr. Watson addressed various timelines. Discussion followed, with no action taken.

5.3 Report on activities regarding the Cost Development Model.

Mr. Scott Brown provided an overview of how the Cost Development Model and Credit Reimbursement policy would work, i.e., addresses member participation, member withdrawals, rebalancing process.

Mr. Watson also discussed retirement of class 2 water, size of reservoir, clarification of finances, dollar per acre foot, cost of entire project and the financial model.

5.4 Report on the Reservoir Committee's activities regarding Phase 2 Procurement.

Mr. Watson provided an overview of the Phase 2 Procurement, i.e., RFQ process and firms submitting their RFQs. He stated a lot of documents are being produced and noted distribution protocols. Brief discussion was held, with no action taken.

6. PHASE 1 MEMBERSHIP & GOVERNANCE AD HOC COMMITTEE

Discussion and possible direction to staff regarding the status of participation in the Authority and/or Reservoir Committee.

Chairman Durst informed the Board members of the decision of the Colusa Indian Community (CICC) to withdraw their request for membership in the Authority. Mr. Serrano stated the Authority Board will be receiving a formal letter from the CICC regarding same. He stated further the Tribe will continue to attend SPA Board meetings as a federally recognized Tribe and stakeholder and also continue to work with the JPA Board through government-to-government consultation and through AB52 consultation. A brief discussion followed with Chairman Durst thanking CICC for their interest.

7. PHASE 1 LEGISLATIVE & OUTREACH AD HOC COMMITTEE

Discussion and possible direction to staff regarding the status of federal and state legislative activities and the Project's public outreach efforts.

Director Sutton updated the Board on outreach and federal and state legislative activities as follows: Social media re: California Water Commission, tour of project with Senator Harris staff and addressed the Water Resource Development Act (WRDA).

Mr. Spesert spoke to the Water Commission process and Stakeholder outreach.

Ms. Barbieri updated the Board on outreach activities as follows: info graph regarding salmon benefits, radio spot messaging, research project history regarding the cemetery is being wrapped up, genealogy data is available, Water Commission messaging is a top priority, press statements as necessary and picking up the landowner newsletters again.

7.1 Consider approval of a letter of support to amend the Water Resource Development Act (WRDA) of 2018 to authorize the Reclamation Water Infrastructure Finance and Innovation Act (WIFIA) and authorize the Chair to sign. **(Attachment 7-1)**

Action: It was moved by Director Sutton, seconded by Director Wells to approve a letter of support to amend the Water Resource Development Act (WRDA) of 2018 authorizing the Reclamation Water Infrastructure Finance and Innovation Act (Reclamation WIFIA) and authorize the Chair to sign. Motion carried: All Directors present voted yes.

8. PHASE 1 LAND USE AD HOC COMMITTEE

Discussion and possible direction to staff regarding the status of engagement and outreach efforts to local agencies related to impacts or changes in land use.

Chairman Durst stated that with the absence of Director Evans, there is nothing to report at this time.

9. PHASE 1 CONSULTATION COMMITTEES

Discussion and possible direction to staff regarding the status of engagement and outreach efforts related to the following areas:

- Tribal Officials
Mr. Spesert stated there is nothing to report at this time.
- Landowner and Community Interests

Director Wells stated meetings are on hold until there is something to report.

Mr. Spesert stated as regards Community Interests, this is still in process and will get group together soon.

- Environmental Interest
Mr. Watson stated there is nothing to report, no meetings held with NGO's.
- Business & Labor Interest
Mr. Allen stated meetings are being planned for later this summer.

Chairman Durst adjourned the meeting at 3:30 p.m., to reconvene on July 9, 2018 for a Workshop at the hour of 1:30 p.m.

Fritz Durst, Chairman

Yolanda Tirado, Clerk to the Sites Project Authority Board