March 24, 2021 1:30 p.m.
Sites Project Authority
Minutes

CALL TO ORDER & ROLL CALL:
Vice-Chairman Sutton called the meeting of the Sites Project Authority Board of Directors to order at the hour of 1:30 p.m., followed by the Pledge of Allegiance.

INTRODUCTIONS:
Vice-Chairman Sutton asked those present to introduce themselves.

AGENDA APPROVAL:
It was moved by Director Evans, seconded by Director Marsh to approve the March 24, 2021 Sites Project Authority Board Agenda, as presented. Motion carried: All Directors present voted yes.

PERIOD FOR PUBLIC COMMENT:
Vice-Chairman Sutton called for public comment. Hearing none, he closed the period for public comment.

1. CONSENT AGENDA: It was moved by Director Evans, seconded by Director Hahn to approve Consent Agenda Item Numbers 1.1 through 1.6 as follows:

1.1 Approve the February 19, 2021 Joint Authority Board & Reservoir Committee Meeting Minutes. (Attachments A & B)
1.2 Approve the Sites Project Authority Treasurer’s Report. (Attachment A)

1.3 Approve the Payment of Claims. (Attachments A, B & C)

1.4 Approve a consulting agreement amendment with ICF Jones and Stokes, Inc related to Planning and Analysis (ICF-E) task order for additional scope of work in the amount of $249,998 bringing the not to exceed total contract amount to $3,260,757 for the period of September 1, 2020 through December 31, 2021 and authorize the Executive Director to sign.

1.5 Approve a consulting agreement amendment with Katz and Associates related to the Communications task order for additional scope of work in the amount of $224,999 bringing the not to exceed total contract amount to $624,999 for the period of September 1, 2020 through December 31, 2021 and authorize the Executive Director to sign.

1.6 Approve a new Accounts Payable Approval Policy to ensure timely and efficient payment of vendor and service providers’ invoices. This new Policy consolidates sections of the Advance Check Approval Policy into the new Policy so that the Advance Check Approval Policy will be eliminated. (Attachment A)

Motion carried: All Directors present voted yes.

2. Action Items:

None.

3. Discussion and Information Items:

3.1 Review and comment on changes to the Sites Water Storage Policy. (Attachment A & B)

Ms. Forsythe provided an update on the changes to the Sites Water Storage Policy and spoke to the following:

Efforts Since Last Meeting:

- Revised Storage Policy presented to Reservoir Committee and Authority Board.
  - Requested comments by March 18, 2021.
- Meeting to discuss revision with participants’ Legal Counsel on March 4
- Comments received from:
  - 6 members (and their Legal Counsel).
Authority’s Counsel.

Key Changes Since February Version:

- Changes made in response to members comments, including their Legal Counsel:
  - Clarified that Storage Partners can sell water held in their Storage Allocation.
  - Clarified that dead pool is not allocated to any Storage Partner.
  - Clarified accounting for losses due to emergency releases.
  - Simplified language on conflicts between placing water into storage from other sources and release of water at the same time.
  - Continued to remove some detail from the Policy.
- Changes made in response to Authority’s Legal Counsel Comments:
  - Clarified that Storage Partners are treated equitable based on Storage Allocation, versus completely equal treatment.

Next Steps:

- Additional comments from MWD.
  - Structure and level of detail.
  - Possibly calling something other than “Policy.”
  - Consistent with overall goals of revisions but re-work of document.
- Continue to work with MWD and Small Group on changes.
- Final revised Storage Policy in April.
- No Project schedule impact, as long as changes stay structural rather than content.

Feedback:

- Any feedback/comments on the version attached to staff report?
- Any concerns with where things are going?

Brief discussion followed, with no action taken.

3.2 Review and comment on the allocation of storage space in the reservoir to each Storage Partner based on Amendment 2 participation using the final proposed formulaic approach of 1 acre-foot capacity share to 6.234 acre-feet of storage space. (Attachment A)

Mr. Brown stated this item is a companion to Agenda Item 3.1, the Sites Water Storage Policy and provided a brief update on the approach for allocating storage space in the reservoir. Brief discussion followed with no action taken.
3.3 Review and comment on staff's proposed approach for Reservoir Committee and Authority Board review and approval of the Revised Draft Environmental Impact Report for release to the public.

Ms. Forsythe provided an update on a proposed revised Draft EIR/Supplemental Draft EIS Release process and spoke to the following:

- Preparing Revised Draft EIR/Supplemental Draft EIS
- Scheduled for public release in late August 2021

RC and AB Briefing Process for Timely Release:

- **April**
  - Overview of CEQA process and key sections (Fisheries, Terrestrial, Cultural Resources, Water Quality, Local Impacts).

- **May and June**
  - Briefings in each month on key sections, impacts, mitigation measures, and significant and unavoidable impacts.

- **July**
  - Culmination briefings, public review process and request for approval to release in August.

- **August**
  - Staff releases complete document (projected to be August 26).

Additional and more detailed reviews will continue to occur monthly with the Ad Hoc Environmental Planning and Permitting Workgroup. RC/AB members would be welcome to attend within quorum limits.

**Input Needed:**

- Any concerns from AB/RC with this approach?
- Simultaneously briefings will occur with other interested parties (NGOs, Water Users, State and Federal Regulatory Agencies, etc.)

Brief discussion followed with no action taken.

Mr. Brown stated Agenda Items 3.4 and 3.5 would be combined for discussion purposes. He stated these items would address the three questions:

- What Do we get?
- What Does it cost?
- How do we pay for it?

3.4 Review and comment on the development of the Sites Project Proforma 2.0, an updated project financial modeling tool for use by participants to evaluate long-term Project costs and benefits.
3.5 Review and comment on the Financing Action Plan February workshop summary, schedule including upcoming workshops, and action item follow-up. (Attachment A & B)

Mr. Robinette provided an update on the development of the Sites Project Proforma 2.0 and on the Financing Action Plan February workshop summary and spoke to the following:

Outline:
- Proforma 2.0 – Confirm the Outputs Meet Participant Needs.
- Principles and Assumptions Workshop Follow Up.
- Financing the Amendment 3 Cash Call.

Proforma 2.0
What is a proforma?:

A tool for investors to...
- Analyze long-term project benefits and costs based on a set of scenarios and how investors plan to use their assets (storage space and water).
- Evaluate alternative financing approaches.
- Evaluate different levels of investment.
- Understand the impact of new information throughout project development.

How is this different than prior financial modeling efforts?:

Proforma 2.0 will build on prior financial modeling from value planning by...
- Allowing participants to select how they use their storage and water based on scenarios.
- Evaluating stored water, deliveries, debt service and revenues over ten years of hydrology for each participant.
- Presenting a range of cost of capital.

Are there other inputs or outputs needed?:

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Outputs</th>
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<tr>
<td>Alternative operating decisions (drives benefits)</td>
<td>10-year stored water, revenue and cost model by participant grouping (ex: downstream)</td>
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<tr>
<td>Storage account size</td>
<td>Deliveries</td>
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<tr>
<td>Participant water user type</td>
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(ex: North-of-Delta Ag) Range of annual debt service
Revenue from sales of Sites Water Annual OM&R costs (fixed and
Losses variable)
Others? Others?

What are the building blocks and timeline of a Proforma for Sites?:

February 2021 - Diversions and Deliveries of Sites Water
March 2021 - Storage Space Allocations
April 2021 - Borrowing Cost
May 2021 - Capital Cost Shares and Cost Allocations, Facilities and
Operations
June 2021 - OM&R Cost Shares

February Workshop follow up:

• Input deadline was March 15th
  o Open items to be addressed as part of Contract Term Sheet
development.
• Ongoing Staff Work:
  o Follow up on specific concerns.
  o Refinement of financing scenarios.
  o Proforma 2.0 development.
• Workshop Dates:
  o April 23, Finance and Governance Alternatives.
  o June 13, Successor Agreement and Governance.
  o July 23, NEW, Affordability Review.
  o September 2, Plan of Finance and Term Sheets.
• Proposed Approach to Term Sheet Development:
  o Focus is on high-level terms important to near-term decision-
    making.
  o Term sheet will be developed with the Budget and Finance
    Committee discussing individual terms.
  o Final term sheet will be reviewed by the Reservoir Committee and
    Authority Board.
  o Escalate key issues to the Reservoir Committee and Authority
    Board.

Updated Road Map:

• Plan of Finance & Participation Agreements

Cost Allocation Framework for Use of Facilities
Sites Downstream Participants:

State of California    Bureau of Reclamation    Rosedale-Rio Bravo
San Bernardino Valley  Antelope Valley-East Kern  San Gorgonio Pass
City of American       Santa Clara Valley      Santa Clarita Valley
Canyon                Desert                    Wheeler Ridge-Maricopa
Coachella Valley       Zone 7                    Others?
Irvine Ranch
Metropolitan WD of
Southern California

Costs Allocated to Sites Downstream Participants Only:
Sites Downstream Participants pay capital, mitigation and OM&R costs related to:

- Dunnigan Pipeline.
- Improvements (if needed) Related to Partner Facilities:
  - Tehama Colusa Canal.
  - Colusa Basin Drain.
  - Knights Landing Outfall Gates.
  - Wallace Weir.
  - Associated mitigation and monitoring costs.

A wheeling agreement will be developed in Phase 3 for other Sites participants to use Downstream Facilities for transfers.

Joint Budget and Finance Committee Direction:

- Staff to proceed with developing a cost allocation framework to account for which participants use which facilities.

Financing the Amendment 3 Cash Call:

- $59M total cash call covering Amendment 3 work period January 1, 2022 to water right acquisition, target mid-2023

Challenges:

- Borrowing ahead of an asset, such as a water right.
- Current agreement does not include finance provisions.
- Legal mechanics to collect debt payments not in place for some participants.
- Size of borrowing coupled with complex security limits commercial interest.
The JPA does not issue debt prior to making sufficient progress in advancing the project (such as securing a water rights) such that the Reservoir Committee/Authority Board decide that long-term debt issuance is warranted.

Next Steps:
Workshop Dates:
- April 23, Finance and Governance Alternatives.
- June 18, Successor Agreement and Governance.
- July 23, NEW, Affordability Review.
- September 2, Plan of Finance and Term Sheets.

Discussion followed with no action taken.

3.6 Receive report on strategic planning progress and reporting and provide input on the proposed work plan objectives for the next work period. (Attachment A)

Mr. Brown provided a progress update on the Strategic Plan and objectives for the Next Work Plan and spoke to the following:

**Affordability:**

a. Secure a final funding agreement with California Water Commission for the remainder of the Maximum Conditional Eligibility Determinations (MCED).

b. Execute final operations and benefits agreements with federal and state agencies.

c. Secure federal funding from the WIIN Act and other sources. Receive final federal commitments for project construction and execute Water Storage and Supply Services Contract with Reclamation.

d. Complete loan applications and related activities to immediately initiate bank financing at the start of the next phase.

e. Complete and execute Water Supply and Storage Services Contracts with each Local Agency participating in the Project.

f. Continue to refine affordability analysis based on updated capital and operating cost estimate, cost of capital, cost allocation and benefits analysis.

**Permittability:**

a. Complete Final EIR/EIS, Authority approves Project, certifies the Final EIR, adopts the MMRP, and issues a Notice of Determination; Reclamation executes the Record of Decision.

b. Complete and obtain all necessary environmental permits and approvals for construction and operations (such as, Biological Opinions, Section 106 Programmatic
Agreement, State incidental take permits, Clean Water Act Section 4040 and 401 permits).

c. Receive water right Order and Permit from SWRCB.

d. Develop draft and/or final plans, as appropriate, identified in the EIR/EIS (such as the recreation management plan, traffic management plan, land management plan, operations plan, etc.)

e. Complete and obtain local agency agreements and permits along with any required city or county actions necessary to support the next phase of the Project.

f. Complete and execute benefit contracts with DWR (flood control and recreation benefits) and CDFW (environmental benefits) for public benefits.

g. Develop a mitigation acquisition master plan and approach for mitigating the Project effects. Begin Biological and cultural resources surveys to refine impacts and mitigation obligation on properties where will land access can be obtained.

h. Receive permit to construct from DSOD all jurisdiction dams within the Projects.

Buildability:

a. Complete engineering design to 30% level and provided updated construction and operations cost estimates. Complete further facility designs as needed to get permits and approvals required for WSIP funding.

b. Evaluate alternative project delivery methods, determine risks for project variances and recommend risk management strategies, finalize construction bid packages and determine overall Project schedule.

c. Develop land acquisition master plan, conduct land negotiations and execute land acquisitions with “willing sellers”.

d. Perform geotechnical evaluations of all “willing seller” properties related to long-lead Project facilities.

e. Continue coordination with local community organizations and agencies to address Project effects during construction and operations.

Effectiveness:

a. Develop and define the organizational culture, values and management approaches.

b. Prepare Project controls and processes to ensure continued transparency and efficient operations through detailed design and construction.

c. Determine the organization structure for the remainder of the Project and create the basic infrastructure to effectuate it at the start of the next work period.
Discussion followed regarding the water rights permit costs, legal costs, and bank financing with no action taken.

4. **Reports:**

4.1 **Member’s Reports:**

4.1.1 **Chairpersons’ Report:**

This time is set aside to allow the Chair/Co-Chair an opportunity to disclose/discuss items related to the Sites Project.

Vice-Chair Sutton provided a brief update on the various meetings held and future meetings being scheduled as regards Federal Legislative matters.

4.1.2 **Committee Chairpersons’ Report:**

This time is set aside to allow the Committee Chairpersons’ an opportunity to disclose/discuss items related to the Sites Project.

**Land Management Committee:**

Mr. Spesert provided a brief update on the completed Geotech work, meetings held and future meetings being scheduled.

**Legislative and Outreach Committee:**

Vice-Chair Sutton and Mr. Spesert provided a brief update on Federal/State and Outreach Committee matters/opportunities. Brief discussion followed.

Director Bransford stated he participated in an event held last Wednesday, March 17, 2021 for Senator Padilla and provided a brief update on same.

4.1.3 **Authority Board Participant Reports:**

This time is set aside to allow Representatives or their Alternates an opportunity to disclose/discuss items related to the Sites Project.

None.

4.2 **Executive Director’s Reports:**

Mr. Brown provided an update on the following:

- Monthly status report. *(Attachment A)*
- Work Plan Key Deliverables Report. *(Attachment B)*
• Meetings Action Items Summary. (Attachment C)

Mr. Brown also spoke to the following:

• Notified by Reclamation that Ryan Davis current Project Manager accepted a new position and is leaving the Project. He expressed his appreciation to Mr. Davis for all his effort on the Project.

• Introduced and welcomed Vanessa King the new Interim Project Manager.

• Permitting and Coordination Operations re: activities.

• Preparing a Cost estimate for the Project and will be presented to RC and AB in May or June.

• Legislative Day: Preparing a one page of “what Sites could do for us”.

• Reminded all April 1, 2021 is the deadline for submitting Form 700 Statements.

5. Recap:

5.1 Suggested Future Agenda Items.

None.

5.2 Upcoming Meetings:

Reservoir Committee:
Friday, April 16, 2021, 9:00 AM - 12:00 PM
(Virtual Information will be provided prior to the meeting)

Authority Board:
Wednesday, April 21, 2021, 1:30 PM – 4:00 PM
(Virtual Information will be provided prior to the meeting)

Joint Plan of Finance Workshop – Finance & Governance Alternatives:
Friday, April 23, 2021, 9:30 AM - 12:00 PM
(Virtual Information will be provided prior to the meeting)

Vice-Chairman Sutton adjourned the Authority Board meeting at the hour of 3:20 p.m.

Jeff Sutton, Vice-Chairman

Yolanda Tirado, Board Clerk
## Attendance

### Current Voting Authority Board Participants:

<table>
<thead>
<tr>
<th>Participant</th>
<th>☑️ Representative</th>
<th>☐ Alternate</th>
<th>Others</th>
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<tbody>
<tr>
<td>Colusa County</td>
<td>Gary Evans</td>
<td>Mike Azevedo</td>
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<tr>
<td>Colusa County Water District</td>
<td>Joe Marsh</td>
<td>Doug Griffen</td>
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<tr>
<td>Glenn County</td>
<td>Ken Hahn</td>
<td>Grant Carmon</td>
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<tr>
<td>Glenn-Colusa Irrigation District</td>
<td>Logan Dennis</td>
<td>Don Bransford</td>
<td>Thad Bettner</td>
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<td>Reclamation District 108</td>
<td>Fritz Durst</td>
<td>Sean Doherty</td>
<td>Hilary Reinhard</td>
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<tr>
<td>City of Roseville / Placer County Water Agency</td>
<td>Bruce Houdesheldt</td>
<td>Joshua Alpine</td>
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<tr>
<td>Tehama-Colusa Canal Authority</td>
<td>Jeff Sutton</td>
<td>Zach Dennis</td>
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<tr>
<td>City of Sacramento / Sacramento County Water Agency</td>
<td>Kerry Schmitz</td>
<td>Michael Peterson</td>
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<tr>
<td>Westside Water District</td>
<td>Doug Parker</td>
<td>Dan Ruiz</td>
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### Associate Members (2 non-voting):

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<tr>
<th>Participant</th>
<th>☑️ Representative</th>
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<th>Others</th>
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<tr>
<td>TC-4</td>
<td>Jamie Traynham</td>
<td>Tom Charter</td>
<td>Jason Holley</td>
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<tr>
<td>Western Canal Water District</td>
<td>Ted Trimble</td>
<td>Greg Johnson</td>
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### Non-Voting Committee Participants (2):

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<tr>
<th>Participant</th>
<th>☑️ Representative/Other</th>
<th>☐ Alternate/Other</th>
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<tbody>
<tr>
<td>Dept of Water Resources</td>
<td>Rob Cooke</td>
<td>David Sandino</td>
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<td>Ajay Goyal</td>
<td>Jim Wiegling</td>
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<tr>
<td>Bureau of Reclamation</td>
<td>Richard Welsh</td>
<td>Don Bader</td>
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<td></td>
<td>Vanessa King</td>
<td>Derya Sumer</td>
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<td></td>
<td>Natalie Wolder</td>
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### Authority, Non-Signatory (6):

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<tr>
<td>PCWA</td>
<td>Ed Horton</td>
<td>Ben Barker</td>
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<td>Darin Reintjes</td>
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<tr>
<td>Roseville</td>
<td>Sean Bigley</td>
<td>Trevor Joseph</td>
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<tr>
<td>Participant</td>
<td>Representative</td>
<td>Alternate</td>
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<tr>
<td>Sacramento City</td>
<td>Jeff Harris</td>
<td>Brett Ewart, Ann Sanger</td>
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**Staff:**

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<tr>
<th>Name</th>
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<tr>
<td>Jerry Brown</td>
<td>Sites Project Authority</td>
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<tr>
<td>Ali Forsythe</td>
<td>Sites Project Authority</td>
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<tr>
<td>Kevin Spesert</td>
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<tbody>
<tr>
<td>Joe Trapasso</td>
<td>Sites Project Authority</td>
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<tr>
<td>Yolanda Tirado</td>
<td>Board Clerk</td>
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<tr>
<td>Marcia Kivett</td>
<td>Admin</td>
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**Consultants:**

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<th>Name</th>
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<tbody>
<tr>
<td>Jeriann Alexander</td>
<td>Fugro</td>
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<tr>
<td>Robert Boling</td>
<td>HDR</td>
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<tr>
<td>Monique Briard</td>
<td>ICF</td>
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<tr>
<td>Kim Floyd</td>
<td>Floyd</td>
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<td>Jeff Herrin</td>
<td>AECOM</td>
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<tr>
<td>Erin Heydinger</td>
<td>HDR</td>
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<tr>
<td>Sara Katz</td>
<td>Kaiz &amp; Associates</td>
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<tr>
<td>Scott Kuney</td>
<td>Young Wooldridge</td>
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<td>Henry Luu</td>
<td>HDR</td>
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<tr>
<td>Marcus Maltby</td>
<td>Brown &amp; Caldwell</td>
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<tr>
<td>JP Robinette</td>
<td>Brown &amp; Caldwell</td>
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<tr>
<td>John Spranza</td>
<td>HDR</td>
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<tr>
<td>Hailey Traynham</td>
<td>Brown &amp; Caldwell</td>
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<tr>
<td>Laurie Warner Herson</td>
<td>Phenix</td>
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<tr>
<td>Conner McDonald</td>
<td>CDM West</td>
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**Other Attendees:** *(Check box to have email address added to the distribution list)*

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<thead>
<tr>
<th>Name</th>
<th>Representing</th>
<th>Contact (Phone &amp; E-mail)</th>
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<tbody>
<tr>
<td>Bill Vanderwaal</td>
<td>RD-108/Dunnigan Water</td>
<td></td>
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<tr>
<td>Grace Lui</td>
<td>Fugro</td>
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<tr>
<td>Juleah Cordi</td>
<td>Assembly Member Gallagar</td>
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<tr>
<td>Doug Montague</td>
<td>Montague DeRose</td>
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<tr>
<td>Charles Gardiner</td>
<td>Catalyst Group</td>
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<tr>
<td>Laura Nicholson</td>
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