

**BEFORE THE BOARD OF DIRECTORS OF THE
SITES PROJECT AUTHORITY**

RESOLUTION NO. 2021-__

In the Matter of:

**SITES PROJECT AUTHORITY COMMITMENT FOR NOT LESS THAN 75% OF THE
NON-PUBLIC BENEFITS COST SHARE OF THE SITES RESERVOIR PROJECT**

WHEREAS, the Congress of the United States of America and the California State Legislature have declared that the Sacramento-San Joaquin Delta watershed and California's water infrastructure are in crisis and they have encouraged regional and local public agencies to form joint powers authorities to improve the operation of the state's water system;

WHEREAS, the proposed Sites Reservoir Project (the "Project") has been identified by the State of California and the federal government as an important component of integrated water management in the Sacramento River watershed that could support the state's co-equal policy to improve water management and restore the ecological health for beneficial uses of the Sacramento-San Joaquin Delta and the Sacramento River Watershed in a manner consistent with the CALFED Bay-Delta Programmatic Record of Decision and Environmental Impact Report/Environmental Impact Statement;

WHEREAS, the Sites Project Authority (the "Authority"), formed in 2010 as a joint exercise of powers agency duly organized and existing under and pursuant to the Constitution and laws of the State of California and a Fourth Amended and Restated Sites Project Authority Joint Exercise of Powers Agreement, dated November 21, 2016 (the "JPA Agreement") and governed by an Authority Board ("Board of Directors") for the purpose of developing the Project;

WHEREAS, the JPA Agreement provides the mechanism for Project Agreements to undertake specific work activities to develop the Project and the 23 "Project Members" including water agencies and districts participate in the development of the Sites Reservoir Project through a Reservoir Committee (the "Reservoir Committee");

WHEREAS, the Reservoir Committee and Authority adopted a strategic plan in February 2021 updating the mission of the Authority to build and operate a climate-resilient, 21st Century water storage system to responsibly manage and deliver water, improve the environment, and provide flood control and recreation benefits.

WHEREAS, the Authority released a Draft Environmental Impact Report/Draft Environmental Impact Statement in 2017, received comments and proceeded to define a more affordable, permittable, and buildable project through the value planning process culminating in the April 2020 approval of the value planning report and the decision to recirculate the draft environmental documents;

WHEREAS, the Authority has advanced the design of the value planning project through engineering and exploration and a "Feasibility Project Cost Estimate" for the Sites Reservoir Project was recommended for approval by the Reservoir Committee and adopted by the Authority on June 23, 2021;

WHEREAS, the release of a Revised Draft Environmental Impact Report/Supplemental Draft Environmental Impact Statement with respect to the Sites Reservoir Project (the “RDEIR/SDEIS”) was recommended for release by the Reservoir Committee and authorized for release when the document is ready by the Board of Directors of Sites on July 21, 2021;

WHEREAS, the Authority has organized funding for the Project from Project Members, the federal government, and the State of California (the “State”);

WHEREAS, the Project Members have contributed approximately \$43.8 million in support of the Sites Reservoir Project to date under various project agreements predating the Project Agreement referenced below;

WHEREAS, the United States of America, acting through the Bureau of Reclamation (“Reclamation”), has committed \$100,000,000 to the Sites Reservoir Project to date, approximately \$80,000,000 of such amount is to be appropriated by the Congress of the United States of America, and the Federal Feasibility Report released by Reclamation on December 22, 2020 allows for Reclamation to invest as part of the WIIN Act;

WHEREAS, Sites has received a letter of conditions dated September 26, 2018 from the United States Department of Agriculture (“USDA”) relating to a loan from the USDA in the amount of \$449,559,000;

WHEREAS, Sites, on July 23, 2021, submitted a letter of interest under the Water Infrastructure Finance and Innovation Act (“WIFIA”) to the United States Environmental Protection Agency declaring Sites’ interest in participating in the WIFIA loan program for a loan up to \$600 million;

WHEREAS, the Authority applied under the State of California’s Water Storage Investment Program (“WSIP”) for funding with respect to the Project;

WHEREAS, the State, acting through the California Water Commission (the “CWC”) determined that Sites was conditionally eligible for funding under WSIP on July 27, 2018 of up to \$816,377,686;

WHEREAS, the Authority entered into a Funding Agreement between the State of California (California Water Commission) and Sites Project Authority For Sites Reservoir Project Water Storage Investment Program (WSIP) - Early Funding Agreement Number 4600012890 dated June 17, 2019 (the “Early Funding Agreement”);

WHEREAS, on February 3, 2021 the CWC adjusted the maximum conditional eligibility determination for the Sites Reservoir Project to \$836,787,128;

WHEREAS, to remain eligible for funding under WSIP, the Authority is required to provide to the Director of the Department of Water Resources, on or prior to January 1, 2022, a commitment for not less than 75% of the non-public benefit cost share of the Sites Reservoir Project, as well as completing feasibility studies for the Sites Reservoir Project and making draft environmental documents for the Sites Reservoir Project available for public review;

WHEREAS, the Authority has approved the 2021 draft of the Sites Reservoir Benefits and Obligations Contract Guiding Principles and Preliminary Terms (the “Guiding Principles”) which provide the base for the allocation of the benefits and obligations of the Sites Reservoir Project;

WHEREAS, the Reservoir Committee and the Board of Directors have unanimously approved, and the Authority will execute, a Third Amendment to 2019 Reservoir Project Agreement (the “Project Agreement”) with 23 project agreement members (the “Project Members”) pursuant to which such Project Members will agree to pay up to \$400 per acre foot to fund the costs of the Amendment 3 Work Plan with respect to the Sites Reservoir Project (the “Work Plan”) over a 36 month period and to approve revenue sources sufficient to secure funding for the Sites Reservoir Project, which Project Agreement is currently being considered by the respective home boards of the Project Members;

WHEREAS, an updated 2021 draft Plan of Finance for the Sites Reservoir Project (the “Plan of Finance”) was reviewed by the Reservoir Committee and adopted by Board of Directors of Sites on September 22, 2021;

WHEREAS, the Authority authorized release of the RDEIR/SDEIS for public review and comment on July 21, 2021; and

WHEREAS, the Authority reserves all of its rights, powers, responsibilities, obligations and discretion with respect to the proposed Project under the California Environmental Quality Act (“CEQA”), including the authority to adopt mitigation measures and/or a Project alternative in order to reduce any significant environmental impacts identified in the RDEIR/SDEIS; the authority to disapprove the Project based on any significant impacts that cannot be mitigated (in which case the Project funding referenced herein will not be provided); and the authority to approve the Project notwithstanding any significant environmental impacts that cannot be mitigated, if the Authority determines that these impacts are outweighed by the Project’s social, economic, environmental or other benefits.

NOW, THEREFORE BE IT RESOLVED, by this Board of Directors as follows:

Section 1. Funding Commitment. The Guiding Principles, the Project Agreement, the Plan of Finance, the Feasibility Report and the RDEIR/SDEIS demonstrate the commitment of the Authority to fund not less than 75% of the non-public benefit cost share of the Sites Reservoir Project from the funds identified in this Resolution, which commitment is subject to and contingent upon the Authority first fulfilling its obligations under CEQA, as set forth in Section 4 below.

Section 2. Advocacy Commitment. Consistent with the Authority’s CEQA obligations to exercise its independent judgment based on the analysis in the RDEIR/SDEIS in deciding whether, and if so how, to approve and proceed with the proposed Project, the Authority commits to continue to be a proponent and facilitator to design, fund, permit, construct, manage, govern, operate, and maintain the Sites Reservoir Project through the ongoing development of partnerships between Project Members, the federal government, the California Department of Water Resources and the State of California to complete the Project in the next decade.

Section 3. Other Actions. Consistent with the Authority’s CEQA obligations to exercise its independent judgment based on the analysis in the RDEIR/SDEIS in deciding whether, and if so how, to approve and proceed with the proposed Project, the Executive Director or the designee thereof are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to comply with WSIP requirements with respect to the funding of the non-public benefit costs of the Sites Reservoir Project, and such actions in connection

therewith previously taken by such officers and other Sites staff are hereby ratified and confirmed.

Section 4. CEQA Review. The provision of funding by the Authority for the Project and the other actions by the Authority pursuant to this resolution are contingent on the Authority completing its CEQA review and exercising its discretion to approve the proposed Project based on that CEQA review. The Authority reserves all of its rights, powers, responsibilities, obligations and discretion with respect to the proposed Project under CEQA, including the authority to adopt mitigation measures and/or a Project alternative in order to reduce any significant environmental impacts identified in the RDEIR/SDEIS; the authority to disapprove the Project based on any significant impacts that cannot be mitigated (in which case the Project funding referenced herein will not be provided); and the authority to approve the Project notwithstanding any significant environmental impacts that cannot be mitigated, if the Authority determines that these impacts are outweighed by the Project's social, economic, environmental or other benefits.

Section 5. Regulatory Citation. This resolution is intended to comply with Section 6013(f) of Title 23, Division 7, Chapter 1 of the California Code of Regulations.

Section 6. Effect. This resolution shall take effect immediately.

PASSED, APPROVED and ADOPTED by the Board of Directors of the Sites Project Authority this 22nd day of September, 2021 by the following vote:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

I, Fritz Durst, Chair Authority Board of the Sites Project Authority, do hereby certify that the resolution set forth above is true and accurate copy of the resolution adopted by the Board of Directors of the Sites Project Authority at a duly called meeting of the Board on September 22, 2021 and that said resolution has not been rescinded, amended or modified and is in full force and effect as of the date hereof.

In Witness Whereof, I have executed this certificate this 22nd day of September 2021.

Fritz Durst, Chair Authority Board, Sites Project Authority