

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 Minutes July 16, 2018 1:30 p.m.

The Sites Project Authority Board met in Regular Session on July 16, 2018 at the hour of 1:30 p.m. **Directors Present:** Gray Allen, Vice-Chair, Jeff Sutton, Mary Wells, Joe Marsh, Jim Jones, Rob Cooke, Don Baber, Gary Evans, Greg Johnson, **Don Bransord. Directors Absent:** Leigh McDaniels, Glenn County, Wade Mathis, Proberta Water District, TC6, Fritz Durst, Reclamation District 108, Jeff Harris. **Alternate Directors present:** Michael Azevedo, County of Colusa, Thom Charter, TC6, Bill Busath, City of Sacramento/Sacramento County Water Agency, Doug Parker, Westside Water District.

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

Others Present: Jeff Herrin, AECOM.
Donita Hendrix, Dunnigan WD.
Ed Horton, PCWA.
Juleah Cordi, Assemblyman Gallagher's Office.
Scott Brown, LWA.
Kim R. Davis, citizen.
Davis Johnson.
Doug Brown, SYCR.
Allen Myers, WWD.
Brian Bullock, PSOMAS.
Rob Tull, Martin Nicholson, CH2M.
Shelly Murphy, CCWD.
John Spranza, Linc To, John Buttz, HDR.
Daniel Ruiz, WS/MIP.
Emil Caragmolo, OAWD.
Laura Nicholson, Senator Nielsen's Office.

Dave Zuber, Brown & Caldwell.
Charlene Vaughn, KCOE/ISOM.

Pledge of Allegiance.

INTRODUCTIONS

Vice-Chair Allen asked those present to introduce themselves.

AGENDA APPROVAL

It was moved by Directors Jones, seconded by Director Bransford to approve the July 16, 2018 Sites Project Authority Agenda. Motion carried: All Directors present voted yes.

MINUTES APPROVAL

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

PERIOD OF PUBLIC COMMENT

Vice-Chair Allen 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 Consider approving an amendment to extend the contract with JC Watson Inc. to provide General Manager services through March 31, 2018.

Action: It was moved by Director Sutton, seconded Director Evans to approve an amendment to extend the contract with JC Watson, Inc., to provide Manager services through December 31, 2018, and the early termination clause be deleted from the contract and authorized the Chair to sign the extension. Motion carried: All Directors present voted yes.

3. MANAGER'S REPORT

Vice-Chair Allen took time to acknowledge Mrs. Kim Davis and her contributions to the Sites Project Authority as their Executive Assistant.

Messers Watson, Spesert and Sutton expressed their appreciation to Mrs. Davis on a job well done.

Mrs. Davis thanked all for their kind words and stated she would be willing to do volunteer work for the Authority.

- 3.1 Discussion and possible direction to staff regarding the General Manager's monthly status report for the month of June 2018.

Mr. Watson stated work for the month of June 2018 focused on the critical areas associated with the rebalancing process, Phase 2 finance plan and work plan, Phase 2 Reservoir Project Agreement and development of the process and documents needed to procure resources at the start of Phase 2, continuing work on the USDA loan application, engaging with the Water Commission regarding the WSIP application and with the Reclamation on requirements for application for potential WIIN Act funding. He noted near-term critical tasks are continuing and new task are starting. He also stated that in Engagement and Outreach they are continuing to coordinate with landowners, media outlets, state and federal elected official, etc. Brief discussion followed with no action taken.

3.2 Discussion and possible direction to staff State (Prop 1 WSIP application) and Federal (WIIN Act) Funding.

Mr. Watson updated the Board members on the Prop 1 WSIP Application, the June 28, 2018 Presentation to the California Water Commission regarding Water Storage Investment Program and the meeting to be held on July 24, 2018 with the Water Commission. Discussion followed regarding funding, permits, early funding, funding agreement, with no action taken.

Mr. Watson also updated the Board members on the Federal (WIIN Act) Funding, and noted he is still working with Reclamation regarding the feasibility report and working with elected officials on obtaining WIIN Act funding. Discussion followed regarding the cost sharing agreement, cooperative agreement, procurement process and cost shares, with no action taken.

3.3 Consider conditional approval to submit the USDA Rural Development Community Facilities Loan application and to authorize the General Manager to sign and submit.

Mr. Watson stated staff is working on necessary documents for submission of the application. Brief discussion was held regarding input of the Reservoir Committee and who would be responsible for repayment of the loan.

Action: It was moved by Director Bransford, seconded by Director Sutton to approve submittal of the USDA Rural Development Community Facilities Loan application, upon approval by the Reservoir Committee and authorized the General Manager to sign and submit same. Motion carried: All Directors present voted yes, with, the exception of Director Jones who abstained.

4. 2017 2018 FINANCE & BUDGET AD HOC COMMITTEE

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

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

4.3 Consider accepting the FY2016 and FY2017 Audit Reports. (**Attachment 4-3**)

Mr. Fechter provided a brief overview of the Audit Reports. He expressed his appreciation to Mr. Trapasso and Ms. Vaughn for their assistance. Brief discussion followed.

Action: It was moved by Director Johnson, seconded by Director Busath to accept the FY 2016 and FY 2017 Audit Reports as presented. Motion carried: All Directors present voted yes.

Mr. Trapasso thanked Mr. Fechter and Company for their work on the Audit Reports.

4.4 Consider conditional approval of the Sites standard Consulting Service Agreement terms and conditions (**Attachment 4-4**)

Mr. Trapasso thanked Mr. Conant and his partner on a job well done in preparing the Consulting Service Agreement. Brief discussion followed as to whether the Agreement had been reviewed by Committee and/or a Work Group.

Action: It was moved by Director Sutton, seconded by Director Busath to conditionally accept the Sites Standard Consulting Service Agreement as to form and substance. Motion carried: All Directors present voted yes, with, the exception of Directors Bransford and Jones who abstained.

4.5 Consider approval of a contract with RDJT Associates, Inc to provide environmental planning and permitting services and to authorize the General Manager to sign. (**Attachment 4-5**)

Mr. Watson briefly spoke to the contract with RDJT Associates, Inc, noting the contract had been reviewed by Counsel.

Director Bransford asked whether the contract had been reviewed by the Coordination Committee. Discussion followed.

Action: It was moved by Director Bransford, seconded by Director Evans to approve a contract with RDJT Associates, Inc., to provide environmental planning and permitting services, upon the condition it

be reviewed by the JPA Coordination Committee and authorized the General Manager to sign same. Motion carried: All Directors present voted yes, with, the exception of Director Jones who voted in opposition.

5. PHASE 1 RESERVOIR COMMITTEE

- 5.1 Consider conditional approval of the Phase 2 Work Plan.
(**Attachment 5-1**)

Action: It was moved by Director Busath, seconded by Director Johnson to conditionally approve (pending approval from the Reservoir Committee) utilizing the Phase 2 Work Plan for the following activities:

- Development of the Phase 2 Finance plan,
- Development of an Exhibit to the Phase 2 Reservoir Project Agreement,
- Development of an Exhibit to include in the Phase 2 Procurement Request for Qualifications, and
- Development of the FY2019 budget.

Motion carried: All Directors present voted yes, with, the exception of Director Jones who abstained.

- 5.2 Presentation, discussion and possible direction to staff regarding the development of the Phase 2 financing plan.

Mr. Montague updated the Board members on the activities as they related to the development of the Phase 2 financing plan and next steps of the development of the plan.

A lengthy discussion followed regarding the creation of the model, USDA application, feasibility report, Intertie project, Phase 2 Project Agreement, RFPs, key terms and conditions, interim lenders, interim loan and repayment of same, step-up provisions, rebalancing and cost of acre foot, with no action taken.

- 5.3 Presentation, discussion and possible direction to staff regarding development of the Phase 2 Reservoir Project Agreement.

Mr. Brown updated the Board members on the activities conducted to develop the Phase 2 Reservoir Project Agreement and next steps on the development of same.

Discussion followed regarding the draft agreement which was based on the Phase 1 agreement, revolving line of credit, step-up provisions, obligation of the Authority and the participants, default of participants, repayment of loan, refinancing options, termination date of project agreements, class 1 water reallocation, potential establishment of improvement districts and obligations whether the project proceeds or not, with no action taken.

Mr. Watson stated a team is available to meet with landowners or Boards at any time.

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

Mr. Thomson updated the Board members on the activities underway to Develop the Phase 2 Procurement process, which included the preparation of an RFQ, evaluation teams for each of the proposed nine service areas and the development of the proposal review needed to retain professional and technical services to support the Phase 2 work plan and timeline for same. Brief discussion followed regarding the selection panel and selection criteria 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.

6.1 Discussion and possible direction to staff regarding potential revisions to either the Authority's Fourth Amended and Restated Joint Exercise of Powers Agreement and/or Bylaws in preparation for Phase 2.

Mr. Conant spoke to potential revisions to the Authority's Fourth Amended and Restated Joint Exercise of Powers Agreement and/or Bylaws, he stated he should have this available within the next couple of months, and indicated he expects substantive amendments to the Bylaws to be consistent with the proposed Phase 2 Reservoir Project Agreement. Brief discussion followed regarding who approves the changes with no action taken.

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 stated a meeting had been scheduled with Rep. Huffman on July 27, 2018 at 2:00 p.m., in San Rafael. He discussed several meetings he had in Washington, DC, noting the Project has broad support.

Mr. Spesert stated messaging with the Water Commission regarding final decision, article in the Sacramento Bee with positive feedback, presentation by the FWA regarding the history of the Project and received significant feedback.

Mr. Watson stated on August 7, 2018 at 9:30 a.m., Brenda Burman, Reclamation Commissioner will be at the Sites Project Authority Office for a one-hour briefing. He thanked the Rice Commission for giving him time on their radio program.

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.

Director Evans stated there was nothing to report.

9. PHASE 1 CONSULTATION COMMITTEES:

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

- o Tribal Officials

Mr. Spesert stated a meeting later next week has been scheduled with the Indian Community.

- o Landowner and Community Interests

Director Wells stated there was nothing to report.

Mr. Spesert stated he will schedule a meeting with the landowners within the next week or so.

- o Environmental Interests

Director Bransford stated there was nothing to report.

- o Business & Labor Interests

Mr. Spesert stated a meeting will be scheduled mid-August.

Vice-chairman Allen adjourned the meeting at 3:40 p.m., to reconvene on August 20, 2018 at the hour of 1:30 p.m.

Gray Allen, Vice-chairman

Yolanda Tirado, Clerk to the Sites Project Authority Board