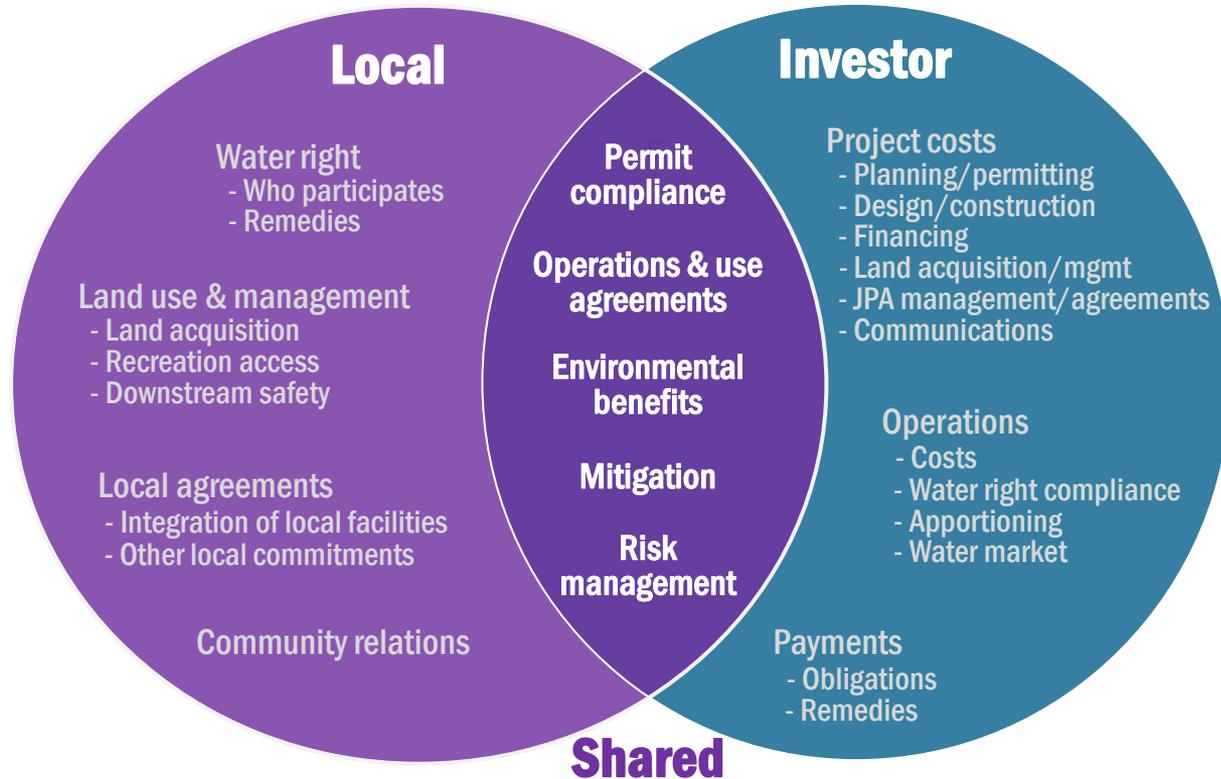


# Framework for Governance Discussion

Joint Sites Reservoir Committee & Authority Board Meeting  
December 16, 2022



# Governance Interests



# Overarching Existing Governance Roles

## Authority Board

### Project Lead & Local Interests

- Contracting Entity + Lead Agency
- Creates Project Agreements and delegates authority
- Sets thresholds for Material Change and other decisions
- Manages employees & contractors
- Negotiates/holds permits, mitigation, ROWs, land acquisition
- Approves Finance Plan
- Holds water rights; facility owner

## Joint AB and RC

### Project Viability & Shared Interests

- Decisions where Material Change is triggered, such as:
  - Phase 1 budget exceeds 5%
  - Cost overruns by \$50k+
  - Eligibility to receive Prop 1
  - Yield change exceeds 5%
  - Conveyance asset changes
  - Shift of risk from/to AB and RC
  - Project changes affecting AB and/or members
  - Amendments to Bylaws or agreements affecting RC participants

## Reservoir Committee

### Investor Benefits & Interests

- Sets policy for Project Agreement members
- Sets calculation for Participation Percentages and payment timing
- Authorizes expenditure of funds collected under Project Agreement
- Decides “on actions necessary to carry out the purposes of the Project Agreement”

# Key Findings from Review of Governance Documents

1. Documents anticipate the need to **adapt governance procedures** as the project proceeds through major phases of development.
2. As a statewide project that requires **statewide participation** to realize benefits, shared commitment supports near-unanimous decision-making.
3. **Substantial trust** has been built among participants through the joint work to refine and develop the project.
4. The **Benefits & Obligations** contract provisions will be an important part of governance and assurances for participants.
5. Authority Board & Reservoir Committee are not fully utilizing **delegation provisions and material change thresholds** in the existing documents.

# Potential Topics for Governance Review in 2023

The Ad Hoc Workgroup may likely recommend **Phase 3 governance revisions** for AB & RC consideration in the following areas:

- **Cost and schedule management.** Ensure efficient, nimble decision-making on project issues affecting costs and schedule.
- **Risk management.** Investigate reserved or delegated risk management responsibilities for various risks.
- **Beneficiary Representation.** Consider procedures, protocols, and thresholds to ensure sufficient beneficiary representation in decisions affecting the long-term durability of project benefits.

## Important Considerations

- **Efficient project delivery** — planning, permitting, design, construction — will require nimble, effective decision-making.
- **Collaborative decision-making** by Authority Board and Reservoir Committee will be essential through current and future project phases.
- **Reinforcing existing Phase 2 delegation** procedures in 2023 will improve understanding of potential changes for Phase 3.