



Meeting: **Authority Board Agenda Item 1.5**

July 27, 2022

Subject: **Formation of New Ad Hoc Committees**

Requested Action:

Consider approval of forming of the ad hoc Governance Joint Committee and ad hoc WIFIA Joint Subcommittee.

Detailed Description/Background:

The Reservoir Committee (RC) and Authority Board (AB) approved the workgroup and committees to support the implementation of the Amendment 3 Workplan in March 2022. Included within that action was the potential for future formation of “ad hoc” workgroups and committees to address specialty issues. The need has arisen to form 2 new ad-hoc groups as follows:

1. Governance Joint Committee (see attachment A): The RC and AB Chairs wish to initiate an effort to evaluate governance changes to be ready for implementation, upon approval by the RC and AB, at the start of Phase 3/4 of the project (currently anticipated for mid 2024).
2. WIFIA Joint Subcommittee (see attachment B): reporting to the Joint Budget and Finance Committee, the Joint Subcommittee will provide strategic input on the approach and materials that will support the Authority’s approach to securing an investment grade indicative rating. The Subcommittee will also provide input on the development of the WIFIA loan application which is anticipated to be submitted in March 2023.

In accordance with the JPA, bylaws, and Project Agreement, the RC and AB need to approve the charter documents of all workgroups and committees. These were reviewed at the July 12 Guiding Principles and Preliminary Terms Workshop and feedback received has been addressed in the proposed documents. Attachment C reflects the subset of the primary roster list which identifies the initial membership of these two new groups for your information.

Prior Action:

February 2022 – Approved the general requirements for charter documents.

March 2022 – Approved the formation of the workgroups and committees needed to implement the Amendment 3 Workplan.

Fiscal Impact/Funding Source:

There are sufficient funds within the Amendment 3 Workplan budget to support the work of all workgroups and committees including these two new ones.

Staff Contact:

Jerry Brown (Governance)

JP Robinette (WIFIA)

Attachments:

Attachment A – Ad Hoc Governance Charter Document

Attachment B – Ad Hoc WIFIA Charter Document

Attachment C - Primary Roster List

Governance Joint Committee Chartering Document

Status: Ad-hoc

- **Leader:** This group will be professionally facilitated. The facilitator, with support from the lead staff, will develop the meeting agendas and lead the meeting discussions.
- **Members:** Up to 6. See Primary Roster. Generally, members should consist of a diverse, balanced group to ensure the interests of all parties involved in the governance of the project are represented and all sides of the governance issues are considered.

Note: Workgroup membership is by assignment of the Reservoir Committee (RC) and Authority Board (AB) Chairs. Other RC/AB members may attend and provide input during or outside of the meetings, however, quorum limits of each body must be respected at all times.

- **Staff Support:**
 1. Lead Staff – Executive Director
 2. Facilitator
 3. Legal Counsel on an as-needed basis
 4. Other specialty advisors or experts on an as-needed basis
- **Formation:** July 2022
- **Expires:** Upon completion of governance change proposals, the committee will be dissolved and/or altered depending on the circumstances, which is anticipated to occur within 12-18 months from formation. The goal is to bring proposals on a timeline that achieves RC/AB approval and supports initiating changes with the start of Phase 3/4.

Related Documents:

- Attachment A: Charter Document – General Requirements

Purpose: The Governance workgroup is charged with providing advice, input and specific proposals to the RC and AB in their evaluation of project governance changes that may be necessary as the Project progresses through future phases of work.

Meeting Frequency: Meetings will be scheduled for the convenience of members' attendance.

Reports To: Reservoir Committee and Authority Board (meeting jointly as possible).

Committee's Roles and Responsibilities:

- Sharing candid reactions and constructive input on strategies and approaches the reservoir committee and authority board may wish to consider for its governance arrangements in the future phases of project implementation.
- Give consideration to all viewpoints, including those represented by the various communities of interest from the investor and local perspectives.
- Ensure that the interests of the state and federal investment are properly covered in the governance of the Project to the extent necessary for compliance with approved agreements and contracts with the responsible State and Federal agencies.
- Evaluate the Sites Project governance issues within the context of other local and statewide water policy and water development initiatives that could be complementary to or in conflict with the governance of the Project.
- Identifying technical, legal/statutory, organizational culture, and/or legislative considerations that need to be accounted for to successfully implement the Sites Project. Pay specific attention to the conditions within State law that are reflected in current bylaw provisions relating to qualifications for membership on the Authority Board.
- Ensuring that the governance changes do not interfere with or impede the ability of any of the project participants from achieving the goals they have for their participation in the project.
- ~~Maintain consistency with~~ Give consideration to the words and spirit reflected in the JPA, the bylaws, the Project Agreement and the adopted 2020 Sites Authority Strategic Plan.
- This is an advisory committee that is not intended to make recommendations or have voting procedures. However, if the committee feels a recommendation is warranted, a recommendation does not need to be unanimous but should be accompanied by the identification of any significant risks a member feels are too great to take if implemented.

Water Infrastructure Finance and Innovation Act (WIFIA) Joint Subcommittee Chartering Document

Status: Ad-hoc

- **Leader:** This group will be facilitated by the Engineering and Construction Manager unless the group otherwise chooses to designate a member as the leader.
- **Members:** Up to four. See Primary Roster. Generally, members should consist of a diverse, balanced group including agencies from each of the funding tracks for the project.

Note: Joint committee membership is by assignment of the Joint Budget and Finance Committee Chair. Other Reservoir Committee (RC)/Authority Board (AB) members may attend and provide input during or outside of the meetings, however, the quorum limits of each body must be respected at all times.

- **Staff Support:**
 1. Lead Staff – Engineering and Construction Manager
 2. Authority Bond Counsel
 3. Authority Municipal Advisor
 4. Federal Loan Integration Lead
 5. Legal Counsel on an as-needed basis
 6. Other specialty advisors or experts on an as-needed basis
- **Formation:** July 2022
- **Expires:** Upon submittal of the application for a WIFIA loan, which is anticipated to occur around March of 2023. The workgroup may be re-initiated in the future to facilitate the negotiation of a final WIFIA lending agreement with the US Environmental Protection Agency (EPA).

Related Documents:

- Attachment A: Charter Document – General Requirements

Purpose: The WIFIA Joint Committee is charged with providing advice and input to the Budget and Finance Committee, the RC and the AB in their development

of a WIFIA loan application, including an investment grade indicative credit rating for the JPA to be submitted with the WIFIA loan application.

Meeting Frequency: Meetings will be scheduled for the convenience of members' attendance.

Reports To: Joint Budget and Finance Committee.

Committee's Roles and Responsibilities:

- Provide strategic input to staff on the approach to the JPA receiving an investment grade indicative rating from a rating agency (i.e. Moody's, S&P).
- Evaluate tradeoffs between various credit factors including but not limited to JPA liquidity and reserves, project affordability, security provisions, and payment provisions.
- Provide input to staff on the development of materials including the Authority's Master Resolution, the Guiding Principles and Preliminary Terms, a Reserve Policy, a Debt Management Policy, a Disclosure Policy, and other materials as needed to support securing an investment grade indicative credit rating for the JPA.
- Provide input to staff on the development of an application for a WIFIA loan, anticipated to be submitted to the EPA in March of 2023.
- Give consideration to all viewpoints, including those represented by participants utilizing different methods for generating revenue to make project payments and with varying degrees of financial acumen or borrowing history.
- If the committee feels a recommendation is warranted, a recommendation does not need to be unanimous but should be accompanied by the identification of any significant risks a member feels are too great to take if implemented.

Primary Roster - July 2022

Joint Governance Ad-hoc Committee	
Rob Kunde	Wheeler Ridge-Maricopa Water Storage District
Jeff Sutton	Tehama-Colusa Canal Authority
Bob Tincher	San Bernardino Valley Municipal Water District
Paul Weghorst	Irvine Ranch Water District
Thad Bettner	Glenn-Colusa Irrigation District
Jamie Traynham	Davis Water District
Jerry Brown	Executive Director - Staff Lead
Joint WIFIA Ad-hoc Subcommittee	
Jamie Traynham - Chair	Davis Water District
Valerie Pryor	Zone 7 Water Agency
Robert Cheng	Coachella Valley Water District
Sam Smalls	Metropolitan Water
JP Robinette	Engineering & Operations - Staff Lead