DRAFT
September 15, 2026

THIRD AMENDED AND RESTATED
BYLAWS OF THE
SITES PROJECT AUTHORITY
FOR PHASES 3, 4 and 5 OF THE SITES RESERVOIR PROJECT

Table of Contents:

[Note: This Draft of the Phase 3-4-5 Bylaws is being provided as a draft, and the terms reflected in this draft remain subject to further revision and negotiation among the parties involved.]

1 Relationship: Agreement and Bylaws

1.1. Agreement: The Sites Project Authority Joint Powers Agreement (Agreement) is the chartering document that defines, among other things:

- The Authority's members and general limitations on membership in the Authority;
- The Authority's powers relative to the Sites Reservoir Project (the "Project"), as further defined in these Bylaws, the Joint Exercise of Powers Act (Cal. Gov. Code §§ 6500 *et seq.*) and the California Irrigation District Law (Cal. Water Code §§ 20500 *et seq.*);
- The Authority's purpose, which is specific to the Project;
- The Authority Board's officers;
- Minimum meeting and voting requirements;
- The adoption and amendment of these Bylaws.

1.2 Bylaws: These Bylaws are adopted pursuant to the Agreement and consistent with the Benefits & Obligations Contract, which collectively constitute the contract provisions for the sharing of the governance of the Sites Project between the Authority and Reservoir Management Board, provide for the delegation of authority to the Reservoir Management Board (defined below), and provide procedures for administration of the Authority.

1.3. Severability: If one or more clauses, sentences, paragraphs or provisions of these Bylaws are held to be unlawful, invalid or unenforceable, the remainder of these Bylaws shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be reformed in the manner provided for in Section 14 below so as to be lawful, valid, and enforced to the maximum extent possible.

1.4 Amendments of Bylaws: The Bylaws may only be amended as provided at Section 8.2 of the Agreement and Section 12.3.8. .

2 [Reserved]

3 Definitions

3.1. Authority Board: The governing body of the Authority, composed of each Authority Member's delegate (or its respective alternate if the delegate is not present).

3.2. Benefits & Obligations Contract: The contract entered into by and between the Authority and each Project Participant governing each Project Participant's share of the Project's water, storage capacity and conveyance capacity, and related rights, duties and obligations.

3.3. Event of Default: Described in Section 10 of the Benefits & Obligations Contract.

3.4. Material Change: Any change to the Project, including without limitation its governing documents, operations, permits and entitlements, as identified in the Agreement or in Section 12 below.

3.5. Authority Member: An entity that meets the requirements of California Water Code § 79759 (a) or (b) and that is listed in the opening paragraph of the Agreement.

3.6. Partner Agreements: Any agreement entered into between the Authority and another entity in accordance with which the Authority has the right to convey Project water to or from the Project, as amended from time to time.

3.6. Phase: Implementation of the Project is entering its final design, construction and operations phases, sometimes referred to as Phases 3, 4, and 5.

For the Authority to accomplish its mission in an efficient and cost-effective manner, the start of a successor phase may overlap with the completion of the predecessor phase. As provided in these Bylaws, such overlap shall require Reservoir Management Board approval, as it affects annual operating budgets and the respective Project Participant's financial obligations under the Benefits & Obligations Contract.

3.7. Project Participant: An agency, entity or company, that may or may not be an Authority Member, and participates in the Project as a signatory to the Benefits & Obligations Contract. In the case where the California Department of Water Resources (DWR) signs the Benefits & Obligations Contract on behalf of a Project Participant whose Project costs are included on that Project Participant's Statement of Charges, the Project Participant, and not DWR, is considered the signatory for purpose of the Agreement and these Bylaws. These Bylaws and the Benefits & Obligations Contract provide for the rights, duties and obligations of the Project Participants.

Notwithstanding the foregoing, for purposes of representation and voting on the Reservoir Management Board, Colusa County Flood Control and Water Conservation District, Zone No. 3 ("Zone 3"), upon execution of the Benefits & Obligations Contract providing for the consolidation of the Project participation associated with Colusa County Water District, Cortina Water District, Davis Water District, Dunnigan Water District, LaGrande Water District and Westside Water District, shall be entitled to six (6) Reservoir Management Board voting seats. Each such seat shall be entitled to the equal voting shares that would be attributable to a separate Participant pursuant to Section 5.7(a), and the total number of Participants used in calculating the voting shares pursuant to Section 5.7(a) shall be adjusted accordingly. One (1) such seat, as designated by Zone 3, shall also be entitled to the additional voting shares attributable to Zone 3's Base Facilities Capacity Interest pursuant to Section 5.7(b), and the remaining five (5) seats shall have no voting shares attributable to Base Facilities Capacity Interest. Zone 3 may designate one (1) or more representatives, not to exceed six (6), to exercise the voting rights associated with such seats, including representatives of water districts or landowners participating through Zone 3, provided that each seat and the voting shares associated therewith shall be exercised only by the representative designated by Zone 3 for such seat. For all other purposes under these Bylaws and the Benefits & Obligations Contract, Zone 3 shall constitute a single Project Participant.

3.8. Reservoir Management Board: A committee of the Authority Board composed of representatives of Project Participants. The Reservoir Management Board functions to exercise the "Delegated Authorities" more specifically identified in Section 10 of these Bylaws, which are all such powers to design, construct, operate and maintain the Project, and which are not Reserved Powers defined in the Agreement. These Bylaws constitute the charter for the Reservoir Management Board, including the manner in which it conducts itself and the conditions of membership.

3.9 State and Federal Contracts: Contracts between the Authority and State and Federal agencies concerning Project funding, permitting, and operations, including, without limitation, the Proposition 1 Water Storage Investment Program Contract and the Reclamation Partnership Agreement, or each of them as the context requires, but excluding any agreement the Authority enters into with a federal agency pursuant to the Water Infrastructure Finance and Innovation Act (WIFIA).

4.0 Water Right: The water right obtained and owned by the Authority for the Project.

4 Board of Directors and Officers

In addition to the primary requirements applicable to the Authority Board defined in the Agreement, the following additional requirements shall apply:

4.1. Role of Authority Board: To act as the Project owner and exercise the Reserved Powers (as defined in the Agreement) in a manner consistent with the Agreement and these Bylaws.

4.2. Minimum Qualifications: Each Director shall be a designated representative from his or her respective Authority Member that is in good standing as defined at Section 8.1. Absentee votes shall not be considered. An Authority Member's designated alternate is not eligible to be candidate for an Officer position. If an Officer is the designated representative of an Authority Member that is not in good standing and that Authority Member' s voting rights have been suspended as provided at Section 7.3 of the Agreement, then that Officer shall no longer be eligible to serve as an officer of the Authority Board and the Authority Board shall make an appointment for the remaining duration of that office.

4.3. Officer Term Limits: Board officers shall serve a term that does not exceed one year in duration. A Board officer is not precluded from holding consecutive terms.

4.4 Election of Officers: The Authority Board shall annually elect the Chair and one or more Vice Chairs from among the Directors. The Board shall annually appoint a Secretary and Treasurer and may appoint any other officers or assistant officers as the Board may determine, which officers need not be Directors. Elections shall occur annually, at the regularly scheduled Board meeting in February, or if for any reason the election does not occur, then at the next meeting of the Authority. For each position, the candidate receiving the majority vote from the Authority Members present shall be the successful candidate. Officers shall assume office upon their election and shall serve until their successor is elected.

4.5 Officer Vacancy: Should an officer position become vacant, the Board shall make an appointment for the remaining duration of the vacated position's term.

4.6. Treasurer's Roles and Responsibilities:
The Treasurer shall meet or exceed the requirements of Government Code Section 6505.5 and the Authority shall secure a bond for the position.

The Treasurer shall ensure auditor's reports are filed as required by law, manage the annual budget preparation in accordance with Authority Board and Reservoir Management Board's direction and the Authority Board's and Reservoir Management Board's approval of the budget, and take such other actions or assume such duties as the Authority Board and Reservoir Management Board may reasonably assign from time to time.

4.7. Secretary's Roles and Responsibilities:
Ensure Authority Board and Reservoir Management Board agendas, minutes, and meeting protocol, and preparation of agendas and minutes as may be delegated by the Board to a Board Clerk are prepared in accordance with public agency standard practice.

4.8. Location: The Sites Project Authority's principal place of business and office and mailing addresses are:

Physical Address:	Mailing Address:
122 Old Highway 99 West	P.O. Box 517
Maxwell, CA 95955	Maxwell, CA 95955

4.9 Meeting Locations/Teleconference meetings:

a. Most meetings of the Authority Board and Reservoir Management Board will be jointly held at the principal office in Maxwell; however, because the Authority Board and Reservoir Management Board have members throughout the State, and in accordance with Water Code section 79759(b) includes the Department of Water Resources (DWR) as an Ex Officio Member of the Authority, some meetings of the Authority Board or Reservoir Management Board may be held elsewhere in the State.

b. Meetings of the Authority Board or Reservoir Management Board shall comply with the provisions of the Brown Act governing conduct and location of meetings. For purposes of providing video or teleconferencing access for meetings of the Authority Board or the Reservoir Management Board, at least a quorum of the Authority Board or the Reservoir Management Board shall participate from within the combined territory of the Authority Members or the Project Participants, as the case may be. Such meetings shall be accessible to the general public either in person or by video or teleconferencing.

5 Reservoir Management Board Leadership and Administrative Process

5.1 Establishment of Reservoir Management Board: Section 3.5 of the Agreement establishes a Reservoir Management Board of the Authority, which is composed of representatives of Project Participants. The Reservoir Management Board functions to exercise the "Delegated Authorities", which are all such powers to design, construct, operate and maintain the Project, and which are not Reserved Powers defined in Section 2.3 of the Agreement, and which are further described in Section 10 of these Bylaws.

5.2 Conditions of Reservoir Management Board Membership: Membership on the Reservoir Management Board shall be conditioned upon a Project Participant entering into the standard form of Benefits & Obligations Contract with the Authority, and remaining in good standing according to the terms and conditions of Section 8.1 of these Bylaws. Except for Authority Members who enter into the Benefits & Obligations Contract, consistent with Section 12.3.12 below, the decision of whether to approve an entity for membership on the Reservoir Management Board requires an affirmative vote of at least seventy-five percent (75%) of the weighted vote of the Reservoir Management Board and at least seventy-five percent (75%) of the Authority Board.

5.3 Appointment of Reservoir Management Board Representatives: Project Participants (including Authority Members that sign the Benefits & Obligations Contract) in good standing shall appoint their respective representative to the Reservoir Management Board who is either an active member of the Project Participant's legislative body or is a duly appointed senior-level staff that has been delegated the authority by resolution or other action of the legislative body of the Project Participant (or if the Project Participant is not a public agency, by notice to the Authority and Reservoir Management Board from the Project Participant's executive leadership) to make decisions on the Project Participant's behalf.

5.4 Reservoir Management Board Leadership: The Reservoir Management Board shall annually elect a Chair and one or more Vice Chairs from among the Project Participants, and may appoint a Secretary and Treasurer and may appoint any other officers or assistant officers as the Reservoir Management Board may determine. The Reservoir Management Board may combine the offices of Secretary and Treasurer. Elections shall occur annually at the regularly scheduled Reservoir Management Board meeting in February, or if for any reason the election does not occur, then at the next meeting of the Reservoir Management Board. For each position, the candidate receiving the majority vote from the Project Participants present shall be the successful candidate. Officers shall assume office upon their election and shall serve until their successor is elected. The Reservoir Management Board Treasurer may be the Authority Treasurer, or if not, shall serve under the general supervision of the Authority Treasurer.

5.5 Officer Term Limits: Officers of the Reservoir Management Board shall serve a term that does not exceed one year in duration. They are not precluded from holding consecutive terms.

5.6 Reservoir Management Board Officer Vacancy: Should a Reservoir Management Board officer position become vacant, the Reservoir Management Board shall make an appointment for the remaining duration of the vacated position's term.

5.7 Quorum and Voting of the Reservoir Management Board: A weighted majority of the Reservoir Management Board representatives representing Project Participants (including Authority Members that have executed the Benefits & Obligations Contract) shall constitute a quorum for the Reservoir Management Board, unless otherwise provided in the Benefits & Obligations Contract. Each Project Participant's voting rights shall be calculated as follows:

a. An equal number of voting shares for each Project Participant, that being one (1) divided by the total number of Project Participants, multiplied by fifty (50); plus

b. An additional number of voting shares for each Project Participant equal to its Base Facilities Capacity Interest (defined in the Benefits & Obligations Contract) divided by the total Base Facilities Capacity Interest of all Project Participants identified in the Benefits & Obligations Contract, multiplied by 50.

The figures calculated pursuant to items (a) and (b) above shall result in a weighted total of all voting shares of 100. Absentee votes shall not be considered. Voting thresholds to approve actions, including routine matters, and Material Change and Shared Decisions Items, shall be as provided in these Bylaws. Voting thresholds shall be based on the Project Participants present at a meeting of the Reservoir Management Board and eligible to vote.

5.8 Election to Withdraw: Should a Project Participant elect to withdraw from its participation in the Project, the conditions of any such withdrawal shall be as set forth in the Benefits & Obligations Contract.

5.9 Termination of a Benefits & Obligations Contract: The Benefits & Obligations Contract may be terminated with respect to any Project Participant under conditions set forth in the Benefits & Obligations Contract.

5.10 Sales and Use Tax Revenues: Any agreement with third parties providing for the acquisition, construction, or management of the Project shall include provisions to provide for allocation of sales and use tax revenues to the County of Colusa or County of Glenn or County of Yolo, as applicable, to the greatest extent provided by law. Such agreements shall be developed in collaboration with the

County of Colusa, the County of Glenn, and the County of Yolo.

6 Provisions Common to Authority Board and Reservoir Management Board

6.1. Conflict of Interest Code: Each Director of the Authority Board and their delegated alternate and each Project Participant's representative serving on the Reservoir Management Board or their delegated alternate shall timely file Statements of Economic Interest as required by the Authority' s Conflict of Interest Code.

6.2. Compensation: No compensation shall be granted by the Authority to (a) any Director of the Authority Board or delegated alternate or (b) any Project Participant's representative to the Reservoir Management Board or delegated alternate. When travel has been pre- approved by either the Authority or Reservoir Management Board leadership, respectively, the representative is eligible to recover reasonable travel and related expenses.

6.3. Closed Sessions: The Authority Board or the Reservoir Management Board, as the case may be, may enter into a closed session during a regular, adjourned regular or special meeting to consider matters that may lawfully be considered in such sessions in the manner provided by law. Consistent with the manner in which the Brown Act (Gov. Code § 54950 *et seq*.) has been interpreted and applied, no alternate is to attend closed session in addition to an alternate's Authority Board Director or Reservoir Management Board representative; rather, an alternate may only attend in the place of the alternate's absent Authority Board Director or Reservoir Management Board representative. After a closed session, the Authority Board or Reservoir Management Board will report publicly any action taken in closed session, as well as the vote or abstention of any member or representative present, to the extent required by the Brown Act.

The Authority Board Directors and Reservoir Management Board representatives that attend a closed session may disclose information obtained in a closed session that has direct financial or liability implications for that Authority Member or Project Participant to the following individuals: (a) legal counsel of the Authority Member or Project Participant for purposes of obtaining advice on whether the matter has direct financial or liability implications to it; and (b) members of the legislative body of the Authority Member or Project Participant present in a closed session of that Authority Member or Project Participant.

7 Parties Involved in Project Oversight; State and Federal Partners

7.1. Authority Member:

An Authority Member is an entity that is signatory to the Agreement, that (1) meets the joint powers authority ("JPA") membership requirements of California Water Code § 79759(a) and (b) and, (2) that has the power to exercise the powers that the Authority exercises, as described in the Agreement.

Subject to the terms and conditions of Section 3.3 of the Agreement, the Authority Board retains its sole discretion to offer Authority membership to an eligible entity. Should the Authority Board elect to offer a membership in the Authority to the requesting party, the requesting party shall then be required to execute the Agreement and do all things necessary to remain in good standing as described in Section 8.1 below. Membership in the Authority does not guarantee a new Authority Member's ability to enter into the Benefits & Obligations Contract and, by extension, membership on the Reservoir Management Board.

Authority Membership may be extended in the manner provided for in Section 3.3 of the Agreement to a non-profit mutual water company that complies with the Authority membership requirements.

7.2. Project Participant: An agency, entity or company that is described in Section 3.7.

7.3. State and Federal Partners:

As provided for in Section 3.2 of the Agreement, the Authority may enter into a State or Federal Contract, as applicable, with DWR and/or the Bureau of Reclamation (Reclamation). Pursuant to California Water Code § 79759(b), DWR shall be an Ex Officio Member of the Authority, but shall be non-voting and "shall not control the governance, management, or operation" of the Project. DWR shall not be a Project Participant.

7.4 Associate Member: Either (1) a public agency that has as its sole or a principal power the supplying of water (and/or power) to other entities or to retail water (and/or power) users that also meets the joints powers authority membership requirements of California Water Code § 79759(a) & (b), but elects to accept an advisory role from the Authority, (2) a non-profit mutual water company that complies with the non-profit JPA membership requirements of California Water Code § 79759(b), but elects to accept an advisory role from the Authority, or (3) a Project Participant that opts to serve on the Authority Board.

Financial Contribution: An annual contribution of $5,000, or as otherwise established from time to time by the Board.

Attributes of an Associate Member:

- Shall be non-voting.
- In a non-voting capacity, may serve on standing committees formed by the Authority Board.
- May serve on ad hoc committees appointed by the Authority Board Chair.
- Upon approval by the Authority Board Chair, may chair a committee.
- May participate in closed session.

8 Authority Member and Project Participant Requirements

8.1. Good Standing: To participate in their respective decision-making functions, each Authority Member and Project Participant is required to comply with the following conditions:

8.1.1. Compliance with, as applicable, the terms and conditions of the Agreement, these Bylaws, the Benefits & Obligations Contract, and any policies or procedures the Authority Board or the Reservoir Management Board may adopt;

8.1.2. Providing timely payment of financial obligations, namely, (i) for Authority Members, general and administrative costs assessed by the Authority Board, and (ii) for Project Participants, payments required under the Benefits & Obligations Contract.

Failure to remain in good standing may subject the Authority Member or Project Participant to disciplinary action that, at the discretion of the Authority Board or Reservoir Management Board, as the case may be, may include suspension of voting rights and/or removal from either the Authority and/or Reservoir Management Board.

The Authority Board shall make determinations of good standing pertaining to the Authority Board and the Reservoir Management Board. The Reservoir Management Board shall make determinations of good standing pertaining to the Reservoir Management Board.

8.2. Representation: An Authority Member's or Project Participant's decision to designate a representative to either the Authority Board or the Reservoir Management Board shall be communicated in writing to the Secretary of the Authority Board and/or Reservoir Management Board, as applicable. The written notification shall include an effective date of the designation.

8.3. Conflict of Interest: The Authority has adopted and may from time to time amend its Conflict of Interest Code adopted pursuant to the Political Reform Act of 1974 (Cal. Gov. Code §§ 87000 *et seq.*) and regulations adopted by the Fair Political Practices Commission set forth in Title 2, California Code of Regulations. Directors of the Authority Board and Reservoir Management Board representatives shall comply with such Code and Political Reform Act and other laws applicable to conflicts of interest.

8.4. Local Capacity Interest Representation: The Participants may endeavor to maintain Local Capacity Interest representation, understood as representation by Participants from within the Sacramento Valley hydrologic region, at approximately twenty-five percent (25%) of total Capacity Interest. Participants may count the use of water by Reclamation in the Sacramento Valley hydrologic region pursuant to the Reclamation Partnership Agreement toward the percentage goal provided for in this Section 8.4. Efforts to maintain such a percentage are not intended to, and shall not, limit a Participant's discretion to sell or lease its Capacity Interest.

9 Committees

9.1. Common: Each committee of the Authority or the Reservoir Management Board shall have a chartering document approved by the Authority Board or Reservoir Management Board, which will include, among other things, quorum and discussion protocols for conduct of meetings of the committee.

9.2. Committees:

9.2.1. Each committee of the Authority Board shall comprise less than a quorum of the Authority.

9.2.2. Each committee of the Reservoir Management Board shall comprise less than a quorum of the Reservoir Management Board.

9.2.3. Standing Committees: Either Chair may elect to create standing committees as necessary to ensure successful completion of the Authority's mission.

9.2.4. Ad-Hoc Committees: Either Chair may elect to create ad-hoc committees to address specific issues or area of concern to the Authority Board or Reservoir Management Board.

10 Authority Board's Reserved Powers and Delegation of Authorities to Reservoir Management Board

10.1. Reserved Powers: Article 2 of the Agreement sets forth the Authority Board's "Reserved Powers" relative to the Project and the manner in which those powers may be exercised.

10.2. Delegated Authorities: As provided in Section 3.5 of the Agreement, all such powers to design, construct, operate and maintain the Project, and that are not Reserved Powers, are the "Delegated Authorities" of the Reservoir Management Board. Such Delegated Authorities include the following:

10.2.1. Plan, develop and approve annual operating budget for the Project for consideration by the Authority Board, which consideration is subject only to the limitations identified in Section 2.3.9 of the Agreement.

10.2.2. Plan, approve and oversee Project work plans.

10.2.3. Approval of contracts for consulting services, construction contractors, vendors, and other service providers related to Project implementation; provided, however, that notwithstanding any term or condition of these Bylaws to the contrary, if the vote against a Construction Contract referenced in Section 3.2.1 of the Benefits & Obligations Contract that causes the value of all construction contracts to exceed $500 million includes two (2) or more Reservoir Management Board representatives and the disapproving Reservoir Management Board representatives combined represent more than fifteen percent (15%) of the Reservoir Management Board's weighted vote, the Construction Contract shall not be approved.

10.2.4. Oversight, evaluation, and enforcement of consultant contracts, including management of change orders and dispute resolution.

10.2.5. Overall cost management to ensure obligations or commitments remain within each annually approved operating budget.

10.2.6. Management and implementation of all aspects of Project design and construction.

10.2.7. Compliance with auditing and accounting requirements applicable to the Authority.

10.2.8. Ensuring compliance to meet commitments set forth in State and Federal Contracts, and permits.

10.2.9. Policy direction over activities to meet commitments set forth in applicable Federal and State permits, rules and regulations.

10.2.10. Adoption of, implementation of, and amendments to, the Operations Plan identified in the Benefits & Obligations Contract.

10.3. To the extent action of the Authority Board is reasonably necessary to effectuate the Reservoir Management Board's exercise of its Delegated Authorities, the Authority Board shall take such action without condition or delay absent the Authority Board's demonstration that the action would either (1) be contrary to the law, including rules provided for under any Project permit or entitlement, or (2) violate any contract, including, without limitation, the Benefits & Obligations Contract or a State or Federal Contract. Such action includes, without limitation and by way of example only, approval of a notice of award or execution of a consultant's contract for services upon the Reservoir Management

Board's selection of a consultant pursuant to Section 10.2.3 above.

10.4. Provided that the Reservoir Management Board's exercise of its Delegated Authorities does not also qualify as a Material Change and Shared Decision defined in Section 12 below, and except as expressly provided in Section 10.2.3 above, such exercise is subject to a weighted majority vote of the Reservoir Management Board.

10.5 In no event shall the Reservoir Management Board's inaction or decision not to undertake the exercise of a Delegated Authority be construed as the Reservoir Management Board's waiver of a Delegated Authority, or as authorization for the Authority Board to exercise a Delegated Authority.

11. Authority Board and Reservoir Management Board Delegations to Authority Executive Director

The Executive Director shall have general operational responsibility relative to the Project, including but not limited to the management and evaluation of Project consultants and contractors, administration of the annual Project budget as approved by the Authority Board and Reservoir Management Board and implementing the Project in accordance with policy direction given by the Authority Board and/or Reservoir Management Board. The specific authorities of the Executive Director will be set forth in a delegation of authority matrix that the Authority Board and Reservoir Management Board may amend from time to time. The delegation of authority matrix will be a joint document and will describe the authorities for decision-making between each body and the Executive Director and as it relates to shared decision making.

12 Material Changes and Shared Decision Making

12.1. These provisions shall apply to decisions where the Authority Board and the Reservoir Management Board are required to make joint decisions.

12.2. As the Project progresses, what constitutes a Material Change and Shared Decision along with the associated thresholds for a Material Change and Shared Decision may require amendment to these Bylaws.

12.3. The following constitute Material Changes which require Shared Decision making, and require both (i) a seventy-five percent (75%) vote of the Authority Board and (ii) unless otherwise specified below, a seventy-five percent (75%) vote of the Reservoir Management Board, to take a formal action or make a policy decision:

12.3.1. Decisions involving acquisition, use, and disposition of lands owned by the Authority.

12.3.2. Local agreements, including, without limitation, land acquisition agreements, land management agreements and Partner Agreements.

12.3.3. Changes to, and enforcement of, the Sites Water Right.

12.3.4. Changes to the Project that affect the operations of existing shared conveyance facilities owned and/or operated by Authority Members or other entities, and any amendments to Partner Agreements resulting from such operational changes.

12.3.5. Changes to environmental permits and approvals.

12.3.6. Changes in local Capacity Interest representation (see Section 8.4 above) as delineated in the Benefits & Obligations Contract.

12.3.7. Recreation management.

12.3.8. Amendments to these Bylaws; provided that, notwithstanding any term or condition of these Bylaws to the contrary, if the vote against any amendment includes two (2) or more Reservoir Management Board representatives and the disapproving Reservoir Management Board representatives combined represent more than fifteen percent (15%) of the Reservoir Management Board's weighted vote, the amendments shall not be approved.

12.3.9. Amount or terms of debt assumed by the Authority, or other financing instruments secured by the Authority; provided that, notwithstanding any term or condition of these Bylaws to the contrary, if the vote against any such amount or terms includes two (2) or more Reservoir Management Board representatives and the disapproving Reservoir Management Board representatives combined represent more than fifteen percent (15%) of the Reservoir Management Board's weighted vote, the amount or terms shall not be approved.

12.3.10. A decision to terminate the Project.

12.3.11 Formation of a new Joint Powers Authority in the event of termination of the Agreement, as provided for in Section 7.1.1 therein.

12.3.12. Execution of a new Benefits & Obligations Contract.

12.3.13. Establishment of or changes to risk management policies.

12.3.14. Statewide outreach, legislative affairs and public relations

12.3.15. Decisions concerning litigation, including (1) whether to file litigation, (2) legal representation, (3) litigation strategy, and (4) settlement terms; provided that, notwithstanding any term or condition of these Bylaws to the contrary, if the vote against any such litigation decision includes two (2) or more Reservoir Management Board representatives and the disapproving Reservoir Management Board representatives combined represent more than fifteen percent (15%) of the Reservoir Management Board's weighted vote, the litigation decision shall not be approved..

12.3.16. Selection and performance review of Executive Director.

12.3.17. Selection and performance review of General Counsel and all special counsel, with the understanding and acknowledgement that the client of the General Counsel and special counsel is the entire Authority, including the Reservoir Management Board.

12.3.18. Use of Project facilities for "Other Water," as that term is defined in the Benefits & Obligations Contract.

12.4. The foregoing is intended to be an exhaustive list of Material Changes and Shared Decisions.

13 Dispute Resolution

13.1. Any dispute between and among Authority Members shall be addressed in the manner provided for in the Agreement.

13.2. Any disputes between the Authority Board and a Project Participant or group of Project Participants shall be addressed in the manner provided for in the Benefits & Obligations Contract.

13.3. Any dispute between the Authority Board and the Reservoir Management Board (a "Dispute") shall be managed as follows:

13.3.1. A party that has identified a Dispute shall, within fifteen (15) days of the event giving rise to the Dispute, provide the Executive Director a written notice of the Dispute. The Executive Director shall investigate the merits of the Dispute and notify the Reservoir Management Board and Authority Board of the Executive Director's findings as to the merits of the Dispute and any recommended action for resolving the Dispute.

13.3.2. Should the party that has lodged the Dispute disagree with the Executive Director's assessment or proposed resolution, its remedy shall be as follows:

(a) The Chair of the Authority Board and the Chair of Reservoir Management Board shall each designate representatives to undertake Dispute resolution discussions among Authority Board representatives, Reservoir Management Board representatives, and the Executive Director. Such designation can include the Chairs themselves, and must include less than a quorum of each body.

(b) If said Dispute is not resolved within 30 (thirty) calendar days through informal discussions among the Executive Director and the designated representatives, either the Authority Board or the Reservoir Management Board may, upon approval of seventy-five percent (75%) of its membership, submit the Dispute to formal mediation. The parties shall agree to the choice of mediator, or, if the parties cannot agree upon a mediator, one shall be appointed by the Superior Court of Colusa County upon motion for appointment of a neutral mediator. The cost of mediation shall be split evenly between the Authority Board and the Reservoir Management Board.

(c) If the mediation process does not provide a final resolution to the Dispute raised, either the Authority Board or the Reservoir Management Board may submit the matter to binding arbitration under Section 1280 et seq. of the Code of Civil Procedure.

13.3.3. If necessary to avoid damage or to preserve the status quo prior to the completion of the mediation or arbitration process, either the Authority Board on one hand, or a Project Participant or group of Project Participants on the other, may seek a preliminary injunction or other interlocutory judicial relief in a court of competent jurisdiction. Any such action brought by a Project Participant or Participants shall be brought in the name of such Project Participant or Participants, and not in the name of the Reservoir Management Board.

14 Interpretation

These Bylaws, the Agreement and the Benefits & Obligations Contract are to be interpreted in a manner that attempts to reconcile each with one another, and afford the terms of each the fullest possible effect. In no event shall any such interpretation be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. In the event of a conflict between these Bylaws and the Agreement, these Bylaws shall control. In the event of a conflict between these Bylaws and the Benefits & Obligations Contract, the Benefits & Obligations Contract shall control.

Upon the identification of any conflicting terms in the foregoing, the Authority Board and Reservoir Management Board shall undertake prompt and good faith efforts to eliminate such conflicting terms in a manner consistent with the governance structure provided for in the Agreement and these Bylaws.

Notwithstanding anything in the foregoing to the contrary, in the event of any conflict between the Agreement and either the Bylaws or the Benefits & Obligations Contract, the Agreement shall control as to Section 2.6 of the Agreement, which provides as follows:

> GCID, RD 108 and TCCA Operations: The Authority Members anticipate that the Project will be within or adjacent to GCID, RD 108, and/or TCCA districts with at least a portion of the conveyance of water into the Sites Reservoir to be accomplished by wheeling water through GCID's Main Canal, facilities that currently exist or that might in the future be constructed within the boundaries of RD 108, and/or the Tehama-Colusa Canal. Notwithstanding anything to the contrary in the Bylaws, the Benefits & Obligations Contract, or any other Authority document, record or instrument concerning Project operations or governance, as the same may now exist or be amended from time to time, in no event shall the Authority have the power, except with the express written consent of GCID, RD 108 and/or TCCA, depending on which facilities are at issue, to enter into any agreements or otherwise take any action that will, directly or indirectly, decrease, restrict, or in any manner alter, modify or limit water rights, water supplies or contractual entitlements to water of GCID, RD 108 and/or TCCA (and, in the case of TCCA, the water agencies it serves) or the operations of their facilities or any facilities they operate under contract.