

SITES JOINT POWERS

AUTHORITY

JIM WATSON, GENERAL MANAGER
530.410.8250
ANN NORDYKE, CLERK
530.458.0509
boardclerk@countyofcolusa.ogr
WWW.SITESJPA.NET

Board of Directors

LEIGH MCDANIEL, GLENN COUNTY SUPERVISOR, CHAIR
FRITZ DURST, RECLAMATION DISTRICT 108, VICE-CHAIR
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KEN LAGRANDE, TEHAMA-COLUSA CANAL AUTHORITY
GREG MENSİK, MAXWELL IRRIGATION DISTRICT
MARY KIMBALL, YOLO COUNTY FLOOD CONTROL & WCD
JOE MARSH, COLUSA COUNTY WATER DISTRICT
JIM JONES, ORLAND ARTOIS WATER DISTRICT
JAMIE TRAYNHAM, WESTSIDE WATER DISTRICT
DAN JONES, TC 5 DISTRICTS

YOLO COUNTY FLOOD CONTROL
34274 STATE HIGHWAY 16
WOODLAND, CA 95695

November 16, 2015 Agenda

Welcome to a meeting of the Sites Joint Powers Authority. If you are scheduled to address the Board, please state your full name for the record. Regularly numbered items may be considered at any time during the meeting. All items are listed in accordance with the Ralph M. Brown Act. We invite all members of the public to attend.

9:00 a.m. CALL TO ORDER

- Pledge of Allegiance.
- Approval of Agenda.
- Approval of the October 19, 2015 Meeting Minutes.
- Period of Public Comment.

1. AUDITOR'S REPORT

a. Presentation from Heidi M. Copppin, CPA, Partner | Tittle & Company, LLP,
regarding Sites Project Authority Fiscal Year 2014 Audit Findings.

b. Consider accepting.

2. FAMILY WATER ALLIANCE

a. Consider Offer of Support from Family Water Alliance.

3. ADMINISTRATION

a. Discussion and possible action regarding 2016 Meeting Schedule.

(Attachment 1A - 3rd Monday of each Month

Attachment 1B - 2nd Monday of each month)

b. Discussion and possible action regarding the following:

- Opening postal services in Maxwell, CA,
- Transferring email
- Accounting, Invoicing procedures and routing,

- Check signing,
 - Monthly Cash flow projections,
 - Accounts payable/receivables,
 - Member's pro-rata cost share and
 - Web services.
- c. Discussion on status of the old Wells Fargo building located in Maxwell.
(future location of Sites Project Authority office)
4. ACCOUNTING
- a. Discussion regarding the Cash Flow Analysis. **(Attachment 2)**
 - b. Consider approving the Treasurer's Report. **(Attachment 3)**
 - c. Consider approving payment of Claims. **(Attachment 4)**
 - d. Discussion regarding Member Agency Participation and Funding Commitments.
 - e. Consider amendment to both the Agreement and Participation Form for approval at Dec Board Meeting.
4. BUDGET COMMITTEE REPORT
- a. Consider approval of the Fiscal Year 2016 Budget to become effective January 1, 2016. **(Attachment 5)**

10:30 a.m. RECESS

5. GOVERNANCE
- a. Consider approval to request the respective Boards of Authority Members to approve the Third Amendment and Restated Sites Project Authority Joint Exercise of Powers Agreement. **(Attachment 6A - Redline version Attachment 6B - Clean version)**
- NOTE:** Approval before the end of the year and 75% approval is required.
The draft Bylaws will also be distributed, but as information for Authority Board action at the Authority's December board meeting.
- c. Discussion and possible approval of Draft Bylaws.
(Attachment 7A – Redline version, Attachment 7B - Clean version)
Specific areas for discussion include the following:
- Section: 5.11 (member to a Project Agreement terminated by Authority),
Section: 5.12 (Colusa County tax requirements),
Section: 6.3 (additional roles of Authority Board and/or Project Agreement Committee),
Section: 7.2, 3rd Bullet (early investment by Counties),
Section: 7.3 (Consolidation of Member Types), and
Section: 9.4.5 (annual dues for entities participating in the Consultation Committee). A request to approve the Bylaws is planned to occur at the Authority's December Board meeting.

6. MANAGERS REPORT
- o Outreach/Engagement
 - o CA Water Commission
 - o Manager's Meetings
 - o SMUD's CoSu Project
7. CLOSED SESSION (Government Code Section 54956.8)
Conference with Real Property Negotiator
- | | |
|----------------------|--------------------------------------------------|
| Agency Negotiator: | Jim Watson |
| Property: | Water |
| Negotiating Parties: | Parties or Agencies interested in water purchase |
| Under negotiation: | Price and terms of payment |
8. ANNOUNCEMENT OF CLOSED SESSION
9. WATER PURCHASE NEGOTIATING COMMITTEE
- a. Consider the creation of at least one Ad-hoc Water Purchase Negotiating Committee to pursue the purchase of water that may become available from the completion of the Sites Reservoir Project.

NEXT MEETING: December 21, 2015 at Tehama-Colusa Canal Authority, 5513 Highway 162, Willows, CA.

ADJOURN

PERIOD OF PUBLIC COMMENT: Any person may speak about any subject of concern, provided it is within the jurisdiction of the Directors and is not already on today's agenda. The total amount of time allotted for receiving such public communication shall be limited to a total of 15 minutes per issue and each individual or group will be limited to no more than 5 minutes each within the 15 minutes allocated per issue. **Note:** No action shall be taken on comments made under this comment period.

ADA COMPLIANCE: Upon request, Agendas will be made available in alternative formats to accommodate persons with disabilities. In addition, any person with a disability who requires a modification or accommodation to participate or attend this meeting may request necessary accommodation. Please make your request to the County Board Clerk, specifying your disability, the format in which you would like to receive this Agenda, and any other accommodation required no later than 24 hours prior to the start of the meeting.

All supporting documentation is available for public inspection and review in the Office of the Clerk of the Board located at 547 Market Street, Suite 102, Colusa, CA 95932 during regular business hours 8:30 a.m. to 5:00 p.m., Monday through Friday.

SITES PROJECT AUTHORITY 2016 MEETING SCHEDULE

All meetings will be held at 1:30 p.m.

3rd Monday of each Month as requested

Monday, January 18, 2016 - (Note: 1-18-16 is MLK Day)	Westside Water District 5005 Highway 20, Williams, CA 95987
Monday, February 15, 2016 - (Note: 2-15-16 is Presidents Day) (GCID is not open on February 15 th -per Mary Spooner)	Glenn-Colusa Irrigation District 344 East Laurel Street, Willows, CA 95988
Monday, March 21, 2016 -	Tehama Colusa Canal Authority 5513 Highway 162, Willows, CA 95988
Monday, April 18, 2016 -	Westside Water District 5005 Highway 20, Williams, CA 95987
Tuesday-Friday, May 3-6, 2016 -	ACWA 2016 Spring Conference & Exhibition, Monterey Portola and Marriott Hotels
Monday, May 16, 2016-	Glenn-Colusa Irrigation District 344 East Laurel Street, Willows, CA 95988
Monday, June 20, 2016 -	Tehama Colusa Canal Authority 5513 Highway 162, Willows, CA 95988
Monday, July 18, 2015 -	Westside Water District 5005 Highway 20, Williams, CA 95987
Monday, August 15, 2015 -	Glenn-Colusa Irrigation District 344 East Laurel Street, Willows, CA 95988
Monday, September 19, 2016 -	Tehama Colusa Canal Authority 5513 Highway 162, Willows, CA 95988
Monday, October 17, 2016 -	Westside Water District 5005 Highway 20, Williams, CA 95987

ATTACHMENT - 1A

Monday, November 21, 2016 -

Glenn-Colusa Irrigation District
344 East Laurel Street, Willows, CA 95988

Monday, December 19, 2016 -

Tehama Colusa Canal Authority
5513 Highway 162, Willows, CA 95988

SITES PROJECT AUTHORITY 2016 MEETING SCHEDULE

All meetings will be held at 1:30 p.m.

2nd Monday of each Month as requested

Monday, January 11, 2016 -	Westside Water District 5005 Highway 20, Williams, CA 95987
Monday, February 8, 2016 -	Glenn-Colusa Irrigation District 344 East Laurel Street, Willows, CA 95988
Monday, March 14, 2016 -	Tehama Colusa Canal Authority 5513 Highway 162, Willows, CA 95988
Monday, April 11, 2016 -	Westside Water District 5005 Highway 20, Williams, CA 95987
Tuesday-Friday, May 3-6, 2016 -	ACWA 2016 Spring Conference & Exhibition, Monterey Portola and Marriott Hotels
Monday, May 9, 2016-	Glenn-Colusa Irrigation District 344 East Laurel Street, Willows, CA 95988
Monday, June 13, 2016 -	Tehama Colusa Canal Authority 5513 Highway 162, Willows, CA 95988
Monday, July 11, 2015 -	Westside Water District 5005 Highway 20, Williams, CA 95987
Monday, August 8, 2015 -	Glenn-Colusa Irrigation District 344 East Laurel Street, Willows, CA 95988
Monday, September 12, 2016 -	Tehama Colusa Canal Authority 5513 Highway 162, Willows, CA 95988

ATTACHMENT 1B

Monday, October 10, 2016 -
(Columbus Day)

Westside Water District
5005 Highway 20, Williams, CA 95987

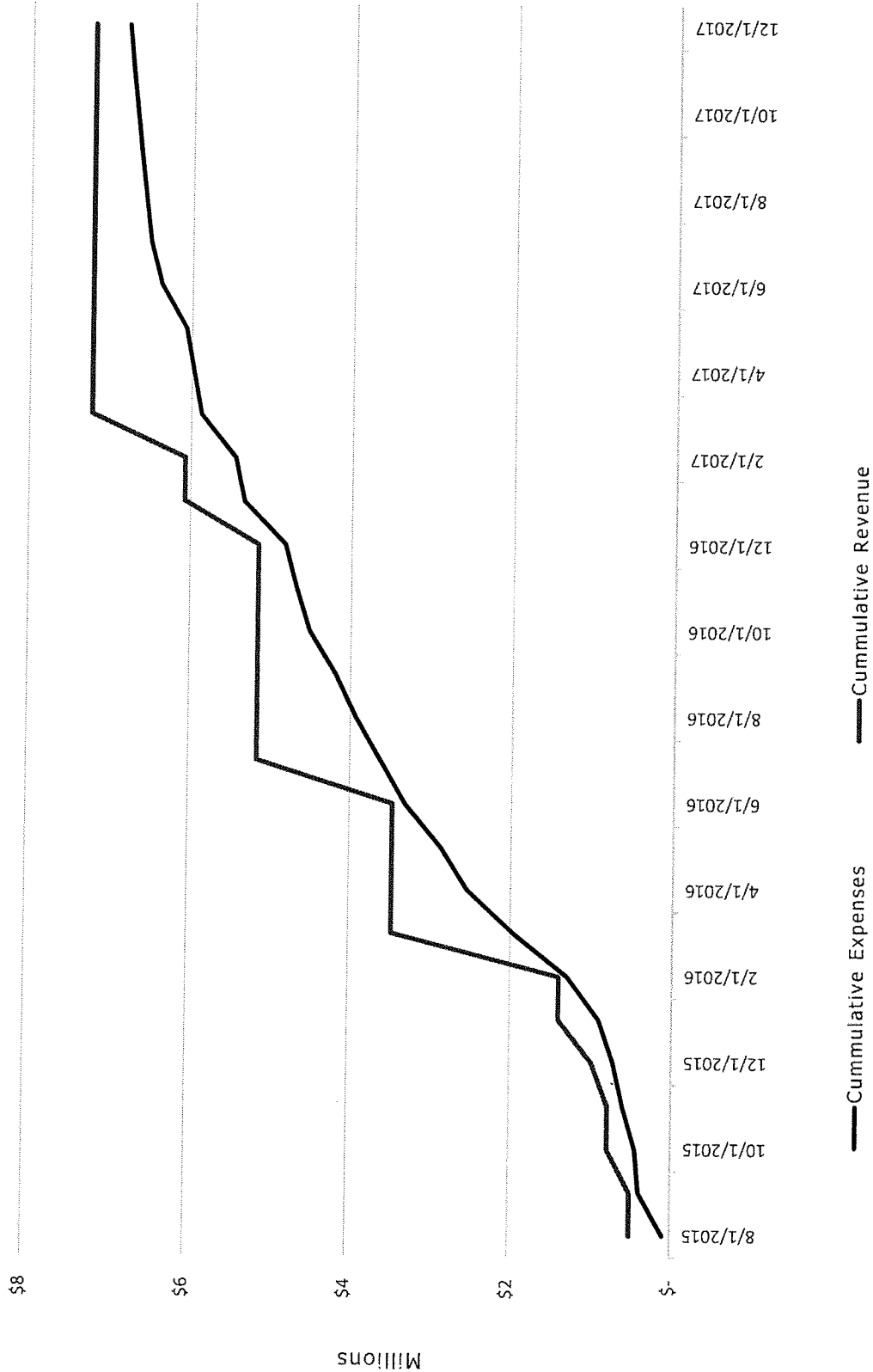
Monday, November 14, 2016 -

Glenn-Colusa Irrigation District
344 East Laurel Street, Willows, CA 95988

Monday, December 12, 2016 -

Tehama Colusa Canal Authority
5513 Highway 162, Willows, CA 95988

Sites Project Authority: Cash Flow Analysis



Working Draft, Nov 10, 2015

Site Project Authority
Balance Sheet
October 31, 2015

ASSETS**Current Assets**

Cking Acct - U.S. Bank - Local Funds	604,690.12	
Accts Receivable - Membership	458,499.00	
Total Current Assets		1,063,189.12

Other Assets

Prepaid ACWA - Agency Dues - 2015/16	2,183.00	
Total Other Assets		2,183.00
Total Assets		\$ 1,065,372.12

LIABILITIES AND CAPITAL**Current Liabilities**

Accounts Payable - Local Funds	45,705.67	
Total Current Liabilities		45,705.67

SPA - Equity

Net Assets	25,463.91	
Net Local Income (-) Local Expenses	994,202.54	
Total Equity - Sites Project Authority		1,019,666.45
Total Liabilities & SPA Equity		\$ 1,065,372.12

For Management Purposes Only

**Site Project Authority
Program Income / Expenses
For the Ten Months Ending October 31, 2015**

Program Income	Current Month	%	Year to Date	%	2015 Sites - JPA Annual Admin Budget	Membership Funds Received to Date 31-Oct-15	Deposited 11/5/2015
Excess rollover dollars - 2014	0.00		0.00		24,355.67		34,220.00
Contribution by Members							
Colusa County	0.00		100,000.00		0.00	100,000.00	
Colusa County Water District	190,000.00		195,000.00		5,000.00	5,000.00	
Cortina Water District	2,187.00		2,187.00		0.00	0.00	
Davis Water District	13,948.00		13,948.00		0.00	0.00	
Dunnigan Water District	34,220.00		34,220.00		0.00	0.00	
Glenn County	13,000.00		18,000.00		5,000.00	5,000.00	
Glenn Colusa Irrigation District	39,000.00		139,000.00		100,000.00	139,000.00	
LaGrande Water District	20,572.00		20,572.00		0.00	0.00	
Maxwell Irrigation District	1,000.00		18,000.00		17,000.00	18,000.00	
Orland - Artois Water District	133,000.00		138,000.00		5,000.00	5,000.00	
Proberta Water District & Others	20,572.00		25,572.00		5,000.00	5,000.00	
Rec District 108	0.00		250,000.00		250,000.00	250,000.00	
Tehama Colusa Canal Authority	18,000.00		18,000.00		0.00	0.00	
Westside Water District	161,000.00		166,000.00		5,000.00	166,000.00	
Yolo County Flood Control District	13,000.00		18,000.00		5,000.00	5,000.00	
Total Local Fund Income	659,499.00		1,156,499.00		421,355.67	698,000.00	
Program Expenses							
Accounting	3,114.00		13,419.00		15,000.00		
Audit Fee	0.00		5,900.00		3,250.00		
General Manager - Services	30,188.00		75,470.00		135,000.00		
General Manager - Expenses	1,602.46		5,245.98		0.00		
Legal Fees - Admin	8,501.40		41,545.40		50,000.00		
Legal Fees - Project	0.00		906.08		10,000.00		
General Consulting Fees	2,299.81		13,312.78		50,000.00		
Facilitation / Outreach - Exp	0.00		4,375.00		65,000.00		
Travel & Mileage Reimb - Manager	0.00		0.00		15,000.00		
Congtingency Expense Acct	0.00		0.00		74,007.67		
Total Contract Services Expenses	45,703.67		160,174.24		417,257.67		
Operations Expenses							
Dues & Subscriptions	0.00		400.00		1,015.00		
Insurance - Liability, D & O	0.00		1,637.24		2,183.00		
Postage, Mail Service	0.00		84.98		150.00		
Supplies	0.00		0.00		750.00		
Total Operations Expenses	0.00		2,122.22		4,098.00		
Net Program Income (-) Admin Expenses	613,795.33		\$ 994,202.54		0.00		

For Management Purposes Only

Sites Project Authority
General Ledger
For the Period From Oct 1, 2015 to Oct 31, 2015

Account ID	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
10200	Cking Acct - U.S. Bank	10/1/15			Beginning Balance			444,194.85
10200	Cking Acct - U.S. Bank	10/19/15	1131	CDJ	Bond Tax & Financial Services		1,750.50	
10200	Cking Acct - U.S. Bank	10/19/15	1132	CDJ	J.C. Watson, Inc		32,033.21	
10200	Cking Acct - U.S. Bank	10/19/15	1133	CDJ	Kenny, Snowden & Norine		4,288.30	
10200	Cking Acct - U.S. Bank	10/19/15	1134	CDJ	URS Corporation		2,452.72	
10200	Cking Acct - U.S. Bank	10/20/15	10/20/15	CRJ	Westside Water District	161,000.00		
10200	Cking Acct - U.S. Bank	10/20/15	10/20/15	CRJ	Maxwell Irrigation District	1,000.00		
10200	Cking Acct - U.S. Bank	10/25/15	10/25/15	CRJ	Glenn Colusa Irrigation Distri	39,000.00		
10200	Cking Acct - U.S. Bank	10/31/15			Current Period Change	201,000.00	40,504.73	160,495.27
					Ending Balance			804,690.12

**Sites Project Authority
Aged Receivables
As of Oct 31, 2015**

Customer ID	Bill To C-Telephone 1	Invoice/CM #	0-30	31-60	61-90	Over 90 days	Amount Due
Colusa Co Water Dist		SPA - 2015-08	190,000.00				190,000.00
Colusa Co Water Dist			190,000.00				190,000.00
Corlina Water Dist		SPA - 2015-09	2,187.00				2,187.00
Corlina Water Dist			2,187.00				2,187.00
County of Glenn		SPA - 2015-13	13,000.00				13,000.00
County of Glenn			13,000.00				13,000.00
Davis Water District	530-476-3137	SPA - 2015-10	13,948.00				13,948.00
Davis Water District			13,948.00				13,948.00
Dunnigan Water Dist		SPA - 2015-11	34,220.00				34,220.00
Dunnigan Water Dist			34,220.00				34,220.00
LaGrande Water	530-473-3433	SPA - 2015-14	20,572.00				20,572.00
LaGrande Water			20,572.00				20,572.00
Orland Artois Water	530-934-4039	SPA - 2015-16	133,000.00				133,000.00
Orland Artois Water			133,000.00				133,000.00
Proberta Water Dist	530-528-8604	SPA - 2015-17	20,572.00				20,572.00
Proberta Water Dist			20,572.00				20,572.00
Tehama Colusa Can	530-934-2125	SPA - 2015-18	18,000.00				18,000.00
Tehama Colusa Can			18,000.00				18,000.00
Yolo Co Flood		SPA - 2015-20	13,000.00				13,000.00
Yolo Co Flood			13,000.00				13,000.00
Report Total			468,499.00				468,499.00

Sites Project Authority
Invoice Register
For the Period From Oct 1, 2015 to Oct 31, 2015

Invoice/CM #	Date	Quote No	Name	Amount
SPA - 2015-08	10/15/15		Colusa County Water District	190,000.00
SPA - 2015-09	10/15/15		Cortina Water District	2,187.00
SPA - 2015-10	10/15/15		Davis Water District	13,948.00
SPA - 2015-11	10/15/15		Dunnigan Water District	34,220.00
SPA - 2015-12	10/15/15		Glenn Colusa Irrigation District	38,000.00
SPA - 2015-13	10/15/15		County of Glenn	13,000.00
SPA - 2015-14	10/15/15		LaGrande Water	20,572.00
SPA - 2015-15	10/15/15		Maxwell Irrigation District	1,000.00
SPA - 2015-16	10/15/15		Orland Artois Water District	133,000.00
SPA - 2015-17	10/15/15		Proberta Water Dist	20,572.00
SPA - 2015-18	10/15/15		Tehama Colusa Canal Authority	18,000.00
SPA - 2015-19	10/15/15		Westside Water District	161,000.00
SPA - 2015-20	10/15/15		Yolo County Flood Control	13,000.00
Total				659,499.00

Sites Project Authority
Cash Receipts Journal
For the Period From Oct 1, 2015 to Oct 31, 2015

Date	Account ID	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
10/20/15	10800	10/20/15	Invoice: SPA - 2015-19		161,000.00
10/20/15	10200	10/20/15	Westside Water District	161,000.00	
10/20/15	10800	10/20/15	Invoice: SPA - 2015-15		1,000.00
10/20/15	10200	10/20/15	Maxwell Irrigation District	1,000.00	
10/25/15	10800	10/25/15	Invoice: SPA - 2015-12		39,000.00
10/25/15	10200	10/25/15	Glenn Colusa Irrigation District	39,000.00	
				201,000.00	201,000.00

**Sites Project Authority
Aged Payables
As of Oct 31, 2015**

Vendor ID	Vendor	Contact	Telephone	Invoice/CM #	0 - 30	31 - 60	61 - 90	Over 90 days	Amount Due
Bond Tax & Financial	Bond Tax & Financial Serv			18588	3,114.00				3,114.00
Bond Tax & Financial	Bond Tax & Financial Ser				3,114.00				3,114.00
J.C. Watson, Inc	J.C. Watson, Inc			SPA-003	31,790.46				31,790.46
J.C. Watson, Inc	J.C. Watson, Inc				31,790.46				31,790.46
Kenny, John	Kenny, Snowden & Norine			91840	8,501.40				8,501.40
Kenny, John	Kenny, Snowden & Norine				8,501.40				8,501.40
URS Corporation	URS Corporation			916-679-208 37650736	2,299.81				2,299.81
URS Corporation	URS Corporation				2,299.81				2,299.81
Report Total					45,705.67				45,705.67

**WARRANTS DRAWN AGAINST
SITES PROJECT AUTHORITY
November 16, 2015**

ATTACHMENT 4

WARRANT NUMBER	CHECK DATE	VENDOR	INVOICE DESCRIPTION	AMOUNT PAID
1135	11/16/19	Bond Tax & Financial Services	October 2015 Accounting fees	\$3,114.00
1136	11/16/19	J. C. Waston, Inc	October - 2015 Manager Exp	\$31,790.46
1137	11/16/19	John Kenny	Attorney Fees - September 2015	\$8,501.40
1138	11/16/19	URS Corporation	Invoice - 37650736	\$2,299.81
				\$0.00
				\$0.00
				\$0.00
				\$0.00
			TOTAL AMOUNT	\$45,705.67

THE FOREGOING CLAIM, NUMBERED 1135 to 1138, ARE APPLIED TO
THE GENERAL FUND OF SITES PROJECT AUTHORITY AND ARE
WARRANTS AUTHORIZED THERETO.

County of Colusa

Maxwell Irrigation District

Colusa County Water District

Orland Artois Water District

Cortina Water District

Proberta Water District

Davis Water District

Reclamation District No. 108

Dunningan Water District

Tehama Colusa Canal Authority

County of Glenn

Westside Water District

Glenn-Colusa Irrigation District

Yolo County Flood Control and Water Conservation Dsitric

LaGrande Water District

Grouping	Cost Center	File Num Description	Total
Sites PA	Authority	10.4 Accounting & Taxes, Bond	\$ (24,000)
		Financial Audit	\$ (8,000)
		Financial Services (Bond strategy)	\$ -
		General Manager, Expenses	\$ (9,600)
		General Manager, Services	\$ (64,934)
		Governmental Affairs, Federal	\$ -
		Governmental Affairs, State	\$ (60,000)
		Public Information Officer/Manager	\$ (120,000)
		Sacramento State	\$ (10,000)
		Project Scheduler & Controls Manager	\$ (7,500)
		Document Controls Manager	\$ -
		Legal Services, Holland (Federal/Power)	\$ -
		Mandelberg (facilitator)	\$ -
		Legal Services	\$ (46,500)
		10.8 Postage and Shipping Expense	\$ (200)
		US Flag	\$ -
		Misc Office Supplies	\$ (6,000)
		Maxwell Office's Utilities	\$ (9,000)
		Maxwell Office's Rent	\$ -
		10.9 Board Insurance (10/1/x thru 9/30/x+1)	\$ (2,183)
		11.5 Update Website & Data Access/Storage	\$ (50,000)
		15 Industry (Dues, Subscriptions & Ads)	\$ (1,000)
		17 Educational Materials (Brochures, Fact Sheets, Newspaper Ads)	\$ (50,000)
		Display or Booth at Public Event (e.g. ACWA or State Fair)	\$ -
		10.3 Administrative Support to GM	\$ (7,000)
	Authority Total		\$ (475,917)
	Region	10.4 Economic Benefits Study Part 1 (Sacramento Valley)	\$ (75,000)
		Economic Benefits Study Part 2 (California)	\$ -
		Public Education of Benefits	\$ -
		Public Input to Prioritize Recreation	\$ -
	Region Total		\$ (75,000)
Sites PA Total			\$ (550,917)
Reservoir	Operations	10.4 Env & Ops TO #1 (Task 3)	\$ -
		Feasibility Report, TO #2 (X % of Task 9)	\$ -
		Env & Ops TO #2 (Task 5.2 & 6.2)	\$ (110,000)
	Operations Total		\$ (110,000)
	Power	10.4 Understanding of Regulatory Changes	\$ -
		Market Research/Interest	\$ (30,000)
		Estimate Potential	\$ (50,000)
		File Permit Applications (FERC)	\$ (25,000)
		Prepare Power Developer Solicitation	\$ (35,000)
		Authority's Contingency:	\$ -
	Power Total		\$ (140,000)
	Water	10.4 Bond Counsel	\$ -
		CEQA Legal Counsel	\$ (125,000)
		Env & Ops TO #1 (Task #1)	\$ -
		Env & Ops TO #1 (Task #2 & #4)	\$ -
		Feasibility Report TO #1 (Task 1, 2, 3)	\$ -

Grouping	Cost Center	File Num Description	Total
Reservoir	Water	10.4 Feasibility Report TO #3 (Task 6)	\$ (378,651)
		Feasibility Report TO #3 (Task 7)	\$ (181,183)
		Feasibility Report TO #3 (Task 8)	\$ (310,950)
		Feasibility Report, TO #2 (Task 4, 5 & 9)	\$ (137,590)
		Financial Services (Bond strategy)	\$ (90,000)
		General Manager, Expenses	\$ (28,800)
		General Manager, Services	\$ (259,736)
		Grant Management & Administration Services	\$ -
		Land & ROW (Temporary Access)	\$ -
		NEPA Legal Counsel	\$ (50,000)
		Water Rights Legal Counsel	\$ (100,000)
		Administrative Record - Assessment	\$ (35,000)
		Administrative Record Support/Compile	\$ -
		Project Scheduler & Controls Manager	\$ (30,000)
		Document Controls Manager	\$ -
		Update Aquatic Studies for BA	\$ (25,000)
		Update Cultural Resource & Tribal Studies	\$ (10,000)
		Assess GIS datasets for use in preparing draft EIR/S	\$ -
		Update GIS for use in draft EIR/S	\$ (100,000)
		Develop Mitigation Plan & Locations for inclusion into EIR/S	\$ -
		Prepare Prop 1, Chapter 8 Solicitation	\$ (50,000)
		Env & Ops TO #1 (Task 5.1 & 6.1)	\$ -
		Env & Ops TO #2 (Task #7) 1st Draft	\$ (512,000)
		Env & Ops TO #2 (Task #8)	\$ (162,000)
		Env & Ops TO #3 (Task #9) 2nd Draft	\$ (100,000)
		Env & Ops TO #3 (Task #10) Final Draft	\$ -
		Env & Ops TO #3 (Task #11)	\$ -
		Update Terrestrial & Plant Studies for BA	\$ (75,000)
		Authority's Contingency: Env & Ops	\$ (78,000)
		Authority's Contingency: Engineering	\$ (110,000)
		Optimize Design of the Proposed Project	\$ -
		Advance EIR/S Beyond Pre-Admin Draft	\$ -
		Engineering Support During CWC Negotiations	\$ -
		Operations (Annualized Yield) Support During CWC Negotiations	\$ -
		Feasibility Report, TO#2 (Task 10) Grid Interconnection Studies	\$ (35,000)
		Feasibility Report, TO #4 (Task 11 & 12)	\$ (47,853)
		Authority's Contingency: ther Work	\$ (56,000)
		CEQA Support (Prior work to current)	\$ (36,000)
		10.9 Insurance (Commercial & General L & Professional L)	\$ (7,500)
		10.3 Administrative Support to GM	\$ (28,000)
		11.4 Incorporate Grid Interconnection into EIR/S	\$ -
	Water Total		\$ (3,159,263)
Reservoir Total			\$ (3,409,263)
Grand Total			\$ (3,960,180)

**BYLAWS
OF THE
SITES PROJECT AUTHORITY
FOR PHASE 1 OF THE SITES RESERVOIR PROJECT**

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J	Dec 15, 2015	Issued for Sites Project Authority Board's policy direction.

1. Relationship: Agreement and Bylaws

1.1. 1. Agreement: The Sites Project Authority Agreement (Agreement) is the chart ering document that defines, among other things:

- The Authority's members and general limitations on membership in the Authority;
- The Authority's powers, with additional powers afforded the Authority specifically associated with both the Joint Exercise of Powers Act and laws applicable to Irrigation Districts;
- The mission, which is specific to the Sites Reservoir Project;
- The Board's officers and other key positions;
- Minimum meeting and voting requirements;
- The adoption or amendment of bylaws.

It is intended to be a living document that will evolve as the project progresses from the current level of planning (Phase 1) through construction and commissioning.

1.2. 2. Bylaws: These Bylaws are to implement and provide further clarity f or certain provisions of the Agreement and to provide procedures for administrati on of the Authority, including, among other things:

- Expands upon the types of parties, companies, and entities that can be non-Authority Members and participate at different 'levels'.
- Clarifies the Authority's role relative to Project Agreements and Authority's ability to delegate some of its authorities to Project Agreement Committees and it expands upon policies in the Agreement that shall be used for the daily operations and management of the Authority and Project Agreement Committees to complete the Authority's mission.
- Defines the Authority's mission.
- Expands upon roles and responsibilities of Board officers and Project Agreement Committee lead positions.
- Expands upon the voting requirements for specific types of actions either the Board or a Project Agreement Committee will make.

It is intended to guide the work of the Board and staff of both the Authority and Project Agreement Committees and to serve as a living document, to be revised as the organizational needs evolve. Furthermore, from these Bylaws, procedures will be developed for Board approval and then use as an aid to managing the Sites Reservoir Project.

- 1.3. 3. Conflicts between Agreement and Bylaws: Should one or more provisions of these Bylaws be in conflict with any portion of the Agreement, the Agreement shall take precedence.
- 1.4. 4. Severability: If one or more clauses, sentences, paragraphs or provisions of these Bylaws be held to be unlawful, invalid or unenforceable, the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.
- 1.5. 5. Amendments of Bylaws: As provided at Section 8.2 of the Agreement, these Bylaws may be amended only by an affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

2. Sites Project Authority's Mission, Vision & Values

- 2.1. 1. Mission: (Restatement). "[T]o be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state's water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta."

3. Definitions

- 3.1. 1. 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. 2. Material Change: Where the variance between a parameter of the Project Baseline and the forecast exceeds the Board-approved threshold, as described in Section 12 below.
- 3.3. 3. Member is either an Authority Member, or other type of Member provided for at Section 7 below, and is either:
 - 3.3.1. .1. A public agency that has either land use authorities or is a water agency that (a) is signatory to the Sites Project Authority Agreement (as amended) and (b) meets the requirements of the California Water Code §79759 (a) and (b), or
 - 3.3.2. .2. A public agency that (a) is contributing to the financing of the Sites Reservoir Project and (b) meets the requirements of the California Water Code §79759 (b).
 - 3.3.3. .3. Public agencies whose primary service area or boundaries are located within the Sacramento River watershed as defined in California Water Code §79759 (a) are designated as **Type A** while Members whose primary service area or boundaries are located outside of the Sacramento River watershed as defined in California Water Code §79759 (a) and meet the requirements of California Water Code §79759 (b) (i.e. not for-profit) are designated as **Type B**.
- 3.4. 4. Non-Member Participating Party: A party, company, or entity that does not meet the requirements of a Member and is not a Member, yet is deemed by the Board able to participate by contract in advancing or supporting at least one element of the Sites Reservoir Project; such as, but not limited to, the development of hydropower – both traditional and/or renewable pumped-storage.
- 3.5. 5. Phase: Implementation of the Project has been divided into at least five (5) phases that coincide with major milestone processes relative to the Project's schedule: (1) Through award of a Proposition 1 grant, (2) Certification of Environmental Impact Report and Statement, (3) completion of final design and pre-construction activities, (4) construction and commissioning, and (5) Project close-out, which includes repayment of debt and transfer of responsibilities to an operating entity.

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. Such overlap shall require Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) approval, since it affects annual operating budgets and

the respective Member's funding commitments.

- 3.6. 6. Project Agreement: The requirements of the Agreement, as more fully described at Section 5 below, generally as follows:
- 3.6.1. .1. Each Project Agreement is a contract between and among the Authority and some or all of the Authority's Members and may also include other types of Members (described at Section 7 below)(including, where deemed appropriate by the Board, Non-Member, Participating Parties), who collectively will provide for the undertaking and sharing in the costs and benefits of activities authorized by the Board in connection with the development of either (a) capital works or facilities that may include the issuance of long-term debt or (b) expense related activities that support the Authority in completing its mission.
- 3.6.2. .2. The formation, termination, or amendment of a Project Agreement is contingent upon the Board's approval.
- 3.6.3. .3. Each Project Agreement shall specify the authorities delegated by the Authority to each Project Agreement's Committee, which may also include (1) identification of specific thresholds constituting a material change and/or (2) specific voting thresholds applicable to specific topic areas.
- 3.7. 7. Project Agreement Committee: The decision-making body responsible for implementing a Project Agreement and compliance with the Project Agreement's terms and conditions.
- 3.8. 8. Project Baseline: The Authority's proposed Sites Reservoir Project ("Project") from which proposed changes are compared against to determine if a material change (refer to Section 12) may result. It includes (a) the scope of work (i.e. proposed facilities and their operations and environmental mitigation measures and/or compliance obligations, (b) schedule and the sequencing of work and resources, (c) costs in terms of the approved operating budget, fiscal year and phase-level budget targets, and financing of both short-term and long-term debt, (d) quality of the physical assets as well as the operational reliability and performance, and (e) risk assignment and allocation of risks.
- 3.8.1. .1. Phase 1 and 2: Until the Authority's proposed project is approved by the Board, the Authority will endeavor to estimate a 'mid-point' of the alternatives already developed and analyzed in the pre-administrative draft EIR/S that was prepared by the California Department of Water Resources (DWR) with input from the United States Bureau of Reclamation (USBR).
- 3.8.2. .2. Phases 3 through 5: The Project as documented in the joint Environmental Impact Report and Statement (EIR/S) that has been certified by the Authority, will be permitted by the California Division of Safety of Dams (and potentially the Federal Energy Regulatory Commission), and from which permits for construction and operation will be obtained.

- 3.9. 9. Prospectus Model: A cost management tool that uses (a) key Project parameters such as the estimated cost at completion; estimated water supply benefits in terms of annualized yield; and, if applicable, estimated potential power benefits associated with renewable energy generation and (b) estimates of financing cost, inflation and time value of money to calculate an estimated annualized cost/acre-ft. From these results, the funding commitment required by each Member will be developed. This tool will be used quarterly and throughout all of the Project's Phases as an aid for Members to determine their level of participation in the financing of the Project. As the Project evolves, (1) this tool will be updated to incorporate the current Project Baseline conditions and assumptions and (2) be used to analyze Material Changes relative to the results calculated for the Project Baseline to estimate the financial impacts (both positive and negative) to the Members.

A similar model may be developed to manage cost allocation for other types of project benefits, such as, but not limited to renewable power generation.

- 3.10. 10. Re-balancing Process: A process used to transition from a predecessor phase to the successor phase affecting Members participation in terms of funding and financing of the Project as well as the level of benefits to be received from an operational Project. The process is described further in Section 14.

4. Board of Directors and Officers

In addition to the primary requirements, which are defined in the Agreement, the following additional requirements shall also apply:

- 4.1. 1. Role of Board: To provide the overall policy direction and consider approval of activities and actions of the Authority, including approval of the following matters:
 - For the Proposition 1, Chapter 8 grant, be the applicant and manage compliance with the terms and conditions of its award.
 - Be the CEQA lead agency and work with USBR as the NEPA lead agency to effectively manage the environmental review process.
 - Hold title to the water rights issued by State Water Resources Control Board (SWRCB).
 - Be the owner of record as it related to dam safety requirements and regulatory obligations.
 - Be the applicant for all applicable permits and manage compliance with the respective terms and conditions.
 - Review decisions at Project Agreement level to ensure they are in the best interest of the Sites Reservoir Project.
 - Acquire property, easements and rights-of-way.
- 4.2. 2. Minimum Qualifications:
 Directors shall be a designated representatives from their respective Authority Member who is in good standing as defined at Section 8.1. An Authority Member's designated alternate is not eligible to be candidate for an Officer position. Additional requirements for officers are provided under each position's roles and responsibilities. If an Officer is the designated representative of an Authority Member that is not is 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 and the Board shall make an appointment for the remaining duration of that office.
- 4.3. 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. 4. Election of Officers: Election occur annually, ~~no later than the end of the~~ s shall ~~third quarter of the year in which the term for the position expires. The election shall occur at the~~ regularly scheduled Board meeting in February, or if for any reason the election does not then occur at the next meeting of the Authority,

~~with the new officers assuming their position within one month of the elections.~~

~~The timing of the election shall be noticed by an agenda item at least one meeting prior to the election.~~ Absentee votes shall not be considered. 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. 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. 6. Treasurer's Roles and Responsibilities:

- Shall meet or exceed the requirements of Government Code Section 6505.5; the Authority to secure a bond for the position;
- Either has or provides oversight to Authority staff who have a background in accounting, budgeting, or finance;
- Make recommendations to the Board on selection of the auditor and oversee the preparation of an annual audit;
- Ensure auditor's reports are filed as required by law:
 - (a)) "as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act";
 - (b)) with each agency that is a Member or an advisory member;
 - (c)) with the California Secretary of State or State Controller within twelve months of the end of the fiscal year; and
- Oversight of the annual budget preparation in accordance with Board direction and the Board's approval of the budget.
- A copy of the audit will be provided to each Member and Non Member Participating Party.

- 4.7. 7. Secretary's Roles and Responsibilities:

- Oversight of board agendas, minutes, and board meeting's protocol; and
- Oversee Member (and their representatives) compliance with requirements of the Agreement and Bylaws.

- 4.8. 8. Location: The Sites Project Authority's principle place of business and mail address are:

Physical Address:

122 West Old Highway 99
Maxwell, CA 95955.

Mail address:

P.O. Box ~~xxxx~~
Maxwell, CA 95955

5. Project Agreement Committee Leadership and Administrative Process

- 5.1 1 Establishment of Project Agreement Committee: Each Project Agreement will include the establishment of a Project Agreement Committee. The Project Agreement shall state the scope of work to be accomplished by the Project Agreement Committee. The Project Agreement may also include delegations of authority necessary to accomplish the scope of work. The Project Agreement may also define thresholds for material change that if exceeded require approval of both the Board and the respective Project Agreement Committee.
- 5.2 2 Appointment of Committee: Members and Non-Member Participating Parties of a Project Agreement in good standing shall appoint their respective representative to the Committee who is either an active member of the Member's board of directors or is a duly appointed senior-level staff have been delegated the authority from the Member to make decisions on the Member Agency's behalf.
- 5.3 3 Committee Leadership: At least two Authority Members are required to execute the Project Agreement and provide a representative to serve on each Project Agreement Committee along with the Authority's General Manager. In preparing each Project Agreement, the decision-making structure will be defined by the Board; taking into account factors such as, but not limited to, the project's complexity, risk, cost, and entities requesting to become signatory to each Project Agreement. The Project Agreement shall, at a minimum, provide for appointment of a Committee Chair, whose responsibilities are similar to those of the Board Chair. Where the estimated scope of work exceeds \$200,000., the Project Agreement Committee shall also appoint a Committee Treasurer whose responsibilities are similar to those of the Board Treasurer. The Committee Treasurer may be the Authority Treasurer, or if not, shall serve under the general supervision of the Authority Treasurer.
- 5.4 4 Leaders Term Limits: Project Agreement Committee leaders shall serve a term that does not exceed one year in duration. They are not precluded from holding consecutive terms.
- 5.5 5 Election of Committee Leaders: Elections shall occur annually, no later than the end of the third quarter of the year in which the term for the position expires. The election shall occur at a regularly scheduled Project Agreement Committee meeting. Absentee votes shall not be considered. For each position, the candidate receiving the majority vote from the Committee members present shall be the successful candidate.
- 5.6 6 Committee Leader Vacancy: Should a Leader position become vacant, the Project Agreement Committee shall make an appointment for the remaining duration of the vacated position's term.

- 5.7 7 Quorum and Voting of the Project Agreement Committee
- 5.7.1. 1. A majority of the Committee members representing Members and Nonmember Participating Parties that have executed the Project Agreement shall constitute a quorum for a Project Agreement Committee.
- 5.7.2. 2. Routine Matters or Non-Material Change Items Before the Project Agreement Committee: Unless otherwise authorized by the Board and provided for Project Agreement, the Committee members representing both the Members and Non-Member Participating Parties that have executed the Project Agreement shall take action only upon an affirmative vote of a majority of the total number of Committee members. Each Committee member shall have one vote.
- 5.7.3. 3. Material Change Items Before the Project Agreement Committee: Unless otherwise authorized by the Board and provided for in the Project Agreement, and based on the thresholds established in these Bylaws regarding a Material Change (Section 12), the Committee members representing both the Members and Non-Member Participating Parties that have executed the Project Agreement shall take action only upon an affirmative vote of at least seventy-five percent (75%) of the total number of Committee members. Each Committee member shall have one vote.
- 5.8 8 New Parties: In preparing each Project Agreement, the process to appoint new parties to the Project Agreement, including appointing a new member taking the place of a withdrawing or terminated Member, will be defined, taking into account factors such as, but not limited to, compliance with California Water Code § 79759.
- 5.9 9 Phase 1 Project Agreements: For Phase 1, the intent is to expeditiously develop a Project Agreement, and until such Project Agreement is executed, the Board shall direct the activities of Phase 1.
- 5.10 0 Member's Election to withdraw:
Should a Member or Non-Member Participating Party of a Project Agreement elect to withdraw their participation in any executed Project Agreement, the Member shall submit their written intent and explanation for their decision to the Project Agreement Committee Leader and Board Secretary. The notification shall also identify an effective date that does not precede the latest date received by either the Project Agreement Committee Leader or the Board Secretary. A withdrawing Member or Non-Member Participating Party shall be responsible for costs and liabilities beyond the effective date of its withdrawal, as prescribed under the Project Agreement.
- 5.11. Termination of a non-Authority Member by the Authority. A Project Agreement may be terminated with respect to any non-Authority Member or Non Member Participating Party upon an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors. Prior to any vote to terminate this Agreement with respect to a non-Authority Member

or Non Member Participating Party, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The non-Authority Member or Non Member Participating Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote. The terminated non-Authority Member or Non Member Participating Party shall be responsible for costs and liabilities beyond the date of termination, as may be prescribed under the Project Agreement.

- 5.12 Each Project Agreement involving agreements with third parties providing for the acquisition, construction, or management, ~~governance or operations~~ of the Project shall include- provisions to provide for allocation of available sales and use tax revenues to the County of Colusa or County of Glenn to the greatest extent provided by law, depending on the situs of the work or activity. ~~the following provisions~~

6. Common to Board of Directors and Project Agreement Committee Leadership Positions

- 6.1. 1. Conflict of Interest Code: Each Director of the Board and their delegated alternate and each Member's representative serving on a Project Agreement Committee shall timely file Statements of Economic Interest as required by the Authority's Conflict of Interest Code.
- 6.2. 2. Compensation: For at least Phase 1, no compensation shall be granted by the Authority to (a) any Director of the Board or a Member's delegated alternate or (b) any representative to a Project Agreement Committee's . When travel has been pre-approved by either the Authority or Project Agreement Committee's Leadership, respectively the representative is eligible to recover reasonable travel and related expenses.
- 6.3. 3. Roles in Key Categories: The following chart summarizes various activities to be carried out or overseen by the Board and Project Agreement Committees:

Category (& minimum frequency)	Authority Board	Project Agreement Committee Leadership
Implementation of the Sites Reservoir Project (ongoing).	Provide timely policy direction. Be the Project's strongest advocate.	Provide Authority with timely and accurate input.
Member's and staff's compliance with applicable chartering document (annually)	Compliance with Agreement & Bylaws	Compliance with Project Agreement
Approve operating budget and Phase-level target budgets (annually)	Authority's cost plus the roll-up of budget requests from each executed Project Agreement	Project Agreement
Insurance requirements, and financing plan on an annual basis (annually)	Maintain at Project level	
Organizational structure and assess the organizational effectiveness (annually).	Maintain at Project level Review Board and Committee performance Evaluate the effectiveness of policies and/or standards,	Maintain at Project Agreement level. Provide Authority with timely and accurate input.

Category (& minimum frequency)	Authority Board	Project Agreement Committee Leadership
	Performance of the General Manager, Accountant, Chief Legal Counsel, and other key staff positions	
Maintain delegations of Authority for decision- making effectiveness (annually)	Maintain at Project level.	Maintain at Project Agreement level.
Risk assessment and risk management and quality assurance and quality control (periodic)	Maintain at Project level. Determine frequency for risk assessments and quality audits.	Provide Authority with timely and accurate input.
Compliance with significant regulatory requirements, governance matters, and litigation (annually)	Assess at Project level.	Provide Authority with timely and accurate input

7. Membership Types

7.1.1. General:

7.1.1. .1. The Board retains its sole discretion to (a) offer membership to an agency, entity, party, or company ("requestor") who requests to participate in the Project, as further provided at Section 3.3 of the Agreement, and (b) to determine what if any membership type is applicable for the requestor. Should the Board elect to offer a membership type, the requestor shall then be required to (1) execute both an election to participate form and applicable agreements and (2) comply with the Agreement, Bylaws, and if applicable, Project Agreements.

7.1.2. .2. All participating party's' funding commitments must be based on the results of the Prospectus Model at the time the analysis is performed. The methodology used to create the Prospectus Model utilizes the time value of early financial contribution to the Authority. This model will be utilized quarterly and be used as the basis for estimating the cost for new Members and during the Re-balancing Process for all members, including those electing to change their level of participation.

7.1.3. .3. A participating party's interests through the Authority and/or a Project Agreement cannot be assigned without written pre-approval by the Board.

7.2. 2. Authority Member: A public agency that is signatory to the Agreement. They are required to be located within Sacramento River watershed that has either (1) land use authority or (2) is a duly recognized water agency, and complies with the joint powers authority ("JPA") membership requirements of California Water Code §79759 (a) & (b). Agencies that elected to participate and provide financial support to the Authority prior to October 30, 2015, may also be referred to as Founding Members.

Eligibility to join as an Authority Member, at the Board's sole discretion, as further provided at Section 3.3 of the Agreement, may be extended to a non-profit mutual water company that complies with the joint powers authority ("JPA") membership requirements of California Water Code §79759 (a) as it relates to being located within the Sacramento River watershed and California Water Code §79759 (b) as it relates to being a non-profit company.

Financial Contribution: Pro-rata cost share of either the Authority's cost and/or the pro-rata share of cost for each executed Project Agreement.

Attributes of an Authority Member:

- Eligible to be represented on the Board.
- Eligible to also be represented on a Project Agreement Committee. An Authority Member's representative may ~~an~~ be an officer on a Project Agreement Committee.

- ~~Those Authority Members having land use authorities that have contributed (1) their reputation/good will, which cannot be monetized, and (2) the initial funding prior to and including Phase 1 work, can, pending Board approval, receive a fixed amount of water supply with the condition that they also~~ Glenn and Colusa Counties, as Founding Members having contributed (1) their reputation/good will, which cannot be monetized and (2) the initial funding prior to and including Phase 1, then prior to the start of Phase 4, should either elect to acquire water, power, and/or other benefits from the Project, they shall have the same priority status as other Founding Members established in to acquire the applicable benefit by contributeing to funding the pro rata share of cost to the applicable Project Agreements.
- Eligible to provide in-kind (and/or other) services if pre-approved by the Board.

- 7.3. 3. Project Agreement Members: Such members shall be either (1) a public agency that meets the requirements of California Water Code Section 79759(a) or (b), 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 which is a Type A Member or a Type B Member, or (2) a non-profit mutual water company that complies with the non-profit JPA membership requirements of California Water Code § 79759 (b). It must be willing to execute at least one Project Agreement.

Attributes of a Project Agreement Member:

- Eligible to be a member on either a Project Agreement Committee. Can be an officer on the Committee.
- Eligible to provide in-kind (and/or other) services if pre-approved by the Board.

Such Project Agreement Members shall be within one of the following categories, depending on their affiliations with the Authority, and resulting financial contributions as follows:

- 7.3.1. 1. Project Agreement Member Type I are Members which do not otherwise have a direct or indirect affiliation with the Authority, as compared to Types II and III described below.

Its financial contribution shall be for each Project Agreement executed such Member will contribute its pro-rata share of project costs. It receives benefits based on the time it joined, executing Project Agreements, and will be required to either pay an 'annexation' fee to offset the prior investment made by other Members, or have a reduced participation relative to prior Members.

- 7.3.2. 2. Project Agreement Member Type II is an entity that is a member of another JPA (or equivalent group or collective), whereby the other JPA (or equivalent group or collective) is either an Authority or Project Agreement Member in good standing. [Example, members of TCCA] Regarding its financial

contribution, since it provides its pro-rata cost share to the Authority through the other JPA (or equivalent group or collective), no additional funds are directly provided by such a Project Agreement Member II to the Authority.

- 7.3.3. ~~.3. Project Agreement Member Type III is an entity that has, via an independent contract, agreed to allow another agency, who is either an Authority Member or Project Agreement Member in good standing, to represent their interests on either the Authority's Board and/or a Project Agreement Committee, respectively. [Example, Davis WD contracting through and represented by Proberta WD] Regarding its financial contribution, since it provides its pro-rata cost share to the Authority through another Member, no additional funds are directly provided by such a Project Agreement Member III to the Authority~~

- 7.4. 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 joint powers authority membership requirements of California Water Code § 79759 (a) & (b), but elects to accept an advisory role from the Authority or (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

Financial Contribution: An annual contribution of \$5,000.

Attributes of an Associate Agreement Member:

- Eligible to become a member of the Consultation (advisory) Committee.
- Eligible to provide in-kind (and/or other) services if pre-approved by the Board.

- 7.5. 5. Non-Member Participating Party: "An agency, entity or company, that does not meet the JPA membership requirements of California Water Code § 79759 (b) regarding for-profit corporations, including certain types of mutual water companies, and is not a Member of the Authority, but is deemed eligible by the Authority to participate by contract on certain elements of the Project that will not receive public funds per California Water Code Division 26.7 (§ 79700 et seq.) such as, but not limited to, renewable power generation." (Restatement from Agreement section 1.7).

Financial Contribution: For each Project Agreement executed, the pro-rata share of costs.

Attributes of Participating Party: Conditioned upon meeting certain eligibility requirements.

- An agency or company may be eligible to participate on a Project Agreement.
- A Mutual Water Company or private company may be eligible to participate on a Project Agreement.

- Allows a qualified energy developer to participate on a Project Agreement specifically executed to provide hydroelectric power including traditional and pumped-storage.

7.6. 6. Ex Officio:

The California Department of Water Resources (DWR), which is required by law to be an ex officio member of a joint powers authority for the purposes of California Water Code § 79759 (b) shall be a non-voting member of the Authority and/or Project Agreement Committee.

8. Members & Non-Member Participating Parties - Common Requirements

- 8.1. 1. Good Standing: To actively participate in the respective decision-making authorities, each Member and Non-Member Participating Party is required to comply with the following conditions:
- 8.1.1. .1. Compliance with the terms of the Agreement and these Bylaws as well as the policies and/or procedures the Board may adopt;
 - 8.1.2. .2. Compliance with any Project Agreements it has executed;
 - 8.1.3. .3. Providing timely payment of the Member's or Non-Member Participating Party's pro-rata share of costs;
 - 8.1.4. .4. ~~Not pursuing legal action against the Authority~~~~Not challenging the Project as a whole.~~

Failure to remain in good standing may subject the Member or Non-Member Participating Party to disciplinary action that, at the discretion of the Board and/or applicable Project Agreement Committee, may include suspension of voting rights as provided at Section 7.3 of the Agreement and/or removal from either the Authority and/or Project Agreement(s), respectively.

- 8.2. 2. Change in Representation: Should a Member or Non-Member Participating Party elect to name a different person to represent them either on the Board and/or on any Project Agreement Committee, the change shall be provided in writing to the Secretary. The written notification shall also include an effective date.
- 8.3. 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, California Government Code Section 87000, et seq., and regulations adopted by the Fair Political Practices Commission set forth in Title 2, California Code of Regulations. Designated Positions" under said Conflict of Interest Code shall comply with such Code and Political Reform Act and other applicable laws.

9. Committees

- 9.1. 1. Common: Each committee of the Authority shall have a chartering document approved by Board, which will include, among other things, quorum and voting requirements for conduct of the committee.
- 9.2. 2. Board Committees:
- 9.2.1. .1. Each committee of the Board shall be comprised of at least three (3) and no more than five (5) Authority Members.
- 9.2.2. .2. Standing Board Committees: The Chair may elect to create standing committees as necessary to ensure successful completion of the Authority's mission.
- 9.2.3. .3. Ad-Hoc Board Committees: The Chair may ~~may~~ elect to create Ad-Hoc committees to address specific issues or area of concern to the Board.
- 9.3. 3. Project Agreement Committees: The purpose is to manage each Project Agreement as provided for in Section V of the Agreement and Section 5 of these Bylaws. The Project Agreement shall be the chartering document the Project Agreement Committee shall use to perform the work consistent with the requirements of the Agreement and Bylaws.
- 9.4. 4. Consultation Committee: The purpose of the Consultation Committee is to serve as an advisory committee in order to maximize transparency regarding the decision-making process and facilitate the exchange of information; provide opportunity for comment, input, and recommendations; and ensure meaningful discussions regarding the rationale for decisions and the outcomes that result.
- 9.4.1. .1 The Board shall approve a charter document for the Consultation Committee which shall include, among other things, the scope of its activities and quorum and voting requirements for conduct of the Committee. The Board shall approve and may modify from time to time the composition of the Consultation Committee, based upon interest expressed by various interested entities, and may include representatives from any of the following which wish to help advance the mission of the Authority (i) any public agency that has as its sole or principal power supplying water and/or power to other entities or to retail users, (ii) any non-water and non-water public agency, (iii) any mutual water company, and (iv) any non-profit governmental organization (NGO).
- 9.4.2. .2 The Consultation Committee will meet on a regular basis to exchange information and provide input concerning upcoming decisions expected to be made by the Authority. Consultation Committee ~~m~~Members will not have a seat on the Board and will not vote on matters before the Authority.

ty, but will have an opportunity to inquire about relevant matters, be apprised by the

Authority of issues of interest, and make recommendations concerning pending decisions.

- 9.4.3 .3 The General Manager shall participate in an ex office capacity and to provide the Consultation Committee with access to information relevant to the committee's agenda items.
- 9.4.4 .4 The Consultation Committee shall periodically provide reports to the Board on its activities.
- 9.4.5. Financial Contribution: An annual contribution of \$200. The Board may, from time to time, change the annual dues for participation in the Consultation Committee and or waive the annual dues should an eligible entity wishing to join demonstrates to the Boards satisfaction that a hardship condition exists.

10. The Authority's Powers and/or Authorities

- 10.1. 1. Non-Delegated Authorities: While (a) Section VI of the Agreement includes the intent to use Project Agreements to accomplish the Authority's mission and (b) each Project Agreement shall specify the power delegated from the Authority, for Phase 1, the following powers shall remain with the Board unless these Bylaws are amended as provided for in the Agreement:
- 10.1.1. .1. Applicant for the Proposition 1, Chapter 8 grant funds.
 - 10.1.2. .2. Lead agency with the SWRCB for the water rights application. Further more, the Authority will hold title to the water rights granted by the SWRCB.
 - 10.1.3. .3. The Authority serving as Lead CEQA Agency for the Project.
 - 10.1.4. .4. Acceptance of permit conditions, specifically those associated with NEPA/CEQA compliance to achieve less than significant classification, ESA/CESA compliance, Section 10 of the Rivers and Harbors Act, NHPA § 106/SHPO and compliance with the Clean Water Act.
 - 10.1.5. .5. Responsibility for compliance with applicable dam safety requirements such as California Division of Safety of Dams and Federal Energy Regulatory Commission.
 - 10.1.6. .6. Engagement and outreach with tribal representatives, elected officials, the general public, and advocacy organizations (e.g. NGOs).
 - 10.1.7. .7. Lead any efforts to (a) acquire land and rights-of-way and (b) obtain additional financial contributors.
 - 10.1.8. .8. Determination of Material Changes affecting the annualized water supply and costs expected from development of the Sites Reservoir Project.
 - 10.1.9. .9. Determination of Material Changes to the facilities associated with the reservoir that could result in either an increased schedule greater than one year and/or increase construction costs greater than 10%.
 - 10.1.10. .10. Development of renewable power or pumped-storage beyond the pre-feasibility-level planned.
 - 10.1.11. .11. Oversight of (a) employees and (b) consultant contracts.
 - 10.1.12. .12. Overall cost management to ensure obligations or commitments remain within (a) each annually approved operating budget and (b) the phase 1 cost target.
 - 10.1.13. .13. Establishing a decision-making thresholds for specific topic areas likely to be addressed by the Project Agreement's Committee.

11. Delegations of Authority

11.1. 1. To A Project Agreement Committee:

11.1.1. .1. This section consolidates requirements of Section VI of the Agreement with additional clarifications.

11.1.2. .2. Limited Liability: Each Project Agreement shall include the requirements of Agreement Sections 5.9 and 6.3.

11.2. 2. To the General Manager. The following is delegated to the General Manager subject to oversight by the Board:

11.2.1. .1. Outreach and Engagement:

- a. Serve as the primary advocate and voice of the Authority in all activities related to advancing surface water storage and enhanced water supply reliability in the Sacramento River watershed, and primarily Sites Reservoir.
- b. Advocate with local, state, and federal agencies as well as the regulatory and environmental sectors.
- c. Represent the Sites Project Authority to enhance the organization's profile as a leader in the storage debate.
- d. Conduct official correspondence on behalf of, and jointly with, the Board when appropriate.

11.2.2. .2. Cost Management:

- a. Manage the Board-approved annual operating budget to ensure positive cash flow and track variances against both the phase-level budget target and total project cost, which includes an estimate of the finance cost.
- b. Obtain additional funding partners and investors in the Sites Reservoir Project.

11.2.3. .3. Execute professional services contracts in accordance with the following:

- a. Board approved Master Services Agreements (MSAs) where the commercial terms but no scope or cost have been assigned.
- b. Task Orders for MSAs where the scope of work and cost has a value that does not exceed the line-item amount in the approved operating budget and is less than \$500,000.
- c. Other professional services agreements (i.e. commercial terms plus scopes of work and not-to-exceed cost) having a value that does not exceed the line-item amount in the approved operating budget and is less than \$100,000.

- 11.2.4. .4. For expenditures that are not specific line items in the Board-approved annual operating budget, the General Manager is authorized to spend up to \$5,000, so long as a positive cost variance to the Board-approved annual operating budget is forecast.
- 11.2.5. .5. Administration: Annually, review and evaluate the performance of and report same to the Board:
- a. key staff positions;
 - b. consultant contracts and their key personnel;
 - c. The Managers' workgroup, which the General Manager shall chair.

12. Material Change - Applicable for Phase 1

- 12.1. 1. These provisions shall apply both to decisions by the Board and Project Agreement Committee(s).
- 12.2. 2. As the Sites Reservoir Project progresses through each of the planned project phases, what constitutes a Material Change along with the associated thresholds for Material Change may require amendment to these Bylaws. For Phase 1, should a question arise regarding a change being deemed material, the Board shall make the final determination.
- 12.3. 3. Decisions affecting the following topic areas constitute a Material Change applicable for Phase 1 as measured either qualitatively or quantitatively as a change from the Project Baseline:
 - 12.3.1. .1. An increase in the projected Phase 1 budget target greater than 5% of the approved Phase 1 budget target.
 - 12.3.2. .2. Any projected overrun to the approved total annual operating budget or transferring funds between line-items in the approved operating budget that is greater than \$50,000.
 - 12.3.3. .3. The eligibility of the Authority to receive grant funding from Proposition 1, chapter 8.
 - 12.3.4. .4. Water rights and/or annualized yield of the Sites Reservoir Project changing by more than 5% of the total annualized yield or changes the proposed split between water supply benefits and Proposition 1 defined public benefits by more than 5% from the Baseline Project.
 - 12.3.5. .5. An individual Member's or ~~Non-Member~~ Participating Party's election to reduce their commitment to either (a) fund the Authority and/or (b) for the Reservoir cost center, reduce its water commitment as measured in acre-feet by more than 25% that does not occur during the re-balancing process. Should such a change occur outside of the re-balancing process, the Board may elect to use the Dispute Resolution Process to resolve concerns or potential injury caused by such a change in participation.

During the re-balancing process, a Member's or Non-Member Participating Party's decision to change its position does not constitute a Material Change and the Dispute Resolution Process shall not apply.
 - 12.3.6. .6. Changes affecting the ability to obtain dam safety related permits in a timely and cost-effective manner.
 - 12.3.7. .7. Changes to the Project's scope that significantly changes the operations of existing conveyance assets owned and/or operated by Members and/or other entities relative to the Project Baseline.

- 12.3.8. .8. Changes to the Project's scope that significantly changes the amount of power needed to operate and/or the amount of pumped-storage capability relative to the Project Baseline.
- 12.3.9. .9. Changes causing the direct construction cost to increase or decrease more than 10% excluding inflation and escalation in material costs.
- 12.3.10. .10. Changes causing the construction schedule to increase more than 6 months or require construction means and methods that may not comply or require extreme measures to comply with OSHA requirements.
- 12.3.11. .11. Changes having the potential to shift significant risk from either (a) a Project Agreement to the Authority (or vice versa), (2) from one Project Agreement to another, and/or (3) from one participant to another. Absent defined thresholds, the Board has the discretion to determine, on a case by case basis, if a Material Change has occurred.
- 12.3.12. .12. Causing the mitigation for construction and/or operations that changes the baseline estimated cost by more than 10%.
- 12.3.13. .13. Affecting the acquisition cost or schedule of land, easements, or rights-of-way by more than 10% from the baseline estimate cost and/or increases the line-item schedule duration by more than 6 months.
- 12.3.14. .14. Changes materially affecting the powers of the Authority, a Member, the State of California, the Federal Government, or a federally recognized Tribal organization.

13. Integration of Decisions - Authority Board & Project Agreement Committees

- 13.1. 1. Material Change: Each Project Agreement will identify topic areas that constitute a Material Change and associated thresholds that are consistent with the Agreement and Bylaws and incorporate the Board's delegation of powers, if any, to the Project Agreement Committee. Approval of actions to respond to a Material Change requires the approval of both the Board and the Project Agreement Committee before the action can be implemented. If either decision-making entity does not approve the change, then the dispute resolution process will be invoked if timely requested as provided below.
- 13.2. 2. Non-Material Changes: Approval of actions that are deemed by Project Agreement Committee and the General Manager to not result in a Material Change do not require the approval of the Board before the action can be implemented.
- 13.3. 3. Dispute Resolution Process: Early identification of items that may potentially result in a Material Change is essential. It is the responsibility of any Project Agreement Committee Leaders and Members' or Non-Member Participating Party's representatives, regardless of membership type, to elevate a concern that they believe could result in a Material Change – either in the short-term (e.g. affecting an approved operating budget or schedule) or longer-term (e.g. affecting the current phase-level budget target or successor phase-level budget target or schedule). Concerns shall be brought directly to the General Manager's attention.
 - 13.3.1. .1. The party that has identified a potential Material Change shall, within fifteen (15) days of the event, provide the General Manager with the basis for its concern along with a qualitative estimate of the severity (i.e. impact to the project) and consequence (i.e. probability of occurrence). The General Manager shall further investigate the merits of the concern and should the General Manager deem the item is likely result in a Material Change, to, at a minimum, notify the Project Agreement Committee and Board with the assessment results and identify potential remedies. Should the party that has identified a potential Material Change disagree with the General Manager's assessment they should bring the matter up to either the Board or the applicable Project Agreement Committee(s).
 - 13.3.2. .2. Should the Board or applicable Project Agreement Committee(s) agree that a Material Change is likely, a recommended strategy and course of action needed to minimize the risk shall be developed. Should the Board's officers and Project Agreement Committee(s) Leadership not reach agreement on a preferred strategy and course of action, which could include a temporary suspension of some or all work until more information is known to reach agreement, each decision-making body can elect to take action via a vote of the eligible Members.

- 13.3.3. .3. Within 15 calendar days of either the Board's or each of the applicable Project Agreement Committee's having made their respective decision, should the respective decisions result in different solutions, the Board and Project Agreement Committee Leads shall formally meet to resolve the differences.
- 13.3.4. .4. Should the parties involved in taking action under section 13.3.3 fail to reach agreement, the disagreeing parties will submit the dispute to mediation. If the disputing parties cannot mutually agree upon a mediator, each will submit the names of two mediators and the mediator will be determined by lot. The disputing parties will share equally in the cost of the mediator and will bear their own costs of mediation.
- 13.3.5. .5. Should mediation not result in a successful resolution of the dispute, the Project Agreement shall be terminated and the Authority's Board shall call a meeting to determine if the Agreement should similarly be terminated, amended, or if a new Project Agreement should be executed.

14. Cost Management:

14.1. 1. General:

14.1.1. .1. The Authority will utilize cost management, which includes both revenue and expenses, and best management practices for the purpose of efficient management and to facilitate accountability, transparency, and demonstrating the value being created.

14.1.2. .2. The Authority will utilize the Prospectus Model. Its primary purposes are (1) to estimate the eventual debt repayment obligation on a cost/acre-ft. basis as the Sites Reservoir Project advances in response to potential Material Changes that may occur internally (i.e. Board decisions) and/or externally (i.e. future financial market conditions) and (2) to utilize the time value of investment in both the Authority and Project Agreements to insure that later joining Members and/or Non-Member Participating Parties are required to pay sums equivalent to that contributed by Members ~~that~~ which joined earlier.

The Prospectus Model will be used (a) initially to establish the Project's target cost/acre-ft. to advance the Project from the current planning (i.e. start of Phase 1) through completion of Phase 5, (b) as an integral part of the decision-making process by both the Authority and/or applicable Project Agreement Committee whenever a potential for a Material Change relative to the Project Baseline is identified, and (c) as part of the Re-balancing Process.

14.1.3. .3. A Cost Center will be created for the Authority and each Project Agreement to create income statements showing both revenue and expenses at both a discrete activity level as well as enable a roll-up of both revenue and expenses to the Project level. Each cost center will also have the ability to differentiate in-kind services from revenue and expenses.

14.1.4. .4. Member's contributions need to accommodate direct funding, use of in-kind services, and the value of reputation/good will; noting that some of these contributions cannot be monetized.

14.2. 2. Positive Cash Flow:

14.2.1. .1. Each Project Agreement (cost center) shall maintain, at all times, a positive cash flow. Unless amended by a majority of member agencies providing financial contributions to a cost center, the positive cash flow will be established based on when approval to commit costs to a specific set of tasks or activities has occurred and not when costs are incurred (i.e. when a consultant task order is approved and not when invoices for the work are received).

For Phase 1, the Board approved, on October 19, 2015, the requirement to maintain at least a six month reserve to fund the Authority's costs and to manage the effort to produce the grant proposal using a three-month rolling projection.

- 14.2.2. .2. The Authority shall ensure that each cost center maintains a positive cash flow and there is an appropriate level of reserves for the Project's phase and commensurate with the level of risk and uncertainty. However, the Authority shall endeavor to establish the timing that payments are due from Members and Non-Member Participating Parties in a manner that minimizes the amount of funds in the Authority's account relative to the total incurred cost to date plus projected cost for the next three (3) months.
- 14.2.3. .3. As agencies or entities are invited to become Members or Non-Member Participating Parties and elect to participate by providing financial contributions and/or the financing of applicable cost centers in exchange for the potential benefits, the Authority shall endeavor to re-adjust the funding commitments agreed to by the other Members and Non-Member Participating Parties for both the current annual operating budget as well as subsequent years' budget targets and the phase-level budget target. However, the Board retains the discretion to determine how much of the 'new' revenue should be used to timely fund work versus reduce the funding commitment of the existing Members and Non-Member Participating Parties. The Authority's goal is to ~~to~~ complete each Phase in a cost effective manner.
- 14.2.4. .4. The commitment to fund the day-to-day management and administration of the Authority takes precedence over any of the subordinate cost centers. Failure to fully fund the expense cost center used to fund the Authority can result in work stoppages at the subordinate cost center (including, Project Agreements).
- 14.2.5. .5. Prior to the start of each Phase of work, Members and Non-Member Participating Parties need to clearly communicate and commit to, their level of participation in the Project and provide their pro-rata share of costs in a timely manner; recognizing that such changes, especially reductions in participation, will likely shift the cost burden to other Members and Non-member Participating Parties, which therefore needs to be minimized.
- 14.3. 3. Changing Participation Level:
- 14.3.1. .1. Re-balancing Process: This process occurs only during the transition from the current Phase to the successor Phase, where Members and Non-Member Participating Parties may elect to formally change their respective position¹ in terms of the type of Membership and/or change the unit of measure (e.g. acre-ft.) being used to develop the pro-rata share of Phase-level costs to each participant in either Authority or in each Project Agreement. The successor Phase cannot start until the re-balancing process has been completed to allow all Members and Non-Member ~~Participating Parties to~~

¹ The annual budget process also allows a Member or Non-Member Participating Party to change their membership position and/or change the unit of measure, which is described in Chapter 14.

execute both (a) an Election to participate in the Sites Reservoir Project form and (b) their respective Financial Commitment Agreement with the Authority for the successor Phase.

14.3.2. .2. Outside of the Re-balancing Process, a Member and/or a Non-Member Participating Party cannot assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply, megawatt-hours of power) they expect to receive through their participation in the Authority or through a Project Agreement to anyone who is not already a Member or Non-Member Participating Parties, unless approved in writing by both the Board and applicable Project Agreement Committee. The Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) shall only consider those transactions that do not shift a cost-burden or reduce benefits to another Member and/or Non-Member Participating Party and do not otherwise compromise the Authority's mission. Transactions that shift costs or reduce benefits to other Members or Non-Member Participating Parties who are not willing to accept this change can utilize the dispute resolution process to resolve the matter.

14.3.3. .3. The annual budget process also allows a Member and/or a Non-Member Participating Party to reduce their position and/or the benefit units (e.g. acre-feet). This occurs during the period when the Board has approved the upcoming fiscal years' budget and Members approve their respective pro-rata share of funding. However, such change produces an unplanned iteration in allocating costs by shifting more costs onto other Members and Non-Member Participating Parties. An iteration could delay revenue to the Authority, which could adversely impact work in progress if it reduces the amount of reserves held by the Authority below Board approved thresholds. Such an impact could affect the Member's or Non-Member Participating Party's ability to remain in good standing.

~~14.3.4. .4. Post construction and commissioning, a Member electing to assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet, megawatt hours) may do so providing any associated repayment obligation is not affected and the Board has approved such transaction. Any such assignment, sale, trade or exchange shall be based on a priority system that Members or Non-Member Participating Parties have first right to acquire the water before Member or Non-Member Participating Party can transfer the benefit and repayment obligation to a third party, who was not involved in the development of the Project.~~

14.4 .4 Should the Board determine that potential hydroelectric power benefits - both traditional and/or pumped storage - result in a similar situation where there are multiple Members or Non-Member Participating Parties interested in acquiring benefits, the Board shall create an equivalent process whereby Members or Non-

Member Participating Parties would have a first right of refusal before the benefit could be made available to a third party who has not been involved in the development of the Project.

14.5 .5 Phase-level Cost Management:

- 14.5.1. .1. Prior to the start of each Phase, Members and Participating Parties will be asked to define the level of participation and associated pro-rata share of the costs as managed at the Project Agreement and/or cost-center level. The start of each subsequent phase shall not occur until the Board (or Project Agreement Committee if this power has been delegated by the Board to the Project Agreement Committee) has approved that (a) there is sufficient level of participation and (b) sufficient commitment of funds (i.e. revenue).
- 14.5.2. .2. For each phase, a work plan will be developed that identifies expected annual funding requirements for each fiscal year. As the Project's schedule changes, the work plan and estimated annual funding requirement will be updated for Board's (or applicable Project Agreement Committee's) approval. Both the Phase-level and annual funding requirements shall be developed to the level of detail necessary to allow each Member or Non-Member Participating Party to understand their estimated pro-rata share of costs.
- 14.5.3. .3. During each phase of work, the total Project's cost for the Reservoir (i.e. forecast to complete); which includes contingencies, escalation, and finance costs; shall be managed and tracked relative to the current Board-approved Baseline Project cost target. A Material Change shall require an update to the forecast to complete. These results shall also be reported on a cost/acre-ft. basis using the Prospectus Model and both values shall be provided in a timely manner to the Board and applicable Project Agreement Committee for their respective action and direction to Staff.
- 14.5.4. .4. The Board (or applicable Project Agreement Committee if this authority has been delegated by the Board to a Project Agreement Committee), may decide that other Project benefits, such as renewable power generation, should be managed and tracked using a similar process as defined under Section 14.3.3.

14.6 .6 Budget Management within each Phase:

- 14.6.1. .1. The phase-level work plan and resulting budget target shall be subdivided into annual budget targets that coincide with the Authority's fiscal year, such that the sum of the annual budget targets equals the Phase-level budget target. Both the annual budget target and phase-level budget target shall be provided to each Member and Non Member Participating Party on a periodic basis. The General Manager also shall notify each Member and Non Member Participating Party as soon as possible after a Material Change occurs to warrant an updated projection.

14.6.2. .2. Each annual budget target, once approved by the Board (or Project Agreement Committee if this power has been delegated by the Board to the Project Agreement Committee) shall become the operating budget for the current fiscal year.

14.6.3. .3. Based on the approved operating budget, invoices requesting payment will be submitted to each Member or Non Member Participating Party. The requirements shall be documented in a Financial Commitment Agreement that is executed between the Authority (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) and each Member. Such Agreement shall itemize the funding requirements to each cost center and identify the date when such payments are due to the Authority.

14.4. In-Kind Services:

14.7.1. .1. Phase 1: The California Water Commission has discretion to allow certain costs incurred by an applicant since passage of Proposition 1 in November 2014 through submittal of the application to be counted towards the total project cost that when combined with the projected public benefits will determine the amount of grant funds that can be awarded within the limitations of California Water Code Division 26.7. The Authority will track in-kind services for inclusion into the formula to be used to calculate the total amount of grant funds the Authority is eligible to receive. However, a Member will not receive monetary credit for in-kind services against their pro-rata share of Phase 1 funding.

For work performed prior to Dec 31, 2015, the Authority will work with each Authority Member to document the eligible types of work along with the associated hours and eligible cost. The cumulative Member's input will be included into the Authority's proposal to the California Water Commission.

For work performed effective January 1, 2016, discrete in-kind work activities shall be pre-approved by the Board with the Member being responsible to track the effort and to provide the Authority with an estimate of the eligible hours and eligible costs. On a semi-annual basis, each Member will provide documentation to the Authority for all eligible in-kind costs incurred for inclusion into the Authority's proposal to the California Water Commission.

14.7.2. .2. Future Phases: Pending Board approval, certain in-kind work activities may be counted as part of each Member's financial contribution towards meeting its funding commitments.

**AGREEMENT REGARDING FINANCIAL COMMITMENT
BETWEEN SITES PROJECT AUTHORITY AND**

(Agency Name)

This Agreement is entered into between the _____ (Agency Name)
("Agency") and Sites Project Authority ("Authority").

RECITALS

A. The Authority was established as an independent Joint Powers Authority to, among other things, efficiently study, promote, design, finance, acquire, construct, manage and operate the Sites Reservoir and related facilities ("Project"). The Project is in the planning stages and funds are needed to complete the preparation of a submittal for the Project to the California Water Commission ("Submittal Package").

B. The Authority has projected a sequence of projects to be undertaken to proceed with the planning process and to complete a Submittal Package to render the Authority eligible for grant funding.

C. The Authority has also identified financial requirements necessary to fund the activities needed to complete a Submittal Package. (Phase 1)

D. To fund the Authority's immediate financial needs to prepare a Submittal Package, the Agency has been requested to make a financial commitment based upon the Agency's projected benefits to be received if the Project is successful. The proposed contribution from Agency is shown on Schedule "C" attached.

AGREEMENT

1. The Agency agrees to participate in the Project in the areas identified under Schedule "A" and/or "B". Further, the Agency agrees to the financial commitment set forth in Schedule "C" with the funds to be applied to preparation of the Submittal Package.

2. The Agency understands that this is a firm financial commitment and that the Authority will rely on this commitment to enter into contracts and conduct other activities to prepare the Submittal Package.

3. The Agency's shall forward the committed funds to the Authority by _____ (date) or in accordance with the schedule shown on Schedule "C" whichever is later.

4. The funds will be used by the Authority for completing its Submittal Package unless otherwise specified on Schedule "C" attached. If sums are committed for a specific project, the Authority will be provided monthly financial reporting demonstrating the funds were expended for those specific purposes. Excess funds, if any, not used by the Authority for the specific purpose will be returned to the Agency within 120 days of the completion of Phase 1.

5. The Agency, at any time, can request and receive return of funds committed to the Authority or decline to tender funds committed by Agency, provided, however, that Agency shall not be entitled to return funds tendered or to decline tendered funds which have been relied upon by the Authority to fund a contract or commitment to which the Authority is contractually obligated.

6. The Agency acknowledges that the Project is still in the conceptual stage and that there are no assurances the Project will be constructed or that water or power supplies or facilities will be developed as a result of the Project. The Agency therefore acknowledges and agrees that it is not being provided any assured interest in the Project, and that it is not being provided any assured interest in the future water or power supply that may be a result of the construction of the Project.

7. The Agency and the Authority agree that contributions made to the Authority by the Agency's will be considered in determining future benefits that may be derived if the Project is successful. The goal is to ensure that Agencies contributing finances to the Project will receive benefits in proportion to the financial contributions made.

8. The Authority will maintain contribution accounts crediting contributions made by each Agency. Credits in these accounts will be considered in determining the priority of benefits distributed. Credits may not be assigned, pledged or encumbered without written consent of the Authority.

9. This Agreement becomes effective when executed by the Agency and shall remain in full force and effect until the funds committed by the Agency have been expended by the Authority or returned as excess.

SITES PROJECT AUTHORITY

AGENCY

By: _____

By: _____

Sites Reservoir Project - Phase 1: Election to Participate Form

(Insert entity's name) elects to participate in Phase 1 of the Sites Reservoir Project in the following manner:

- ☐ By checking this box, (insert entity's name), certifies that it is:
1. an eligible entity as defined in Proposition 1¹ to be a member of a joint powers authority per CA Water Code § 79759 and will contribute financially to implement the Sites Reservoir Project, which is the CALFED project known as the North of Delta Offstream Storage (NODOS) Project;
 2. electing to participate in the Sites Reservoir Project phase 1 in one of the categories listed below, and
 3. agreeing to be a member in good standing and comply with the terms and conditions of the Sites Project Agreement, Bylaws and applicable Project Agreements, both now and as they may amended, respectively.

Project Membership Type & Location: (refer to bylaws)

Sites Project Authority:

☐ Authority

☐ Ex Officio

Advisory:

☐ Associate

☐ Supporting

Solely in Project Agreements:

☐ Standing (Type 1)

☐ Affiliate (Type 2)

☐ Represented (Type 3)

☐ Non-Member Participating Party

Principle Location:

☐ Within the Sacramento Hydrologic Region (Type A)

☐ Outside and may include the Sacramento Hydrologic Region (Type B)

Participation:

- ☐ Authority: Management and Administration of the Sites Project Authority plus the Regional Benefits/economics cost centers. The associated costs will be allocated on a pro-rata basis according to the total number of voting members to the Sites Project Authority (i.e. 1/10 share for fiscal year 2016).

In-kind Services (optional²): _____

¹ Proposition 1, specifically CA Water Code §79759 provides the membership requirements applicable to joint power authorities created to implement CALFED storage projects. These requirements can be viewed at <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=wat&group=79001-80000&file=79750-79760>. To be eligible, a mutual water company also needs to meet the requirements of §79712, which can be viewed at: <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=wat&group=79001-80000&file=79703-79716.5>

² In-kind services require prior Board approval. For Phase 1, in-kind services cannot be used to offset the cash contribution, but can be counted towards the total project costs eligible to receive grant funds.

Sites Reservoir Project - Phase 1: Election to Part5B-Election to Participate

- ☐ **Reservoir:** Advancing the development and construction of the Sites Reservoir, which is comprised of the Water Infrastructure & Supply, Operations, and Renewable Power cost centers. These costs will be allocated based on the number of acre-ft. of your Agency's commitment divided by the total acre-ft. of all contributing Agencies water commitment.

Water Commitment: (Insert) acre-ft.

Other Benefit: Specify _____

In-kind Services (Optional): _____

- ☐ **Advisory:** Provide input and advice to the Board on project-related matters. For Phase 1, participation requires an annual dues in the amount of \$ 5,000.

Signature Block:

Entity: By signing this form, the entity's authorized representative is:

1. certifying they are eligible to participate in the Sites Reservoir Project
2. acknowledges their level of participation and this form is only valid for the Project's Phase 1,
3. is not committing any funds. Funding commitments shall be established separately through an executed funding agreement.

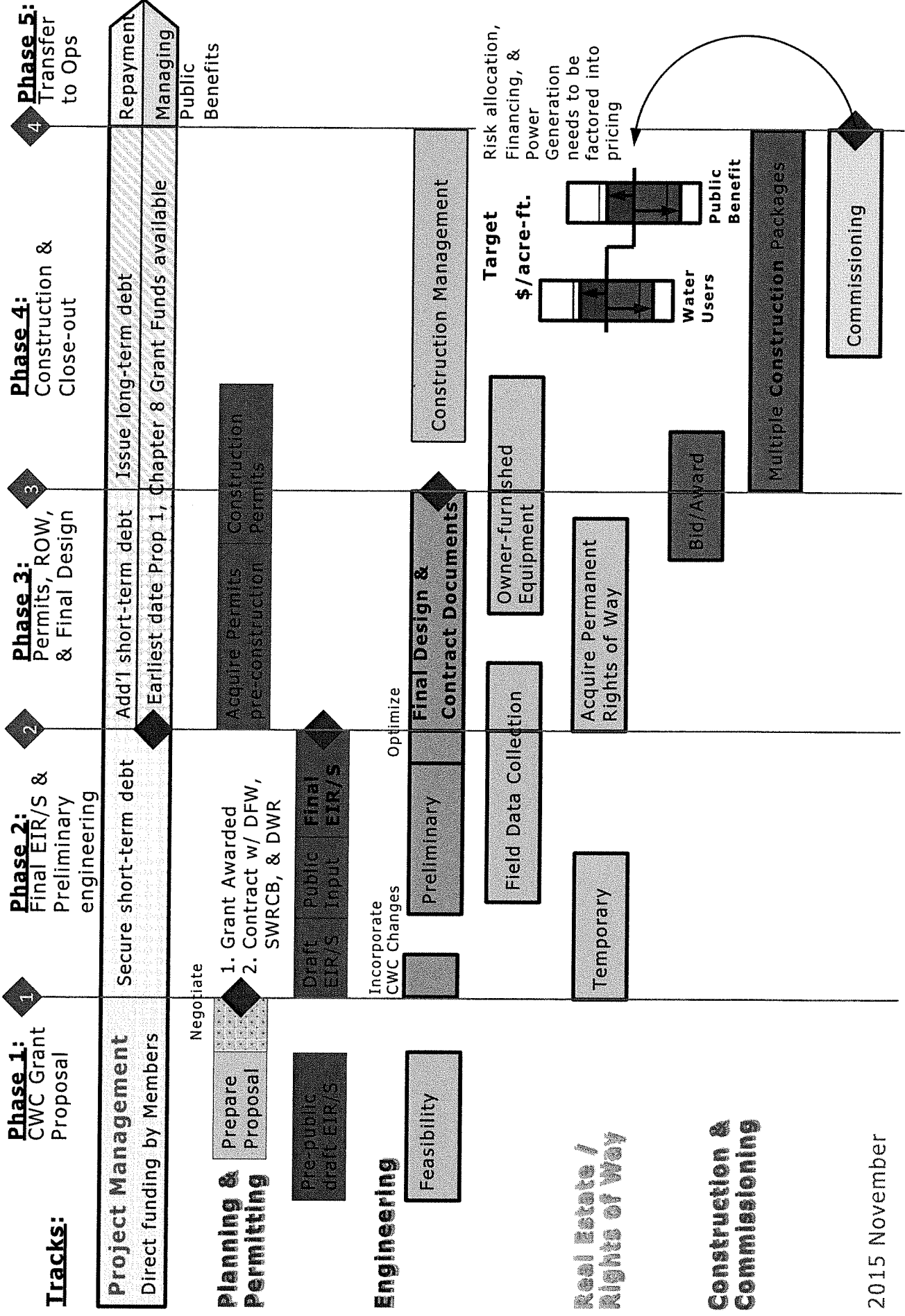
Sites Project Authority's Representative: By signing this form, the Sites Project Authority's Board Officer acknowledges that either any in-kind services, a water commitment and/or other benefit will be factored into the funding agreement.

Sites Project Authority	
Board Officer's Name	Date

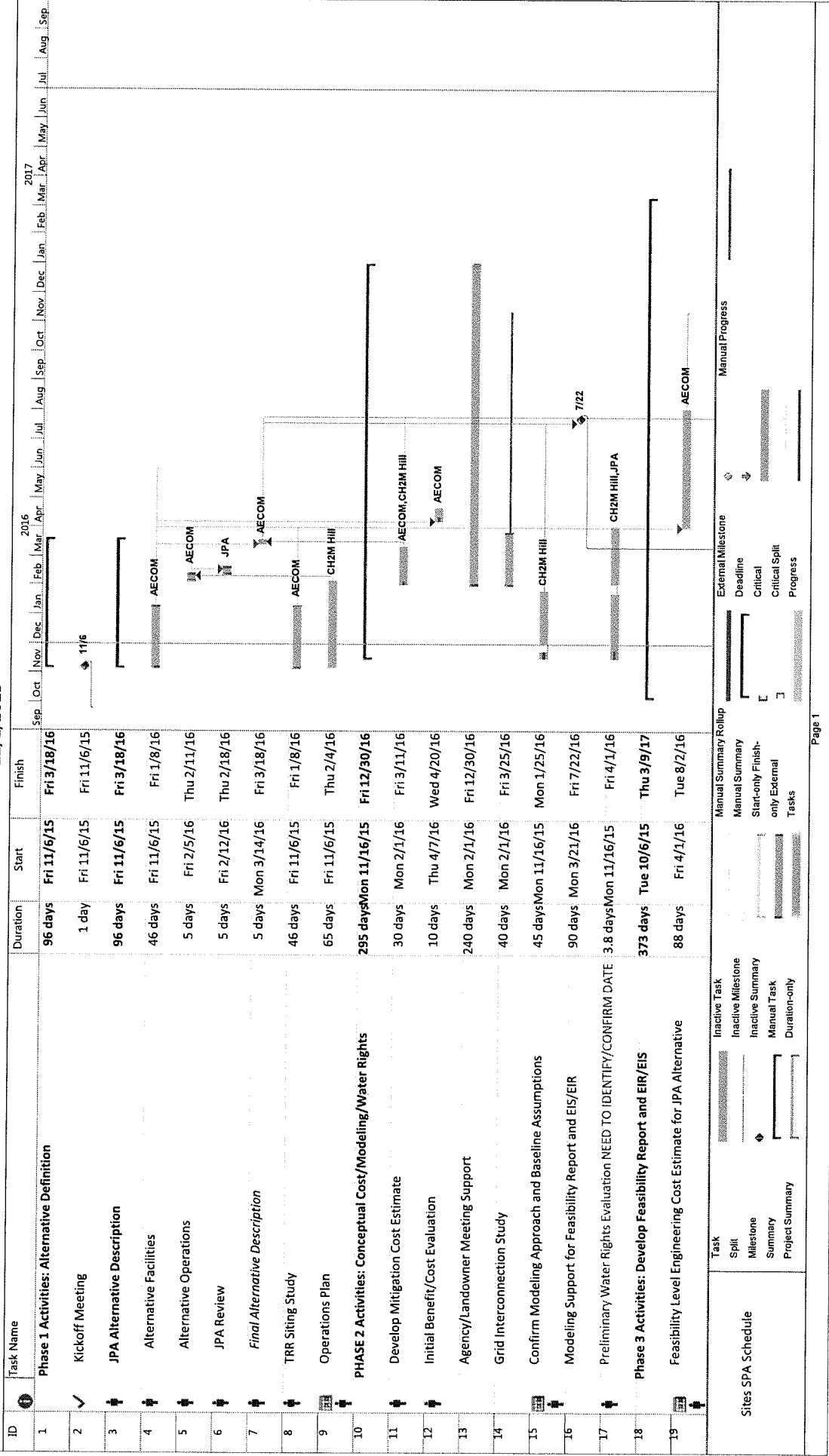
Insert Agency's Name	
Representative's Name	Date

Project: Phase Schedule

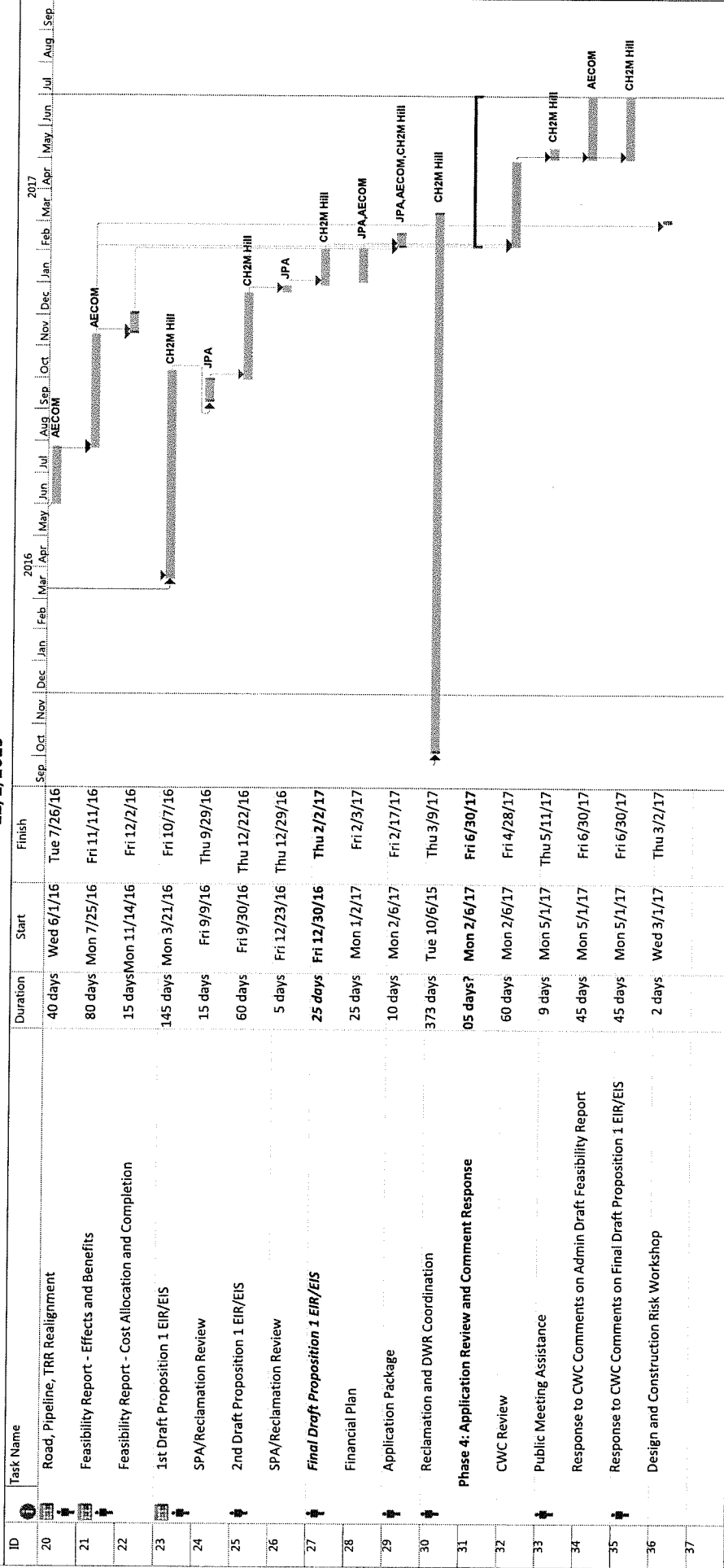
6A-PhaseSchedule



Sites Project Authority
DRAFT CWC Proposition 1 Application Schedule
12/1/2015



Sites Project Authority
DRAFT CWC Proposition 1 Application Schedule
12/1/2015



Sites SPA Schedule	Task				Manual Summary Rollup				External Milestone				Manual Progress			
	Task Split	Milestone Summary	Project Summary	Inactive Task	Inactive Milestone	Inactive Summary	Manual Summary	Start-only	Finish-only	Deadline	Critical	Critical Split	Progress	Manual Progress	Manual Progress	Manual Progress

Proposed Project Features by Action Alternatives

Project Feature	Component of				
	Alternative A	Alternative B	Alternative C	Alternative E	
1.27-MAF Sites Reservoir (requires 9 dams total)	Yes	No	No	No	
1.81- MAF Sites Reservoir (requires 11 dams total)	No	Yes	Yes	Yes	
Golden Gate and Sites Dams	Yes	Yes	Yes	Yes	
9 Saddle Dams	No	Yes	Yes	Yes	
Approximately 7 Saddle Dams	Yes	No	No	No	
Up to 3 Recreation Areas	Yes	Yes	Yes	No	
1 Recreation Area	No	No	No	Yes	
Road Relocations and South Bridge	Yes	Yes	Yes	RECOMMENDED	
Sacramento River Pumping/Generating Plant	Yes	No	Yes	DISCUSSION	
Sites Pumping/Generating Plant	Yes; 5,900-cfs pumping capacity; 5,100 cfs generating capacity	Yes; 3,900-cfs pumping capacity; 5,100 cfs generating capacity	Yes; 5,900-cfs pumping capacity; 5,100 cfs generating capacity	DISCUSSION; 5,900-cfs or 3,900 cfs pumping capacity	
Electrical Switchyards	Yes	Yes	Yes	Yes	
Tunnel from Sites Pumping/Generating Plant to Sites Reservoir Inlet/Outlet Structure	Yes	Yes	Yes	Yes	
Sites Reservoir Inlet/Outlet Structure	Yes	Yes	Yes	Yes	
Field Office Maintenance Yard	Yes	Yes	Yes	Yes	
Pumped-Storage Capability	Yes	Yes	Yes	DISCUSSION	
Holthouse Reservoir Complex (includes Holthouse Reservoir and Dam, breached Funks Dam, existing Funks Reservoir Dredging, Holthouse Spillway and Stilling Basin, Holthouse Pumping Plant, T-C Canal Discharge Dissipater, T-C Canal Bypass Pipeline, and Holthouse to T-C Canal Pipeline)	Yes	Yes	Yes	DISCUSSION	
Modified Funks Reservoir (including TC Canal Bypass, Dredging, Enlarging)	No	No	No	DISCUSSION	
Additional Pump Installation at the Red Bluff Pumping Plant	Yes	Yes	Yes	Yes	
GCID Canal Facilities Modifications	Yes	Yes	Yes	Yes	
GCID Canal Connection to the Terminal Regulating Reservoir (TRR)	Yes	Yes	Yes	Yes	
TRR (includes the TRR to Funks Creek Pipeline and Outlet) – 2,000 AF at northern location	Yes	Yes	Yes	No	

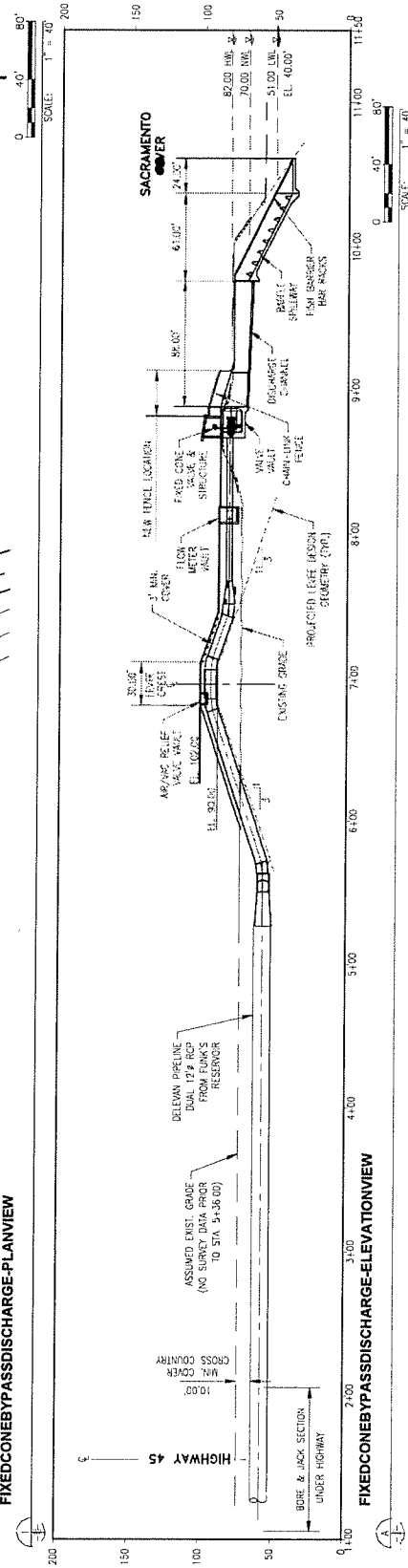
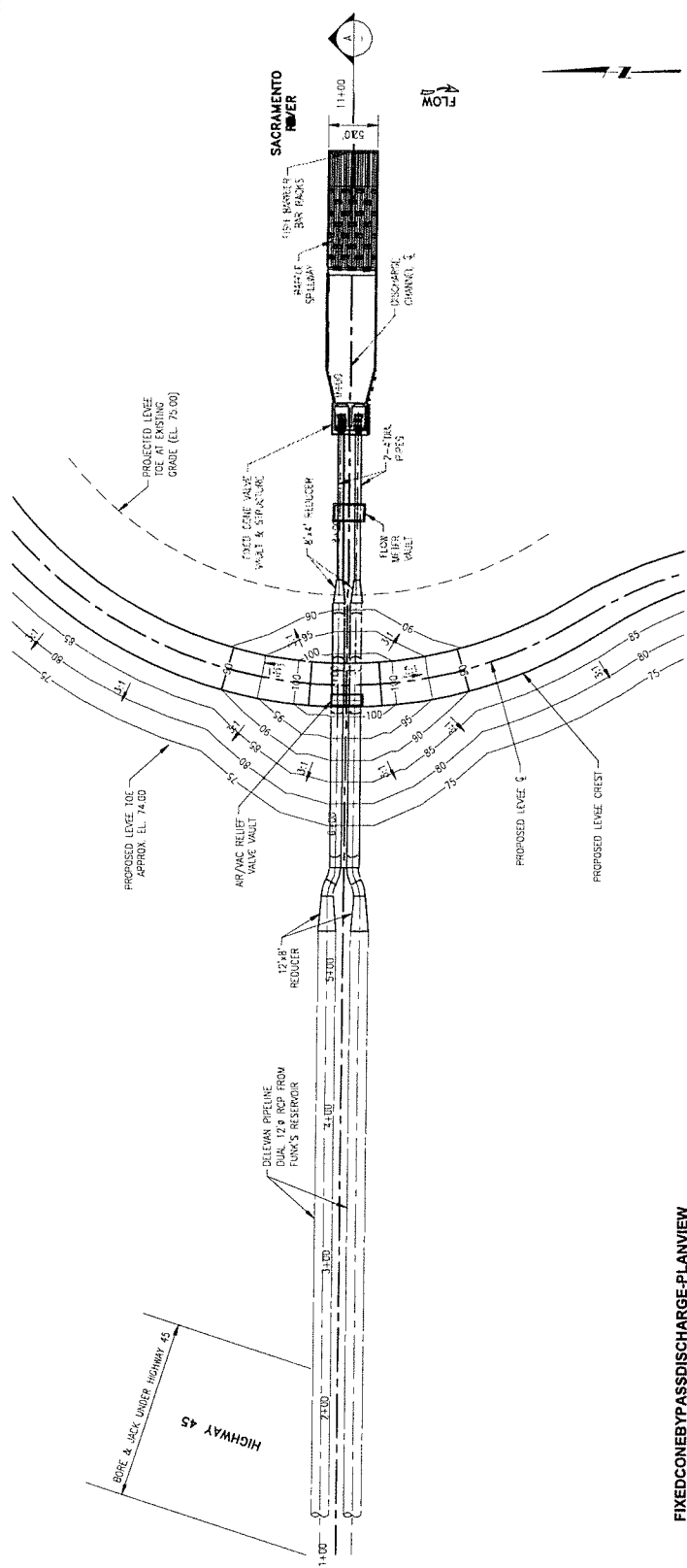
Proposed Project Features by Action Alternatives **7A-Alternatives Table**

Project Feature	Component of			
	Alternative A	Alternative B	Alternative C	Alternative E
TRR (includes the TRR to Funks Creek Pipeline and Outlet) – 1,000 AF at southern location	No	No	No	Yes
TRR Pumping/Generating Plant (No Pumped-Storage)	Yes	Yes	Yes	Yes
TRR Pipeline (3.5-mile-long pipeline to convey water from the TRR to Holthouse Reservoir) and TRR Pipeline Road	Yes	Yes	Yes	No
TRR Pipeline (X-mile-long pipeline to convey water from the TRR to Holthouse/Funks Reservoir) and TRR Pipeline Road	No	No	No	Yes
Cross-Country Delevan Transmission Line from WAPA/PGE Substation to Sacramento River	Yes; Sites Pumping/Generating Plant to Existing WAPA/PG&E ¹ Line plus New WAPA/PG&E Line to Sacramento River	No	Yes; Sites Pumping/Generating Plant to Existing WAPA/PG&E ¹ Line plus New WAPA/PG&E Line to Sacramento River	DISCUSSION Sites Pumping/Generating Plant to Existing WAPA/PG&E ¹ Line plus New WAPA/PG&E Line to Sacramento River
Delevan Pipeline (2,000 cfs with 2 pipelines) – northern alignment	Yes	Yes	Yes	No
Delevan Pipeline (2,000 cfs with 2 pipelines) – northern alignment	No	No	No	Yes
Delevan Pipeline Intake Facilities (includes fish screen and pumping/generating facilities)	Yes; 2,000 cfs diversion capacity; 1,500 cfs release capacity	No	Yes; 2,000 cfs diversion capacity; 1,500 cfs release capacity	DISCUSSION
Delevan Pipeline to Sac River Discharge Facility	No	Yes; 1,500 cfs release capacity	No	Yes; 1,500 cfs release capacity
Project Buffer	Yes	Yes	Yes	Yes – but should review extent of buffer
Potential Acreage of Temporary Land Use Impacts	17,680	19,637	19,636	???
Potential Acreage of Permanent Land Use Impacts	26,425	26,424	26,425	???

Note:

MAF = million acre-feet

¹ The proposed Project would connect with either the existing PG&E Transmission Line or the existing WAPA Transmission Line.



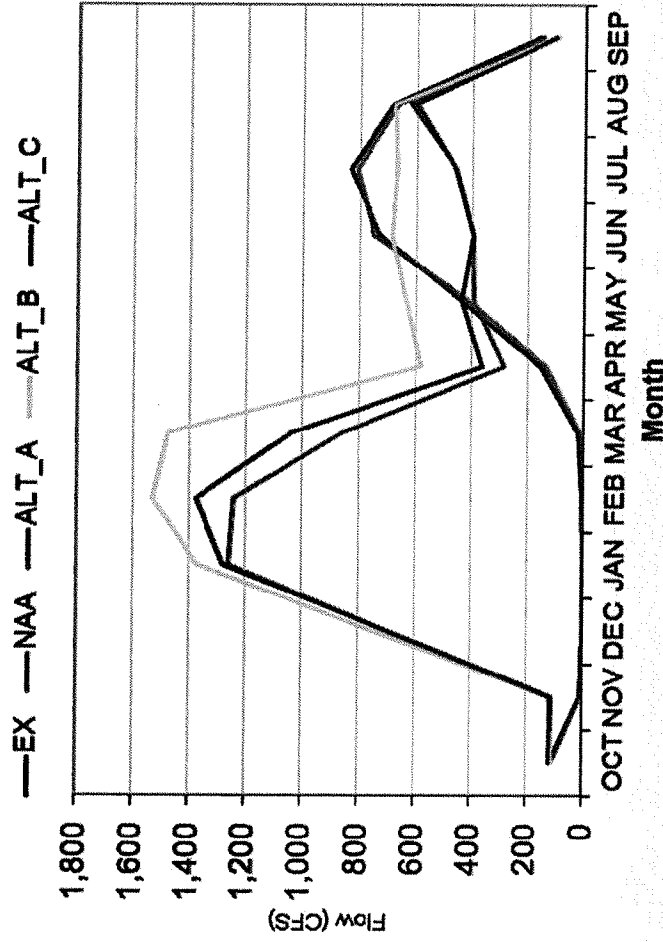
NOTE:

1. TOP OF SETBACK LEVEE SET AT EL 90.0(±) TO MATCH EXISTING LEVEE.
2. CONSISTENT SETBACK LEVEE PRIOR TO CONSTRUCTING PONDING AND RIVER OUTLET STRUCTURE.

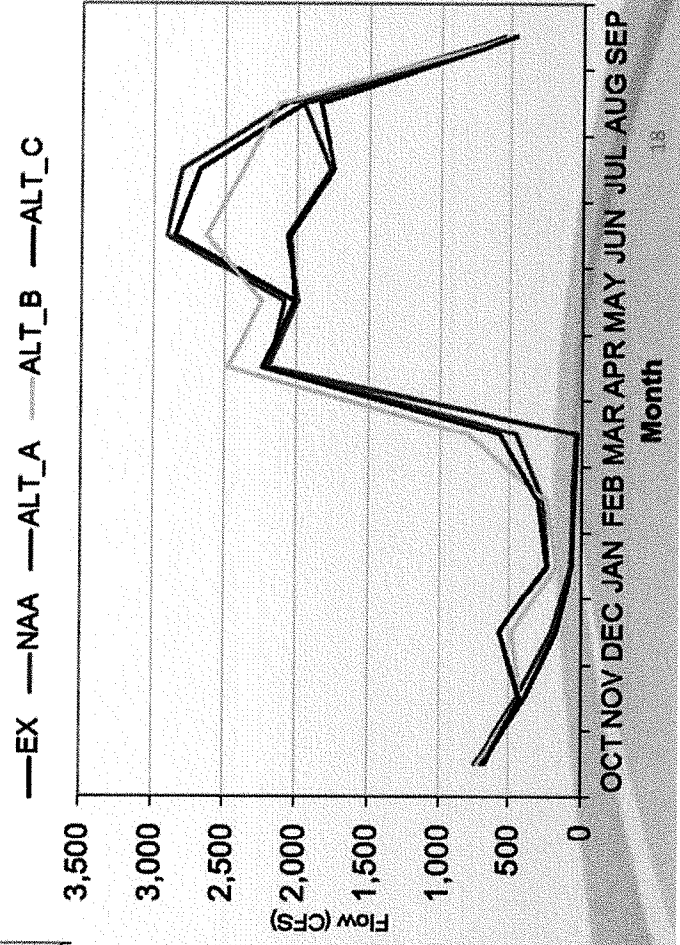
						SPEC NO.
						DRAWING NO.
						ELEV.
						SHEET NO.
						SITES RESERVOIR
SACRAMENTO RIVER RELEASE FACILITY CONCEPTUAL PLAN AND PROFILE						
						SITES PROJECT AUTHORITY
						DATE
AECOM						REVISION
APPROVAL RECOMMENDED						DESIGN
APPROVED BY						CHECKED
DRAWN						SCALE
CHECKED						NORTH ARROW
SUBMITTED FOR REVIEW						DESCRIPTION
SUBMITTAL DATE						REV.
SUBMITTAL TIME						DATE

Diversions at Red Bluff and Hamilton City

Red Bluff Diversion Dam Diversion Averages



Hamilton City Diversion Averages



Annualized Water Benefits

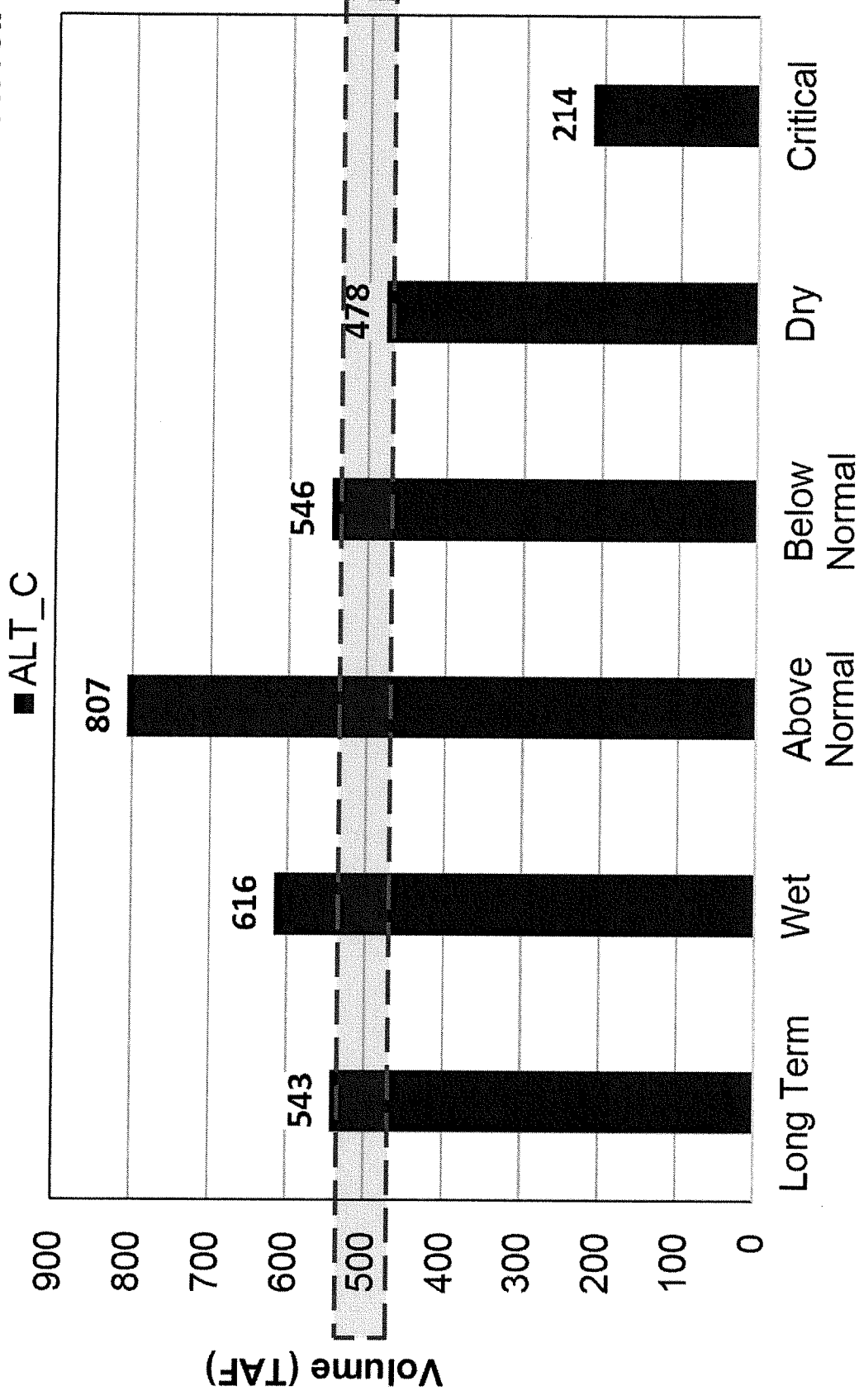
(DWR Alternatives)

8A1-Yield Annualized

Reservoir Size: 1.8 M acre-ft.		1.3 M acre-ft.	
<u>Year Type:</u>	<u>Average</u>	<u>Dry/Critical</u>	<u>Dry/Critical</u>
Filling:	510	420	260
Releases:	<u>480</u>	<u>400</u>	<u>440</u>
▪ Ag & M&I:	230	175	280
▪ Carriage Loss:	35	30	40
▪ Prop 1 Public Benefits:	215	195	120

Water Supply Benefits: Water Year Type (DWR Alternatives)

October-September Total Sacramento River Diversions to Fill Sites Reservoir



Water Demand in Sacramento Valley

8B-SacValleyDemand

Counties:

Colusa County
Glenn County

Water Agencies:

Colusa Co. WD 30,000
Glenn-Colusa ID 20,000

Maxwell ID

Orland-Artois WD 20,000
Proberta WD 3,000
Cortina WD ⁽¹⁾ 300
Davis WD ⁽¹⁾ 2,000
Dunnigan WD ⁽¹⁾ 5,000
LaGrande WD ⁽¹⁾ 3,000
Reclamation District 108 20,000 Tehama-
Colusa Canal Authority
Westside WD 25,000
Yolo Co. FC&WCD ⁽²⁾

Current Total: **128,300**

(1) Agency is represented by Proberta WD on the Sites Project Authority

(2) Effective January 1, will become an associate member (advisory)

THIRD AMENDED AND RESTATED
SITES PROJECT AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT

This Joint Powers Agreement (“Agreement”) is made and entered into by and among Colusa County Water District (CCWD), County of Colusa (Colusa County), County of Glenn (Glenn County), Glenn-Colusa Irrigation District (GCID), Maxwell Irrigation District (MID), Orland-Artois Water District (OAWD), Proberta Water District (PWD), Reclamation District 108 (RD 108), Tehama-Colusa Canal Authority (TCCA), Westside Water District (WWD), , hereinafter “Authority Members” or “Authority Member Agencies”.

RECITALS

The Authority Members are public entities located and operating in the Sacramento Valley, and are formed and operating under the laws of the State of California;

Congress and the 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;

Sites Reservoir (sometimes referred to as North of Delta Offstream Storage) 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;

The principal purpose of this Agreement is to establish an independent special agency, known as the Sites Project Authority (“Authority”), that will have as its mission, to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state’s water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta;

Each Authority Member is uniquely situated with respect to Sites Reservoir and the related facilities to help design, acquire, construct, manage, govern, and operate the project to provide local, regional, and statewide public benefits and improve the state’s water system;

Certain Authority Members executed the Memorandum of Understanding Between the Department of Water Resources, the United States Bureau of Reclamation, the Western Power Administration, the California Department of Fish and Game, the United States Fish and Wildlife Service, the Glenn-Colusa Irrigation District, the Tehama-Colusa Canal Authority, and Other CalFed Agencies and Local Interests Pursuant to the Directive with Respect to Sites

Reservoir Contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000;

In August 2010, Glenn-Colusa Irrigation District, Reclamation District 108, Tehama-Colusa Canal Authority, Maxwell Irrigation District, County of Glenn, County of Colusa, Yolo County Flood and Water Conservation District entered into an Agreement creating a public entity known as the Authority.

By First Amendment to the Agreement in July 2015, Colusa County Water District, Westside Water District, Orland-Artois Water District and Proberta Water District became signatories to the Agreement and became Authority Members. In addition, Yolo County Flood and Water Conservation District has notified the Authority it is withdrawing as an Authority Member and will become an Associate Member, effective January 1, 2015.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Authority Members as follows:

I. DEFINITIONS

As used in this Agreement, the meaning of the terms used hereafter shall be as follows:

- 1.1. Agreement: This Joint Exercise of Powers Agreement as it currently exists or as it may be amended or revised from time to time.
- 1.2. Authority: The legal entity defined in this Agreement for the Sites Project Authority as organized by this Agreement.
- 1.3. Authority Member: The signatories to this Agreement.
- 1.4. Board of Directors or Board: The governing body of the Authority as established in Article IV of this Agreement.
- 1.5. Bylaws: Additional requirements to those contained in the Agreement related to the implementation of the Sites Reservoir Project; emphasizing delegations of authority, decision-making and dispute resolution; roles and responsibilities for Board and Project Agreement Committee; membership types; and cost management.
- 1.6. Member: An Authority Member or another entity that meets the requirements of California Water Code § 79759 (a) or (b), respectively as defined for each membership type established in the Bylaws. Generally, any Member can either be a signatory to a Project Agreement or participate in the Consultation Committee, but only Authority Members have representation on the Board.

1.7 Non-Member Participating Party: An agency, entity or company, that does not meet the Joint Powers Authority ("JPA") membership requirements of California Water Code § 79759 (b) regarding for-profit corporations, including certain types of mutual water companies, and is not a Member of the Authority, but is deemed eligible by the Authority to participate by contract on certain elements of the Project that will not receive public funds per California Water Code Division 26.7 (§ 79700 et seq.) such as, but not limited to, renewable power generation. The Bylaws may provide for additional requirements for such non-members.

II. PURPOSES AND POWERS

2.1 Creation: Pursuant to the Joint Exercise of Powers Act ("Act"), California Government Code Section 6500 et seq., a public entity has been created to be known as the Sites Project Authority ("Authority"), which shall be an agency that is separate from its Authority Members.

2.2 Purpose: The purpose of this Agreement is to establish an independent joint powers authority ("JPA") to exercise powers common to the Authority Members to, among other things, effectively study, promote, develop, design, finance, acquire, construct, manage, and operate Sites Reservoir and related facilities such as recreation and power generation. The purposes of pursuing and developing Sites Reservoir are to: (1) increase surface water storage and supply while enhancing water management flexibility and reliability in the Sacramento River watershed, (2) provide flood control benefits, (3) improve conditions for fish and wildlife in the Sacramento River watershed, including anadromous fish in the Sacramento River, and (4) improve the operation of the state's water system to provide improvements in ecosystem and water quality conditions in the Bay-Delta while providing a more reliable water supply for the State of California.

2.3. Powers: The Authority shall have the power to pursue the purposes described above and to perform all acts necessary for the exercise of said powers, including, but not limited to, the ability to:

- 2.3.1. make and enter into contracts necessary for the full exercise of its powers;
- 2.3.2. perform studies, environmental review, engineering and design, and if appropriate, permitting, construction of water storage, and related conjunctive management;
- 2.3.3. contract for the services of engineers, attorneys, scientists, planners, financial consultants, and separate and apart therefrom, to employ such persons as it deems necessary;
- 2.3.4. hold or dispose of any property, including acquisition by eminent domain;
- 2.3.5. apply for, accept, and receive permits, licenses, grants, loans, or other funding from any federal, state or local public agency;

- 2.3.6. issue revenue bonds and other forms of indebtedness to the extent, and on the terms, provided by the Act;
- 2.3.7. incur debts, liabilities, and obligations;
- 2.3.8. adopt bylaws, rules, regulations, and procedures, governing the operation of the Authority; and
- 2.3.9. delegate levels of authority to Project Agreement Committees, Consultation Committee, and other advisory groups as the Board deems appropriate and consistent with the requirements specified in the Bylaws.

2.4. Manner of Exercise of Powers: To the extent not specifically provided for in this Agreement or the Act, the Authority shall exercise its powers subject to the restrictions upon the manner of exercising the powers under the laws applicable to Irrigation Districts (California Water Code section 20510 et seq.).

2.5. GCID and TCCA Operations: The Authority Members anticipate that the Sites Reservoir Project will be within or adjacent to GCID and/or TCCA districts with at least a portion of the conveyance of water into the reservoir to be accomplished by wheeling water through GCID's Main Canal and/or the Tehama-Colusa Canal. The Authority shall not have the power, except with the express written consent of GCID 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 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.

2.6. Maxwell Irrigation District (MID) Operations: The Authority Members anticipate that the pipeline connecting the reservoir to the Sacramento River will utilize an existing MID easement. The Authority shall not have the power, except with the express written consent of MID 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 MID or the operation of its facilities or any facilities that MID operates under contract.

2.7. Term: This Agreement shall be effective when signed by all Authority Members and shall continue until terminated in accordance with Section 7.1.

III. AUTHORITY MEMBERSHIP

3.1. Generally: Authority membership is comprised of the public agencies (as defined in Section 6500 of the Act) that are authorized to be Authority Members and are signatories to this Agreement.

3.2. DWR and Bureau of Reclamation: The Authority may enter into a contract or other arrangement with the California Department of Water Resources (“DWR”) and/or the Bureau of Reclamation (USBR) to carry out the purposes of this Agreement. DWR, upon the approval of the Authority Board, may be a non-voting, ex-officio member of the Authority.

3.3. Addition of Members: Entities authorized by law to participate in a JPA located within the Sacramento River watershed may subsequently become Authority Members upon an affirmative vote of at least seventy-five percent (75%) of the total number the Boards of the Authority Member Agencies and the new Member’s execution of this Agreement, as it may have been amended. An entity requesting to become an Authority Member shall provide certification of compliance with the membership requirements of the Agreement and the Bylaws. The entity requesting to become an Authority Member may represent a group of other entities. Additional terms and conditions for new Authority Member’s participation in the Authority, if any, shall be set forth in an amendment to this Agreement or in the Bylaws. Such terms and conditions shall be consistent with this Agreement and any contracts, resolutions, or indentures of the Authority then in effect.

3.4. Membership Types: The Board may approve the creation of different types of memberships that may include governmental agencies that meet the CA Water Code 79759 (b) as it may be amended, other public agencies, entities, and companies, in funding and/or financing of the different elements of the Sites Reservoir Project. The creation of any additional membership types are defined in the Bylaws. Admission of non-Authority Members shall be upon the affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

3.5. Consultation Committee: A Consultation Committee may be formed to provide a forum for public agencies and private entities to provide input on matters affecting the Authority. The charter for this committee, including the manner in which it conducts itself, will be established by the Board, and described in the Bylaws.

IV. GOVERNANCE AND INTERNAL ORGANIZATION

4.1. Board of Directors: The governing body of the Authority shall be a Board of Directors (Board) that will conduct all business on behalf of the Authority consistent with this Agreement and applicable law. The Board will consist of one representative of each Authority Member. To remain in an active status, each Authority Member having representation on the Board shall be in good standing as defined in the Bylaws.

4.2. Appointment: Each Authority Member Agency shall appoint a Director to the Board. Each Authority Member Agency shall also be entitled to appoint an Alternate Director to the Authority. The role of the Alternate Director shall be to assume the duties of an Authority Member Agency’s Director in case of the absence or unavailability of such Director.

Should a Director who is an officer of the Board not be in attendance, the Authority Member Agency's Alternate Director shall not assume the duties of the officer. Should the Chair be absent, the Vice-Chair shall assume the Chair's responsibilities until the Chair is present, and if both are absent the Board may appoint a temporary Chair.

Directors and Alternates both serve at the pleasure of the governing body of their respective Authority Member Agency. Authority Member Agencies shall communicate their initial Director and Alternate selections, and any subsequent changes thereto, to the Authority in writing. Each Authority Member Agency is only entitled to have one vote, either by its Director or the Alternate, at a meeting of the Board.

4.3. Meetings: The Board shall hold at least one regular meeting per year, and may hold regular or special meetings at more frequent intervals. All meetings of the Board shall be called, held, noticed, and conducted subject to the provisions of the Ralph M. Brown Act (Government Code section 54950, et seq.).

4.4. Quorum: A majority of the total number of Directors shall constitute a quorum.

4.5. Voting:

4.5.1. Routine Matters or Non-Material Change Items Before the Authority: The Board shall take action only upon an affirmative vote of a majority of the total number of Directors.

4.5.2. Material Change Items Before the Authority: Based on the thresholds established in the Bylaws regarding a Material Change, the Board shall take action only upon an affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

4.6. Officers:

4.6.1. The Board shall select, from among the Directors, a Chair, who will be the presiding officer for all Board meetings, and a Vice-Chair, who will preside in the absence of the Chair.

4.6.2 The Board shall also select a Treasurer, who shall be the depository and have custody of all money of the Authority and shall perform the duties specified in Government Code section 6505.5. The Treasurer shall be bonded in accordance with Government Code section 6505.1. and shall pay all demands against the Authority that have been approved by the Board. The Board may combine the positions of Secretary and Treasurer.

4.6.3. The Board shall also select a Secretary, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.6.4. The Bylaws may further address the duties, responsibilities and administrative requirements for the respective offices.

4.7. General Manager. The Board may appoint a General Manager or assign staff of one or more Authority Members to conduct the business of the Authority in accordance with the policies of the Board; provided that no Authority Member's staff will be so assigned without the consent of that Authority Member. The General Manager serves at the pleasure of the Board and may be an employee or a contractor of the Authority.

4.8. Liability of Authority, Officers, and Employees: The Directors, officers, and any employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No Director, officer, employee or agent will be responsible for any act or omission by another board member, officer or employee. The Authority shall indemnify and hold harmless the individual board members, officers, employees, and agents of the Authority for any action taken lawfully and in good faith pursuant to this Agreement. Nothing in this section shall be construed to limit the defenses available under the law, to the Authority Members, the Authority, or its Directors, officers, employees or agent.

V. FINANCIAL PROVISIONS

5.1. Fiscal year: The fiscal year shall run concurrent with the calendar year, unless the Directors decide otherwise and shall also apply to any Project Agreements.

5.2. Depository: All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with the funds of any Member or any other person or entity. Regular reports shall be made as directed by the Board, but at least quarterly, to the Board of all receipts and disbursements. The books and records shall be open to inspection by the Board and individual Directors upon reasonable notice.

5.3. Budgets: A draft budget will be prepared for the Member Agencies to review at least 45 days before the beginning of the Authority's next fiscal year. The Board shall approve the budget no later than 15 days before the beginning of the fiscal year. The budget shall include:

5.3.1. General and administrative costs include the general operation and administration of the Authority. These costs do not include any costs incurred by the Authority directly as a result of a specific Project Agreement as described in Article VI.

5.3.2. Project specific costs shall be fully described and specified in a Project Agreement. The Board shall ensure that all costs incurred by the Authority directly relating to any specific project will be paid only by the parties to the Project Agreement and will not be paid for by the Authority as general and administrative costs. The Bylaws may include additional requirements and criteria for such costs.

5.4 Initial Contributions: Upon formation of the Authority, each Authority Member shall pay an application fee as prescribed in the Bylaws.

5.5. Recovery of General and Administrative Costs:

5.5.1. The Board may assess each Authority Member for the general and administrative costs to operate the Authority. Payments of public funds may be made to defray the costs incurred in carrying out such purposes, and advances of funds may be made for use in doing so, to be repaid as provided in this Agreement. Personnel, equipment or property of one or more of the Authority Members may be used in lieu of other contributions or advances, upon Board approval, and will be treated as a contribution from that Authority Member.

5.5.2. General and administrative costs incurred by the Authority in carrying out its purposes, as described in Section 5.3.1, shall be shared by the Authority Members as determined by the Board.

5.5.3. The Authority shall periodically, as necessary, issue an invoice to each Member reflecting the expenses attributable to that Member in accordance with this Agreement and/or Project Agreement, respectively. The Authority must receive payment within 60 days of the date listed on the invoice. Delinquent sums shall bear interest at twelve percent (12%) per year. The Bylaws include additional requirements.

5.5.4. Upon request of any Member, the Authority shall produce and allow the inspection of all documents relating to the computation of expenses attributable to the Members under this Agreement. If a Member does not agree with the amount listed on the invoice, it must make full payment and provide a cover letter accompanying payment to the Authority specifying the amount in dispute and providing a detailed explanation of the basis for the dispute. The Authority shall advise the disputing Member of the Authority's determination within 30 business days.

5.6. Recovery of Project Agreement Costs: Each Project Agreement shall specify the requirements for recovery of costs, which shall be consistent with the requirements of Section 5.5.

5.7. Auditor: An auditor shall be chosen annually by, and serve at the pleasure of, the Board. The auditor shall make an annual audit of the accounts and records of the Authority. A report shall be filed as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act, and with each agency that is a Member or an advisory member. Such report shall also be filed with the California Secretary of State or State Controller within twelve months of the end of the fiscal year.

5.8. Bonds: The Board shall, from time to time, designate the officers or other persons who have charge of, handle, or have access to any property of the Authority and shall require such officers or persons to file an official bond, at the Authority's expense, in an amount to be fixed by the Board.

5.9. Authority Members Limited Liability: As provided by Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority shall be the debts, liabilities, and obligations of the Authority only, and not of the constituent Authority Members of the Authority.

VI. PROJECT AGREEMENTS

6.1. General: The Authority intends to carry out the purposes of this Agreement through projects that are consistent with the joint exercise of powers described herein. Funding and participation in any project undertaken by the Authority shall be governed by a project Agreement. The Authority may undertake all or any portion of each project on its own or it may enter into agreements with the State of California, the United States, or any other public or private entity.

6.2. Parties to Agreement: Prior to undertaking a project, the Members and Non-Member Participating Parties electing to participate in the project shall enter into a Project Agreement. A Project Agreement may involve the Authority or one or more Members and any Non-Member Participating Parties. No Member shall be required to be involved in a Project Agreement.

6.3. Project Agreement: All assets, rights, benefits, and obligations attributable to the project shall be assets, rights, benefits, and obligations of those Members and Non-Member Participating Parties that have entered into the Project Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Authority in regard to a particular project shall be the debts, liabilities, obligations, and indebtedness of the Members and Non-Member Participating Parties who have executed the respective Project Agreement and shall not be the debts, liabilities, obligations or indebtedness of the Members and Non-Member Participating Parties that have not executed the Project Agreement, nor of the Authority, in the absence of the Authority's execution of the Project Agreement. If a project is undertaken by less than all the Members, the Members and Non-Member Participating Parties to a Project Agreement shall appoint a representative to a Project Agreement Committee for that project. The Project Agreement may include entities that are not Authority Members and may include advisory members or other public or private entities. The Bylaws may provide additional requirements regarding the implementation of each Project Agreement.

VII. TERMINATION, WITHDRAWAL, AND SUSPENSION

7.1. Termination:

7.1.1. Mutual Termination. This Agreement may be terminated by the mutual agreement of at least seventy-five percent (75%) of the total number of the Boards of the Authority Member Agencies in writing.

7.1.2. Termination of an Authority Member by the Authority. This Agreement may be terminated with respect to any Authority Member upon an affirmative vote of the Board of

Directors consisting of at least seventy-five percent (75%) of the total number of Directors; provided, however, this Agreement may not be terminated with respect to Colusa County or Glenn County without the affirmative vote of all Directors less one. Prior to any vote to terminate this Agreement with respect to an Authority Member, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The Authority Member subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote. If an Authority Member is terminated, that Authority Member will be responsible for its share of any costs incurred by the Authority up to the date of termination.

7.2. Member Withdrawal from Authority: Any Authority Member may withdraw from the Authority by giving at least 30 days written notice of its election to do so, which notice shall be given to the Authority and each Member to this Agreement; provided that such withdrawal does not in any way impair any contracts or obligations of the Authority then in effect. Prior to withdrawal or as soon as an accounting can be completed, the withdrawing Authority Member shall pay its share of General and Administrative Costs, described in Section 5.5; provided, however, the withdrawing member shall only be liable for expenses incurred through the date of withdrawal. The withdrawing Authority Member shall also be responsible for any claims, demands, damages, or liability arising from this Agreement through the date of withdrawal. With respect to a particular project, and subject to the terms of the applicable Project Agreement, the withdrawing Authority Member shall be responsible for its share of all costs, expenses, advances, contractual obligations, and other obligations, including bonds, notes or other indebtedness issued by the Authority while such withdrawing entity was a party to a project Agreement. The remaining parties to a Project Agreement shall have the option of discontinuing a project and/or acquiring the interests of the withdrawing party, as may be more particularly described in the Project Agreement. If the remaining Members to a Project Agreement under Article VI decide to terminate the Project Agreement, any remaining funds will be allocated pursuant to the terms of the agreement and the costs will be allocated to all parties as described in the Project Agreement, including the withdrawing party.

7.3. Membership Suspension: Should any Authority Member be deemed by the Board to not be in Good Standing as defined in the Bylaws, an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors can suspend the Authority Member's voting rights. Once the Authority Member is deemed by the Board to meet the requirements for being in Good Standing, the Authority Member can petition the Board of Directors to have its voting privileges and, if applicable, any Board officer status restored by an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors. During the time the Authority Member has not been in Good Standing, the Member shall remain obligated to comply with all other requirements of this Agreement, the Bylaws and any Project Agreements the Member executed.

7.4. Disposition of Assets Upon Termination: Upon termination of this Agreement, any surplus money or assets in the possession of the Authority for use under this Agreement, after payment of liabilities, costs, expenses and charges incurred under this Agreement, shall be

returned to the then-existing Members in proportion to the contributions made by each. Unless otherwise agreed, all other property, works, rights and interests of the Authority shall be allocated to the then-existing Members in the same manner upon termination. Notwithstanding the foregoing, at the time of termination of this Agreement, upon a vote of the Board of Directors consisting of no less than a majority of the voting shares of all then existing members of the Board to sell the property, works, rights and interests of the Authority to a public utility, governmental agency, or other entity or entities for good and adequate consideration, the Authority shall have the power to consummate such a sale and the net proceeds from the sale shall be distributed in the same manner as set forth above.

VIII. MISCELLANEOUS PROVISIONS

8.1. Amendment of Agreement: This Agreement may be amended only by an affirmative vote of at least seventy-five percent (75%) of the Boards of the Authority Member Agencies; provided, however, this Agreement may not be amended to terminate the participation of Colusa County or Glenn County without the affirmative vote of all Directors less one. The Authority shall provide notice to all Members of amendments to this Agreement, including the effective date of such amendments.

8.2. Adoption and Amendment of Bylaws: The Bylaws may be adopted or amended only by an affirmative vote of at least seventy-five percent (75%) of the total number of Directors. The Authority shall provide notice to all Members of amendments to the Bylaws, which includes the effective date of such amendments.

8.3. Assignment: Except as otherwise expressed in this Agreement, the rights and duties of the Authority Members may not be assigned or delegated without the advance written consent of all the other Authority Members, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority Members. This section does not prohibit an Authority Member from entering into an independent agreement with another agency, person or entity regarding the funding or financing of that Authority Member's contributions to the Authority, or the disposition of the proceeds which that Authority Member receives under this Agreement, so long as the independent agreement does not affect or purport to affect, the rights and duties of the Authority or the Authority Members under this Agreement.

8.4. Severability: If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Authority Members that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.

8.5. Execution by Counterparts: This Agreement may be executed in any number of counterparts and upon execution by all Authority Members, each executed counterpart shall have the same force and effect as an original instrument and as if all Authority Members had signed

the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but have attached to it one or more signature pages.

8.6. Authority Members to be Served Notice: Any notice authorized to be given pursuant to this Agreement shall be validly given if served in writing either personally, by facsimile, by electronic mail (e-mail), by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (i) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt; (ii) by mail shall be conclusively deemed given 48 hours after the deposit thereof if the sender returns the receipt; and (iii) by facsimile, upon receipt by sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety and received at the recipient's facsimile number or email address. All Notices shall be sent to the addresses listed in Exhibit A to this Agreement:

IN WITNESS WHEREOF, the Authority Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _____, 2015 COLUSA COUNTY WATER DISTRICT

By: _____

Dated: _____, 2015 COUNTY OF COLUSA

By: _____

Dated: _____, 2015 COUNTY OF GLENN

By: _____

Dated: _____, 2015 GLENN-COLUSA IRRIGATION
DISTRICT

By: _____

Dated: _____, 2015 MAXWELL IRRIGATION DISTRICT

By: _____

Dated: _____, 2015 ORLAND-ARTOIS WATER DISTRICT

By: _____

Dated: _____, 2015

PROBERTA WATER DISTRICT

By: _____

Dated: _____, 2015

RECLAMATION DISTRICT 108

By: _____

Dated: _____, 2015

TEHAMA-COLUSA CANAL
AUTHORITY

By: _____

Dated: _____, 2015

WESTSIDE WATER DISTRICT

By: _____

Exhibit A to the Sites Project Authority Joint Exercise of Powers Agreement:

Effective Date: _____

Colusa County Water District
General Manager
P.O. Box 337
Arbuckle, CA 95912

County of Colusa
Chair of the Board of Supervisors
547 Market Street, Suite 108
Colusa, CA 95932

County of Glenn
Chair of the Board of Supervisors
525 West Sycamore Street
Willows, CA 95988

Glenn-Colusa Irrigation District
General Manager
P.O. Box 150
Willows, CA 95988

Maxwell Irrigation District
General Manager
P.O. Box 217
Maxwell, CA 95955

Orland-Artois Water District
General Manager
P.O. Box 218
Orland, CA 95963

Proberta Water District
P.O. Box 134
Proberta, CA 96078

Reclamation District 108
General Manager
P.O. Box 50
Grimes, CA 95950

Tehama-Colusa Canal Authority
General Manager
P.O. Box 1025
Willows, CA 95988

Westside Water District
General Manager
5005 CA-20
Williams, CA 95987

Grouping	Cost Center	File Num Description	Total
Sites PA	Authority	10.4 Accounting & Taxes, Bond	\$ (24,000)
		Financial Audit	\$ (8,000)
		Financial Services (Bond strategy)	\$ -
		General Manager, Expenses	\$ (9,600)
		General Manager, Services	\$ (64,934)
		Governmental Affairs, Federal	\$ -
		Governmental Affairs, State	\$ (60,000)
		Public Information Officer/Manager	\$ (120,000)
		Sacramento State	\$ (10,000)
		Project Scheduler & Controls Manager	\$ (7,500)
		Document Controls Manager	\$ -
		Legal Services, Holland (Federal/Power)	\$ -
		Mandelberg (facilitator)	\$ -
		Legal Services	\$ (46,500)
		10.8 Postage and Shipping Expense	\$ (200)
		US Flag	\$ -
		Misc Office Supplies	\$ (6,000)
		Maxwell Office's Utilities	\$ (9,000)
		Maxwell Office's Rent	\$ -
		10.9 Board Insurance (10/1/x thru 9/30/x+1)	\$ (2,183)
		11.5 Update Website & Data Access/Storage	\$ (50,000)
		15 Industry (Dues, Subscriptions & Ads)	\$ (1,000)
		17 Educational Materials (Brochures, Fact Sheets, Newspaper Ads)	\$ (50,000)
		Display or Booth at Public Event (e.g. ACWA or State Fair)	\$ -
		10.3 Administrative Support to GM	\$ (7,000)
	Authority Total		\$ (475,917)
	Region	10.4 Economic Benefits Study Part 1 (Sacramento Valley)	\$ (75,000)
		Economic Benefits Study Part 2 (California)	\$ -
		Public Education of Benefits	\$ -
		Public Input to Prioritize Recreation	\$ -
	Region Total		\$ (75,000)
Sites PA Total			\$ (550,917)
Reservoir	Operations	10.4 Env & Ops TO #1 (Task 3)	\$ -
		Feasibility Report, TO #2 (X % of Task 9)	\$ -
		Env & Ops TO #2 (Task 5.2 & 6.2)	\$ (110,000)
	Operations Total		\$ (110,000)
	Power	10.4 Understanding of Regulatory Changes	\$ -
		Market Research/Interest	\$ (30,000)
		Estimate Potential	\$ (50,000)
		File Permit Applications (FERC)	\$ (25,000)
		Prepare Power Developer Solicitation	\$ (35,000)
		Authority's Contingency:	\$ -
	Power Total		\$ (140,000)
	Water	10.4 Bond Counsel	\$ -
		CEQA Legal Counsel	\$ (125,000)
		Env & Ops TO #1 (Task #1)	\$ -
		Env & Ops TO #1 (Task #2 & #4)	\$ -
		Feasibility Report TO #1 (Task 1, 2, 3)	\$ -

Grouping	Cost Center	File Num Description	Total
Reservoir	Water	10.4 Feasibility Report TO #3 (Task 6)	\$ (378,651)
		Feasibility Report TO #3 (Task 7)	\$ (181,183)
		Feasibility Report TO #3 (Task 8)	\$ (310,950)
		Feasibility Report, TO #2 (Task 4, 5 & 9)	\$ (137,590)
		Financial Services (Bond strategy)	\$ (90,000)
		General Manager, Expenses	\$ (28,800)
		General Manager, Services	\$ (259,736)
		Grant Management & Administration Services	\$ -
		Land & ROW (Temporary Access)	\$ -
		NEPA Legal Counsel	\$ (50,000)
		Water Rights Legal Counsel	\$ (100,000)
		Administrative Record - Assessment	\$ (35,000)
		Administrative Record Support/Compile	\$ -
		Project Scheduler & Controls Manager	\$ (30,000)
		Document Controls Manager	\$ -
		Update Aquatic Studies for BA	\$ (25,000)
		Update Cultural Resource & Tribal Studies	\$ (10,000)
		Assess GIS datasets for use in preparing draft EIR/S	\$ -
		Update GIS for use in draft EIR/S	\$ (100,000)
		Develop Mitigation Plan & Locations for inclusion into EIR/S	\$ -
		Prepare Prop 1, Chapter 8 Solicitation	\$ (50,000)
		Env & Ops TO #1 (Task 5.1 & 6.1)	\$ -
		Env & Ops TO #2 (Task #7) 1st Draft	\$ (512,000)
		Env & Ops TO #2 (Task #8)	\$ (162,000)
		Env & Ops TO #3 (Task #9) 2nd Draft	\$ (100,000)
		Env & Ops TO #3 (Task #10) Final Draft	\$ -
		Env & Ops TO #3 (Task #11)	\$ -
		Update Terrestrial & Plant Studies for BA	\$ (75,000)
		Authority's Contingency: Env & Ops	\$ (78,000)
		Authority's Contingency: Engineering	\$ (110,000)
		Optimize Design of the Proposed Project	\$ -
		Advance EIR/S Beyond Pre-Admin Draft	\$ -
		Engineering Support During CWC Negotiations	\$ -
		Operations (Annualized Yield) Support During CWC Negotiations	\$ -
		Feasibility Report, TO#2 (Task 10) Grid Interconnection Studies	\$ (35,000)
		Feasibility Report, TO #4 (Task 11 & 12)	\$ (47,853)
		Authority's Contingency: ther Work	\$ (56,000)
		CEQA Support (Prior work to current)	\$ (36,000)
		10.9 Insurance (Commercial & General L & Professional L)	\$ (7,500)
		10.3 Administrative Support to GM	\$ (28,000)
		11.4 Incorporate Grid Interconnection into EIR/S	\$ -
	Water Total		\$ (3,159,263)
Reservoir Total			\$ (3,409,263)
Grand Total			\$ (3,960,180)

Grouping	Cost Center	File Num Description	Total
Sites PA	Authority	10.4 Accounting & Taxes, Bond	\$ (24,000)
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		Financial Services (Bond strategy)	\$ -
		General Manager, Expenses	\$ (9,600)
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		Governmental Affairs, Federal	\$ -
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		Document Controls Manager	\$ -
		Legal Services, Holland (Federal/Power)	\$ -
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		Legal Services	\$ (46,500)
		10.8 Postage and Shipping Expense	\$ (200)
		US Flag	\$ -
		Misc Office Supplies	\$ (6,000)
		Maxwell Office's Utilities	\$ (9,000)
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		17 Educational Materials (Brochures, Fact Sheets, Newspaper Ads)	\$ (50,000)
		Display or Booth at Public Event (e.g. ACWA or State Fair)	\$ -
		10.3 Administrative Support to GM	\$ (7,000)
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		Public Education of Benefits	\$ -
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		Region Total	\$ (75,000)
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		Feasibility Report, TO #2 (X % of Task 9)	\$ -
		Env & Ops TO #2 (Task 5.2 & 6.2)	\$ (110,000)
	Operations Total	\$ (110,000)	
	Power	10.4 Understanding of Regulatory Changes	\$ -
		Market Research/Interest	\$ (30,000)
		Estimate Potential	\$ (50,000)
		File Permit Applications (FERC)	\$ (25,000)
		Prepare Power Developer Solicitation	\$ (35,000)
		Authority's Contingency:	\$ -
	Power Total	\$ (140,000)	
	Water	10.4 Bond Counsel	\$ -
		CEQA Legal Counsel	\$ (125,000)
		Env & Ops TO #1 (Task #1)	\$ -
		Env & Ops TO #1 (Task #2 & #4)	\$ -
		Feasibility Report TO #1 (Task 1, 2, 3)	\$ -

Sites Project Authority
Fiscal Year 2016 Budget

 Authority's November 16
Board Meeting, Attachment 5

Grouping	Cost Center	File Num Description	Total
Reservoir	Water	10.4 Feasibility Report TO #3 (Task 6)	\$ (378,651)
		Feasibility Report TO #3 (Task 7)	\$ (181,183)
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		Administrative Record Support/Compile	\$ -
		Project Scheduler & Controls Manager	\$ (30,000)
		Document Controls Manager	\$ -
		Update Aquatic Studies for BA	\$ (25,000)
		Update Cultural Resource & Tribal Studies	\$ (10,000)
		Assess GIS datasets for use in preparing draft EIR/S	\$ -
		Update GIS for use in draft EIR/S	\$ (100,000)
		Develop Mitigation Plan & Locations for inclusion into EIR/S	\$ -
		Prepare Prop 1, Chapter 8 Solicitation	\$ (50,000)
		Env & Ops TO #1 (Task 5.1 & 6.1)	\$ -
		Env & Ops TO #2 (Task #7) 1st Draft	\$ (512,000)
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		Env & Ops TO #3 (Task #10) Final Draft	\$ -
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		Update Terrestrial & Plant Studies for BA	\$ (75,000)
		Authority's Contingency: Env & Ops	\$ (78,000)
		Authority's Contingency: Engineering	\$ (110,000)
		Optimize Design of the Proposed Project	\$ -
		Advance EIR/S Beyond Pre-Admin Draft	\$ -
		Engineering Support During CWC Negotiations	\$ -
		Operations (Annualized Yield) Support During CWC Negotiations	\$ -
		Feasibility Report, TO#2 (Task 10) Grid Interconnection Studies	\$ (35,000)
		Feasibility Report, TO #4 (Task 11 & 12)	\$ (47,853)
		Authority's Contingency: ther Work	\$ (56,000)
		CEQA Support (Prior work to current)	\$ (36,000)
		10.9 Insurance (Commercial & General L & Professional L)	\$ (7,500)
		10.3 Administrative Support to GM	\$ (28,000)
		11.4 Incorporate Grid Interconnection into EIR/S	\$ -
	Water Total		\$ (3,159,263)
Reservoir Total			\$ (3,409,263)
Grand Total			\$ (3,960,180)

NOTE: Incorporates changes from Nov 5 Budget Committee meeting

 Version Date: Nov 11, 2015
Page 2 of 2

THIRD AMENDED AND RESTATED
SITES PROJECT AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT

This Joint Powers Agreement (“Agreement”) is made and entered into by and among Colusa County Water District (CCWD), County of Colusa (Colusa County), County of Glenn (Glenn County), Glenn-Colusa Irrigation District (GCID), Maxwell Irrigation District (Maxwell), Orland-Artois Water District (OAWD), Proberta Water District (PWD), Reclamation District 108 (RD 108), Tehama-Colusa Canal Authority (TCCA), Westside Water District (WWD), , hereinafter “Authority Members” or “Authority Member Agencies”.

RECITALS

The Authority Members are public entities located and operating in the Sacramento Valley, and are formed and operating under the laws of the State of California;

Congress and the 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;

Sites Reservoir (sometimes referred to as North of Delta Offstream Storage) 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;

The principal purpose of this Agreement is to establish an independent special agency, known as the Sites Project Authority (“Authority”), that will have as its mission, to be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state’s water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta;

Each Authority Member is uniquely situated with respect to Sites Reservoir and the related facilities to help design, acquire, construct, manage, govern, and operate the project to provide local, regional, and statewide public benefits and improve the state’s water system;

Certain Authority Members executed the Memorandum of Understanding Between the Department of Water Resources, the United States Bureau of Reclamation, the Western Power Administration, the California Department of Fish and Game, the United States Fish and Wildlife Service, the Glenn-Colusa Irrigation District, the Tehama-Colusa Canal Authority, and Other CalFed Agencies and Local Interests Pursuant to the Directive with Respect to Sites Reservoir Contained in the CalFed Bay-Delta program Programmatic Record of Decision, August 28, 2000;

In August 2010, Glenn-Colusa Irrigation District, Reclamation District 108, Tehama-Colusa Canal Authority, Maxwell Irrigation District, County of Glenn, County of Colusa, Yolo County Flood and Water Conservation District entered into an Agreement creating a public entity known as the Authority.

By First Amendment to the Agreement in July 2015, Colusa County Water District, Westside Water District, Orland-Artois Water District and Proberta Water District became signatories to the Agreement and became Authority Members. In addition, Yolo County Flood and Water Conservation District has notified the Authority it is withdrawing as an Authority Member and will become an Associate Member, effective January 1, 2015.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Authority Members as follows:

I. DEFINITIONS

As used in this Agreement, the meaning of the terms used hereafter shall be as follows:

- 1.1. Agreement: This Joint Exercise of Powers Agreement as it currently exists or as it may be amended or revised from time to time.
- 1.2. Authority: The legal entity defined in this Agreement for the Sites Project Authority as organized by this Agreement.
- 1.3. Authority Member: The signatories to this Agreement.
- 1.4. Board of Directors or Board: The governing body of the Authority as established in Article IV of this Agreement.
- 1.5. Bylaws: Additional requirements to those contained in the Agreement related to the implementation of the Sites Reservoir Project; emphasizing delegations of authority, decision-making and dispute resolution; roles and responsibilities for Board and Project Agreement Committee; membership types; and cost management.
- 1.6. Member: An Authority Member or another entity that meets the requirements of California Water Code § 79759 (a) or (b), respectively as defined for each membership type established in the Bylaws. Generally, any Member can either be a signatory to a Project Agreement or participate in the Consultation Committee, but only Authority Members have representation on the Board.
- 1.7 Non-Member Participating Party: An agency, entity or company, that does not meet the Joint Powers Authority ("JPA") membership requirements of California Water Code § 79759 (b) regarding for-profit corporations, including certain types of mutual water companies, and is

not a Member of the Authority, but is deemed eligible by the Authority to participate by contract on certain elements of the Project that will not receive public funds per California Water Code Division 26.7 (§ 79700 et seq.) such as, but not limited to, renewable power generation. The Bylaws may provide for additional requirements for such non-members.

II. PURPOSES AND POWERS

2.1 Creation: Pursuant to the Joint Exercise of Powers Act (“Act”), California Government Code Section 6500 et seq., a public entity has been created to be known as the Sites Project Authority (“Authority”), which shall be an agency that is separate from its Authority Members.

2.2 Purpose: The purpose of this Agreement is to establish an independent joint powers authority (“JPA”) to exercise powers common to the Authority Members to, among other things, effectively study, promote, develop, design, finance, acquire, construct, manage, and operate Sites Reservoir and related facilities such as recreation and power generation. The purposes of pursuing and developing Sites Reservoir are to: (1) increase surface water storage and supply while enhancing water management flexibility and reliability in the Sacramento Valley, (2) provide flood control benefits, (3) improve conditions for fish and wildlife in the Sacramento Valley, including anadromous fish in the Sacramento River, and (4) improve the operation of the state’s water system to provide improvements in ecosystem and water quality conditions in the Bay-Delta while providing a more reliable water supply for the State of California.

2.3. Powers: The Authority shall have the power to pursue the purposes described above and to perform all acts necessary for the exercise of said powers, including, but not limited to, the ability to:

- 2.3.1. make and enter into contracts necessary for the full exercise of its powers;
- 2.3.2. perform studies, environmental review, engineering and design, and if appropriate, permitting, construction of water storage, and related conjunctive management;
- 2.3.3. contract for the services of engineers, attorneys, scientists, planners, financial consultants, and separate and apart therefrom, to employ such persons as it deems necessary;
- 2.3.4. hold or dispose of any property, including acquisition by eminent domain;
- 2.3.5. apply for, accept, and receive permits, licenses, grants, loans, or other funding from any federal, state or local public agency;
- 2.3.6. issue revenue bonds and other forms of indebtedness to the extent, and on the terms, provided by the Act;
- 2.3.7. incur debts, liabilities, and obligations;

2.3.8. adopt bylaws, rules, regulations, and procedures, governing the operation of the Authority; and

2.3.9. delegate levels of authority to Project Agreement Committees, Consultation Committee, and other advisory groups as the Board deems appropriate and consistent with the requirements specified in the Bylaws.

2.4. Manner of Exercise of Powers: To the extent not specifically provided for in this Agreement or the Act, the Authority shall exercise its powers subject to the restrictions upon the manner of exercising the powers under the laws applicable to Irrigation Districts (California Water Code section 20510 et seq.).

2.5. GCID and TCCA Operations: The Authority Members anticipate that the Sites Reservoir Project will be within or adjacent to GCID and/or TCCA districts with at least a portion of the conveyance of water into the reservoir to be accomplished by wheeling water through GCID's Main Canal and/or the Tehama-Colusa Canal. The Authority shall not have the power, except with the express written consent of GCID 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 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.

2.6. Maxwell Irrigation District (MID) Operations: The Authority Members anticipate that the pipeline connecting the reservoir to the Sacramento River will utilize an existing MID easement. The Authority shall not have the power, except with the express written consent of MID 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 MID or the operation of its facilities or any facilities that MID operates under contract. 2. 7. Term: This Agreement shall be effective when signed by all Authority Members and shall continue until terminated in accordance with Section 7.1.

III. AUTHORITY MEMBERSHIP

3.1. Generally: Authority membership is comprised of the public agencies (as defined in Section 6500 of the Act) that are authorized to be Authority Members and are signatories to this Agreement.

3.2. DWR and Bureau of Reclamation: The Authority may enter into a contract or other arrangement with the California Department of Water Resources ("DWR") and/or the Bureau of Reclamation to carry out the purposes of this Agreement. DWR, upon the approval of the Authority Board, may be a non-voting, ex-officio member of the Authority.

3.3. Addition of Members: Entities authorized by law to participate in a JPA located within the Sacramento River watershed may subsequently become Authority Members upon an affirmative vote of at least seventy-five percent (75%) of the total number the Boards of the Authority Member Agencies and the new Member's execution of this Agreement, as it may have been amended. An entity requesting to become an Authority Member shall provide certification of compliance with the membership requirements of the Agreement and the Bylaws. The entity requesting to become an Authority Member may represent a group of other entities. Additional terms and conditions for new Authority Member's participation in the Authority, if any, shall be set forth in an amendment to this Agreement or in the Bylaws. Such terms and conditions shall be consistent with this Agreement and any contracts, resolutions, or indentures of the Authority then in effect.

3.4. Membership Types: The Board may approve the creation of different types of memberships that may include governmental agencies that meet the CA Water Code 79759 (b) as it may be amended, other public agencies, entities, and companies, in funding and/or financing of the different elements of the Sites Reservoir Project. The creation of any additional membership types are defined in the Bylaws. Admission of non-Authority Members shall be upon the affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

3.5. Consultation Committee: A Consultation Committee may be formed to provide a forum for public agencies and private entities to provide input on matters affecting the Authority. The charter for this committee, including the manner in which it conducts itself, will be established by the Board, and described in the Bylaws.

IV. GOVERNANCE AND INTERNAL ORGANIZATION

4.1. Board of Directors: The governing body of the Authority shall be a Board of Directors (Board) that will conduct all business on behalf of the Authority consistent with this Agreement and applicable law. The Board will consist of one representative of each Authority Member. To remain in an active status, each Authority Member having representation on the Board shall be in good standing as defined in the Bylaws.

4.2. Appointment: Each Authority Member Agency shall appoint a Director to the Board. Each Authority Member Agency shall also be entitled to appoint an Alternate Director to the Authority. The role of the Alternate Director shall be to assume the duties of an Authority Member Agency's Director in case of the absence or unavailability of such Director.

Should a Director who is an officer of the Board not be in attendance, the Authority Member Agency's Alternate Director shall not assume the duties of the officer. Should the Chair be absent, the Vice-Chair shall assume the Chair's responsibilities until the Chair is present, and if both are absent the Board may appoint a temporary Chair.

Directors and Alternates both serve at the pleasure of the governing body of their respective Authority Member Agency. Authority Member Agencies shall communicate their initial

Director and Alternate selections, and any subsequent changes thereto, to the Authority in writing. Each Authority Member Agency is only entitled to have one vote, either by its Director or the Alternate, at a meeting of the Board.

4.3. Meetings: The Board shall hold at least one regular meeting per year, and may hold regular or special meetings at more frequent intervals. All meetings of the Board shall be called, held, noticed, and conducted subject to the provisions of the Ralph M. Brown Act (Government Code section 54950, et seq.).

4.4. Quorum: A majority of the total number of Directors shall constitute a quorum.

4.5. Voting:

4.5.1. Routine Matters or Non-Material Change Items Before the Authority: The Board shall take action only upon an affirmative vote of a majority of the total number of Directors.

4.5.2. Material Change Items Before the Authority: Based on the thresholds established in the Bylaws regarding a Material Change, the Board shall take action only upon an affirmative vote of a at least seventy-five percent (75%) of the total number of Directors.

4.6. Officers:

4.6.1. The Board shall select, from among the Directors, a Chair, who will be the presiding officer for all Board meetings, and a Vice-Chair, who will preside in the absence of the Chair.

4.6.2. The Board shall also select a Treasurer, who shall be the depository and have custody of all money of the Authority and shall perform the duties specified in Government Code section 6505.5. The Treasurer shall be bonded in accordance with Government Code section 6505.1. and shall pay all demands against the Authority that have been approved by the Board. The Board may combine the positions of Secretary and Treasurer.

4.6.3. The Board shall also select a Secretary, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.6.4. The Bylaws may further address the duties, responsibilities and administrative requirements for the respective offices.

4.7. General Manager. The Board may appoint a General Manager or assign staff of one or more Authority Members to conduct the business of the Authority in accordance with the policies of the Board; provided that no Authority Member's staff will be so assigned without the consent of that Authority Member. The General Manager serves at the pleasure of the Board and may be an employee or a contractor of the Authority.

4.8. Liability of Authority, Officers, and Employees: The Directors, officers, and any employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No Director,

officer, employee or agent will be responsible for any act or omission by another board member, officer or employee. The Authority shall indemnify and hold harmless the individual board members, officers, employees, and agents of the Authority for any action taken lawfully and in good faith pursuant to this Agreement. Nothing in this section shall be construed to limit the defenses available under the law, to the Authority Members, the Authority, or its Directors, officers, employees or agent.

V. FINANCIAL PROVISIONS

5.1. Fiscal year: The fiscal year shall run concurrent with the calendar year, unless the Directors decide otherwise and shall also apply to any Project Agreements.

5.2. Depository: All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with the funds of any Member or any other person or entity. Regular reports shall be made as directed by the Board, but at least quarterly, to the Board of all receipts and disbursements. The books and records shall be open to inspection by the Board and individual Directors upon reasonable notice.

5.3. Budgets: A draft budget will be prepared for the Member Agencies to review at least 45 days before the beginning of the Authority's next fiscal year. The Board shall approve the budget no later than 15 days before the beginning of the fiscal year. The budget shall include:

5.3.1. General and administrative costs include the general operation and administration of the Authority. These costs do not include any costs incurred by the Authority directly as a result of a specific Project Agreement as described in Article VI.

5.3.2. Project specific costs shall be fully described and specified in a Project Agreement. The Board shall ensure that all costs incurred by the Authority directly relating to any specific project will be paid only by the parties to the Project Agreement and will not be paid for by the Authority as general and administrative costs. The Bylaws may include additional requirements and criteria for such costs.

5.4 Initial Contributions: Upon formation of the Authority, each Authority Member shall pay an application fee as prescribed in the Bylaws.

5.5. Recovery of General and Administrative Costs:

5.5.1. The Board may assess each Authority Member for the general and administrative costs to operate the Authority. Payments of public funds may be made to defray the costs incurred in carrying out such purposes, and advances of funds may be made for use in doing so, to be repaid as provided in this Agreement. Personnel, equipment or property of one or more of the Authority Members may be used in lieu of other contributions or advances, upon Board approval, and will be treated as a contribution from that Authority Member.

5.5.2. General and administrative costs incurred by the Authority in carrying out its purposes, as described in Section 5.3.1, shall be shared by the Authority Members as determined by the Board.

5.5.3. The Authority shall periodically, as necessary, issue an invoice to each Member reflecting the expenses attributable to that Member in accordance with this Agreement and/or Project Agreement, respectively. The Authority must receive payment within 60 days of the date listed on the invoice. Delinquent sums shall bear interest at twelve percent (12%) per year. The Bylaws include additional requirements.

5.5.4. on request of any Member, the Authority shall produce and allow the inspection of all documents relating to the computation of expenses attributable to the Members under this Agreement. If a Member does not agree with the amount listed on the invoice, it must make full payment and provide a cover letter accompanying payment to the Authority specifying the amount in dispute and providing a detailed explanation of the basis for the dispute. The Authority shall advise the disputing Member of the Authority's determination within 30 business days.

5.6. Recovery of Project Agreement Costs: Each Project Agreement shall specify the requirements for recovery of costs, which shall be consistent with the requirements of Section 5.5.

5.7. Auditor: An auditor shall be chosen annually by, and serve at the pleasure of, the Board. The auditor shall make an annual audit of the accounts and records of the Authority. A report shall be filed as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act, and with each agency that is a Member or an advisory member. Such report shall also be filed with the California Secretary of State or State Controller within twelve months of the end of the fiscal year.

5.8. Bonds: The Board shall, from time to time, designate the officers or other persons who have charge of, handle, or have access to any property of the Authority and shall require such officers or persons to file an official bond, at the Authority's expense, in an amount to be fixed by the Board.

5.9. Authority Members Limited Liability: As provided by Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority shall be the debts, liabilities, and obligations of the Authority only, and not of the constituent Authority Members of the Authority.

VI. PROJECT AGREEMENTS

6.1. General: The Authority intends to carry out the purposes of this Agreement through projects that are consistent with the joint exercise of powers described herein. Funding and participation in any project undertaken by the Authority shall be governed by a project Agreement. The Authority may undertake all or any portion of each project on its own or it may enter into agreements with the State of California, the United States, or any other public or private entity.

6.2. Parties to Agreement: Prior to undertaking a project, the Members and Non-Member Participating Parties electing to participate in the project shall enter into a Project Agreement. A Project Agreement may involve the Authority or one or more Members and any Non-Member Participating Parties. No Member shall be required to be involved in a Project Agreement.

6.3. Project Agreement: All assets, rights, benefits, and obligations attributable to the project shall be assets, rights, benefits, and obligations of those Members and Non-Member Participating Parties that have entered into the Project Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Authority in regard to a particular project shall be the debts, liabilities, obligations, and indebtedness of the Members and Non-Member Participating Parties who have executed the respective Project Agreement and shall not be the debts, liabilities, obligations or indebtedness of the Members and Non-Member Participating Parties that have not executed the Project Agreement, nor of the Authority, in the absence of the Authority's execution of the Project Agreement. If a project is undertaken by less than all the Members, the Members and Non-Member Participating Parties to a Project Agreement shall appoint a representative to a Project Agreement Committee for that project. The Project Agreement may include entities that are not Authority Members and may include advisory members or other public or private entities. The Bylaws may provide additional requirements regarding the implementation of each Project Agreement.

VII. TERMINATION, WITHDRAWAL, AND SUSPENSION

7.1. Termination:

7.1.1. Mutual Termination. This Agreement may be terminated by the mutual agreement of at least seventy-five percent (75%) of the total number of the Boards of the Authority Member Agencies in writing.

7.1.2. Termination of an Authority Member by the Authority. This Agreement may be terminated with respect to any Authority Member upon an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors; provided, however, this Agreement may not be terminated with respect to Colusa County or Glenn County without the affirmative vote of all Directors less one. Prior to any vote to terminate this Agreement with respect to an Authority Member, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The Authority Member subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote. If an Authority Member is terminated, that Authority Member will be responsible for its share of any costs incurred by the Authority up to the date of termination.

7.2. Member Withdrawal from Authority: Any Authority Member may withdraw from the Authority by giving at least 30 days written notice of its election to do so, which notice shall

be given to the Authority and each Member to this Agreement; provided that such withdrawal does not in any way impair any contracts or obligations of the Authority then in effect. Prior to withdrawal or as soon as an accounting can be completed, the withdrawing Authority Member shall pay its share of General and Administrative Costs, described in Section 5.5; provided, however, the withdrawing member shall only be liable for expenses incurred through the date of withdrawal. The withdrawing Authority Member shall also be responsible for any claims, demands, damages, or liability arising from this Agreement through the date of withdrawal. With respect to a particular project, and subject to the terms of the applicable Project Agreement, the withdrawing Authority Member shall be responsible for its share of all costs, expenses, advances, contractual obligations, and other obligations, including bonds, notes or other indebtedness issued by the Authority while such withdrawing entity was a party to a project Agreement. The remaining parties to a Project Agreement shall have the option of discontinuing a project and/or acquiring the interests of the withdrawing party, as may be more particularly described in the Project Agreement. If the remaining Members to a Project Agreement under Article VI decide to terminate the Project Agreement, any remaining funds will be allocated pursuant to the terms of the agreement and the costs will be allocated to all parties as described in the Project Agreement, including the withdrawing party.

7.3. Membership Suspension: Should any Authority Member be deemed by the Board to not be in Good Standing as defined in the Bylaws, an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors can suspend the Authority Member's voting rights. Once the Authority Member is deemed by the Board to meet the requirements for being in Good Standing, the Authority Member can petition the Board of Directors to be have its voting privileges restored by an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors. During the time the Authority Member has not been in Good Standing, the Member shall remain obligated to comply with all other requirements of this Agreement, the Bylaws and any Project Agreements the Member executed.

7.4. Disposition of Assets Upon Termination: Upon termination of this Agreement, any surplus money or assets in the possession of the Authority for use under this Agreement, after payment of liabilities, costs, expenses and charges incurred under this Agreement, shall be returned to the then-existing Members in proportion to the contributions made by each. Unless otherwise agreed, all other property, works, rights and interests of the Authority shall be allocated to the then-existing Members in the same manner upon termination. Notwithstanding the foregoing, at the time of termination of this Agreement, upon a vote of the Board of Directors consisting of no less than a majority of the voting shares of all then existing members of the Board to sell the property, works, rights and interests of the Authority to a public utility, governmental agency, or other entity or entities for good and adequate consideration, the Authority shall have the power to consummate such a sale and the net proceeds from the sale shall be distributed in the same manner as set forth above.

VIII. MISCELLANEOUS PROVISIONS

8.1. Amendment of Agreement: This Agreement may be amended only by an affirmative vote of at least seventy-five percent (75%) of the Boards of the Authority Member Agencies; provided, however, this Agreement may not be amended to terminate the participation of Colusa County or Glenn County without the affirmative vote of all Directors less one. The Authority shall provide notice to all Members of amendments to this Agreement, including the effective date of such amendments.

8.2. Adoption and Amendment of Bylaws: The Bylaws may be adopted or amended only by an affirmative vote of at least seventy-five percent (75%) of the total number of Directors. The Authority shall provide notice to all Members of amendments to the Bylaws, which includes the effective date of such amendments.

8.3. Assignment: Except as otherwise expressed in this Agreement, the rights and duties of the Authority Members may not be assigned or delegated without the advance written consent of all the other Authority Members, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Authority Members. This section does not prohibit a Authority Member from entering into an independent agreement with another agency, person or entity regarding the funding or financing of that Authority Member's contributions to the Authority, or the disposition of the proceeds which that Authority Member receives under this Agreement, so long as the independent agreement does not affect or purport to affect, the rights and duties of the Authority or the Authority Members under this Agreement.

8.4. Severability: If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Authority Members that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.

8.5. Execution by Counterparts: This Agreement may be executed in any number of counterparts and upon execution by all Authority Members, each executed counterpart shall have the same force and effect as an original instrument and as if all Authority Members had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but have attached to it one or more signature pages.

8.6. Authority Members to be Served Notice: Any notice authorized to be given pursuant to this Agreement shall be validly given if served in writing either personally, by facsimile, by electronic mail (e-mail), by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (i) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt; (ii) by mail shall be conclusively deemed given 48 hours after the deposit thereof if the sender returns the receipt; and (iii) by facsimile, upon receipt by sender of an acknowledgment or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety and received at the recipient's facsimile

number or email address. All Notices shall be sent to the addresses listed in Exhibit A to this Agreement:

DRAFT

IN WITNESS WHEREOF, the Authority Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing bodies, have caused their names to be affixed by their proper and respective officers on the date shown below:

Dated: _____, 2015

COLUSA COUNTY WATER DISTRICT

By: _____

Dated: _____, 2015

COUNTY OF COLUSA

By: _____

Dated: _____, 2015

COUNTY OF GLENN

By: _____

Dated: _____, 2015

GLENN-COLUSA IRRIGATION
DISTRICT

By: _____

Dated: _____, 2015

MAXWELL IRRIGATION DISTRICT

By: _____

Dated: _____, 2015

ORLAND-ARTOIS WATER DISTRICT

By: _____

Dated: _____, 2015

PROBERTA WATER DISTRICT

By: _____

Dated: _____, 2015

RECLAMATION DISTRICT 108

By: _____

Dated: _____, 2015

TEHAMA-COLUSA CANAL
AUTHORITY

By: _____

Dated: _____, 2015

WESTSIDE WATER DISTRICT

By: _____

Exhibit A to the Sites Project Authority Joint Exercise of Powers Agreement:

Effective Date: _____

Colusa County Water District
General Manager
P.O. Box 337
Arbuckle, CA 95912

Proberta Water District
P.O. Box 134
Proberta, CA 96078

County of Colusa
Chair of the Board of Supervisors
547 Market Street, Suite 108
Colusa, CA 95932

Reclamation District 108
General Manager
P.O. Box 50
Grimes, CA 95950

County of Glenn
Chair of the Board of Supervisors
525 West Sycamore Street
Willows, CA 95988

Tehama-Colusa Canal Authority
General Manager
P.O. Box 1025
Willows, CA 95988

Glenn-Colusa Irrigation District
General Manager
P.O. Box 150
Willows, CA 95988

Westside Water District
General Manager
5005 CA-20
Williams, CA 95987

Maxwell Irrigation District
General Manager
P.O. Box 217
Maxwell, CA 95955

Orland-Artois Water District
General Manager
P.O. Box 218
Orland, CA 95963

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1. Relationship: Agreement and Bylaws

- 1.1. Agreement: The Sites Project Authority 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, with additional powers afforded the Authority specifically associated with both the Joint Exercise of Powers Act and laws applicable to Irrigation Districts;
 - The mission, which is specific to the Sites Reservoir Project;
 - The Board's officers and other key positions;
 - Minimum meeting and voting requirements;
 - ~~The election of the Authority's members to create~~ adoption or amendment of bylaws.

It is intended to be a living document that will evolve as the project progresses from the current level of planning (Phase 1) through construction and commissioning.

- 1.2. Bylaws: ~~(this document)~~ These Bylaws are to implement and provide further clarity for certain provisions of the Agreement and to provide procedures for administration of the Authority, including, among other things:
- Expands upon the types of parties, companies, and entities that can be non-Authority ~~Members~~ and participate at different 'levels'.
 - Clarifies the Authority's role relative to Project Agreements and Authority's ability to delegate some of its authorities to Project Agreement Committees and it expands upon policies in the Agreement that shall be used for the daily operations and management of the Authority and Project Agreement Committees to complete the Authority's mission.
 - ~~Defines the Authority's vision and values to be followed in completing the Authority's mission.~~
 - Expands upon roles and responsibilities of Board officers and Project Agreement Committee lead positions.
 - Expands upon the voting requirements for specific types of actions either the Board or a Project Agreement Committee will make.

It is intended to guide the work of the Board and staff of both the Authority and Project Agreement Committees and to serve as a living document, to be revised as the organizational needs evolve. Furthermore, from these Bylaws,

Sites Project Authority Bylaws (3rd working draft)

procedures will be developed for Board approval and then use as an aid to managing the Sites Reservoir Project.

- 1.3. Conflicts between Agreement and Bylaws: Should one or more provisions of these Bylaws be in conflict with any portion of the Agreement, the Agreement shall take precedence.
- 1.4. Severability: If one or more clauses, sentences, paragraphs or provisions of these Bylaws be held to be unlawful, invalid or unenforceable, ~~it is hereby agreed by the Members that~~ the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.
- 1.5. Amendments of Bylaws: As provided at Section 8.2 of the Agreement, these Bylaws may be amended only by an affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

2. Sites Project Authority's Mission, Vision & Values

- 2.1. Mission: (Restatement). "[T]o be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state's water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta."

~~2.2. Vision:~~

~~To be developed later~~

~~2.3. Values:~~

~~To be developed later~~

Sites Project Authority Bylaws (3rd working draft)

3. Definitions

- 3.1. Board: The governing body of the Authority, composed of each Authority Member's delegate (or ~~its~~ their respective alternate if the delegate is not present). ~~The Authority Members are the decision-making body that is the Sites Project Authority.~~
- 3.2. Material Change: Where the variance between a parameter of the Project Baseline and the forecast exceeds the Board-approved threshold, as described in Section 12 below.
- 3.3. Member is either an Authority Member, or other type of Member provided for at Section 7 below, and is either:
 - 3.3.1. A public agency that has either land use authorities or is a water agency that (a) is signatory to the Sites Project Authority Agreement (as amended) and (b) meets the requirements of the California Water Code §79759 (a) and (b), *or*
 - 3.3.2. A public agency that (a) is contributing to the financing of the Sites Reservoir Project and (b) meets the requirements of the California Water Code §79759 (b).
 - 3.3.3. ~~PA-public agencies~~ whose primary service area or boundaries are located within the Sacramento River watershed valley as defined in California Water Code §79759 (a) are designated as **Type A** while Members whose primary service area or boundaries are located outside of the Sacramento River watershed valley as defined in California Water Code §79759 (a) and meet the requirements of California Water Code §79759 (b) (i.e. not for-profit) are designated as **Type B**.
- 3.4. Non-Member Participating Party: A party, company, or entity that does not meet the requirements of a Member and is not a Member, yet is deemed by the Board able to participate by contract in advancing or supporting at least one element of the Sites Reservoir Project; such as, but not limited to, the development of hydropower – both traditional and/or renewable pumped-storage.
- 3.5. Phase: Implementation of the Project has been divided into at least ~~four~~ five (5) phases that coincide with major milestone processes relative to the Project's schedule: (1) Through award of a Proposition 1 grant, (2) Certification of Environmental Impact Report and Statement, (3) completion of final design and pre-construction activities, (4) construction and commissioning, and (5) Project close-out, which includes repayment of debt and transfer of responsibilities to an operating entity.

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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. Such overlap shall require Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) approval, since it affects annual operating budgets and the respective Member's funding commitments.

- 3.6. Project Agreement: The requirements of the Agreement, as more fully described at Section 5 below, generally ~~are incorporated into this definition with the further clarifications as follows:~~
- 3.6.1. Each Project Agreement is a contract between and among the Authority and some or all of the Authority's Members and may also include other Member Types-types of Members (described at Section 7 below) (including, where deemed appropriate by the Board, ~~Non-Member, Participating Parties~~), who collectively will provide for the undertaking and sharing in the costs and benefits of activities authorized by the ~~Board~~ Authority in connection with the development of either (a) capital works or facilities that may include the issuance of long-term debt or (b) expense related activities that support the Authority in completing its mission.
- 3.6.2. The formation, termination, or amendment of a Project Agreement is contingent upon the ~~Board~~ Authority's approval.
- 3.6.3. Each Project Agreement shall specify the authorities delegated by the Authority to each Project Agreement's Committee, which may also include (1) identification of specific thresholds constituting a material change and/or (2) specific voting thresholds applicable to specific topic areas.
- ~~3.6.0. Type A Project Agreements are applicable for capital works or facilities~~
- ~~3.6.0. Type B Project Agreements are applicable for expense related activities~~
- ~~3.9-3.7.~~ Project Agreement Committee: The decision-making body responsible for implementing a Project Agreement and compliance with the Project Agreement's terms and conditions.
- ~~3.10-3.8.~~ Project Baseline: The Authority's proposed Sites Reservoir Project ("Project") from which proposed changes are compared against to determine if a material change (refer to Section 12) may result. It includes (a) the scope of work (i.e. proposed facilities and their operations and environmental mitigation measures and/or compliance obligations, (b) schedule and the sequencing of work and resources, (c) costs in terms of the approved operating budget, fiscal year and phase-level budget targets, and financing of both short-term and long-term debt, (d) quality of the physical assets as well as the operational reliability and performance, and (e) risk assignment and allocation of risks.

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- 3.8.1. Phase 1 and 2: Until the Authority's proposed project is ~~defined~~approved by the Board, the Authority will endeavor to estimate a 'mid-point' of the alternatives already developed and analyzed in the pre-administrative draft EIR/S that was prepared by the California Department of Water Resources (DWR) with input from the United States Bureau of Reclamation (USBR).
- 3.8.2. Beyond Phase 1~~Phases 3 through 5:~~ The Project as documented in the joint Environmental Impact Report and Statement (EIR/S) that has been certified by the Authority, will be permitted by the California Division of Safety of Dams (and potentially the Federal Energy Regulatory Commission), and from which permits for construction and operation will be obtained.
- ~~3.11-3.9.~~ Prospectus Model: A cost management tool that uses (a) key Project parameters such as the estimated cost at completion; estimated water supply benefits in terms of annualized yield; and, if applicable, estimated potential power benefits associated with renewable energy generation and (b) estimates of financing cost, inflation and time value of money to calculate an estimated annualized cost/acre-ft. From these results, the funding commitment required by each Member ~~can~~will be developed. This tool will be used quarterly and throughout all of the Project's Phases as an aid for Members to determine their level of participation in the financing of the Project. As the Project evolves, (1) this tool will be updated to incorporate the current Project Baseline conditions and assumptions and (2) be used to analyze Material Changes relative to the results calculated for the Project Baseline to estimate the financial impacts (both positive and negative) to the Members.

A similar model may be developed to manage cost allocation for other types of project benefits, such as, but not limited to renewable power generation.

- ~~3.12-3.10.~~ Re-balancing Process: A process used to transition from a predecessor phase to the successor phase affecting Members participation in terms of funding and financing of the Project as well as the level of benefits to be received from an operational Project. The process is described further in Section 14.

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4. Board of Directors and Officers

In addition to the primary requirements, which are defined in the Agreement, the following additional requirements shall also apply:

- 4.1. Role of Board: To provide the overall policy direction and consider approval of activities and actions of the Authority, including approval of the following matters:
 - For the Proposition 1, Chapter 8 grant, be the applicant and manage compliance with the terms and conditions of its award.
 - Be the CEQA lead agency ~~and~~ work with USBR as the NEPA lead agency to effectively manage the environmental review process.
 - Hold title to the water rights issued by State Water Resources Control Board (SWRCB).
 - Be the owner of record as it related to dam safety requirements and regulatory obligations.
 - Be the applicant for all applicable permits and manage compliance with the respective terms and conditions.
 - Review decisions at Project Agreement level to ensure they are in the best interest of the Sites Reservoir Project.
 - Acquire property, easements and rights-of-way.
- 4.2. Minimum Qualifications: ~~Candidates~~ Directors shall be a designated representatives from their respective Member who is in good standing. A Member's designated alternate is not eligible to be candidate for an Officer position. Additional requirements for officers are provided under each position's roles and responsibilities.
- 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: Elections shall occur annually, ~~between the first quarter of fiscal year and no later than the mid-point of the fiscal~~ end of the third quarter of the year in which the term for the position expires. The election shall occur at a regularly scheduled Board meeting ~~and requires a quorum plus one of the Authority Members. The timing of the election shall be noticed by an agenda item at least one meeting prior to the election.~~ Absentee votes shall not be considered. For each position, the candidate receiving the majority vote from the Authority Members present shall be the successful candidate.

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4.5. Officer Vacancy: Should an ~~officer~~ position become vacant, the ~~other Board Officers can appoint a qualified candidate to work on an interim basis-~~ shall make an appointment for the remaining duration of the vacated position's term.

4.6. ~~Additional Treasurer's Roles and Responsibilities~~:

- Shall meet or exceed the requirements of Government Code Section 6505.5; ~~to allow the Authority to secure a bond for the position;~~
- Either has or provides oversight to Authority staff who have a background in accounting, budgeting, or finance; ~~;~~

~~Additional Roles and Responsibilities~~:

- Make recommendations to the Board on ~~Oversee~~ selection of the auditor and oversee the preparation of an annual audit;
- Ensure auditor's reports are filed as required by law:
 - (a) "as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act"; ~~;~~
 - (b) with each agency that is a Member or an advisory member; ~~;~~
 - (c) with the California Secretary of State or State Controller within twelve months of the end of the fiscal year; and
- Oversight of the annual budget preparation in accordance with Board direction and the Board's approval of the budget.
- A copy of the audit will be provided to each Member and Non Member Participating Party.

4.7. ~~Additional Secretary's Roles and Responsibilities~~:

- Oversight of board agendas, minutes, and board meeting's protocol; ~~and-~~
- Oversee Member (and their representatives) compliance with requirements of the Agreement and Bylaws.

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5. Project Agreement Committee Leadership and Administrative Process

NOTE: The requirements for Authority Board are in the Agreement. The Agreement does not provide the requirements for a Project Agreement Committee, which are provided in this Section.

- 5.1 Establishment of Project Agreement Committee:** Each Project Agreement will include the establishment of a Project Agreement Committee. The Project Agreement shall state the scope of work to be accomplished by the Project Agreement Committee. The Project Agreement may also include delegations of authority necessary to accomplish the scope of work. The Project Agreement may also define thresholds for material change that if exceeded require approval of both the Board and the respective Project Agreement Committee.

Commented [JCW1]: Moved from 3.5.6 of draft Agreement

- 5.2 ~~Nomination & Appointment of Committee:~~ Members and Non-Member** Participating Parties of a Project Agreement ~~Agreement in good standing shall~~ appoint their respective representative to the Committee who is either an active member of the Member's board of directors or is a duly appointed senior-level staff have been delegated the authority from the Member to make decisions on the Member Agency's behalf.

Commented [JCW2]: Moved from 5.8 of prior draft bylaws

- 5.3 Committee Leadership:** At least two eligible Authority Members are required to execute the Project Agreement and provide a representative to serve on each Project Agreement Committee along with the General Manager. In preparing each Project Agreement, the decision-making structure will be defined by the Board Authority; taking into account factors such as, but not limited to, the project's complexity, risk, cost, and entities requesting to become signatory to each Project Agreement. The Project Agreement shall, at a minimum, provide for appointment of a Committee Chair, whose responsibilities are similar to those of the Board Chair. Where the estimated scope of work exceeds \$200,000, the Project Agreement Committee shall also appoint a Committee Treasurer whose responsibilities are similar to those of the Board Treasurer. The Committee Treasurer may be the Authority Treasurer, or if not, shall serve under the general supervision of the Authority Treasurer.

Commented [EC3]: Moved from 3.7.1

- 5.4 ~~Minimum Qualifications:~~ Candidates** ~~The members of the Project Agreement Committee shall be a designated representatives from their respective Member who is in good standing.~~

- 5.4 Leaders Term Limits:** Project Agreement Committee leaders shall serve a term that does not exceed one year in duration. They are not precluded from holding consecutive terms.

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5.5 Election of Committee Leaders: Elections shall occur annually, ~~between the first quarter of fiscal year and no later than the mid point of the fiscal end of the third quarter of the year~~ in which the term for the position expires. The election shall occur at a regularly scheduled Project Agreement Committee meeting ~~and requires a quorum plus one of the Members~~. Absentee votes shall not be considered. For each position, the candidate receiving the majority vote from the ~~Committee m~~Members present shall be the successful candidate.

5.6 Committee Leader Vacancy: Should a Leader position become vacant, the ~~other Leaders can appoint a qualified candidate to work on an interim basis~~ Project Agreement Committee shall make an appointment for the remaining duration of the vacated position's term.

5.7 Quorum and Voting of the Project Agreement Committee

5.7.1. A majority of the Committee members representing Members and Nonmember Participating Parties that have executed the Project Agreement shall constitute a quorum for a Project Agreement Committee.

5.7.2. Routine Matters or Non-Material Change Items Before the Project Agreement Committee: Unless otherwise authorized by the Board and provided for Project Agreement, the Committee members representing both the Members and Non-Member Participating Parties that have executed the Project Agreement shall take action only upon an affirmative vote of a majority of the total number of Committee members. Each Committee member shall have one vote.

5.7.3. Material Change Items Before the Project Agreement Committee: Unless otherwise authorized by the Board and provided for in the Project Agreement, and based on the thresholds established in these Bylaws regarding a Material Change (Section 12), the Committee members representing both the Members and Non-Member Participating Parties that have executed the Project Agreement shall take action only upon an affirmative vote of at least seventy-five percent (75%) of the total number of Committee members. Each Committee member shall have one vote.

5.8 Filling a Vacancy-New Parties from Within: In preparing each Project Agreement, the process to appoint new parties to the Project Agreement, including appointing a new member taking the place of a withdrawing or terminated Member, fill vacancies from within the existing membership will be defined by the Authority, taking into account factors such as, but not limited to, but not limited to, compliance with California Water Code § 79759.

~~Filling a Vacancy from Outside: In preparing each Project Agreement, the ability and process to fill vacancies with entities who are not active Members will be defined by the Authority; taking into account factors such as, but not limited to, compliance with California Water Code § 79759.~~

Commented [JCW4]: Moved from section 3 of the draft Agreement

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- ~~5.910~~ Phase 1 Project Agreements: For Phase 1, the intent is to expeditiously develop a Project Agreement, and until such Project Agreement is executed, the Board shall direct the activities of Phase 1.
- ~~5.10~~ Member's Election to withdraw: Should a Member or Non-Member Participating Party of a Project Agreement elect to withdraw their participation in any executed Project Agreement, the Member shall submit their written intent and explanation for their decision to the Project Agreement Committee Leader and Board Secretary. The notification shall also identify an effective date that does not precede the latest date received by either the Project Agreement Committee Leader or the Board Secretary. A withdrawing Member or Non-Member Participating Party shall be responsible for costs and liabilities beyond the effective date of its withdrawal, as prescribed under the Project Agreement.
- ~~5.11.~~ Termination of a non-Authority Member by the Authority. A Project Agreement may be terminated with respect to any non-Authority Member or Non Member Participating Party upon an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors. Prior to any vote to terminate this Agreement with respect to a non-Authority Member or Non Member Participating Party, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The non-Authority Member or Non Member Participating Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote. The terminated non-Authority Member or Non Member Participating Party shall be responsible for costs and liabilities beyond the date of termination, as may be prescribed under the Project Agreement.
- ~~5.12.~~ Each Project Agreement shall include the following provisions

COLUSA COUNTY INSERT IS NEEDED

Commented [JCW5]: 2 provisions that affect tax revenue associated with maintaining the Project Office in Colusa County.

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6. Common to Board of Directors and Project Agreement Committee Leadership Positions

- 6.1. ~~Conflict of Interest Code of Conduct and Ethics:~~ Annually, a sign a Code of Conduct and Ethics statement shall be transmit it to the Board Secretary by (a) ~~Each Board of Director of the Board~~ and their delegated alternate and (b) ~~Each Member's representative serving on at least one Project Agreement Committee shall timely file Statements of Economic Interest as required by the Authority's Conflict of Interest Code.~~

~~NOTE: A Code of Conduct and Ethics template will be developed based, in part, on the Authority's values.~~

- 6.2. Compensation: For at least Phase 1, no compensation shall be granted by the Sites Project Authority to (a) any ~~Board of Director of the Board~~ or a Member's ~~their~~ delegated alternate or (b) any representative to a Project Agreement Committee's Leadership. When travel has been pre-approved by either the Authority or Project Agreement Committee's Leadership, respectively the representative is eligible to recover reasonable travel and related expenses.

- 6.3. Roles in Key Categories. The following chart summarizes various activities to be carried out or overseen by the Board and Project Agreement Committees:

Category (& minimum frequency)	Authority Board	Project Agreement Committee Leadership
Implementation of the Sites Reservoir Project (ongoing).	Provide timely policy direction. Be the Project's strongest advocate.	Provide Authority with timely and accurate input.
Member's and staff's compliance with applicable chartering document (annually)	Compliance with Agreement & Bylaws	Compliance with Project Agreement
Approve operating budget and Phase-level target budgets (annually)	Authority's cost plus the roll-up of budget requests from each executed Project Agreement	Project Agreement
Insurance requirements, and financing plan on an annual basis (annually)	Maintain at Project level	
Organizational structure and assess the	Maintain at Project level	Maintain at Project Agreement level. Provide Authority with

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Category (& minimum frequency)	Authority Board	Project Agreement Committee Leadership
organizational effectiveness (annually).	Review Board and Committee performance Evaluate the effectiveness of policies and/or standards, Performance of the General Manager, Accountant, Chief Legal Counsel, and other key staff positions	timely and accurate input.
Maintain delegations of Authority for decision-making effectiveness (annually)	Maintain at Project level.	Maintain at Project Agreement level.
Risk assessment and risk management and quality assurance and quality control (periodic)	Maintain at Project level. Determine frequency for risk assessments and quality audits.	Provide Authority with timely and accurate input.
Compliance with significant regulatory requirements, governance matters, and litigation (annually)	Assess at Project level.	Provide Authority with timely and accurate input
{		
}		

Commented [JCW6]: Are there other areas we need to address?

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7. Membership Types

7.1. General:

7.1.1. The ~~Authority Board~~ retains its sole discretion to (a) offer membership to an agency, entity, party, or company ("requestor") who requests to participate in the Project, ~~as further provided at Section 3.3 of the Agreement~~, and (b) to determine what if any membership type is applicable for the requestor. Should the ~~Board Authority~~ elect to offer a membership type, the requestor shall then be required to (1) execute both an election to participate form and applicable agreements and (2) comply with the Agreement, Bylaws, and ~~if applicable~~, Project Agreements.

Commented [EC7]: Addition to pick up 75% voting procedure in JPA

7.1.2. All ~~participating parties~~ funding commitments must be based on the results of the Prospectus Model at the time the analysis is performed. The methodology used to create the Prospectus Model utilizes the time value of early financial contribution to the Authority. This model will ~~be utilized quarterly and~~ be used as the basis for estimating the cost for ~~(a) new Members and, (b) during the Re-balancing Process for all members,~~ including those electing to change their level of participation, ~~and quarterly~~.

7.1.3. A ~~participating party's participation interests through the Authority and/or a Project Agreement cannot be assigned to a non-member without written pre-approval by the Authority Board.~~

7.2. **Authority Member:** A public agency that is signatory to the Agreement. They are required to be located within Sacramento ~~River watershed Valley~~ that has either (1) land use authority or (2) is a duly recognized water agency, and complies with the joint powers authority ("JPA") membership requirements of California Water Code §79759 (a) & (b). Agencies that elected to participate and provide financial support to the ~~Sites Project Authority prior to 2015~~ October 30, ~~2015~~, may also be referred to as Founding Members.

~~Eligibility to join the Board may as an Authority Member, at the Authority Board's sole discretion, as further provided at Section 3.3 of the Agreement, may be extended to a non-profit mutual water company that (1) complies with the joint powers authority ("JPA") membership requirements of California Water Code §79759 (a) as it relates to being located within the Sacramento River watershed Valley and California Water Code §79759 (b) as it relates to being a non-profit company, and (2) be willing to execute a Project Agreement related to water supply.~~

Financial Contribution: Pro-rata cost share of either the Authority's cost and/or the pro-rata share of cost for each executed Project Agreement.

Benefits/Attributes of an Authority Member:

- Eligible to be ~~a member represented~~ on the Board.

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- Eligible to also be ~~a member represented on either a Project Agreement Committee. An Authority Member's representative may~~ Can be an officer on a Project Agreement Committee.
 - ~~Those Authority Members having land use authorities that have contributed (1) their reputation/good will, which cannot be monetized, and (2) the initial funding prior to and including Phase 1 work, can, pending Board approval, receive a fixed amount of water supply with the condition that they also~~ Glenn and Colusa Counties, as Founding Members having contributed (1) their reputation/good will, which cannot be monetized and (2) the initial funding prior to and including Phase 1, then prior to the start of Phase 4, should either elect to acquire water, power, and/or other benefits from the Project, they shall have the same priority status as other Founding Members, as established in the Prospectus Model, to acquire the applicable benefit by contributing to funding the pro-rata share of cost to the applicable Project Agreements.
 - Eligible to provide in-kind (and/or other) services if pre-approved by the Board.
- 7.3. ~~Standing Project Agreement Members: Such members shall be either~~ Either (1) a public agency that meets the ~~Agreement requirements of California Water Code Section 79759(a) or (b), 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 comply with the JPA membership requirements of California Water Code § 79759 (a), which is a Type A Member or (b), which is a Type B Member, or (2) a non-profit mutual water company that complies with the non-profit JPA membership requirements of California Water Code § 79759 (b). Both (1) and (2) It must be willing to execute at least one Project Agreement.~~
- ~~Financial Contribution: For each Project Agreement executed, the pro-rata share of costs.~~

Benefits/Attributes of a Project Agreement Member:

- Eligible to be a member on either a Project Agreement Committee. Can be an officer on ~~the a e~~ Committee.
- ~~Receive benefits based on time the agency joined. Should be required to either pay an 'annexation' fee to offset the prior investment made by predecessor members. Or, have a reduced participation relative to prior members.~~
- Eligible to provide in-kind (and/or other) services if pre-approved by the Board.

Such Project Agreement Members shall be within one of the following categories, depending on their affiliations with the Authority, and resulting financial contributions as follows:

Commented [JCW8]: Policy Discussion Needed.

Informational: The present value for a 1,000 acre-ft. block of water is ~ \$14 million. A 10 acre-ft. block of water would be \$140,000, which is equivalent to 2.5 times the amount being requested by 1 Authority Member to fund Phase 1 assuming no additional investors sign up.

NOTE: This amount is based on an assumption that the debt service for dam construction is \$600/acre-ft. of water over a 40-year repayment period at 3.1% financing.

Since no other Authority Member is currently receiving any guarantee, but is receiving the benefit associated with the time value of money and 'seniority', an equivalent status is proposed.

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7.3.1. Project Agreement Member Type -I are Members which ~~do not otherwise~~ have a direct or indirect affiliation with the Authority, as compared to Types II and III described below.

Its financial contribution shall be for each Project Agreement executed such Member will contribute its pro-rata share of project costs. It receives benefits based on the time it joined, executing Project Agreements, and will be required to either pay an 'annexation' fee to offset the prior investment made by other Members, or have a reduced participation relative to prior Members.

7.3.2. Project Agreement Member Type II is an entity ~~Affiliate Member~~. Either a public agency or non-profit mutual water company 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 is a member of another JPA (or equivalent group or collective), whereby the ~~other~~ JPA (or equivalent group or collective) is either an Authority or ~~Project Agreement~~ Standing Member in good standing. [Example, members of TCCA]~~An Affiliate Member shall also meet the non-profit JPA requirements of California Water Code §79759 (b).~~

~~Financial Contribution: The Authority or Standing Member JPA (or equivalent group or collective) Regarding its financial contribution, since it provides its pro-rata cost share to the Authority through the other JPA (or equivalent group or collective), no additional funds are directly provided by such a Project Agreement Member II to the Authority, directly provides the pro-rata cost share to the Authority, such that no funds are directly provided by the Affiliate Member to the Authority.~~

~~Benefits:~~

- ~~• Can elect to request membership status to then receive the right in time as the Authority or Standing Member who originally represented them.~~
- ~~• Can elect to participate on an advisory committee to the Sites Project Authority~~
- ~~• Can participate on a Project Agreement Committee, including being an officer of a Committee.~~
- ~~• Eligible to provide in-kind (&/or other) services if pre-approved by the Board.~~

7.3.2. Project Agreement Member Type III ~~Represented Member~~: A public agency or non-profit mutual water company 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 is an entity that has, via an independent contract, agreed to allow another agency, who is either an Authority Member or ~~Project Agreement~~ Standing Member in good standing, to represent their

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interests on either the Authority's Board and/or a Project Agreement Committee, respectively. ~~[Example, Davis WD contracting through and represented by Proberta WD] A Represented Member shall also meet the non-profit JPA requirements of California Water Code § 79759 (b). Regarding its financial contribution, since it provides its pro-rata cost share to the Authority through another Member, no additional funds are directly provided by such a Project Agreement Member III to the Authority.~~
~~**Financial Contribution:** The Authority or Standing Member does not directly provide funds to the Authority. The Represented Member directly pays the Authority, their pro-rata cost share for their participation on each Project Agreement they have executed.~~

~~Benefits:~~

~~Can elect to participate on an advisory committee to the Sites Project Authority~~

~~Can participate on a Project Agreement Committee, including being an Officer of a Committee.~~

~~Eligible to provide in-kind (&/or other) services if pre-approved by the Board.~~

- 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 joint powers authority membership requirements of California Water Code § 79759 (a) & (b), but elects to accept an advisory role from the Authority or (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.

Financial Contribution: An annual contribution of \$5,000.

~~Benefits/Attributes of an Associate Agreement Member:~~

- Eligible to become a member of the Consultation (advisory) Committee.
- Eligible to provide in-kind (&/or other) services if pre-approved by the Board.

~~7.5. Supporting Member:~~

- 7.5. **Non-Member- Participating Party:** "An agency, entity or company, that does not meet the JPA membership requirements of California Water Code § 79759 (b) regarding for-profit corporations, including that includes certain types of mutual water companies, and is not a Member of the Authority, but is deemed eligible by the Authority to participate by contract on certain elements of the Project that will not receive public funds per California Water Code Division 26.7 (§ 79700 et seq.) such as, but not limited to, renewable power

Commented [JCW9]: Moved to Consultation Committee (Section 9.4)

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generation." ~~Any additional requirements will be established in the Bylaws.~~
(Restatement from Agreement section 1.7).

Financial Contribution: For each Project Agreement executed, the pro-rata share of costs.

Attributes of Participating Party Benefits: Conditioned upon meeting certain eligibility requirements.

- An agency or company may be eligible to participate on a Project Agreement.
- A Mutual Water Company or private company may be eligible to participate on a Project Agreement.
- Allows a qualified energy developer to participate on a Project Agreement specifically executed to provide hydroelectric power including traditional and pumped-storage.

7.6. Ex Officio: ~~A non-voting member of the Authority and/or Project Agreement Committee.~~

Ex Officio Type A: ~~A federal or state agency as The California Department of Water Resources (DWR), which is required by law to be an ex officio member of a joint powers authority for the purposes of California Water Code § 79759 (b) such as, but not limited to the California Department of Water Resources. Shall be a non-voting member of the Authority and/or Project Agreement Committee.~~

Ex Officio Type B: ~~A federal or state agency that elects to participate in the Sites Reservoir Project for the public benefits associated with California Water Code Division 26.7 (§ 79700 et seq.) and entering into contracts with the Sites Project Authority such as, but not limited to California Department of Fish and Wildlife and State Water Resources Control Board.~~

Ex Officio Type C: ~~A federal, state, or local agency that elects to participate in the Sites Reservoir Project for purposes other than both the water supply benefit and public benefits associated with California Water Code Division 26.7 (§ 79700 et seq.)~~

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8. Members & Non-Member Participating Parties - Common Requirements

- 8.1. Good Standing: To actively participate in the respective decision-making authorities, each Member and Non-Member Participating Party is required to comply with the following conditions:
- 8.1.1. Compliance with the terms of the Agreement and these Bylaws as well as the policies and/or procedures the Board may adopt;
 - 8.1.2. Compliance with any Project Agreements ~~it has~~ they have executed;
 - 8.1.3. Providing timely payment of the Member's or Non-Member Participating Party's pro-rata share of costs;
 - ~~8.1.4. Providing timely and accurate disclosure of potential conflicts of interest by either the Member and/or any of their assigned representatives and/or~~
 - ~~8.1.5-8.1.4.~~ Not pursuing legal action against the Authority.

Failure to remain in good standing may subject the Member or Non-Member Participating Party to disciplinary action that, at the discretion of the Board and/or applicable Project Agreement Committee, may include removal from either the Authority and/or Project Agreement(s), respectively.

- 8.2. Change in Representation: Should a Member or Participating Non-Member Participating Party elect to name a different person to represent them either on the Board and/or on any Project Agreement Committee, the change shall be provided in writing to the Secretary. The written notification shall also include an effective date.

- 8.3. Conflict of Interest: ~~The Authority has adopted and may from time to time amended its Conflict of Interest Code adopted pursuant to the Political Reform Act of 1974, California Government Code Section 87000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The and regulations adopted by the Fair Political Practices Commission has adopted a regulation set forth in Title 2, California Code of Regulations, Section 18730, which contains the terms of a standard conflict of interest code. The terms can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments to the Political Reform Act. Designated Positions" under said Conflict of Interest Code shall comply with such Code and Political Reform Act and other applicable laws.~~

~~Adoption: The provisions of Title 2, California Code of Regulations, Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are incorporated by reference, and, constitute the conflict of interest code of the Sites Project Authority.~~

~~The Sites Project Authority Board shall, by resolution, establish those officials, officers, employees, and consultants that will be "designated officers" for the~~

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~~purpose of filing the required statement of economic interest and definition of specific investments, business positions, interests in real property, and sources of income which shall be reportable by "designated positions."~~

~~Should a Member have a potential conflict of interest, the Member's Board Chair or President shall sign an equivalent conflict of interest statement.~~

- ~~8.4. Code of Conduct and Ethics: Personnel assigned to work on the Project in executive, management, or supervisory functions shall annually sign a Code of Conduct and Ethics statement and transmit it to the Secretary. Failure to comply with the requirements can result in removal from the Project.~~

~~NOTE: A Code of Conduct and Ethics template needs to be developed based, in part, on the Authority's values.~~

9. Committees

- 9.1. Common: Each committee of the Authority shall have a chartering document approved by Board, which will include, among other things, quorum and voting requirements for conduct of the committee. & at least annually evaluated by the Board.

9.2. Board Committees:

- 9.2.1. Each committee of the Board shall be comprised of at least three (3) and no more than five (5) Authority Members.

- 9.2.2. Standing Board Committees: ~~For at least phase I of the Sites Reservoir Project, the following standing committees shall be created. However, the~~ The Chair may elect to create additional standing committees as necessary to ensure successful completion of the Authority's mission.

- 9.2.3. Ad-Hoc Board Committees: ~~The Chair may call for creation of an~~ may elect to create Ad-Hoc committees to address specific issues or area of concern to the Board.

- 9.3. Project Agreement Committees: ~~The Purpose is to manage each Project Agreement as provided for in the Sites Project Authority Agreement's Section V of the Agreement and Section 5 of these Bylaws.~~ The Project Agreement shall be the chartering document the Project Agreement Committee shall use to perform the work consistent with the requirements of the Agreement and Bylaws.

- 9.4. Consultation Committee: The purpose of the Consultation Committee is to serve as an advisory committee in order to maximize transparency regarding the decision-making process and facilitate the exchange of information; provide

Commented [JCW10]: Moved up in list to reflect lower status consultation committee has on Project.

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opportunity for comment, input, and recommendations; and ensure meaningful discussions regarding the rationale for decisions and the outcomes that result.

- 9.4.1 The Board shall approve a charter document for the Consultation Committee which shall include, among other things, the scope of its activities and quorum and voting requirements for conduct of the Committee. The Board shall approve and may modify from time to time the composition of the Consultation Committee, based upon interest expressed by various interested entities, and may include representatives from any of the following which wish to help advance the mission of the Authority (i) any public agency that has as its sole or principal power supplying water and/or power to other entities or to retail users, (ii) any non-water and non-water public agency, (iii) any mutual water company, and (iv) any non-profit governmental organization (NGO).
- 9.4.2 The Consultation Committee will meet on a regular basis to exchange information and provide input concerning upcoming decisions expected to be made by the Authority. Consultation Committee Members will not have a seat on the Board and will not vote on matters before the Authority, but will have an opportunity to inquire about relevant matters, be apprised by the Authority of issues of interest, and make recommendations concerning pending decisions.
- 9.4.3 The General Manager shall participate in an ex office capacity and to provide the Consultation Committee with access to information relevant to the committee's agenda items.
- 9.4.4 The Consultation Committee shall periodically provide reports to the Board on its activities at least a quarterly basis.
- 9.4.5. Financial Contribution: An annual contribution of \$200. The Board may, from time to time, change the annual dues for participation in the Consultation Committee and or waive the annual dues should an eligible entity wishing to join demonstrates to the Boards satisfaction that a hardship condition exists.

Commented [JCW11]:
Policy Discussion

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10. The Authority's Powers and/or Authorities

- 10.1. Non-Delegated Authorities: While (a) Section VI of the Agreement, ~~Section V~~ includes the intent to use Project Agreements to accomplish the Authority's mission and (b) each Project Agreement shall specify the authority power delegated from the Authority, for Phase 1, the following authorities-powers shall remain with the Sites Project Authority Board unless these Bylaws are amended as provided for in the Agreement:
- 10.1.1. ~~The Sites Project Authority will be the Applicant for the Proposition 1, Chapter 8 grant funds.~~
 - 10.1.2. ~~The Sites Project Authority will be the Lead agency with the SWRCB for the water rights application provided that DWR assigns this responsibility to the Sites Project Authority. Furthermore, the Sites Project Authority will hold title to the water rights granted by the SWRCB.~~
 - 10.1.3. ~~The Sites Project Authority CEQA-serving as Lead CEQA Agency status provided that DWR assigns this responsibility to the Sites Project Authority for the Project.~~
 - 10.1.4. Acceptance of permit conditions, specifically those associated with NEPA/CEQA compliance to achieve less than significant classification, ESA/CESA compliance, Section 10 of the Rivers and Harbors Act, NHPA § 106/SHPO and compliance with the Clean Water Act.
 - 10.1.5. Responsibility for compliance with applicable dam safety requirements such as ~~California~~ Division of Safety of Dams and Federal Energy Regulatory Commission.
 - 10.1.6. Engagement and outreach with tribal representatives, elected officials, the general public, and advocacy organizations (e.g. NGOs).
 - 10.1.7. ~~The Sites Project Authority will Lead~~ any efforts to (a) acquire land and rights-of-way and (b) obtain additional financial contributors.
 - 10.1.8. Determination of Material Changes affecting the annualized water supply and costs expected from development of the Sites Reservoir Project.
 - 10.1.9. Determination of Material Changes to the facilities associated with the reservoir that could result in either an increased schedule greater than one year and/or increase construction costs greater than 10%.
 - 10.1.10. Development of renewable power or pumped-storage beyond the pre-feasibility-level planned.
 - 10.1.11. Oversight of (a) employees and (b) consultant contracts.
 - 10.1.12. Overall cost management to ensure obligations or commitments remain within (a) each annually approved operating budget and (b) the phase 1 cost target.

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- 10.1.13. Establishing a decision-making thresholds for specific topic areas likely to be addressed by the Project Agreement's Committee.

11. Delegations of Authority

11.1. To A Project Agreement Committee:

- 11.1.1. This section cConsolidates requirements of Agreement, Section VI of the Agreement in this Section with additional clarifications.

- 11.1.2. Limited Liability: Each Project Agreement shall include the requirements of Agreement Sections 54.2# and 65.3.

11.2. To the General Manager. The following is delegated to the General Manager subject to oversight by the Board:

11.2.1. Outreach and Engagement:

- a. Serve as the primary advocate and voice of the Sites Project Authority in all activities related to advancing surface water storage and enhanced water supply reliability in the Sacramento River watershedValley, and primarily Sites Reservoir.
- b. Advocate with local, state, and federal agencies as well as the regulatory and environmental sectors.
- c. Represent the Sites Project Authority to enhance the organization's profile as a leader in the storage debate.
- d. Conduct official correspondence on behalf of, and jointly with, the Board when appropriate.

11.2.2. Cost Management:

- a. Manage the Board-approved annual operating budget to ensure positive cash flow and track variances against both the phase-level budget target and total project cost, which includes an estimate of the finance cost.
- b. Obtain additional funding partners and investors in the Sites Reservoir Project.

11.2.3. Execute professional services contracts in accordance with the following:

- a. Board approved Master Services Agreements (MSAs) where the commercial terms but no scope or cost have been assigned.
- b. Task Orders for MSAs where the scope of work and cost has a value that does not exceed the line-item amount in the approved operating budget and is less than \$500,000.

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- c. Other professional services agreements (i.e. commercial terms plus scopes of work and not-to-exceed cost) having a value that does not exceed the line-item amount in the approved operating budget and is less than \$100,000.
- 11.2.4. For expenditures that are not specific line items in the Board-approved annual operating budget, the General Manager is authorized to spend up to \$5,000. so long as a positive cost variance to the Board-approved annual operating budget is forecast.
- 11.2.5. Administration: Annually, review and evaluate the performance of and report same to the Board, key staff positions;
 - a. key staff positions;
 - b. Annually, review and evaluate the performance of consultant contracts and their key personnel;
 - c. The Managers' workgroup, which the General Manager shall chair. Chair the Manager's Team (or Committee)

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12. Material Change - Applicable for Phase 1

- 12.1. These provisions shall apply to both to decisions by the Board Authority and Project Agreement Committee(s).
- 12.2. As the Sites Reservoir Project progresses through each of the planned project phases, what constitutes a Material Change along with the associated thresholds for Material Change may ~~will~~ require amendment to these Bylaws. For Phase 1, should a question arise regarding a change being deemed material, the Board shall make the final determination.
- 12.3. Decisions affecting the following topic areas constitute a Material Change applicable for Phase 1 as measured either qualitatively or quantitatively as a change from the Project Baseline:
 - 12.3.1. An increase in the projected Phase 1 budget target greater than 5% of the approved Phase 1 budget target.
 - 12.3.2. Any projected overrun to the approved total annual operating budget or ~~Additionally~~, transferring funds between line-items in the approved operating budget that is greater than \$50,000 ~~shall be deemed a Material Change.~~
 - 12.3.3. The eligibility of the Authority to receive grant funding from Proposition 1, chapter 8.
 - 12.3.4. Water rights and/or annualized yield of the Sites Reservoir Project changing by more than 5% of the total annualized yield or changes the proposed split between water supply benefits and Proposition 1 defined public benefits by more than 5% from the Baseline Project.
 - 12.3.5. An individual Member's of Non-Member Participating Party's election to reduce their commitment to either (a) fund the Authority and/or (b) for the Reservoir cost center, reduce its ~~their~~ water commitment as measured in acre-~~feet~~ by more than 25% that does not occur during the re-balancing process. Should such a change occur outside of the re-balancing process, the Board may elect to use the Dispute Resolution Process to resolve concerns or potential injury caused by such a change in participation.

During the re-balancing process, a Member's decision to change its ~~their~~ position does not constitute a Material Change and the Dispute Resolution Process shall not apply.
 - 12.3.6. Changes affecting the ability to obtain dam safety related permits in a timely and cost-effective manner.
 - 12.3.7. Changes to the Project's scope that significantly changes the operations of existing conveyance assets owned and/or operated by Members and/or other entities relative to the Project Baseline.

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- 12.3.8. Changes to the Project's scope that significantly changes the amount of power needed to operate and/or the amount of pumped-storage capability relative to the Project Baseline.
- 12.3.9. ~~Changes c~~Causing the direct construction cost to increase or decrease more than 10% excluding inflation and escalation in material costs.
- 12.3.10. ~~Changes c~~Causing the construction schedule to increase more than 6 months or require construction means and methods that may not comply or require extreme measures to comply with OSHA requirements.
- 12.3.11. ~~Has Changes having~~ the potential to shift significant risk from either (a) a Project Agreement to the Authority (~~or~~ and vice versa), (2) from one Project Agreement to another, and/or (3) from one participant to another. Absent defined thresholds, the ~~Board Authority~~ has the discretion to determine, on a case by case basis, if a Material Change has occurred.
- 12.3.12. Causing the mitigation for construction and/or operations that changes the baseline estimated cost by more than 10%.
- 12.3.13. Affecting the acquisition cost or schedule of land, easements, or rights-of-way by more than 10% from the baseline estimate cost and/or increases the line-item schedule duration by more than 6 months.
- 12.3.14. ~~Changes materially a~~Affecting the powers of either the Authority, a Member, the State of California, the Federal Government, or a federally recognized Tribal organization.

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13. Integration of Decisions - Authority Board & Project Agreement Committees

- 13.1. Material Change: Each Project Agreement will identify topic areas that constitute a Material Change and associated thresholds that are consistent with the Agreement and Bylaws and incorporate the Board's delegation of ~~authorities~~ powers, if any, to the Project Agreement Committee. Approval of actions to respond to a Material Change requires the approval of both the ~~Authority Board~~ and the Project Agreement Committee before the action can be implemented. If either decision-making entity does not approve the change, then the dispute resolution process will be invoked if timely requested as provided below.
- 13.2. Non-Material Changes: Approval of actions that are deemed by Project Agreement Committee and the General Manager to not result in a Material Change do not require the approval of the ~~Board Authority~~ before the action can be implemented.
- 13.3. Dispute Resolution Process: Early identification of items that may potentially result in a Material Change is essential. It is the responsibility of any ~~project team's managers~~ Project Agreement Committee Leaders and Members' or Non-Member Participating Party's representatives, regardless of membership type, to elevate a concern that they believe could result in a Material Change – either in the short-term (e.g. affecting an approved operating budget or schedule) or longer-term (e.g. affecting the current phase-level budget target or successor phase-level budget target or schedule). Concerns shall be brought directly to the General Manager's attention.
- 13.3.1. The party that has identified a potential Material Change shall, ~~in a timely manner within fifteen (15) days of the event~~, provide the General Manager with the basis for ~~its~~ their concern along with ~~at their~~ qualitative estimate of the severity (i.e. impact to the project) and consequence (i.e. probability of occurrence). The General Manager shall further investigate the merits of the concern and should the General Manager deem the item is likely result in a Material Change, to, at a minimum, notify the Project Agreement Committee and ~~Board Authority~~ with the assessment results and identify potential remedies. Should the party that has identified a potential Material Change disagree with the General Manager's assessment they should bring the matter up to either the ~~Board Authority~~ or the applicable Project Agreement Committee(s).
- 13.3.2. Should the ~~Board Authority~~ or applicable Project Agreement Committee(s) agree that a Material Change is likely, a recommended strategy and course of action needed to minimize the risk shall be developed. Should the ~~Authority's Board's~~ officers and Project Agreement Committee(s) Leadership not reach agreement on a preferred strategy and course of action, which could include a temporary suspension of some or all work until more

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information is known to reach agreement, each decision-making body can elect to take action via a vote of the eligible Members.

- 13.3.3. Within 15 calendar days of either the ~~Board Authority's~~ or each of the applicable Project Agreement Committee's having made their respective decision, should the respective decisions result in different solutions, the Board and Project Agreement Committee Leads shall formally meet to resolve the differences.
- 13.3.4. Should the parties involved in taking action ~~under~~ per section 13.3.3 fail to reach agreement, the disagreeing parties will submit the dispute to mediation. If the disputing parties cannot mutually agree upon a mediator, each will submit the names of two mediators and the mediator will be determined by lot. The disputing parties will share equally in the cost of the mediator and will bear their own costs of mediation.
- 13.3.5. Should mediation not result in a successful ~~conclusion~~ resolution of the dispute, the Project Agreement shall be terminated and the Authority's Board shall call a meeting to determine if the Agreement should similarly be terminated, amended, or if a new Project Agreement should be executed.

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14. Cost Management:

14.1. General:

14.1.1. ~~Cost management, which includes both revenue and expenses, The Authority will utilize cost management, which includes both revenue and expenses, and best management practices for the purpose of efficient management and to that facilitate accountability, transparency, and demonstrating the value being created.~~

14.1.2. ~~The Authority will utilize the Prospectus Model. Its primary purposes are (1) to estimate the eventual debt repayment obligation on a cost/acre-ft. basis as the Sites Reservoir Project advances in response to potential Material Changes that may occur internally (i.e. Board decisions) and/or externally (i.e. future financial market conditions) and (2) to utilize the time value of investment in both the Authority and Project Agreements to insure that later joining Members are required to pay sums equivalent to that contributed by Members that joined earlier.~~

~~The Prospectus Model will be used (a) initially to establish the Project's target cost/acre-ft. to advance the Project from the current planning (i.e. start of Phase 1) through completion of Phase 5, (b) as an integral part of the decision-making process by both the Authority and/or applicable Project Agreement Committee whenever a potential for a Material Change relative to the Project Baseline is identified, and (c) as part of the Re-balancing Process.~~

~~During the initial two phases of the Sites Reservoir Project, the Project's scope of work, estimated costs, and benefits in terms of water supply and/or renewable power will evolve based on decisions by the Board and by factors outside the Board's control (e.g. Proposition 1, financial market conditions, prices for key components). These changes will affect both the cost and expected benefits and as it relates to the benefits, the amount of storage vs. annualized yield will evolve. Allocation of costs to fund Phase 1 work is based on the assumption that a Member electing to participate in Project Agreement(s) that may provide water supply benefits are receiving a commensurate, but as yet unquantified, amount of reservoir storage. For Phase 1, the acre ft. of water that Members are using as the basis for allocating costs are based on the Prospectus Model that will change as the studies needed to better define the operations are advanced.~~

14.1.3. A Cost Center will be created for the Authority and each Project Agreement to create income statements showing both revenue and expenses at both a discrete activity level as well as enable a roll-up of both revenue and expenses to the Project level. Each cost center will also have the ability to differentiate in-kind services from revenue and expenses.

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~~For the Authority to complete its mission, the Project will establish cost centers that focus on Member values, potential for multiple sources of revenue to come into the Authority, and the different types of work and activities needed to complete the mission. The structure needs to be (a) flexible to expand as the Project moves from planning through construction, (b) have the ability to adapt to changes that are outside the Authority's control, and (c) align with Project Agreements.~~

- 14.1.4. Member's contributions need to accommodate direct funding, use of in-kind services, and the value of reputation/good will; noting that some of these contributions cannot be monetized.

14.2. ~~Foundational Principles~~ Positive Cash Flow:

- 14.2.1. Each Project Agreement (~~aka cost center~~) shall maintain, at all times, a positive cash flow. Unless amended by a majority of member agencies providing financial contributions to a cost center, the positive cash flow will be established based on when approval to commit costs to a specific set of tasks or activities has occurred and not when costs are incurred (i.e. when a consultant task order is approved and not when invoices for the work are received).

For Phase 1, the Board approved, on October 19, 2015, the requirement to maintain at least a six month reserve to fund the Authority's costs and to manage the effort to produce the grant proposal using a three-month rolling projection.

- 14.2.2. The Authority shall ensure that each cost center maintains a positive cash flow and there is an appropriate level of reserves for the Project's phase and commensurate with the level of risk and uncertainty. However, the Authority shall endeavor to establish the timing that payments are due from Members in a manner that minimizes the amount of funds in the Authority's account relative to the total incurred cost to date plus projected cost for the next three (3) months.
- 14.2.3. As agencies or entities are invited to become Members or Non-Member Participating Parties and elect to participate by providing financial contributions and/or the financing of applicable cost centers in exchange for the potential benefits, the Authority shall endeavor to re-adjust the funding commitments agreed to by the other Members for both the current annual operating budget as well as subsequent years' budget targets and the phase-level budget target. However, the ~~Board~~ Authority retains the discretion to determine how much of the 'new' revenue should be used to timely fund work verses reduce the funding commitment of the existing Members. The Authority's goal is to ~~optimize the amount of funds needed to complete each Phase in a cost effective manner, while reducing each member's funding commitment.~~

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~~Should either a Non-Member, Participating Party or an Ex-Officio Member elect to financially participate by providing funds other than from California Water Code Division 26.7 with funds being provide exclusively from Chapter 8 (Statewide Water System Operational Improvement and Drought Preparedness), the same processes used to manage costs shall be used.~~

14.2.4. The commitment to fund the day-to-day management and administration of the Sites Project Authority takes precedence over any of the subordinate cost centers. Failure to fully fund the expense cost center used to fund the Sites Project Authority can result in work stoppages at the subordinate cost center (~~aka including~~ Project Agreements).

14.2.5. Prior to the start of each Phase of work, Members and Non-Member Participating Parties need to clearly communicate and commit to, up front at the start of each Phase of work, their level of participation in the Project and provide their pro-rata share of costs in a timely manner; recognizing that such changes, especially reductions in participation, will likely shift the cost burden to other Members and Non-member Participating Parties, which therefore needs to be minimized.

~~14.2.6. To create an incentive for public water agencies to directly participate in the funding and eventual financing of the Sites Reservoir Project, during Phase 1, the amount of water a Member requests for use in determining their pro-rata share of costs, shall be based on the Member's assessment of the future demands within their future service area and taking into account external factors such as the State Groundwater Management Act (SGMA) to minimize the amount of potential water the Member plans to transfer or exchange with other public water agencies or entities in dry or critical water year types. For subsequent Phases, this limitation shall not apply.~~

14.3. Changing Participation Level:

14.3.1. Re-balancing Process: This process occurs only during the transition from the current Phase to the successor Phase, where Members and Non-Member Participating Parties may elect to formally change their respective position¹ in terms of the type of Membership and/or change the unit of measure (e.g. acre-ft.) being used to develop the pro-rata share of Phase-level costs to each participant in either Authority or in each Project Agreement. The successor Phase cannot start until the re-balancing process has been completed to allow all Members and Non-Member Participating Parties to execute both (a) an Election to participate in the Sites Reservoir Project

¹ The annual budget process also allows a Member or Non-Member Participating Party to change their membership position and/or change the unit of measure, which is described in Chapter 14.

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- form and (b) their respective Financial Commitment Agreement with the Authority for the successor Phase.
- 14.3.2. Outside of the Re-balancing Process, a Member and/or a Non-Member Participating Party cannot assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-~~feet of water supply~~~~ft., Mw-Hr~~ ~~megawatt-hours of power~~) they expect to receive through their participation in the Authority or through a Project Agreement to anyone who is not already a Member, unless approved in writing by both the Board and applicable Project Agreement Committee Leaders. The Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) shall only consider those transactions that do not shift a cost-burden or reduce benefits to another Member and/or Non-Member Participating Party and do not otherwise compromise the Authority's mission. Transactions that shift costs or reduce benefits to other Members or Non-Member Participating Parties who are not willing to accept this change can utilize the dispute resolution process to resolve the matter.
- 14.3.3. The annual budget process also allows a Member and/or a Non-Member Participating Party to reduce their position and/or the benefit units (e.g. acre-~~feet~~). This occurs during the period when the Board has approved the upcoming fiscal years' budget and Member's ~~approval of their~~ respective pro-rata share of funding. However, such change produces an unplanned iteration in allocating costs by shifting more costs onto the other Members and Non-Member ~~Participating Parties~~. An iteration could delay revenue to the Authority, which could adversely impact work in progress if it reduces the amount of reserves held by the Authority below Board approved thresholds. Such an impact could affect the Member's or Non-Member Participating Party's ability to remain in good standing.
- 14.3.4. Post-construction and commissioning, a Member electing to assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-~~feet~~ ~~ft., Mw-Hr~~ ~~megawatt-hours~~) may do so providing any associated repayment obligation is not affected and the Board has approved such transaction, ~~which~~ Any such assignment, sale, trade or exchange shall be based on a priority system that Members or Non-Member Participating Parties have first right to acquire the water before Member or Non-Member Participating Party can transfer the benefit and repayment obligation to a third party, who was not involved in the development of the Project.
- 14.4. Should the Board determine that potential hydroelectric power benefits - both traditional and/or pumped storage - result in a similar situation where there are multiple Members or Non-Member Participating Parties interested in acquiring benefits, the Board shall create an equivalent process whereby

Commented [JCW12]: Moved from Section 3.10

Commented [JCW13]: Formerly Section 14.2.6

Commented [JCW14]: Formerly Section 14.2.5

Commented [JCW15]: Formerly Section 14.2.7

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Members or Non-Member Participating Parties would have a first right of refusal before the benefit could be made available to a third party who has not been involved in the development of the Project.

Commented [JCW16]: Formerly Section 14.2.7

14.5. Phase-level Cost Management:

- 14.5.1. Prior to the start of each Phase, Members ~~and Participating Parties~~ will be asked to define the level of participation and associated pro-rata share of the costs as managed at the Project Agreement and/or cost-center level (i.e. Agreement or each Project Agreement). The start of each subsequent phase shall not occur until the Board (or Project Agreement Committee if this ~~authority power~~ has been delegated by the Board to the Project Agreement Committee) has approved that (a) there is sufficient level of participation and (b) sufficient commitment of funds (i.e. revenue).
- 14.5.2. For each phase, a work plan will be developed that identifies expected annual funding requirements for each fiscal year. As the Project's schedule changes, the work plan and estimated annual funding requirement will be updated for Board's (or applicable Project Agreement Committee's) approval. Both the Phase-level and annual funding requirements shall be developed to the level of detail necessary to allow each Member and/or or Non-Member Participating Party to understand their estimated pro-rata share of costs.
- 14.5.3. During each phase of work, the total Project's cost for the Reservoir (i.e. forecast to complete); which includes contingencies, escalation, and finance costs; shall be managed and tracked relative to the current Board-approved Baseline Project cost target. A Material Change shall require an update to the forecast to complete. These results shall also be reported on a cost/acre-ft. basis using the Prospectus Model and both values shall be provided in a timely manner to the Board and applicable Project Agreement Committee for their respective action and direction to Staff.
- 14.5.4. The Board (or applicable Project Agreement Committee's if this authority has been delegated by the Board to ~~at the~~ Project Agreement Committee), may decide that other Project benefits, such as renewable power generation, should be managed and tracked using a similar process as defined under Section 14.5.3.3.

14.6. Budget Management within each Phase:

- 14.6.1. The phase-level work plan and resulting budget target shall be subdivided into annual budget targets that coincide with the Authority's fiscal year, such that the sum of the annual budget targets equals the Phase-level budget target. Both the annual budget target and phase-level budget target shall be provided to each Member and Non Member Participating Party on a periodic basis. The General Manger also shall notify each Member and Non

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- ~~Member Participating Party as soon as possible after, as well as should a~~
Material Change occurs to warrant an updated projection.
- 14.6.2. Each annual budget target, once approved by the Board (or Project Agreement Committee if this ~~authority power~~ has been delegated by the Board to the Project Agreement Committee) shall become the operating budget for the current fiscal year.
- 14.6.3. Based on the approved operating budget, invoices requesting payment will be submitted to each Member ~~or Non Member Participating Party~~. The requirements shall be documented in ~~a an Agreement of Financial Commitment Agreement~~ that is executed between the Authority (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) and each Member. ~~Such Agreement It~~ shall itemize the funding requirements to each cost center and identify the date when such payments are due to the Authority.
- 14.7. In-Kind Services:
- 14.7.1. Phase 1: The California Water Commission has discretion to allow certain costs incurred by an applicant since passage of Proposition 1 in November 2014 through submittal of the application to be counted towards the total project cost that when combined with the projected public benefits will determine the amount of grant funds that can be awarded within the limitations of California Water Code ~~Division~~ § 26.7 et seq. The Authority will track in-kind services for inclusion into the formula to be used to calculate the total amount of grant funds the Authority is eligible to receive. However, a Member will not receive monetary credit for in-kind services against their pro-rata share of Phase 1 funding.
- For work performed prior to Dec 31, 2015, the Authority will work with each Authority Member to document the eligible types of work along with the associated hours and eligible cost. The cumulative Member's input will be included into the Authority's proposal to the California Water Commission.
- For work performed effective January 1, 2016, discrete in-kind work activities shall be pre-approved by the Board with the Member being responsibility to track the effort and to provide the Authority with an estimate of the eligible hours and eligible costs. On a semi-annual basis, each Member will provide documentation to the Authority for all eligible in-kind costs incurred for inclusion into the Authority's proposal to the California Water Commission.
- 14.7.2. Future Phases: Pending Board approval, certain in-kind work activities ~~can~~ may be counted as part of ~~each~~ the Member's financial contribution towards meeting ~~its~~ their funding commitments.

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1. Relationship: Agreement and Bylaws

- 1.1. Agreement: The Sites Project Authority 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, with additional powers afforded the Authority specifically associated with both the Joint Exercise of Powers Act and laws applicable to Irrigation Districts;
- The mission, which is specific to the Sites Reservoir Project;
- The Board's officers and other key positions;
- Minimum meeting and voting requirements;
- The adoption or amendment of bylaws.

It is intended to be a living document that will evolve as the project progresses from the current level of planning (Phase 1) through construction and commissioning.

- 1.2. Bylaws: These Bylaws are to implement and provide further clarity for certain provisions of the Agreement and to provide procedures for administration of the Authority, including, among other things:

- Expands upon the types of parties, companies, and entities that can be non-Authority Members and participate at different 'levels'.
- Clarifies the Authority's role relative to Project Agreements and Authority's ability to delegate some of its authorities to Project Agreement Committees and it expands upon policies in the Agreement that shall be used for the daily operations and management of the Authority and Project Agreement Committees to complete the Authority's mission.
- Defines the Authority's mission.
- Expands upon roles and responsibilities of Board officers and Project Agreement Committee lead positions.
- Expands upon the voting requirements for specific types of actions either the Board or a Project Agreement Committee will make.

It is intended to guide the work of the Board and staff of both the Authority and Project Agreement Committees and to serve as a living document, to be revised as the organizational needs evolve. Furthermore, from these Bylaws, procedures will be developed for Board approval and then use as an aid to managing the Sites Reservoir Project.

- 1.3. Conflicts between Agreement and Bylaws: Should one or more provisions of these Bylaws be in conflict with any portion of the Agreement, the Agreement shall take precedence.
- 1.4. Severability: If one or more clauses, sentences, paragraphs or provisions of these Bylaws be held to be unlawful, invalid or unenforceable, the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid, and enforced to the maximum extent possible.
- 1.5. Amendments of Bylaws: As provided at Section 8.2 of the Agreement, these Bylaws may be amended only by an affirmative vote of at least seventy-five percent (75%) of the total number of Directors.

2. Sites Project Authority's Mission, Vision & Values

- 2.1. Mission: (Restatement). "[T]o be a proponent and facilitator to design and potentially acquire, construct, manage, govern, and operate Sites Reservoir and related facilities; to increase and develop water supplies; to improve the operation of the state's water system; and to provide a net improvement in ecosystem and water quality conditions in the Sacramento River system and the Delta."

3. Definitions

- 3.1. 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. Material Change: Where the variance between a parameter of the Project Baseline and the forecast exceeds the Board-approved threshold, as described in Section 12 below.
- 3.3. Member is either an Authority Member, or other type of Member provided for at Section 7 below, and is either:
 - 3.3.1. A public agency that has either land use authorities or is a water agency that (a) is signatory to the Sites Project Authority Agreement (as amended) and (b) meets the requirements of the California Water Code §79759 (a) and (b), or
 - 3.3.2. A public agency that (a) is contributing to the financing of the Sites Reservoir Project and (b) meets the requirements of the California Water Code §79759 (b).
 - 3.3.3. Public agencies whose primary service area or boundaries are located within the Sacramento River watershed as defined in California Water Code §79759 (a) are designated as **Type A** while Members whose primary service area or boundaries are located outside of the Sacramento River watershed as defined in California Water Code §79759 (a) and meet the requirements of California Water Code §79759 (b) (i.e. not for-profit) are designated as **Type B**.
- 3.4. Non-Member Participating Party: A party, company, or entity that does not meet the requirements of a Member and is not a Member, yet is deemed by the Board able to participate by contract in advancing or supporting at least one element of the Sites Reservoir Project; such as, but not limited to, the development of hydropower – both traditional and/or renewable pumped-storage.
- 3.5. Phase: Implementation of the Project has been divided into at least five (5) phases that coincide with major milestone processes relative to the Project's schedule: (1) Through award of a Proposition 1 grant, (2) Certification of Environmental Impact Report and Statement, (3) completion of final design and pre-construction activities, (4) construction and commissioning, and (5) Project close-out, which includes repayment of debt and transfer of responsibilities to an operating entity.

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. Such overlap shall require Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project

Agreement Committee) approval, since it affects annual operating budgets and the respective Member's funding commitments.

- 3.6. Project Agreement: The requirements of the Agreement, as more fully described at Section 5 below, generally as follows:
 - 3.6.1. Each Project Agreement is a contract between and among the Authority and some or all of the Authority's Members and may also include other types of Members (described at Section 7 below)(including, where deemed appropriate by the Board, Non-Member, Participating Parties), who collectively will provide for the undertaking and sharing in the costs and benefits of activities authorized by the Board in connection with the development of either (a) capital works or facilities that may include the issuance of long-term debt or (b) expense related activities that support the Authority in completing its mission.
 - 3.6.2. The formation, termination, or amendment of a Project Agreement is contingent upon the Board's approval.
 - 3.6.3. Each Project Agreement shall specify the authorities delegated by the Authority to each Project Agreement's Committee, which may also include (1) identification of specific thresholds constituting a material change and/or (2) specific voting thresholds applicable to specific topic areas.
- 3.7. Project Agreement Committee: The decision-making body responsible for implementing a Project Agreement and compliance with the Project Agreement's terms and conditions.
- 3.8. Project Baseline: The Authority's proposed Sites Reservoir Project ("Project") from which proposed changes are compared against to determine if a material change (refer to Section 12) may result. It includes (a) the scope of work (i.e. proposed facilities and their operations and environmental mitigation measures and/or compliance obligations, (b) schedule and the sequencing of work and resources, (c) costs in terms of the approved operating budget, fiscal year and phase-level budget targets, and financing of both short-term and long-term debt, (d) quality of the physical assets as well as the operational reliability and performance, and (e) risk assignment and allocation of risks.
 - 3.8.1. Phase 1 and 2: Until the Authority's proposed project is approved by the Board, the Authority will endeavor to estimate a 'mid-point' of the alternatives already developed and analyzed in the pre-administrative draft EIR/S that was prepared by the California Department of Water Resources (DWR) with input from the United States Bureau of Reclamation (USBR).
 - 3.8.2. Phases 3 through 5: The Project as documented in the joint Environmental Impact Report and Statement (EIR/S) that has been certified by the

Authority, will be permitted by the California Division of Safety of Dams (and potentially the Federal Energy Regulatory Commission), and from which permits for construction and operation will be obtained.

- 3.9. Prospectus Model: A cost management tool that uses (a) key Project parameters such as the estimated cost at completion; estimated water supply benefits in terms of annualized yield; and, if applicable, estimated potential power benefits associated with renewable energy generation and (b) estimates of financing cost, inflation and time value of money to calculate an estimated annualized cost/acre-ft. From these results, the funding commitment required by each Member will be developed. This tool will be used quarterly and throughout all of the Project's Phases as an aid for Members to determine their level of participation in the financing of the Project. As the Project evolves, (1) this tool will be updated to incorporate the current Project Baseline conditions and assumptions and (2) be used to analyze Material Changes relative to the results calculated for the Project Baseline to estimate the financial impacts (both positive and negative) to the Members.

A similar model may be developed to manage cost allocation for other types of project benefits, such as, but not limited to renewable power generation.

- 3.10. Re-balancing Process: A process used to transition from a predecessor phase to the successor phase affecting Members participation in terms of funding and financing of the Project as well as the level of benefits to be received from an operational Project. The process is described further in Section 14.

4. Board of Directors and Officers

In addition to the primary requirements, which are defined in the Agreement, the following additional requirements shall also apply:

- 4.1. Role of Board: To provide the overall policy direction and consider approval of activities and actions of the Authority, including approval of the following matters:
 - For the Proposition 1, Chapter 8 grant, be the applicant and manage compliance with the terms and conditions of its award.
 - Be the CEQA lead agency and work with USBR as the NEPA lead agency to effectively manage the environmental review process.
 - Hold title to the water rights issued by State Water Resources Control Board (SWRCB).
 - Be the owner of record as it related to dam safety requirements and regulatory obligations.
 - Be the applicant for all applicable permits and manage compliance with the respective terms and conditions.
 - Review decisions at Project Agreement level to ensure they are in the best interest of the Sites Reservoir Project.
 - Acquire property, easements and rights-of-way.
- 4.2. Minimum Qualifications: Directors shall be a designated representatives from their respective Member who is in good standing. A Member's designated alternate is not eligible to be candidate for an Officer position. Additional requirements for officers are provided under each position's roles and responsibilities.
- 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: Elections shall occur annually, no later than the end of the third quarter of the year in which the term for the position expires. The election shall occur at a regularly scheduled Board meeting. The timing of the election shall be noticed by an agenda item at least one meeting prior to the election. Absentee votes shall not be considered. For each position, the candidate receiving the majority vote from the Authority Members present shall be the successful candidate.
- 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:

- Shall meet or exceed the requirements of Government Code Section 6505.5; the Authority to secure a bond for the position;
- Either has or provides oversight to Authority staff who have a background in accounting, budgeting, or finance;
- Make recommendations to the Board on selection of the auditor and oversee the preparation of an annual audit;
- Ensure auditor's reports are filed as required by law:
 - (a) "as a public record with the Auditor of the County where the Authority is domiciled, consistent with Section 6505 of the Act";
 - (b)) with each agency that is a Member or an advisory member;
 - (c)) with the California Secretary of State or State Controller within twelve months of the end of the fiscal year; and
- Oversight of the annual budget preparation in accordance with Board direction and the Board's approval of the budget.
- A copy of the audit will be provided to each Member and Non Member Participating Party.

4.7. Secretary's Roles and Responsibilities:

- Oversight of board agendas, minutes, and board meeting's protocol; and
- Oversee Member (and their representatives) compliance with requirements of the Agreement and Bylaws.

5. Project Agreement Committee Leadership and Administrative Process

NOTE: The requirements for Authority Board are in the Agreement. The Agreement does not provide the requirements for a Project Agreement Committee, which are provided in this Section.

- 5.1 Establishment of Project Agreement Committee: Each Project Agreement will include the establishment of a Project Agreement Committee. The Project Agreement shall state the scope of work to be accomplished by the Project Agreement Committee. The Project Agreement may also include delegations of authority necessary to accomplish the scope of work. The Project Agreement may also define thresholds for material change that if exceeded require approval of both the Board and the respective Project Agreement Committee.
- 5.2 Appointment of Committee: Members and Non-Member Participating Parties of a Project Agreement in good standing shall appoint their respective representative to the Committee who is either an active member of the Member's board of directors or is a duly appointed senior-level staff have been delegated the authority from the Member to make decisions on the Member Agency's behalf.
- 5.3 Committee Leadership: At least two Authority Members are required to execute the Project Agreement and provide a representative to serve on each Project Agreement Committee along with the General Manager. In preparing each Project Agreement, the decision-making structure will be defined by the Board; taking into account factors such as, but not limited to, the project's complexity, risk, cost, and entities requesting to become signatory to each Project Agreement. The Project Agreement shall, at a minimum, provide for appointment of a Committee Chair, whose responsibilities are similar to those of the Board Chair. Where the estimated scope of work exceeds \$200,000., the Project Agreement Committee shall also appoint a Committee Treasurer whose responsibilities are similar to those of the Board Treasurer. The Committee Treasurer may be the Authority Treasurer, or if not, shall serve under the general supervision of the Authority Treasurer.
- 5.4 Leaders Term Limits: Project Agreement Committee leaders shall serve a term that does not exceed one year in duration. They are not precluded from holding consecutive terms.
- 5.5 Election of Committee Leaders: Elections shall occur annually, no later than the end of the third quarter of the year in which the term for the position expires. The election shall occur at a regularly scheduled Project Agreement Committee meeting. Absentee votes shall not be considered. For each

position, the candidate receiving the majority vote from the Committee members present shall be the successful candidate.

- 5.6 Committee Leader Vacancy: Should a Leader position become vacant, the Project Agreement Committee shall make an appointment for the remaining duration of the vacated position's term.
- 5.7 Quorum and Voting of the Project Agreement Committee
 - 5.7.1. A majority of the Committee members representing Members and Nonmember Participating Parties that have executed the Project Agreement shall constitute a quorum for a Project Agreement Committee.
 - 5.7.2. Routine Matters or Non-Material Change Items Before the Project Agreement Committee: Unless otherwise authorized by the Board and provided for Project Agreement, the Committee members representing both the Members and Non-Member Participating Parties that have executed the Project Agreement shall take action only upon an affirmative vote of a majority of the total number of Committee members. Each Committee member shall have one vote.
 - 5.7.3. Material Change Items Before the Project Agreement Committee: Unless otherwise authorized by the Board and provided for in the Project Agreement, and based on the thresholds established in these Bylaws regarding a Material Change (Section 12), the Committee members representing both the Members and Non-Member Participating Parties that have executed the Project Agreement shall take action only upon an affirmative vote of at least seventy-five percent (75%) of the total number of Committee members. Each Committee member shall have one vote.
- 5.8 New Parties: In preparing each Project Agreement, the process to appoint new parties to the Project Agreement, including appointing a new member taking the place of a withdrawing or terminated Member, will be defined, taking into account factors such as, but not limited to, but not limited to, compliance with California Water Code § 79759.
- 5.9 Phase 1 Project Agreements: For Phase 1, the intent is to expeditiously develop a Project Agreement, and until such Project Agreement is executed, the Board shall direct the activities of Phase 1.
- 5.10 Member's Election to withdraw: Should a Member or Non-Member Participating Party of a Project Agreement elect to withdraw their participation in any executed Project Agreement, the Member shall submit their written intent and explanation for their decision to the Project Agreement Committee Leader and Board Secretary. The notification shall also identify an effective date that does not precede the latest date received by either the Project Agreement Committee Leader or the Board Secretary. A withdrawing Member or Non-

Member Participating Party shall be responsible for costs and liabilities beyond the effective date of its withdrawal, as prescribed under the Project Agreement.

- 5.11. Termination of a non-Authority Member by the Authority. A Project Agreement may be terminated with respect to any non-Authority Member or Non Member Participating Party upon an affirmative vote of the Board of Directors consisting of at least seventy-five percent (75%) of the total number of Directors. Prior to any vote to terminate this Agreement with respect to a non- Authority Member or Non Member Participating Party, written notice of the proposed termination and the reason(s) for such termination shall be presented at a regular Board meeting with opportunity for discussion. The non-Authority Member or Non Member Participating Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote. The terminated non-Authority Member or Non Member Participating Party shall be responsible for costs and liabilities beyond the date of termination, as may be prescribed under the Project Agreement.
- 5.12 Each Project Agreement shall include the following provisions

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6. Common to Board of Directors and Project Agreement Committee Leadership Positions

- 6.1. Conflict of Interest Code: Each Director of the Board and their delegated alternate and each Member's representative serving on a Project Agreement Committee shall timely file Statements of Economic Interest as required by the Authority's Conflict of Interest Code.
- 6.2. Compensation: For at least Phase 1, no compensation shall be granted by the Authority to (a) any Director of the Board or a Member's delegated alternate or (b) any representative to a Project Agreement Committee's. When travel has been pre-approved by either the Authority or Project Agreement Committee's Leadership, respectively the representative is eligible to recover reasonable travel and related expenses.
- 6.3. Roles in Key Categories. The following chart summarizes various activities to be carried out or overseen by the Board and Project Agreement Committees:

Category (& minimum frequency)	Authority Board	Project Agreement Committee Leadership
Implementation of the Sites Reservoir Project (ongoing).	Provide timely policy direction. Be the Project's strongest advocate.	Provide Authority with timely and accurate input.
Member's and staff's compliance with applicable chartering document (annually)	Compliance with Agreement & Bylaws	Compliance with Project Agreement
Approve operating budget and Phase-level target budgets (annually)	Authority's cost plus the roll-up of budget requests from each executed Project Agreement	Project Agreement
Insurance requirements, and financing plan on an annual basis (annually)	Maintain at Project level	
Organizational structure and assess the organizational effectiveness (annually).	Maintain at Project level Review Board and Committee performance Evaluate the effectiveness of policies and/or standards,	Maintain at Project Agreement level. Provide Authority with timely and accurate input.

Category (& minimum frequency)	Authority Board	Project Agreement Committee Leadership
	Performance of the General Manager, Accountant, Chief Legal Counsel, and other key staff positions	
Maintain delegations of Authority for decision- making effectiveness (annually)	Maintain at Project level.	Maintain at Project Agreement level.
Risk assessment and risk management and quality assurance and quality control (periodic)	Maintain at Project level. Determine frequency for risk assessments and quality audits.	Provide Authority with timely and accurate input.
Compliance with significant regulatory requirements, governance matters, and litigation (annually)	Assess at Project level.	Provide Authority with timely and accurate input

7. Membership Types

7.1. General:

- 7.1.1. The Board retains its sole discretion to (a) offer membership to an agency, entity, party, or company ("requestor") who requests to participate in the Project, as further provided at Section 3.3 of the Agreement, and (b) to determine what if any membership type is applicable for the requestor. Should the Board elect to offer a membership type, the requestor shall then be required to (1) execute both an election to participate form and applicable agreements and (2) comply with the Agreement, Bylaws, and if applicable, Project Agreements.
- 7.1.2. All participating parties' funding commitments must be based on the results of the Prospectus Model at the time the analysis is performed. The methodology used to create the Prospectus Model utilizes the time value of early financial contribution to the Authority. This model will be utilized quarterly and be used as the basis for estimating the cost for new Members and during the Re-balancing Process for all members, including those electing to change their level of participation.
- 7.1.3. A participating party's interests through the Authority and/or a Project Agreement cannot be assigned without written pre-approval by the Board.

- 7.2. Authority Member: A public agency that is signatory to the Agreement. They are required to be located within Sacramento River watershed that has either (1) land use authority or (2) is a duly recognized water agency, and complies with the joint powers authority ("JPA") membership requirements of California Water Code §79759 (a) & (b). Agencies that elected to participate and provide financial support to the Authority prior to October 30, 2015, may also be referred to as Founding Members.

Eligibility to join as an Authority Member, at the Board's sole discretion, as further provided at Section 3.3 of the Agreement, may be extended to a non-profit mutual water company that complies with the joint powers authority ("JPA") membership requirements of California Water Code §79759 (a) as it relates to being located within the Sacramento River watershed and California Water Code §79759 (b) as it relates to being a non-profit company.

Financial Contribution: Pro-rata cost share of either the Authority's cost and/or the pro-rata share of cost for each executed Project Agreement.

Attributes of an Authority Member:

- Eligible to be represented on the Board.
- Eligible to also be represented on a Project Agreement Committee. An Authority Member's representative may also be an officer on a Project Agreement Committee.

- Glenn and Colusa Counties, as Founding Members having contributed (1) their reputation/good will, which cannot be monetized and (2) the initial funding prior to and including Phase 1, then prior to the start of Phase 4, should either elect to acquire water, power, and/or other benefits from the Project, they shall have the same priority status as other Founding Members, as established in the Prospectus Model, to acquire the applicable benefit by contributing to funding the pro-rata share of cost to the applicable Project Agreements.
- Eligible to provide in-kind (and/or other) services if pre-approved by the Board.

7.3. Project Agreement Members: Such members shall be either (1) a public agency that meets the requirements of California Water Code Section 79759(a) or (b), 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 which is a Type A Member or a Type B Member, or (2) a non-profit mutual water company that complies with the non-profit JPA membership requirements of California Water Code § 79759 (b). It must be willing to execute at least one Project Agreement.

Attributes of a Project Agreement Member:

- Eligible to be a member on either a Project Agreement Committee. Can be an officer on the Committee.
- Eligible to provide in-kind (and/or other) services if pre-approved by the Board.

Such Project Agreement Members shall be within one of the following categories, depending on their affiliations with the Authority, and resulting financial contributions as follows:

7.3.1. Project Agreement Member Type I are Members which do not otherwise have a direct or indirect affiliation with the Authority, as compared to Types II and III described below.

Its financial contribution shall be for each Project Agreement executed such Member will contribute its pro-rata share of project costs. It receives benefits based on the time it joined, executing Project Agreements, and will be required to either pay an 'annexation' fee to offset the prior investment made by other Members, or have a reduced participation relative to prior Members.

7.3.2. Project Agreement Member Type II is an entity that is a member of another JPA (or equivalent group or collective), whereby the other JPA (or equivalent group or collective) is either an Authority or Project Agreement Member in good standing. [Example, members of TCCA] Regarding its financial contribution, since it provides its pro-rata cost

share to the Authority through the other JPA (or equivalent group or collective), no additional funds are directly provided by such a Project Agreement Member II to the Authority.

7.3.2. Project Agreement Member Type III is an entity that has, via an independent contract, agreed to allow another agency, who is either an Authority Member or Project Agreement Member in good standing, to represent their interests on either the Authority's Board and/or a Project Agreement Committee, respectively. [Example, Davis WD contracting through and represented by Proberta WD] Regarding its financial contribution, since it provides its pro-rata cost share to the Authority through another Member, no additional funds are directly provided by such a Project Agreement Member III to the Authority

- 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 joint powers authority membership requirements of California Water Code § 79759 (a) & (b), but elects to accept an advisory role from the Authority or (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.

Financial Contribution: An annual contribution of \$5,000.

- Attributes of an Associate Agreement Member Eligible to become a member of the Consultation (advisory) Committee.
- Eligible to provide in-kind (&/or other) services if pre-approved by the Board.

- 7.5. Non-Member Participating Party: "An agency, entity or company, that does not meet the JPA membership requirements of California Water Code § 79759 (b) regarding for-profit corporations, including certain types of mutual water companies, and is not a Member of the Authority, but is deemed eligible by the Authority to participate by contract on certain elements of the Project that will not receive public funds per California Water Code Division 26.7 (§ 79700 et seq.) such as, but not limited to, renewable power generation." (Restatement from Agreement section 1.7).

Financial Contribution: For each Project Agreement executed, the pro-rata share of costs.

Attributes of Participating Party: Conditioned upon meeting certain eligibility requirements.

- An agency or company may be eligible to participate on a Project Agreement.

- A Mutual Water Company or private company may be eligible to participate on a Project Agreement.
- Allows a qualified energy developer to participate on a Project Agreement specifically executed to provide hydroelectric power including traditional and pumped-storage.

7.6. Ex Officio:

The California Department of Water Resources (DWR), which is required by law to be an ex officio member of a joint powers authority for the purposes of California Water Code § 79759 (b) Shall be a non-voting member of the Authority and/or Project Agreement Committee.

8. Members & Non-Member Participating Parties - Common Requirements

- 8.1. Good Standing: To actively participate in the respective decision-making authorities, each Member and Non-Member Participating Party is required to comply with the following conditions:
- 8.1.1. Compliance with the terms of the Agreement and these Bylaws as well as the policies and/or procedures the Board may adopt;
 - 8.1.2. Compliance with any Project Agreements it has executed;
 - 8.1.3. Providing timely payment of the Member's or Non-Member Participating Party's pro-rata share of costs;
 - 8.1.4. Not pursuing legal action against the Authority.
- Failure to remain in good standing may subject the Member or Non-Member Participating Party to disciplinary action that, at the discretion of the Board and/or applicable Project Agreement Committee, may include removal from either the Authority and/or Project Agreement(s), respectively.
- 8.2. Change in Representation: Should a Member or Non-Member Participating Party elect to name a different person to represent them either on the Board and/or on any Project Agreement Committee, the change shall be provided in writing to the Secretary. The written notification shall also include an effective date.
- 8.3. Conflict of Interest: The Authority has adopted and may from time to time amended its Conflict of Interest Code adopted pursuant to the Political Reform Act of 1974, California Government Code Section 87000, et seq., and regulations adopted by the Fair Political Practices Commission set forth in Title 2, California Code of Regulations. Designated Positions" under said Conflict of Interest Code shall comply with such Code and Political Reform Act and other applicable laws.

9. Committees

- 9.1. Common: Each committee of the Authority shall have a chartering document approved by Board, which will include, among other things, quorum and voting requirements for conduct of the committee.
- 9.2. Board Committees:
- 9.2.1. Each committee of the Board shall be comprised of at least three (3) and no more than five (5) Authority Members.

- 9.2.2. Standing Board Committees: The Chair may elect to create standing committees as necessary to ensure successful completion of the Authority's mission.
- 9.2.3. Ad-Hoc Board Committees: The Chair may may elect to create Ad-Hoc committees to address specific issues or area of concern to the Board.
- 9.3. Project Agreement Committees: The purpose is to manage each Project Agreement as provided for in Section V of the Agreement and Section 5 of these Bylaws. The Project Agreement shall be the chartering document the Project Agreement Committee shall use to perform the work consistent with the requirements of the Agreement and Bylaws.
- 9.4. Consultation Committee: The purpose of the Consultation Committee is to serve as an advisory committee in order to maximize transparency regarding the decision-making process and facilitate the exchange of information; provide opportunity for comment, input, and recommendations; and ensure meaningful discussions regarding the rationale for decisions and the outcomes that result.
 - 9.4.1 The Board shall approve a charter document for the Consultation Committee which shall include, among other things, the scope of its activities and quorum and voting requirements for conduct of the Committee. The Board shall approve and may modify from time to time the composition of the Consultation Committee, based upon interest expressed by various interested entities, and may include representatives from any of the following which wish to help advance the mission of the Authority (i) any public agency that has as its sole or principal power supplying water and/or power to other entities or to retail users, (ii) any non-water and non-water public agency, (iii) any mutual water company, and (iv) any non-profit governmental organization (NGO).
 - 9.4.2 The Consultation Committee will meet on a regular basis to exchange information and provide input concerning upcoming decisions expected to be made by the Authority. Consultation Committee Members will not have a seat on the Board and will not vote on matters before the Authority, but will have an opportunity to inquire about relevant matters, be apprised by the Authority of issues of interest, and make recommendations concerning pending decisions.
 - 9.4.3 The General Manager shall participate in an ex office capacity and to provide the Consultation Committee with access to information relevant to the committee's agenda items.
 - 9.4.4 The Consultation Committee shall periodically provide reports to the Board on its activities .
 - 9.4.5. Financial Contribution: An annual contribution of \$200. The Board may, from time to time, change the annual dues for participation in the Consultation

Committee and or waive the annual dues should an eligible entity wishing to join demonstrates to the Boards satisfaction that a hardship condition exists.

10. The Authority's Powers and/or Authorities

- 10.1. Non-Delegated Authorities: While (a) Section VI of the Agreement includes the intent to use Project Agreements to accomplish the Authority's mission and (b) each Project Agreement shall specify the power delegated from the Authority, for Phase 1, the following powers shall remain with the Board unless these Bylaws are amended as provided for in the Agreement:
- 10.1.1. Applicant for the Proposition 1, Chapter 8 grant funds.
 - 10.1.2. Lead agency with the SWRCB for the water rights application. Furthermore, the Authority will hold title to the water rights granted by the SWRCB.
 - 10.1.3. The Authority serving as Lead CEQA Agency for the Project.
 - 10.1.4. Acceptance of permit conditions, specifically those associated with NEPA/CEQA compliance to achieve less than significant classification, ESA/CESA compliance, Section 10 of the Rivers and Harbors Act, NHPA § 106/SHPO and compliance with the Clean Water Act.
 - 10.1.5. Responsibility for compliance with applicable dam safety requirements such as California Division of Safety of Dams and Federal Energy Regulatory Commission.
 - 10.1.6. Engagement and outreach with tribal representatives, elected officials, the general public, and advocacy organizations (e.g. NGOs).
 - 10.1.7. Lead any efforts to (a) acquire land and rights-of-way and (b) obtain additional financial contributors.
 - 10.1.8. Determination of Material Changes affecting the annualized water supply and costs expected from development of the Sites Reservoir Project.
 - 10.1.9. Determination of Material Changes to the facilities associated with the reservoir that could result in either an increased schedule greater than one year and/or increase construction costs greater than 10%.
 - 10.1.10. Development of renewable power or pumped-storage beyond the pre-feasibility-level planned.
 - 10.1.11. Oversight of (a) employees and (b) consultant contracts.
 - 10.1.12. Overall cost management to ensure obligations or commitments remain within (a) each annually approved operating budget and (b) the phase 1 cost target.
 - 10.1.13. Establishing a decision-making thresholds for specific topic areas likely to be addressed by the Project Agreement's Committee.

11. Delegations of Authority

- 11.1. To A Project Agreement Committee:

- 11.1.1. This section consolidates requirements of Section VI of the Agreement with additional clarifications.
- 11.1.2. Limited Liability: Each Project Agreement shall include the requirements of Agreement Sections 5.9 and 6.3.
- 11. .2. To the General Manager. The following is delegated to the General Manager subject to oversight by the Board:
 - 11.2.1. Outreach and Engagement:
 - a. Serve as the primary advocate and voice of the Authority in all activities related to advancing surface water storage and enhanced water supply reliability in the Sacramento River watershed, and primarily Sites Reservoir.
 - b. Advocate with local, state, and federal agencies as well as the regulatory and environmental sectors.
 - c. Represent the Sites Project Authority to enhance the organization's profile as a leader in the storage debate.
 - d. Conduct official correspondence on behalf of, and jointly with, the Board when appropriate.
 - 11.2.2. Cost Management:
 - a. Manage the Board-approved annual operating budget to ensure positive cash flow and track variances against both the phase-level budget target and total project cost, which includes an estimate of the finance cost.
 - b. Obtain additional funding partners and investors in the Sites Reservoir Project.
 - 11. .2.3. Execute professional services contracts in accordance with the following:
 - a. Board approved Master Services Agreements (MSAs) where the commercial terms but no scope or cost have been assigned.
 - b. Task Orders for MSAs where the scope of work and cost has a value that does not exceed the line-item amount in the approved operating budget and is less than \$500,000.
 - c. Other professional services agreements (i.e. commercial terms plus scopes of work and not-to-exceed cost) having a value that does not exceed the line-item amount in the approved operating budget and is less than \$100,000.
 - 11.2.4. For expenditures that are not specific line items in the Board-approved annual operating budget, the General Manager is authorized to spend up to

\$5,000. so long as a positive cost variance to the Board-approved annual operating budget is forecast.

- 11..2.5. Administration: Annually, review and evaluate the performance of and report same to the Board:
- a. key staff positions;
 - b. consultant contracts and their key personnel;
 - c. The Managers' workgroup, which the General Manager shall chair.

12. Material Change - Applicable for Phase 1

- 12.1. These provisions shall apply both to decisions by the Board and Project Agreement Committee(s).
- 12.2. As the Sites Reservoir Project progresses through each of the planned project phases, what constitutes a Material Change along with the associated thresholds for Material Change may require amendment to these Bylaws. For Phase 1, should a question arise regarding a change being deemed material, the Board shall make the final determination.
- 12.3. Decisions affecting the following topic areas constitute a Material Change applicable for Phase 1 as measured either qualitatively or quantitatively as a change from the Project Baseline:
 - 12.3.1. An increase in the projected Phase 1 budget target greater than 5% of the approved Phase 1 budget target.
 - 12.3.2. Any projected overrun to the approved total annual operating budget or transferring funds between line-items in the approved operating budget that is greater than \$50,000.
 - 12.3.3. The eligibility of the Authority to receive grant funding from Proposition 1, chapter 8.
 - 12.3.4. Water rights and/or annualized yield of the Sites Reservoir Project changing by more than 5% of the total annualized yield or changes the proposed split between water supply benefits and Proposition 1 defined public benefits by more than 5% from the Baseline Project.
 - 12.3.5. An individual Member's of Non-Member Participating Party's election to reduce their commitment to either (a) fund the Authority and/or (b) for the Reservoir cost center, reduce its water commitment as measured in acre-feet by more than 25% that does not occur during the re-balancing process. Should such a change occur outside of the re-balancing process, the Board may elect to use the Dispute Resolution Process to resolve concerns or potential injury caused by such a change in participation.

During the re-balancing process, a Member's decision to change its position does not constitute a Material Change and the Dispute Resolution Process shall not apply.
 - 12.3.6. Changes affecting the ability to obtain dam safety related permits in a timely and cost-effective manner.
 - 12.3.7. Changes to the Project's scope that significantly changes the operations of existing conveyance assets owned and/or operated by Members and/or other entities relative to the Project Baseline.

- 12.3.8. Changes to the Project's scope that significantly changes the amount of power needed to operate and/or the amount of pumped-storage capability relative to the Project Baseline.
- 12.3.9. Changes causing the direct construction cost to increase or decrease more than 10% excluding inflation and escalation in material costs.
- 12.3.10. Changes causing the construction schedule to increase more than 6 months or require construction means and methods that may not comply or require extreme measures to comply with OSHA requirements.
- 12.3.11. Changes having the potential to shift significant risk from either (a) a Project Agreement to the Authority (or vice versa), (2) from one Project Agreement to another, and/or (3) from one participant to another. Absent defined thresholds, the Board has the discretion to determine, on a case by case basis, if a Material Change has occurred.
- 12.3.12. Causing the mitigation for construction and/or operations that changes the baseline estimated cost by more than 10%.
- 12.3.13. Affecting the acquisition cost or schedule of land, easements, or rights-of-way by more than 10% from the baseline estimate cost and/or increases the line-item schedule duration by more than 6 months.
- 12.3.14. Changes materially affecting the powers of the Authority, a Member, the State of California, the Federal Government, or a federally recognized Tribal organization.

13. Integration of Decisions - Authority Board & Project Agreement Committees

- 13.1. Material Change: Each Project Agreement will identify topic areas that constitute a Material Change and associated thresholds that are consistent with the Agreement and Bylaws and incorporate the Board's delegation of powers, if any, to the Project Agreement Committee. Approval of actions to respond to a Material Change requires the approval of both the Board and the Project Agreement Committee before the action can be implemented. If either decision-making entity does not approve the change, then the dispute resolution process will be invoked if timely requested as provided below.
- 13.2. Non-Material Changes: Approval of actions that are deemed by Project Agreement Committee and the General Manager to not result in a Material Change do not require the approval of the Board before the action can be implemented.
- 13.3. Dispute Resolution Process: Early identification of items that may potentially result in a Material Change is essential. It is the responsibility of any Project Agreement Committee Leaders and Members' or Non-Member Participating Party's representatives, regardless of membership type, to elevate a concern that they believe could result in a Material Change – either in the short-term (e.g. affecting an approved operating budget or schedule) or longer-term (e.g. affecting the current phase-level budget target or successor phase-level budget target or schedule). Concerns shall be brought directly to the General Manager's attention.
 - 13.3.1. The party that has identified a potential Material Change shall, within fifteen (15) days of the event, provide the General Manager with the basis for its concern along with a qualitative estimate of the severity (i.e. impact to the project) and consequence (i.e. probability of occurrence). The General Manager shall further investigate the merits of the concern and should the General Manager deem the item is likely result in a Material Change, to, at a minimum, notify the Project Agreement Committee and Board with the assessment results and identify potential remedies. Should the party that has identified a potential Material Change disagree with the General Manager's assessment they should bring the matter up to either the Board or the applicable Project Agreement Committee(s).
 - 13.3.2. Should the Board or applicable Project Agreement Committee(s) agree that a Material Change is likely, a recommended strategy and course of action needed to minimize the risk shall be developed. Should the Board's officers and Project Agreement Committee(s) Leadership not reach agreement on a preferred strategy and course of action, which could include a temporary suspension of some or all work until more information is known

to reach agreement, each decision-making body can elect to take action via a vote of the eligible Members.

- 13.3.3. Within 15 calendar days of either the Board's or each of the applicable Project Agreement Committee's having made their respective decision, should the respective decisions result in different solutions, the Board and Project Agreement Committee Leads shall formally meet to resolve the differences.
- 13.3.4. Should the parties involved in taking action under section 13.3.3 fail to reach agreement, the disagreeing parties will submit the dispute to mediation. If the disputing parties cannot mutually agree upon a mediator, each will submit the names of two mediators and the mediator will be determined by lot. The disputing parties will share equally in the cost of the mediator and will bear their own costs of mediation.
- 13.3.5. Should mediation not result in a successful resolution of the dispute, the Project Agreement shall be terminated and the Authority's Board shall call a meeting to determine if the Agreement should similarly be terminated, amended, or if a new Project Agreement should be executed.

14. Cost Management:

14.1. General:

- 14.1.1. The Authority will utilize cost management, which includes both revenue and expenses, and best management practices for the purpose of efficient management and to facilitate accountability, transparency, and demonstrating the value being created.
- 14.1.2. The Authority will utilize the Prospectus Model. Its primary purposes are (1) to estimate the eventual debt repayment obligation on a cost/acre-ft. basis as the Sites Reservoir Project advances in response to potential Material Changes that may occur internally (i.e. Board decisions) and/or externally (i.e. future financial market conditions) and (2) to utilize the time value of investment in both the Authority and Project Agreements to insure that later joining Members are required to pay sums equivalent to that contributed by Members that joined earlier.

The Prospectus Model will be used (a) initially to establish the Project's target cost/acre-ft. to advance the Project from the current planning (i.e. start of Phase 1) through completion of Phase 5, (b) as an integral part of the decision-making process by both the Authority and/or applicable Project Agreement Committee whenever a potential for a Material Change relative to the Project Baseline is identified, and (c) as part of the Re-balancing Process.

- 14.1.3. A Cost Center will be created for the Authority and each Project Agreement to create income statements showing both revenue and expenses at both a discrete activity level as well as enable a roll-up of both revenue and expenses to the Project level. Each cost center will also have the ability to differentiate in-kind services from revenue and expenses.
- 14.1.4. Member's contributions need to accommodate direct funding, use of in-kind services, and the value of reputation/good will; noting that some of these contributions cannot be monetized.

14.2. Positive Cash Flow:

- 14.2.1. Each Project Agreement (cost center) shall maintain, at all times, a positive cash flow. Unless amended by a majority of member agencies providing financial contributions to a cost center, the positive cash flow will be established based on when approval to commit costs to a specific set of tasks or activities has occurred and not when costs are incurred (i.e. when a consultant task order is approved and not when invoices for the work are received).

For Phase 1, the Board approved, on October 19, 2015, the requirement to maintain at least a six month reserve to fund the Authority's costs and to manage the effort to produce the grant proposal using a three-month rolling projection.

- 14.2.2. The Authority shall ensure that each cost center maintains a positive cash flow and there is an appropriate level of reserves for the Project's phase and commensurate with the level of risk and uncertainty. However, the Authority shall endeavor to establish the timing that payments are due from Members in a manner that minimizes the amount of funds in the Authority's account relative to the total incurred cost to date plus projected cost for the next three (3) months.
- 14.2.3. As agencies or entities are invited to become Members or Non-Member Participating Parties and elect to participate by providing financial contributions and/or the financing of applicable cost centers in exchange for the potential benefits, the Authority shall endeavor to re-adjust the funding commitments agreed to by the other Members for both the current annual operating budget as well as subsequent years' budget targets and the phase-level budget target. However, the Board retains the discretion to determine how much of the 'new' revenue should be used to timely fund work verses reduce the funding commitment of the existing Members. The Authority's goal is to to complete each Phase in a cost effective manner..
- 14.2.4. The commitment to fund the day-to-day management and administration of the Authority takes precedence over any of the subordinate cost centers. Failure to fully fund the expense cost center used to fund the Authority can result in work stoppages at the subordinate cost center (including, Project Agreements).
- 14.2.5. Prior to the start of each Phase of work, Members and Non-Member Participating Parties need to clearly communicate and commit to, their level of participation in the Project and provide their pro-rata share of costs in a timely manner; recognizing that such changes, especially reductions in participation, will likely shift the cost burden to other Members and Non-member Participating Parties, which therefore needs to be minimized.

14.3. Changing Participation Level:

- 14.3.1. Re-balancing Process: This process occurs only during the transition from the current Phase to the successor Phase, where Members and Non-Member

Participating Parties may elect to formally change their respective position¹ in terms of the type of Membership and/or change the unit of measure (e.g. acre-ft.) being used to develop the pro-rata share of Phase-level costs to each participant in either Authority or in each Project Agreement. The successor Phase cannot start until the re-balancing process has been completed to allow all Members and Non-Member Participating Parties to execute both (a) an Election to participate in the Sites Reservoir Project form and (b) their respective Financial Commitment Agreement with the Authority for the successor Phase.

- 14.3.2. Outside of the Re-balancing Process, a Member and/or a Non-Member Participating Party cannot assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet of water supply., megawatt-hours of power) they expect to receive through their participation in the Authority or through a Project Agreement to anyone who is not already a Member, unless approved in writing by both the Board and applicable Project Agreement Committee . The Board (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) shall only consider those transactions that do not shift a cost-burden or reduce benefits to another Member and/or Non-Member Participating Party and do not otherwise compromise the Authority's mission. Transactions that shift costs or reduce benefits to other Members or Non-Member Participating Parties who are not willing to accept this change can utilize the dispute resolution process to resolve the matter.
- 14.3.3. The annual budget process also allows a Member and/or a Non-Member Participating Party to reduce their position and/or the benefit units (e.g. acre-feet). This occurs during the period when the Board has approved the upcoming fiscal years' budget and Members approve their respective pro-rata share of funding. However, such change produces an unplanned iteration in allocating costs by shifting more costs onto other Members and Non-Member Participating Parties. An iteration could delay revenue to the Authority, which could adversely impact work in progress if it reduces the amount of reserves held by the Authority below Board approved thresholds. Such an impact could affect the Member's or Non-Member Participating Party's ability to remain in good standing.
- 14.3.4. Post-construction and commissioning, a Member electing to assign, sell, trade, or exchange all or a fraction of the potential benefits (e.g. acre-feet ., megawatt-hours) may do so providing any associated repayment obligation is not affected and the Board has approved such transaction. Any such assignment, sale, trade or exchange shall be based on a priority system that

¹ The annual budget process also allows a Member or Non-Member Participating Party to change their membership position and/or change the unit of measure, which is described in Chapter 14.

Members or Non-Member Participating Parties have first right to acquire the water before Member or Non-Member Participating Party can transfer the benefit and repayment obligation to a third party, who was not involved in the development of the Project.

- 14.4. Should the Board determine that potential hydroelectric power benefits - both traditional and/or pumped storage - result in a similar situation where there are multiple Members or Non-Member Participating Parties interested in acquiring benefits, the Board shall create an equivalent process whereby Members or Non-Member Participating Parties would have a first right of refusal before the benefit could be made available to a third party who has not been involved in the development of the Project.

14.5. Phase-level Cost Management:

- 14.5.1. Prior to the start of each Phase, Members and Participating Parties will be asked to define the level of participation and associated pro-rata share of the costs as managed at the Project Agreement and/or cost-center level. The start of each subsequent phase shall not occur until the Board (or Project Agreement Committee if this power has been delegated by the Board to the Project Agreement Committee) has approved that (a) there is sufficient level of participation and (b) sufficient commitment of funds (i.e. revenue).
- 14.5.2. For each phase, a work plan will be developed that identifies expected annual funding requirements for each fiscal year. As the Project's schedule changes, the work plan and estimated annual funding requirement will be updated for Board's (or applicable Project Agreement Committee's) approval. Both the Phase-level and annual funding requirements shall be developed to the level of detail necessary to allow each Member or Non-Member Participating Party to understand their estimated pro-rata share of costs.
- 14.5.3. During each phase of work, the total Project's cost for the Reservoir (i.e. forecast to complete); which includes contingencies, escalation, and finance costs; shall be managed and tracked relative to the current Board-approved Baseline Project cost target. A Material Change shall require an update to the forecast to complete. These results shall also be reported on a cost/acre-ft. basis using the Prospectus Model and both values shall be provided in a timely manner to the Board and applicable Project Agreement Committee for their respective action and direction to Staff.
- 14.5.4. The Board (or applicable Project Agreement Committee if this authority has been delegated by the Board to a Project Agreement Committee), may decide that other Project benefits, such as renewable power generation, should be managed and tracked using a similar process as defined under Section 14.3.3.

14.6. Budget Management within each Phase:

- 14.6.1. The phase-level work plan and resulting budget target shall be subdivided into annual budget targets that coincide with the Authority's fiscal year, such that the sum of the annual budget targets equals the Phase-level budget target. Both the annual budget target and phase-level budget target shall be provided to each Member and Non Member Participating Party on a periodic basis. The General Manager also shall notify each Member and Non Member Participating Party as soon as possible after a Material Change occurs to warrant an updated projection.
- 14.6.2. Each annual budget target, once approved by the Board (or Project Agreement Committee if this power has been delegated by the Board to the Project Agreement Committee) shall become the operating budget for the current fiscal year.
- 14.6.3. Based on the approved operating budget, invoices requesting payment will be submitted to each Member or Non Member Participating Party. The requirements shall be documented in a Financial Commitment Agreement that is executed between the Authority (or Project Agreement Committee if this authority has been delegated by the Board to the Project Agreement Committee) and each Member. Such Agreement shall itemize the funding requirements to each cost center and identify the date when such payments are due to the Authority.

14.7. In-Kind Services:

- 14.7.1. Phase 1: The California Water Commission has discretion to allow certain costs incurred by an applicant since passage of Proposition 1 in November 2014 through submittal of the application to be counted towards the total project cost that when combined with the projected public benefits will determine the amount of grant funds that can be awarded within the limitations of California Water Code Division 26.7. The Authority will track in-kind services for inclusion into the formula to be used to calculate the total amount of grant funds the Authority is eligible to receive. However, a Member will not receive monetary credit for in-kind services against their pro-rata share of Phase 1 funding.

For work performed prior to Dec 31, 2015, the Authority will work with each Authority Member to document the eligible types of work along with the associated hours and eligible cost. The cumulative Member's input will be included into the Authority's proposal to the California Water Commission.

For work performed effective January 1, 2016, discrete in-kind work activities shall be pre-approved by the Board with the Member being responsibility to track the effort and to provide the Authority with an estimate of the eligible hours and eligible costs. On a semi-annual basis, each Member will provide documentation to the Authority for all eligible in-

kind costs incurred for inclusion into the Authority's proposal to the California Water Commission.

- 14.7.2. Future Phases: Pending Board approval, certain in-kind work activities may be counted as part of each Member's financial contribution towards meeting its funding commitments.