

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
MINUTES FOR May 4, 2017**

The Board of Directors of the San Luis & Delta-Mendota Water Authority convened at approximately 9:30 a.m. at 842 6th Street, in Los Banos, California for a regular meeting, with Chair Cannon Michael presiding.

Directors and Alternate Directors in Attendance

Division 1

Jim McLeod, Director - David Weisenberger, Alternate
Bobby Pierce, Director
Anthea Hansen, Director - Earl Perez, Alternate
Marc Vanden, Alternate for Rick Gilmore (Arrived after Agenda items 4 & 5)

Division 2

Don Peracchi, Director - Dan Pope, Alternate
Sarah Woolf, Director
John Bennett, Director
William Diedrich, Director (Arrived after Agenda Item 7)

Division 3

Mike Stearns, Director - Jeff Bryant, Alternate
Cannon Michael, Chair/Director

Division 4

Gary Kremen, Director

Division 5

Thomas Birmingham, Director
Steve Stadler, Director - Thomas W. Chaney, Alternate

Authority Representatives Present

Gabriel Delgado, Legal Counsel
Jason Peltier, Executive Director
Jon Rubin, General Counsel
Tona Mederios, Director of Finance
Ara Azhderian, Water Policy Administrator
Tom Boardman, Water Resources Engineer
Frances Mizuno, Assistant Executive Director
Guy Wamocho, Supervisor of Accounting
Cheri Worthy, Executive Secretary

Others in Attendance

Don Wright
Mike Wade, California Farm Water Coalition
Will Coit, Coit Ranch
Janet Gutierrez, San Luis Water District
John Beam, GWD Consultant
Robert Porr, Fieldman Rolapp & Associates (Via Teleconference)

1. **Call to Order/Roll Call**

Chair Michael called the meeting to order. The Pledge of Allegiance was recited, and roll was called.

2. **Board to Consider Corrections or Additions to the Agenda of Items, as authorized by Government Code Section 54950 et seq.**

There were no additions or corrections to the agenda.

3. **Opportunity for Public Comment**

CONSENT ITEMS

4. **Agenda Items 4-5: Board to Consider: a) Approval of April 6, 2017 Meeting Minutes, b) Acceptance of the Financial & Expenditures Report.**

On motion of Director Steve Stadler, seconded by Director John Bennett, the Board approved the items on the consent calendar. The vote on the motion was as follows:

AYES:	McLeod, Pierce, Hansen, Peracchi, Woolf, Bennett, Stearns, Michael, Kremen, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

ACTION ITEMS

5. **Agenda Item 6: Board of Directors to Consider Adopting Resolution Supporting ACWA's Policy Statement on Bay-Delta Flow Requirements.**

General Counsel Jon Rubin reported that the Authority has taken a position on the Water Quality Control Plan Update for a comprehensive approach that includes functional flows. Rubin explained that the ACWA Policy Statement is consistent with the Authority's position, reflecting two principles that must guide the State Water Board's effort to update the 2006 Bay-Delta Plan, which are: 1) focus on providing flow when it serves biological functions, and 2) functional flows must be considered in the context of a comprehensive plan that addresses multiple factors impairing the highly altered Bay-Delta system. The Authority's staff recommended approval of the proposed resolution supporting the ACWA Policy Statement.

On motion of Director Thomas Birmingham, seconded by Director Sarah Woolf, the Board unanimously approved the Resolution. The vote on the motion was as follows:

AYES: McLeod, Pierce, Hansen, Vanden, Peracchi, Woolf, Bennett,
Stearns, Michael, Kremen, Birmingham, Stadler
NAYS: None
ABSTENTIONS: None

6. Agenda Item 7: Board of Directors to Consider Adopting Positions on Assembly Bills 1667, 1668, and 1669 (Friedman-AD42) and 968 and 1654 (Rubio-AD48).

Water Policy Administrator Ara Azhderian reported that the Brown Administration, state legislature, and numerous stakeholder groups have been engaged in discussions regarding the Administration's Making Water Conservation a California Way of Life initiative. Attempts to implement the initiative are occurring along multiple paths, from the Administration's budget trailer bill language to competing legislative proposals. Azhderian explained that among the legislative proposals, AB 1667, 1668, and 1669 authored by Assemblymember Friedman were the most objectionable, while AB 968 and 1654 authored by Assemblymember Rubio were the most acceptable. Azhderian also reported the matter was discussed in detail at the Water Resources Committee meeting and that the Committee recommended the Board adopt certain positions on the bills.

On motion of Director Thomas Birmingham, seconded by Director Don Perrachi, the Board unanimously voted to accept the Water Resources recommendation to oppose AB 1667, to not recommend any specific Board position on AB 1668 and 1669, and to adopt support positions on AB 968 and 1654.

The vote on the motion was as follows:

AYES: McLeod, Pierce, Hansen, Vanden, Peracchi, Woolf, Bennett,
Stearns, Michael, Birmingham, Stadler
NAYS: None
ABSTENTIONS: Kremen

7. Agenda Item 8: Board of Directors to Consider Recommendation by the Finance & Administration Committee to Approve the Revised WY17 O&M Rates.

Assistant Executive Director Frances Mizuno presented the Revised WY17 O&M Rates reviewing the water delivery assumptions and O&M costs and the fact the revision was based on the revised 2017 CVP water allocation. Mizuno compared the revised rates with the current rates being used, pointing out substantial reduction in water rates in all categories.

A motion was made by Director Don Peracchi and seconded by Director Sarah Woolf, the Board unanimously approved the Revised WY17 O&M Rates. The vote on the motion was as follows:

AYES: McLeod, Pierce, Hansen, Vanden, Peracchi, Woolf, Bennett,
Diedrich, Stearns, Michael, Kremen, Birmingham, Stadler
NAYS: None
ABSTENTIONS: None

8. Agenda Item 9: Board of Directors to Consider Accepting Request from Certain Member Agencies on Investment Approach Related to Remaining Proceeds of the San Luis & Delta-Mendota Water Authority (SLDMWA) Revenue Notes (DHCCP Development Project) Series 2009A, and Approach for Allocation Related Cost, and Use of Residual Money.

General Counsel Jon Rubin explained that the remaining 2009A proceeds will be withdrawn and distributed to the districts with positions in the proceeds based on the elections made by each district. The choices for districts without bond obligations were to either 1) contribute their share to DWR for DHCCP Planning Phase Costs, or 2) to request for a refund. One district elected to contribute to DWR for DHCCP Planning Phase Costs, and three districts elected refunds. The choices for districts with Bond obligations were to either 1) contribute their share to DWR for DHCCP Planning Phase Costs, or 2) place their share into an escrow account to defease a portion of the district's obligation under the 2013A Bonds. All of the 9 districts elected to defease a portion of the district's obligation. Those districts electing to place their share in escrow have been informed of the investment approach of those funds until the defeasement date in 2023. The investment approach is to invest in US Treasury Securities.

A motion was made by Director Thomas Birmingham and seconded by Director John Bennett, the Board unanimously approved to Accept Request from Certain Member Agencies on Investment Approach Related to Remaining Proceeds of the SLDMWA Revenue Notes (DHCCP Development Project) Series 2009A, and Approach for Allocation Related Cost, and Use of Residual Money. The vote on the motion was as follows:

AYES: McLeod, Pierce, Hansen, Vanden, Peracchi, Woolf, Bennett,
Diedrich, Stearns, Michael, Kremen, Birmingham, Stadler
NAYS: None
ABSTENTIONS: None

REPORT ITEMS

9. Agenda Item 10: State Water Resources Control Board Bay-Delta Water Quality Control Plan Update.

General Counsel Jon Rubin gave a brief report on the current schedule that the State Water Board is following in order to update the Water Quality Control Plan.

10. **Agenda Item 11: Update on U.S. Bureau of Reclamation, Cost Allocation for the Central Valley Project.**

Assistant Executive Director Frances Mizuno reported that Reclamation held a public meeting on the Central Valley Project Cost Allocation Study. Mizuno explained that Reclamation has begun a process to develop a new cost allocation for the CVP. The last major cost allocation of the CVP was completed in 1970, with a minor update in 1975. Since that time, the 1975 allocation has been subject to minimal annual adjustments related to project water and power uses. The new allocation will replace the 1975 allocation in its entirety. The completion of this study will be led by Reclamation with a fast track process to complete the Study by the end of 2017. CVP Water Association is following this process very closely and have noted several issues related to Reclamation's process. Reclamation plans to provide the public with briefings, progress reports and opportunities to provide comments and feedback. Mizuno noted that due to the fast track member agencies should pay close attention and need to participate in the process.

11. **Agenda Item 12: Committee Reports**

a. **Water Resources Committee Activities**

Executive Director Jason Peltier gave a brief report, summarizing the Committee meeting.

b. **Finance & Administration Committee Activities**

Director Don Peracchi gave a brief report, summarizing the Committee meeting

c. **O&M Technical Committee Activities**

Assistant Executive Director Frances Mizuno reported that the first meeting is scheduled for May 15, 2017.

12. **Agenda Item 13: Operations Update**

Water Resources Engineer Tom Boardman reported that C.W. "Bill" Jones Pumping Plant was pumping at capacity during the past couple of weeks with about 30% of the pumping to meet CVP direct demands and the remainder as wheeling for SWP to help refill its share of San Luis. Wheeling for the SWP ended near the beginning of May when repairs in Clifton Court Forebay were completed and Banks resumed pumping at its permitted capacity of 6,680 cfs.

Vernalis flows are expected to remain high enough to allow sufficient pumping to keep CVP San Luis full for at least the remainder of May. However, an intermittent draw down in CVP San Luis could occur if demands spike and the Vernalis flow drops below about 21,000 cfs for more than a few days.

Boardman reported that Shasta should fill by late May while Folsom storage may peak later due to the expected magnitude of snow melt. DWR's Bulletin 120 update for May has not been officially posted, but the weekly updates indicate flood flows into the Mendota Pool enough to meet Exchange Contractor demands into at least June.

Boardman also reported that the tallied foregone pumping stands at about 185 TAF. Based on projected demands and continued unrestricted exports, 50-160 TAF may be converted to Project supply at the sustained draw down in CVP San Luis – possibly delayed until mid-June.

13. Agenda Item 14: Chair's Report.

Chair Michael thanked the Board & Authority Staff for all the support. Michael reported that he had a New Board Member Orientation and a tour of the O'Neill Pumping Plant with Executive Director Jason Peltier, Assistant Executive Director Frances Mizuno, and General Counsel Jon Rubin. Michael also reported that they are continuing to work on the Strategic Planning Process, and that he will be attending ACWA.

14. Agenda Item 15: Executive Director's Report

a. Self-Funding Report

Director of Finance Tona Mederios reported that the Auditor will be on site later in May for the FY14 Audit.

b. Operations & Maintenance Report

Executive Director Frances Mizuno reported that O'Neill Plant Unit 6 refurbishment is complete.

c. Water Transfer/Exchange Update

Assistant Executive Director Mizuno reported that there were no North of the Delta Transfers this year. Mizuno also reported that after the Long-Term EIS/EIR was completed that there were additional sellers from the Sacramento River Contractors that now wanted to be included in the document. The document has been amended to include them. This document will be brought in front of the Board in June.

d. SGMA Report

Assistant Executive Director Frances Mizuno gave a brief update.

e. Drainage Activity Report

Legal Counsel Gabriel Delgado gave a brief report.

f. Water Policy Administrator Report

Water Policy Administrator Ara Azhderian gave a brief report on the 2017 CP-SWP Regulated Operations and Temperature Management.

g. Executive Director's Report

Executive Director Jason Peltier reported that the Science and Adaptive Management Program Group has been expanded to include three additional CVP Contractors. Peltier also reported that California Water Fix did not meet its end of April deadline to complete the Biological Opinions and that a new target date has not been set as of yet.

15. Agenda Item 16-18: Closed Session Report

Chair Michael adjourned the open session to address the items listed on the Closed Session Agenda at approximately 10:54 a.m. Upon return to open session at approximately 11:35 a.m., General Counsel Jon Rubin reported that the Board met in closed session to receive advice from counsel on items listed on the Closed Session Agenda, but took no reportable action.

16. Agenda Item 19: Reports Pursuant to Government Code Section 54954.2

There were no reports given.

17. Agenda Item 20: Adjournment

The meeting was adjourned at approximately 11:35 a.m.