

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS TELEPHONIC REGULAR MEETING
MINUTES FOR OCTOBER 8, 2020

The Board of Directors of the San Luis & Delta-Mendota Water Authority convened at approximately 9:30 a.m. This meeting was held via teleconference/ZOOM in accordance with the Governor's Executive Order (N-29-20) and the declared State of Emergency as a result of the threat of COVID-19, with Chair Cannon Michael presiding.

Directors and Alternate Directors in Attendance Division 1

Dave Weisenberger, Alternate for James McCloud
Bobby Pierce, Director - Vince Lucchesi, Alternate
Anthea Hansen, Director
Rick Gilmore, Director

Division 2

Ryan Ferguson, Alternate for Dan Errotabere
William Bourdeau, Director
Bill Diedrich, Director

Division 3

Jeff Bryant, Alternate for Dan McCurdy
Jarrett Martin, Alternate for Chris White
Cannon Michael, Director
Ric Ortega, Director

Division 4

John Varela, Director
Gary Kremen, Director - Richard Santos, Alternate
Jeff Cattaneo, Director
Sara Singleton, Alternate for Joe Tonascia

Division 5

Tom Birmingham, Director
Steve Stadler, Director

Authority Representatives Present

Federico Barajas, Executive Director
Pablo Arroyave, Chief Operating Officer
Frances Mizuno, Special Projects Administrator
Rebecca Akroyd, General Counsel
Scott Petersen, Water Policy Director
Joyce Machado, Director of Finance
Stewart Davis, IT Officer
Bob Martin, Facilities O&M Director
Jaime McNeil, Engineering Manager
Chauncey Lee, Water Operations Superintendent

Others in Attendance

Mike Wade, California Farm Water Coalition
Tom Boardman, Westlands Water District
Lora Carpenter, Fieldman Rolapp & Associates
Doug Brown, Stradling Yocca Carlson & Rauth
Dennis Cardoza, Foley & Lardner LLP
Chris Park, CDM Smith
Dana Jacobson, Valley Water
Don Willard, Friant
Danny Wade, Tranquillity I.D.
Vince Gin, Valley Water
Russ Freeman, Westlands Water District
Erick Johnson, The Water Agency

1. Call to Order/Roll Call

The meeting was called to order and roll was called.

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

No additions or corrections to the Agenda.

3. Opportunity for Public Comment

No public comment.

CONSENT ITEMS

4. Agenda Items 4-6: Board to Consider: a) September 17, 2020 Meeting Minutes, b) Acceptance of the Financial & Expenditures Reports, c) Staff Reports.

On a motion of Director Rick Gilmore, seconded by Director William Bourdeau, the Board accepted the Meeting Minutes, Financial Expenditures Reports, and Staff Reports. The vote on the motion was as follows:

AYES:	Weisenberger, Pierce, Hansen, Gilmore, Ferguson, Bourdeau, Bryant, Martin, Michael, Ortega, Varela, Kremen, Cattaneo, Singleton, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

ACTION ITEMS

5. Agenda Item 7: Board of Directors to Consider DHCCP Steering Committee Recommendation Regarding Resolution Authorizing the Execution and Delivery of Refunding Bonds and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters.

Chief Operating Officer Pablo Arroyave reported that the DHCCP Committee recommended the Board proceed with the DHCCP refunding and issuing bonds through the adoption of the proposed Resolution, which approves the following documents in substantial form: 1) Indenture of Trust, 2) Purchase Contract, 3) Escrow Agreement. Arroyave then introduced Lora Carpenter from Fieldman, Rolapp & Associates.

Lora Carpenter presented a PowerPoint presentation titled “Refunding of DHCCP Series 2013A Bonds”. Carpenter provided a brief background. Carpenter reported that participants have three options: 1) Opt into the refinancing, 2) Prepay upfront, or 3) Leave its corresponding 2013 debt service outstanding. Carpenter reported on prepayment option amounts, financial benefits, and the current financing schedule. Carpenter reported that they are looking for a closing date on or around December 17, 2020. Carpenter reported that the prepayment funds would be needed 2-weeks before the closing date. Carpenter then introduced Cameron Parks from CitiBank.

Cameron Parks reported that the decline in interest rates creates a refinancing opportunity. Parks reported that Municipal Issuers have taken advantage of declining rates which is what is driving our economics, and has provided the opportunity to reduce debt service at this time. Parks introduced Doug Brown from Stradling Yocca Carlson & Rauth.

Doug Brown reported that the action today is to approve the Bond Resolution. Brown provided a brief summary on the Indenture of Trust, Purchase Contract, and the Escrow Agreement.

On a motion of Director Tom Birmingham, seconded by Director Rick Gilmore, the Board approved Resolution authorizing the execution and delivery of refunding bonds and approving the execution and delivery of certain documents in connection therewith and certain other matters. The vote on the motion was as follows:

AYES:	Weisenberger, Pierce, Hansen, Gilmore, Ferguson, Bourdeau, Bryant, White, Michael, Ortega, Varela, Kremen, Cattaneo, Singleton, Birmingham, Stadler
NAYS:	None
ABSTENTIONS:	None

6. Agenda Item 8: Board of Directors to Consider Adopting Resolution Making Single Source Findings and Authorizing Execution of Single Source Contract for Purchase of

Flowmeters from McCrometer, Inc.

Chief Operating Officer Pablo Arroyave reported that the replacement of the Delta-Mendota Canal Turnout Flowmeters is a currently approved FY21 EO&M project. Arroyave reported that staff have replaced existing Sparling propeller flow meters with the Water Specialties Open Channel Flowmeters on an as needed basis, and they have been successfully operated since. Arroyave reported that the replacement meters, manufactured by McCrometer, Inc., have included a telemetry option, and it is the only flowmeter that comes with the built-in telemetry option and meter readings are transmitted directly to the Water Operations database daily. Arroyave explained that the purchase of the McCrometer flowmeters is brought to the Board because it is a contract over \$200,000, and because of the need for a Single Source Procurement. Water Operations Superintendent Chauncey Lee answered questions from various Board members.

On a motion of Director Rick Gilmore, seconded by Director Ric Ortega, the Board approved the Resolution making single source findings and authorizing execution of single source contract for purchase of flowmeters from McCrometer, Inc. The vote on the motion was as follows:

AYES: Weisenberger, Pierce, Hansen, Gilmore, Ferguson, Bourdeau, Bryant, White, Michael, Ortega, Varela, Kremen, Cattaneo, Singleton, Birmingham, Stadler

ABSTENTIONS: None

ABSTENTIONS: None

REPORT ITEMS

7. Agenda Item 9: Discussion regarding Jones Pumping Plant Unit Rewind Project Financing, including Sources.

Chief Operating Officer Pablo Arroyave provided a brief update on the status of the Jones Pumping Plant Project Financing. Arroyave reviewed a memo provided to the Board stating that there is no assurance that the Authority would be awarded the WIFIA loan, therefore staff recommends focusing on public financing. Arroyave reported that Friant Water Authority requested the ability to pay their share outside of the bond issuance and reviewed the table in the packet showing the proposed Friant payment schedule, and the first payment would cover Unit 1 Notice to Proceed payment, which is due in November. Arroyave explained that the Authority could still seek a smaller amount of public financing, which could result in a higher interest rate, and because of this the Finance Committee has expressed an interest to Self-Fund the cost of the next two units rather than seek public bond financing. Arroyave then turned it over to General Counsel Rebecca Akroyd, who reviewed the proposed draft funding agreement term sheet with

the FWA. Arroyave reviewed Self-Funding option implications, and rate impacts. Arroyave reported that at this point the intent is to bring two options to the Board in November: 1) smaller public bond offering, and 2) self-funding.

Executive Director Federico Barajas explained that if the Board is contemplating Self-Funding that there would be flexibility in the way funds are collected.

8. Agenda Item 10: Executive Director's Report.

a. **B.F. Sisk Dam Raise Project** – Chris Park provided a brief PowerPoint presentation, providing an update on the Feasibility Report Status, Final EIR and Supplemental EIS Development Status, Caltrans Coordination, and ESA Consultation/CWA Permitting/NHPA Consultation. Executive Director Federico Barajas reported that there may be a need to have a workshop with Authority members to review the public comments received on the Draft EIR/SEIS.

b. **San Luis Transmission Project (SLTP)** – Barajas asked Special Projects Administrator Frances Mizuno to provide a status update. Mizuno reported that staff has been working with Reclamation and Western Administration Power Authority (WAPA) to develop a RFP to seek potential investors. Mizuno reported that the RFP has been finalized and has been distributed. Mizuno reported that the preference is for a 50/50 cost split between the Water Authority and potential private investors, and November 16 is the deadline for proposals.

c. **Additional Reports.** Next, Barajas reported that a response letter was sent to the State Water Resources Control Board regarding Sacramento River temperature management, and that a comment letter was sent to Reclamation related to the Shasta Dam Enlargement Supplemental EIS document.

Barajas next provided update regarding the Sacramento office space. He reported that Kronick has negotiated and signed a lease with the new building owner located on Garden Highway. Barajas reported that staff is coordinating logistics with Kronick to secure office space for the Authority at the new location. The expectation is that current lease arrangements with Kronick will carry over into the new office. In addition, Barajas reported that there was a coordination meeting with the Milliken Museum, and the Exchange Contractors regarding a potential new location for the Los Banos Administration Office. Barajas reported that a RFP is in the process of being drafted.

Next, Director Chris White provided an update regarding the Del Puerto Canyon Reservoir Project, reporting that the Feasibility Study is at the California- Great Basin Regional office, and the Commissioner will be briefed next week.

Finally, Director Jeff Cattaneo provided an update regarding the Pacheco Reservoir Project, reporting that Valley Water is planning on having a scoping meeting in November prior to the preparation to the EIR.

9. Agenda Item II: Report on State and Federal Affairs.

Water Policy Director Scott Petersen reported that the U.S. Fish and Wildlife Service released a draft rule to amend portions of its regulations that implement section 4 of the Endangered Species Act. Petersen reported that the proposed revisions set forth a process for excluding areas of critical habitat under section 4(b)(2) of the Act, which mandates consideration of the impacts of designating critical habitat and permits exclusions of particular areas following a discretionary exclusion analysis. Petersen reported that the proposed rulemaking would respond to applicable Supreme Court case law, reflect agency experience, codify some current agency practices, and make some modifications to current agency practice. Petersen reported that the Water Authority will be submitting a comment letter on the proposed rule today and appreciates the engagement of those member agencies who have coordinated on the comments.

Petersen reported that the President signed a Continuing Resolution that will keep the government running through December 11. Petersen reported that hopefully by mid-November, there should be a better sense of what legislation may be considered in a lame duck session of Congress.

Petersen reported that President Trump will soon sign into law another major bipartisan conservation package seen as a win for wildlife advocates and the sportsmen community. Petersen reported that the legislation, S. 3051, would authorize more than \$1 billion for federal wildlife and habitat programs through 2025, as well as address the challenges of animal disease and invasive species.

Petersen reported on upcoming leadership changes on Capitol Hill.

Petersen reported that yesterday, Governor Newsom issued an executive order related to public lands, and the order directs state agencies to deploy a number of strategies to store carbon in the state's natural and working lands and remove it from the atmosphere. Petersen reported that the order also sets a first-in-the-nation goal to conserve 30 percent of the state's land and coastal water by 2030 to fight species loss and ecosystem destruction.

Dennis Cardoza reported that the Federal Chairman Powell testified that stable interest rates will remain through 2021. Cardoza reported that he has had many conversations regarding the infrastructure package.

10. **Agenda Item 12: Chief Operating Officer's Report.**

Chief Operating Officer Pablo Arroyave reported that the current rewind project has been delayed about a week due to small cracks in a component.

Arroyave reported that the transformer replacement project at O'Neill Pumping Plant Phase I should be completed within the next month without reducing water supplies.

Arroyave reported that DWR has identified dates that they are available to brief the Technical Team on the Delta Conveyance Project, and a Workshop for Authority members may be set up at a later date.

Arroyave reported that staff has executed a contract with a firm to assist in completing the Authority's salary survey. Arroyave reported that the Salary Survey Ad Hoc Committee will be meeting this afternoon to provide their input.

11. **Agenda Item 13: Update on Water Operations and Forecasts**

Westlands Water District's Tom Boardman reported that Jones Pumping Plant recently reduced its pumping by about 20% due to reduced upstream releases and increased Sac Valley diversions. Without increased storm runoff, limited exports are expected for the remainder of 2020. Banks pumping continues to be limited to less than 10% of capacity due to low Oroville storage and COA adjustments.

Shasta carry over storage was 2.2 MAF which is about 300 TAF higher late spring projections. Due to low Shasta inflow this year, a Shasta critical year may be declared in 2021 unless the unimpaired Shasta inflow exceeds about 3.9 MAF.

Boardman reported that CVP San Luis storage was 377 TAF and has been filling at higher than expected rate since early August. The refill rate has slowed over the past few days due to increase refuge diversions and the recent export cut. Reservoir projection graphs were discussed which that CVP San Luis is expected to fall short of filling next year by about 350 TAF with continued dry conditions but will fill by early March if the winter hydrology is near normal.

12. **Agenda Item 14: Committee Reports.**

a. **Water Resources Committee** – Committee Chair Tom Birmingham reported that the committee met this month and discussed and took action on items listed on the agenda.

b. **Finance & Administration Committee** – Committee Chair Rick Gilmore reported that the committee met and discussed and took action on items listed on the agenda. Gilmore requested feedback on the potential for self-funding from the member agencies.

c. **O&M Committee** – Committee Chair Chris White reported that the O&M Technical Committee is scheduled to meet October 19, 2020, and will be reviewing the Proposed O&M Budget Including the Extraordinary, CIP, and Routine O&M Budgets for FY22.

13. **Agenda Item 15: Outside Agency/Organization Reports.**

a. **State and Federal Contractors Water Agency (SFCWA)**

No report.

b. **Family Farm Alliance (FFA)**

Report included in the packet.

c. **Farm Water Coalition.**

Mike Wade reported that they have been following the development of a newly created Water Futures Market, and are trying to learn more regarding water delivery and pricing.

d. **Association of California Water Agencies**

No report.

e. **San Joaquin Valley Water Blueprint Effort**

Water Policy Director Scott Petersen provided a brief update reporting that the Executive Committee and Large Blueprint group met.

14. **Agenda Item 16: Board Member Reports.**

No Board Member reports.

15. **Agenda Items 17-19: Closed Session Report.**

Vice-Chair William Bourdeau adjourned the open session to address the items listed on the Closed Session Agenda at approximately 11:04 a.m. Upon return to open session at approximately 11:16 p.m., General Counsel Rebecca Akroyd stated that no reportable actions were taken.

16. **Agenda Item 20: Reports Pursuant to Government Code Section 54954.2 (a) (3)**

No reports.

17. **Agenda Item 21: Adjournment.**

The meeting was adjourned at approximately 11:17 p.m.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS SPECIAL TELEPHONIC MEETING
MINUTES FOR OCTOBER 21, 2020

The Board of Directors of the San Luis & Delta-Mendota Water Authority convened at approximately 9:00 a.m. for a Special Telephonic meeting, with Chair Cannon Michael presiding.

Directors and Alternate Directors in Attendance

Division 1

Vince Lucchesi, Alternate for Bobby Pierce
Rick Gilmore, Director

Division 2

Ryan Ferguson, Alternate for Dan Errotabere
William Bourdeau, Director
John Bennett, Director
Bill Diedrich, Director - Lon Martin, Alternate

Division 3

Chris White, Director - Jarrett Martin, Alternate
Cannon Michael, Director
Ric Ortega, Director - Ellen Wehr, Alternate

Division 4

Gary Kremen, Director - Richard Santos, Alternate
Jeff Cattaneo, Director
Sara Singleton, Alternate for Joseph Tonascia

Division 5

Tom Birmingham, Director
Steve Stadler, Director

Authority Representatives Present

Federico Barajas, Executive Director
Pablo Arroyave, Chief Operating Officer
Rebecca Akroyd, General Counsel
Scott Petersen, Water Policy Director
Frances Mizuno, Special Projects Administrator
Joyce Machado, Director of Finance
Stewart Davis, IT Officer
Lauren Neves, Accountant III

Others in Attendance

Robert Porr, Fieldman Rolapp & Associates
Doug Brown, Stradling Yocca Carlson & Rauth
Cameron Parks, CITI Group
Dana Jacobson, Valley Water
Don Willard, Friant Water Authority

John Wiersma, Henry Miller Reclamation District
Jason Phillips, Friant Water Authority

1. Call to Order/Roll Call

The meeting was called to order and roll was called.

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

No corrections to the Agenda.

3. Opportunity for Public Comment

No public comment.

4. Board of Directors to Consider and Provide Direction Regarding Jones Pumping Plant Unit Rewind Project Financing Options, Including:

- a. **Public Bond Financing Consistent with Resolution 2020-469**
- b. **Alternative Public Bond Financing, Including Upfront Payments by One or More Agencies and Related Agreements.**
- c. **Self-Funding**

Executive Director Federico Barajas reported that a decision has to be made whether to pursue public bond financing or self-funding options. Barajas reported that the Friant Division contractors who pay their share of SLDMWA OM&R costs through funds collected by the Friant Water Authority desire to pay their collective share of the cost for these two units by self-funding rather than as a share of a SLDMWA public debt issuance. Cameron Parks walked through a presentation regarding transaction size cost differential analysis for 60% of project cost. General Counsel Rebecca Akroyd walked through a draft Funding Agreement term sheet that the Authority has been working on with Friant Water Authority.

After a lengthy discussion with staff, Board members, and members of the public, the Board expressed the willingness to try and accommodate Friant's proposal by working towards offsetting the impact to others. Staff will bring an alternative public bond financing option for a reduced public offering amount and a Funding Agreement with FWA to the Board in November and a self-funding option for consideration. Bond issuance would be pushed to December.

Chief Operating Office Pablo Arroyave walked through the worksheet showing the \$12.4M O&M Self-Funding Contractor Obligations. Barajas highlight the fact that the refuge component is paid for by Reclamation, and the Authority staff had notified Reclamation that the

Board was going to be contemplating two funding options at the November Board meeting, which include a public bond offering and a self-funding option.

5. Reports Pursuant to Government Code Section 54954.2 (a)(3)

No report.

6. Adjournment.

The meeting was adjourned at approximately 10:35 a.m.