

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
BOARD OF DIRECTORS TELEPHONIC REGULAR MEETING
MINUTES FOR SEPTEMBER 17, 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 Vice Chair William Bourdeau presiding.

Directors and Alternate Directors in Attendance Division 1

Dave Weisenberger, Alternate for James McCloud
Bobby Pierce, Director
Anthea Hansen, Director (arrived during agenda item 12)
Rick Gilmore, Director

Division 2

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

Division 3

Chris White, Director (left after agenda item 6) - Jarrett Martin, Alternate
Ellen Wehr, Alternate for Ric Ortega

Division 4

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

Division 5

Bill Pucheu, Director
Tom Birmingham, 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, Bob Martin, Facilities O&M Director

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
Cameron Parks, CITI Group
Chris Park, CDM Smith
Mitch Partori

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 John Varela, seconded by Director Bill Pucheu, the Board accepted the Meeting Minutes, Financial Expenditures Reports, and Staff Reports. The vote on the motion was as follows:

AYES: Weisenberger, Pierce, Gilmore, Ferguson, Bourdeau, Bennett, Diedrich, White, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham

NAYS: None

ABSTENTIONS: None

ACTION ITEMS

5. Agenda Item 7: Board of Directors to Consider Finance & Administration Committee Recommendation Regarding Resolution Providing for the Issuance of Revenue Bonds to Finance a Portion of the Cost of Extraordinary Maintenance to the Jones Pumping Plant, Authorizing the Execution of Certain Documents, and Authorizing Certain Other Actions in Connection Therewith.

Chief Operating Officer Pablo Arroyave provided an overview of the memo and background from the Special FAC/Board Workshop that was held in August, including direction to pursue a 25-year term for public financing. Arroyave reported that staff recommends issuing bonds with a 25-year term in the public credit markets through the adoption of the proposed Resolution, which approves the following documents in substantial form: 1) Indenture, 2) Continuing Disclosure Certificate, 3) Bond Purchase, 5) Bond Counsel engagement letter, 6) Updated Disclosure Policy Contract. Arroyave introduced Lora Carpenter and financial consultants to present the information in further detail. Carpenter presented a PowerPoint presentation including a summary of the overall project and current funding sources. Carpenter explained the amortization schedule and a breakdown of the costs that would be included. Carpenter reported that there will be a meeting with Moody's to set a rating for the bonds with the goal of receiving bids or potential bids. Cameron Parks of CitiGroup provided a market update, and various statistics regarding interest rates reporting that 2020 rates are particularly low making it an exceptional time for borrowing. Doug Brown completed the presentation by reviewing the resolution and highlighting the disclosure agreement and certain covenants regarding the transfer agreement. Director Tom Birmingham asked for clarification that the term of the bonds will be 25 years. Director Rick Gilmore, chair of the Finance & Administration Committee, confirmed that the term of the bonds will be 25 years.

On a motion of Director Rick Gilmore, seconded by Director Bill Pucheu, the Board approved Resolution providing for the issuance of Revenue Bonds to finance a portion of the cost of extraordinary maintenance to the Jones Pumping Plant, authorizing the execution of certain documents, and authorizing certain other actions in connection therewith. The vote on the motion was as follows:

AYES:	Weisenberger, Pierce, Gilmore, Ferguson, Bourdeau, Bennett, Diedrich, Martin, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham
NAYS:	None
ABSTENTIONS:	None

6. Agenda Item 8: Board of Directors to Consider Water Resources Committee Recommendation to Authorize Withdrawal from the San Joaquin Valley Water Infrastructure Authority (SJVWIA)

Executive Director Federico Barajas reported that in March 2020, Authority staff met with the SJVWIA Chair and communicated that the Authority would not be joining the amended JPA.

Barajas reported that in July 2020, Authority staff learned that the SJVWIA would be finalizing the amended JPA, but was still listing the Authority as a member. Barajas reported that following conversation with the Tulare County Counsel, staff determined that the best way to allow the SJVWIA to proceed with an amended JPA was for the Authority to: (1) propose edits to the amended JPA that clarify the Water Authority's status, and (2) submit a letter representing the Water Authority's withdrawal from the SJVWIA. Barajas reported that once the withdrawal is effective, Water Authority staff can continue to maintain engagement with SJVWIA on an informal basis, by attending relevant meetings and seeking to participate in relevant projects.

On a motion of Director Tom Birmingham, seconded by Alternate Ellen Wehr, the Board approved withdrawal from the San Joaquin Valley Water Infrastructure Authority. The vote on the motion was as follows:

AYES:	Weisenberger, Pierce, Gilmore, Ferguson, Bourdeau, Bennett, Diedrich, White, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham
NAYS:	None
ABSTENTIONS:	None

7. Agenda Item 9: Board of Directors to Consider Water Resources Committee Recommendation to Adopt Staff Recommendation for Positions on Legislation

- a. H.R. 8166 (Cox), the Western Water Storage Infrastructure Act
- b. S. 4530 (Feinstein)/H.R. 8041 (Harder), Snow Water Supply Forecasting Program Authorization Act
- c. H.R. 8217 (Garamendi), WIFIA Improvement Act

Water Policy Director Scott Petersen reviewed three pieces of legislation. First, Petersen reported that H.R. 8166 (Cox) would increase funding authorization for water storage and conveyance infrastructure and would extend key California water provisions of the Water Infrastructure Improvements for the Nation (WIIN) Act through 2029. Additionally, the legislation would extend the CALFED program through 2024.

Second, Petersen reported that S. 4530/H.R. 8041 would establish a program within the Department of the Interior which will improve the understanding, management, and deployment of snowpack measurement technologies used for seasonal water forecasting and preserve key elements of the basic technology elements of the Aerial Snowpack Observatory program and provides \$15 million in authorizations from fiscal year 2022-2026.

Finally, Petersen reported that H.R. 8217 would amend the Water Infrastructure Finance and Innovation Act of 2014 to extend the maturity date of WIFIA loans from up to 35 years to up

to 55 years and would clarify the budgetary treatment of financial assistance for federal projects for which the recipient is an eligible entity.

Director Gary Kremen expressed a need to pursue an amendment to H.R. 8166, and Director Tom Birmingham, Chair of the Water Resources Committee, agreed. Water Policy Director Scott Petersen explained that Authority staff has been working with Valley Water legislative staff on this issue.

On a motion of Director Tom Birmingham, seconded by Director Rick Gilmore, the Board approved the adopting the staff recommendation for support positions on legislation. The vote on the motion was as follows:

AYES: Weisenberger, Pierce, Gilmore, Ferguson, Bourdeau, Bennett, Diedrich, Martin, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham
NAYS: None
ABSTENTIONS: None

To address the need to pursue an amendment to H.R. 8166, Director Tom Birmingham made an additional motion, seconded by Director Gary Kremen, that staff work with Valley Water to pursue the discussed amendment to H.R. 8166. The Board approved the motion, with the vote on the motion as follows:

AYES: Weisenberger, Pierce, Gilmore, Ferguson, Bourdeau, Bennett, Diedrich, Martin, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham
NAYS: None
ABSTENTIONS: None

8. Agenda Item 10: Board of Directors to Consider Resolution Authorizing Execution of Amendment 6 to the Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the San Luis & Delta-Mendota Water Authority under the Dry Year Water Purchase Program SWPAO No. 20-803, Making Determinations Related to the California Environmental Quality Act, and Authorizing Actions Related Thereto.

Special Projects Administrator Frances Mizuno provided a brief background on the DWR Dry Year Purchase Agreement, and the 5 amendments. Mizuno reported the Water Authority has entered into performance of the DWR Dry Year Purchase Agreement, as amended by Amendments Nos. 1-4. Mizuno reported that on November 6, 2014, the Board of Director adopted

Resolution 2014-385 Authorizing Execution of Amendment 5 to the Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the Authority to establish new pricing for surface water made available from September 30, 2015 to September 30, 2020. Mizuno reported the pricing under Amendment 5 expires on September 30, 2020, and DWR along with representatives of the State Water Contractors and the Authority have completed negotiations for new pricing for surface water for the remaining term of the DWR Dry Year Purchase Agreement from October 1, 2020 – September 30, 2024, and has requested that the Authority enter into Amendment 6 to the DWR Dry Year Purchase Agreement. Mizuno explained that Execution of Amendment 6 will allow the Authority to continue to purchase the Yuba Transfer Water on behalf of the Activity Agreement members, and all Activity Agreement members have recommended execution of Amendment 6. Mizuno reported that Amendment 6 is exempt from CEQA pursuant to CEQA Guidelines section 15301, and other applicable provisions of law.

On a motion of Director Tom Birmingham, seconded by Director Bill Diedrich, the Board approved execution of Amendment 6 to the agreement for the supply and conveyance of water by the Department of Water Resources of the State of California to the San Luis & Delta-Mendota Water Authority under the Dry Year Water Purchase Program SWPAO No. 20-803, making determinations related to the California Environmental Quality Act, and authorizing actions related thereto. The vote on the motion was as follows:

AYES:	Weisenberger, Pierce, Gilmore, Ferguson, Bourdeau, Bennett, Diedrich, Martin, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham
NAYS:	None
ABSTENTIONS:	None

9. Agenda Item II: Board of Directors to Consider Authorizing Los Vaqueros Reservoir Expansion Project Activity Agreement Expenditure of up to \$675,774 in FY21 to Fund Amendment No. 2 to the Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning.

Special Projects Administrator Frances Mizuno provided a brief background reminding the Board that the Authority entered into the Contra Costa Water District (CCWD) Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning Agreement dated April 30, 2019 on behalf of the Los Vaqueros Reservoir Expansion Project Activity Agreement members. Mizuno explained that this agreement was for the purpose of providing for cost-sharing to complete the Final Supplement to the 2010 Final EIS/EIR, release of the Final Feasibility Report

in partnership with Reclamation, financial evaluation of the Project for the Local Agency Partners, development of a long-term governance structure for a likely new Joint Powers Authority, and conceptual and preliminary design.

CCWD has identified additional scope of work and wishes to enter into Amendment No. 2 to the Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning to fund this work, and the total cost of all work is \$17,832,667 with \$6,081,967 funded under Amendment 2 with the balance from State and Federal funding. Mizuno reported that all the Activity Agreement Members have approved the execution of Amendment No. 2 by the Authority for an amount up to \$1,013,661. Mizuno reported that this amount will be paid over three equal payments of \$337,887 with the first two payments for a total of \$675,774 scheduled to be paid in FY21. Mizuno reported that since the funds necessary to support Amendment No. 2 were not included in the FY21 Activity Budget, it is necessary to have the Board authorize the additional expenditure of up to \$675,774

On a motion of Director John Varela, seconded by Director Tom Birmingham, the Board approved authorizing Los Vaqueros Reservoir Expansion Project Activity Agreement expenditure of up to \$675,774 in FY21 to fund Amendment No. 2 to the Cost Share Agreement for Los Vaqueros Reservoir Expansion Project Planning. The vote on the motion was as follows:

AYES:	Weisenberger, Pierce, Gilmore, Ferguson, Bourdeau, Bennett, Diedrich, Martin, Wehr, Varela, Kremen, Cattaneo, Singleton, Pucheu, Birmingham
NAYS:	None
ABSTENTIONS:	None

REPORT ITEMS

10. Agenda Item 12: Executive Director's Report.

Executive Director Federico Barajas introduced Chris Park from CDM Smith. Park presented a PowerPoint presentation on the status of: 1) B.F. Sisk Dam Raise Project Feasibility Study development, 2) EIR/SEIS, 3) Caltrans coordination, and 4) permitting effort.

Barajas provide a brief update on the San Luis Transmission Protect reporting that additional coordination meetings have taken place since the last Board meeting. Barajas reported that the first coordination meeting was with management from Western Area Power Administration, and the Bureau of Reclamation to ensure they are aware of the Board's direction to explore alternative funding methods for the project, and enlisted their feedback, and input. Barajas reported that the second coordination meeting was with a private solar company who has expressed

interest in becoming a partner on this project, and have recently provided their proposal, and it's currently under review. Barajas reported that Dennis Cardoza's firm (Foley) also has experts in California that has expertise with power, and Authority staff met with them to explore other potential partnership opportunities.

Director Anthea Hansen provided a brief update on the Del Puerto Canyon Reservoir. Hansen reported that they are working on final efforts on the environmental report, and hope to have it complete by the end of the month.

Alternate Director Garth Hall provide a brief update on the Pacheco Reservoir. Hall reported that environmental work continues, and the project is moving forward.

Alternate Director Garth Hall announced that this will be his last Board meeting due to his retirement at the end of the month. Garth thanked everyone that he has worked with over the years. Staff, and Board members thanked Garth Hall for all his contributions.

II. Agenda Item 13: Report on State and Federal Affairs.

Water Policy Director Scott Petersen reported that a coalition of 21 states, the District of Columbia and Guam have sued in federal court to strike down the Trump Administration's changes to the implementing rules for the National Environmental Policy Act (NEPA). Petersen reported that NEPA rule revisions have already faced legal challenges from environmental NGO groups and environmental justice advocates. Petersen reported that Judge James Jones for the U.S. District Court for the Western District of Virginia declined to issue a preliminary injunction or a stay to prevent the new NEPA rules from taking effect, pending his decision on the legality of the regulations. Petersen reported that the Southern Environmental Law Center had argued on behalf of a coalition of 16 environmental groups that the regulations are inconsistent with the foundational environmental statute. Petersen reported that the Authority prepared a detailed comment letter on the CEQ proposed regulations for implementing the procedural provisions of NEPA.

Petersen reported that Reclamation has extended the public comment period for the Shasta Dam Reservoir Expansion Project from September 21 to October 5 to allow more time for public engagement. Additionally, Reclamation posted a virtual open house on the project for interested members of the public.

Water Policy Director Scott Petersen reported that the Senate returned to Washington from August recess last week, and the House is in session this week. Petersen reported that there are a limited number of days to legislate (no votes scheduled in October) and not much progress in the Senate on FY 2021 appropriations bills. Petersen reported that Congress will need to pass

a temporary continuing resolution this month to extend federal funding to at least December and prevent a government shutdown on October 1 ahead of the November elections. Petersen reported that an agreement has been worked out to deliver a clean continuing resolution, although it's not clear how long it would extend to, and it's anticipated that deal will be voted on by the House next week.

Petersen reported that the Senate Energy and Natural Resources Committee held a hearing on S. 4431, legislation introduced by Senator Feinstein and Senator Daines to ease regulatory constraints and expand existing authorities to respond to the wildfires sweeping across the western United States. Petersen reported that this bill would direct the U.S. Forest Service (USFS) to complete three landscape-level, collaborative projects proposed by governors to decrease the risk of wildfire. Eligible activities would include mechanical thinning, slash and ladder fuel reduction and controlled burns utilized to improve wildlife habitat, watershed quality and landscape health. Petersen reported that selected projects would be expedited through a streamlined process to ensure timely analyses so work can be done in an expedited manner. The bill would simplify efforts to reduce fuel loads near USFS trails, roads and transmission lines, for areas less than 3,000 acres in size. Petersen reported that the bill would also create a new grant program to facilitate the removal and transportation of woody biomass to conversion facilities. Petersen reported that Authority staff worked with the Senators office and other stakeholders to expand the provisions to include authority to respond to water infrastructure needs, particularly sediment removal and proactive facility protection.

Petersen reported that the House of Representatives has passed important legislation authorizing Corps programs. Petersen reported that the Senate continues to consider several pieces of water and infrastructure legislation, some of which were highlighted at a July Senate subcommittee hearing where Dan Keppen delivered testimony on behalf of the Family Farm Alliance.

Dennis Cardoza provided a brief update on the COVID relief package, fires & devastation, and an Infrastructure package.

12. **Agenda Item 14: Chief Operating Officer's Report.**

Chief Operating Officer Pablo Arroyave reported that Jones Pumping Plant continues to pump at 5 units and that level of pumping is expected to continue through October.

Arroyave reported that the Unit 5 Rewind is progressing on time and within budget.

Arroyave reported that DWR is willing to provide a briefing on the Delta Conveyance, and staff is working on dates.

13. Agenda Item 15: Update on Water Operations and Forecasts

Westlands Water District's Tom Boardman reported that Jones pumping has been predominantly at capacity since early August and should be able maintain the current rate into at least October. SWP pumping has been limited to less than 10% of capacity through the summer months due to limited Oroville storage.

Shasta and Folsom storage is trending close to Reclamation's median operations forecast with the expected carry over storage in Shasta to be about 2.2 MAF.

San Luis Reservoir projection graphs were discussed which showed that CVP San Luis started refilling by early August. The graphs also showed 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. Responding to a question from Director Bill Diedrich, Boardman stated that that the threshold for a Shasta noncritical year is expected to increase to about 3.9 MAF in 2021 because of low inflows during 2020. The response was followed by a question to Boardman by Director Birmingham inquiring about the long term average inflow Shasta. Unable to recall the average inflow, Director Birmingham requested that Boardman determine the average value and forward it to Executive Director, Barajas for distribution to attendees of the Board of Directors meeting.

14. Agenda Item 16: Committee Reports.

- a. Water Resources Committee – Committee Chair Tom Birmingham reported that the committee did meet 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 meet, and discussed and took action on items listed on the agenda.
- c. O&M Committee – No report.

15. Agenda Item 17: 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 on August 31, 2020 they worked with Authority staff on

a joint press release regarding a rescheduled public meeting on the B.F. Sisk Dam Raise.

d. Association of California Water Agencies

Director Bill Diedrich reported that the Executive Committee is working on a review of ACWA's Executive Director, and would appreciate comments from the Board.

Diedrich reported that the Water Institute has produced a document that warrants review regarding financing San Joaquin Valley Water Infrastructure.

e. San Joaquin Valley Water Blueprint Effort

Water Policy Director Scott Petersen provided a brief update. Petersen reported that the Blueprint Executives Committee met this week and continue to move forward with the technical work that's being done.

16. Agenda Item 18: Board Member Reports.

Director John Varela reported that ACWA Region 5 directors met this week regarding the conference program, and would like to collaborate closely with ACWA members and Ag members throughout the Central Valley.

17. Agenda Items 19-21: Closed Session Report.

Vice-Chair William Bourdeau adjourned the open session to address the items listed on the Closed Session Agenda at approximately 11:07 a.m. Upon return to open session at approximately 11:27 p.m., General Counsel Rebecca Akroyd reported that the Board met in closed session, and that the direction to participate in an action had been given, and that the action, the parties, and the other particulars shall, once formally commenced, be disclosed to any person upon inquiry. The vote on that action of every member was as follows: Ayes: Weisenberger, Pierce, Hansen, Gilmore, Ferguson, Bennett, Diedrich, White, Wehr, Varela, Cattaneo, Singleton, Pucheu, and Birmingham; No Nos; and No Abstentions. Akroyd stated that no other reportable actions were taken.

18. Agenda Item 22: Reports Pursuant to Government Code Section 54954.2 (a) (3)
No reports.

19. Agenda Item 23: Adjournment.

The meeting was adjourned at approximately 11:29 p.m.