

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
TELEPHONIC FINANCE & ADMINISTRATION COMMITTEE REGULAR MEETING
AND
JOINT TELEPHONIC FINANCE & ADMINISTRATION COMMITTEE REGULAR
MEETING / SPECIAL BOARD WORKSHOP
MINUTES FOR NOVEMBER 1, 2021**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:00 p.m. at 842 6th Street, Los Banos, California, and via teleconference in accordance with Government Code section 54953(e) and Resolution No. 2021-490 adopted by the Board of Directors on October 7, 2021, with Chair Rick Gilmore presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael (via Teleconference)
William Bourdeau (via Teleconference)

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Bobbie Ormonde, Member (via Telephone)

Division 3

Chris White, Member - Jarrett Martin, Alternate (via Teleconference)

Division 4

Dana Jacobson, Alternate for Sara Singleton (via Teleconference)

Division 5

Bill Pucheu, Member (via Teleconference)

Friant Water Authority

Jason Phillips, Member (via Teleconference)

Board of Directors Present

Division 1

Anthea Hansen, Director
Rick Gilmore, Director

Division 2

William Bourdeau, Director

Division 3

Chris White, Director (joined during Item 7) - Jarrett Martin, Alternate (via Teleconference)
Cannon Michael, Director

Division 4

None

Division 5

Bill Pucheu, Director (via teleconference)

Authority Representatives Present

Federico Barajas, Executive Director

Rebecca Akroyd, General Counsel

Pablo Arroyave, Chief Operating Officer

Scott Petersen, Water Policy Director

Joyce Machado, Director of Finance

Lauren Neves, Accountant III

Frances Mizuno, Special Projects Administrator

Bob Martin, Facilities O&M Director

Stewart Davis, IT Officer

Others in Attendance

Brian Nash, Richardson & Company, LLP

Kristi Robinson, WaterWise

1. Call to Order/Roll Call

Chair Rick Gilmore called the meeting to order at approximately 12:00 p.m., and roll was called.

2. Additions or Corrections to the Agenda

No additions or corrections.

3. Opportunity for Public Comment

No public comment.

4. Finance & Administration Committee to Consider Approval of the October 4, 2021 Meeting Minutes.

Chair Rick Gilmore pronounced the October 4, 2021 meeting minutes approved with a revision identified during the meeting.

5. Finance & Administration Committee to Consider Recommendation to Board of Directors to Accept the Treasurer's Report for the Quarter Ending September 30, 2021

Director of Finance Joyce Machado presented the Treasurer's Report for the quarter ending 9/30/21. Operational cash totaled \$62,564,415.89 while other cash totaled \$452,716.40. Member Bill Pucheu made the motion to accept the Treasurer's Report for the Quarter ending September 30, 2021. The motion was seconded by Chair Rick Gilmore and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Bourdeau, Gilmore, Ormonde, Martin, Jacobson, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

6. Finance & Administration Committee to Consider Recommendation to Board of Directors to Accept the Final Fiscal Year 2021 Audited Financial Statements

Auditor Brian Nash of Richardson and Company, LLP presented the draft FY21 audited financial statements. Mr. Nash explained that a change in the accounting program during the fiscal year made completing the audit more difficult as new reports and accounting procedures were put in place. Nash noted that there was significant activity throughout the year with the debt issuances related to DHCCP and the JPP Rewind project. He continued on to review the FY21 audited financial statements in detail. Nash stated that there was a significant increase in restricted cash mainly due to the JPP Rewind project. He also noted minor changes received from staff and members that will be implemented before the document is considered final. Lastly, Nash reviewed updates to the notes from FY20 to FY21. Nash concluded his presentation by reviewing the Management Letter with suggestions for the Authority. Member Bill Pucheu made the motion to accept the Final Fiscal Year 2021 Audited Financial Statements. The motion was seconded by Member Bobbie Ormonde and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Bourdeau, Gilmore, Ormonde, Martin, Jacobson, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

7. Finance & Administration Committee to Consider the Operations and Maintenance (O&M) Technical Committee Recommendation to Approve the Fiscal Year 2023 O&M Budget and Recommendation to Board of Directors Regarding Same

Chief Operating Officer Pablo Arroyave presented the proposed Fiscal Year 2023 O&M budget. He stated that during the O&M Technical Committee's October 18th meeting, they recommended approval of the FY23 O&M budget as presented. Arroyave reviewed the staff memo, noting that the overall FY23 O&M budget had an increase of 0.32% from FY22, with the RO&M budget increasing 11.82%, an increase of 39.12% for EO&M, and a decrease of 48.2% for capital improvement projects. He further explained that the significant increase of the EO&M budget is driven almost entirely by the DMC Subsidence of \$1.57 million and the decrease in

capital improvement projects is the result of only one remaining unit for the JPP Rewind Project to fund. The FY23 budget also includes a 3% salary increase placeholder. Pablo explained that the Authority is proposing two new additional positions, an apprentice control operator and an apprentice plant mechanic. Pablo then asked Director of Finance Joyce Machado to walk through the rates calculation based on this budget. Ex Officio Member Cannon Michael made the motion to accept the O&M Technical Committee recommendation to approve the Fiscal Year 2023 O&M Budget and to Recommend Approval to the Board of Directors regarding the same. The motion was seconded by Member Chris White and passed unanimously. The Committee action is reported as follows:

AYES:	Michael, Bourdeau, Gilmore, Ormonde, White, Jacobson, Pucheu, Phillips
NOES:	None
ABSTENTIONS:	None

8. Finance & Administration Committee to Consider Recommendation to Board of Directors to Authorize Execution of ACWA JPIA Commitment to Excellence Program Letter of Acceptance

Chief Operating Officer Pablo Arroyave presented the staff memo regarding a letter of acceptance for the Commitment to Excellence Program administered by ACWA JPIA. In addition to the memo, Arroyave presented the form letter that Authority Board members would sign after Board authorization. Approving and signing this letter would allow the Authority to seek grant funding of up to \$10,000 to fund activities within the program. Chair Rick Gilmore made the motion to authorize execution of ACWA JPIA Commitment to Excellence Program Letter of Acceptance. The motion was seconded by Ex Officio Member William Bourdeau and passed unanimously. The Committee action is reported as follows:

AYES:	Michael, Bourdeau, Gilmore, Ormonde, Jarrett Martin, Jacobson, Pucheu, Phillips
NOES:	None
ABSTENTIONS:	None

9. Finance & Administration Committee to Consider Financial Recommendations to Board of Directors Regarding B.F. Sisk Dam Raise and Expansion Project

Following discussion by the Committee, action on the item was deferred to the Board of Directors without recommendation.

REPORT ITEMS

10. Review of San Luis Transmission Project Bond Financing Options

Special Projects Administrator Frances Mizuno presented the item. Mizuno stated that the Board previously took action to proceed with the Authority self-financing the San Luis Transmission Project up to \$345,000,000. Since then, the Authority has received an updated cost estimate and schedule from the Western Area Power Administration (Western) and has also been informed that Western can enter into a 40-year project development and transmission service agreement rather than the 30-year term previously presented. Mizuno summarized updated cost estimate provided by WAPA and then referred to Robert Porr and Laura Carpenter to further review the various scenarios presented to the committee. Committee members discussed possible financing terms, assumed project cost, level versus ascending financing options, and the financing mechanism.

11. FY22 Activity Agreements Budget to Actual Report through 9/30/21.

Director of Finance Joyce Machado reported on the Budget to Actual Comparison Summary for September 30, 2021 for the member-funded activities. Machado stated that for the seven-month period, the budget was trending positive with overall spending through September 30, 2021 at 40.87% of the approved budget

12. FY22 O&M Budget to Actual Report through 9/30/21.

Director of Finance Joyce Machado reported that for WY21 the self-funded routine O&M expenses through September 30, 2021 were under budget by \$1,227,391. The WY20 final accountings and the Intertie O&M cost recovery remain outstanding. The WY19 final accountings, excluding the Intertie, were completed and distributed on October 27th. Any water users owing have a due date of December 3rd and for those receiving a refund, checks will be mailed on December 1st. Lastly, in November, staff will be distributing refund checks based on the Intertie interim allocation of the cumulative excess Intertie collections from WY12 to WY19.

13. Procurement Activity Report.

Director of Finance Joyce Machado presented the procurement activity for the period of

September 30th through October 27th. On October 26th, the Authority executed a contract with Nutrien Ag Solutions for the supply and delivery of pesticides. The contract amount was \$124,739.59 and the funding source was the RO&M budget. There were no contract change orders during this time.

14. Executive Director's Report.

Chief Operating Officer Pablo Arroyave presented on behalf of Executive Director Federico Barajas. Arroyave stated that given the work on the addendum and the additional deliberations that have occurred in regards to the B.F. Sisk Dam Raise and Reservoir Expansion Project, the Authority has a need to execute a modification to the contract with CDM for approximately \$300,000. Funding for this already exists within the Leg Ops budget, so it would result in a realignment of funds from science and legal contingencies. The modification would be presented to the Board for action.

15. Committee Member Reports.

No reports given.

16. Reports Pursuant to Government Code Sec 54954.2

No reports given.

17. Agenda Item 13: Adjournment.

The meeting was adjourned at approximately 1:36 p.m.