

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
SPECIAL TELEPHONIC FINANCE & ADMINISTRATION COMMITTEE MEETING
AND
JOINT SPECIAL TELEPHONIC FINANCE & ADMINISTRATION COMMITTEE
MEETING
SPECIAL BOARD WORKSHOP MINUTES FOR
August 3, 2020

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:00 p.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 Rick Gilmore presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael
William Bourdeau

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Bobbie Ormonde, Member

Division 3

Chris White, Member - Jarrett Martin, Alternate

Division 4

Sara Singleton, Member - Dana Jacobson, Alternate

Division 5

Absent

Friant Water Authority

Jason Phillips, Member

Board of Directors Present

Division 1

Rick Gilmore, Director
Anthea Hansen, Alternate

Division 2

William Bourdeau, Director

Division 3

Chris White, Director - Jarrett Martin Alternate
Cannon Michael, Director

Division 4

Sara Singleton, Alternate

Division 5

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
Stewart Davis, IT Officer
Bob Martin, Facilities O&M Director

Others in Attendance

Don Willard, Friant Water Authority
Lora Carpenter, Fieldman, Rolapp & Associates
Robert Poor, Fieldman, Rolapp & Associates
Doug Brown, Stradling Yocca Carlson & Rauth

1. Call to Order/Roll Call

Chair and Member Rick Gilmore called the meeting to order at approximately 12:00pm.

2. Corrections to the Agenda

There were no corrections.

3. Opportunity for Public Comment

There was no public comment.

4. Finance & Administration Committee to Consider Approval of the July 6, 2020 Meeting Minutes.

Chair Rick Gilmore pronounced the July 6, 2020 meeting minutes approved.

5. Finance & Administration Committee to Consider Recommendation to Board of Directors to Accept the Treasurer's Report for the Quarter Ending June 30, 2020.

Director of Finance Joyce Machado presented the Treasurer's report for the quarter ending 6/30/20. Operational cash totaled \$48,414,060.95 while DHCCP cash totaled \$4,068,449.24. Member Sara Singleton made the motion to recommend to the Board to adopt the

Treasurer's Report for the Quarter Ending June 30, 2020. The motion was seconded by Member Bobbie Ormonde and passed unanimously. The Committee action is reported as follows:

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

6. Finance & Administration Committee to Consider Recommendation to Board of Directors Regarding Jones Pumping Plant Unit Rewind Project Financing.

Chief Operating Officer Pablo Arroyave provided a brief status update of the WIFIA loan. He noted that there was still quite a bit of uncertainty as to the outcome of the WIFIA loan and the Authority would not have an answer until September or October. Arroyave reminded the Committee that we would need to continue paying consultant costs, which are about \$20,000-\$25,000 each month. As an alternative to WIFIA funding, the Authority has been looking into both public and private financing. Public financing has a lower schedule risk, a more straightforward process, lower interest rate resulting in lower annual debt service payments, and the Authority has already obtained a preliminary bond rating. Private financing would allow for a shorter, 18-year repayment period resulting in lower overall costs than public financing, but would have a higher interest rate, higher annual debt obligation, higher schedule risk, and is a more complex process. Given the relatively small difference in rates between both options, Staff is recommending public financing over private financing as there would be less risk of schedule delays and complications. Member Bobbie Ormonde raised her concerns with continuing to pursue WIFIA funding. Member Rick Gilmore made the motion to recommend to the Board concurrently pursuing public financing and WIFIA funding for the Jones Pumping Plant Unit Rewind Project. The motion was seconded by Member Sara Singleton and passed. The Committee action is reported as follows:

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

REPORT ITEMS

7. FY21 Activity Agreements Budget to Actual Report through 6/30/20.

Director of Finance Joyce Machado reported on the Budget to Actual Comparison Summary for March 1, 2020 through June 30, 2020 for the member-funded activities. Machado

stated that for the four-month period, the budget was trending positive with overall spending through June 30, 2020 at 22.07% of the approved budget.

8. FY21 O&M Budget to Actual Report through 6/30/20.

Director of Finance Joyce Machado reported to the Committee that for WY20 the self-funded routine O&M expenses through June 30, 2020 were under budget by \$1,832,373. Joyce further explained that DWR conveyance costs have been minimal through June 2020 which has contributed to the large result in positive spending. Machado stated that WY19 draft contractor records were mailed out on June 23rd and exceptions were due June 30th. The WY17 and WY18 final accountings are being completed in conjunction with the FY20 audit. The Intertie cost recovery remains outstanding.

9. Procurement Activity Report.

Director of Finance Joyce Machado presented the Procurement Activity Report for the most recent month, including items with Woodard & Curran, Fieldman, Rolapp, & Associates, and Tally Oil.

10. Executive Director's Report.

Executive Director Federico Barajas provided a brief update on the BF Sisk Dam Raise Project. The public draft for the EIR/EIS has been delivered to the Bureau of Reclamation. Reclamation is going through their final review and approval. There is a briefing in Washington DC taking place as part of the final approval. Currently, the public release date for the draft is scheduled for August 14th, beginning the 45 day review period.

Barajas also provided an update regarding the San Luis Transmission Project, where there has been some additional coordination with Reclamation. In addition, Dennis Cardoza has contacts that the Authority will be looking into as other alternative partnerships for the project, specifically any other funding scenarios that they would be able to advise us on.

Barajas next provided an update on the Intertie project. They are in the process of a true-up based on the current collections. Reclamation has funding available for two additional pumps this fiscal year. This would allow for an additional 125 cfs each. The Authority is looking into Reclamation's requirements for repayment on the pumps.

Lastly, Barajas provided a brief update regarding Sacramento office space leasing.

11. Committee Member Reports.

No reports given.

12. Reports Pursuant to Government Code Sec 54954.2

No reports given.

13. Agenda Item 13: Adjournment.

The meeting was adjourned at approximately 12:55 p.m.

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
SPECIAL TELEPHONIC FINANCE & ADMINISTRATION COMMITTEE WORKSHOP
AND
JOINT SPECIAL TELEPHONIC FINANCE & ADMINISTRATION COMMITTEE
WORKSHOP- SPECIAL BOARD WORKSHOP MINUTES FOR
AUGUST 26, 2020

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 11:00 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 Rick Gilmore presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael

Division 1

Rick Gilmore, Member

Division 2

Bobbie Ormonde, Member

Division 3

Absent

Division 4

Sara Singleton, Member - Dana Jacobson, Alternate

Division 5

Bill Pucheu, Member

Friant Water Authority

Jason Phillips, Member

Board of Directors Present

Division 1

Rick Gilmore, Director

Division 2

Division 3

Cannon Michael, Director

Division 4

Sara Singleton, Alternate

Division 5

Bill Pucheu, Director

Tom Birmingham, Director

Authority Representatives Present

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

Others in Attendance

John Wiersma, Henry Miller Reclamation District
Don Willard, Friant Water Authority
Lora Carpenter, Fieldman Rolapp & Associates
Doug Brown, Stradling Yocca Carlson & Rauth

1. Call to Order/Roll Call

Chair and Member Rick Gilmore called the meeting to order at approximately 11:00 am.

2. Corrections to the Agenda

There were no corrections.

3. Opportunity for Public Comment

There was no public comment.

4. Discussion regarding Term for Possible Jones Pumping Plant Unit Rewind Project Public Bond Financing.

Executive Director Federico Barajas introduced the report item and reminded all that this workshop is intended to provide an opportunity to have a conversation and a dialogue in preparation for an action item at its next meeting for a FAC recommendation to the Board. He further explained that this is a Plan B option that the Authority has been contemplating.

Chief Operating Officer Pablo Arroyave referred to the meeting packet for the summary table and a comparison of a public bond issuance at both a 25-year term and a 30-year term. Lora Carpenter of Fieldman Rolapp and Associates then walked through this condensed summary of the public amortization schedules plus the expected BOR loan repayment amortization schedule. Project costs were assumed the same for each bond issuance term, at \$12.3Mil for the public bonds and an additional \$12.4Mil for the BOR loan. The market conditions were updated to reflect the current market as of couple of weeks ago. Lora noted that a public bond issuance at

30 years has an average annual debt service of \$650k and at a 25-year term it is \$720k. When comparing the total aggregate debt service needs to finance the remaining costs of the JPP Unit Rewind project, the present value of these two aggregate terms is a difference of \$390k in savings by going with the shorter schedule of public bonds. Lora explained that in looking at the overall gross savings, the overall annual debt service cost will be cheaper by extending the public bond issuance over 30 years. Lora then directed members to the additional assumptions as noted at the bottom of the condensed summary, and referred them to the further detail also provided in the packet. She also reviewed the illustration of the impact to O&M Rates given a 40% Ag allocation for each term scenario.

Member Rick Gilmore asked for further clarification on the market rates, with Pablo Arroyave pointing out that the 30-year term is at 3.33% and the 25-year term is at 3.23%. Member Sara Singleton asked if there was any issue from a bond issuer perspective if the Authority were to issue bonds over a different life term for the bond issuance compared to the life term assumed by Reclamation in the Reclamation loan. Lora Carpenter said there will be no issues to have different amortization terms. Doug Brown of Stradling Yocca Carlson & Rauth further explained that there are such provisions in the tax law, however they are not applicable to this financing. He also pointed out that the term of the Reclamation transfer agreement is the only other legal issue to consider and a 30-year amortization schedule is still well within the remaining years left of that agreement. Three FAC members indicated their preference for a 25-year term; no members expressed a preference for a 30-year term.

Alternate Dana Jacobson inquired about the status of the WIFIA funding and Executive Director Federico Barajas provided a brief update. Additionally, Member Sara Singleton asked Director of Finance Joyce Machado two brief questions regarding the illustrated impact to rates.

5. Review of Draft Resolution Providing for the Issuance of Revenue Bonds to Finance a Portion of the Cost of Improvements to the Jones Pumping Plant, Authorizing Execution of Certain Documents, and Authorizing Certain Other Actions in Connection Therewith.

Chief Operating Officer Pablo Arroyave introduced the draft resolution as provided in the packet for review and comment, and also explained that other related documents are still in underwriter review. Doug Brown of Stradling Yocca Carlson & Rauth walked through the draft resolution and further explained that this is being envisioned as a two-step process. This draft resolution will come to the Authority Board in September and it will approve the various legal documents in substantial form. The offering document will be presented to the Board for its approval at a subsequent Board meeting.

Executive Director Federico Barajas asked if the workshop assisted in capturing the needed guidance requested by the Finance & Administration Committee and whether the information presented is sufficient for exercising the decision between a 25 or 30-year public bond issuance term. Members shared their thoughts on which bond issuance term they anticipate recommending given the information provided at this workshop.

6. **Reports Pursuant to Government Code SEC 54954.2 (a)(3)**

No reports given.

7. **Adjournment.**

The meeting was adjourned at approximately 11:25 a.m.