

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
ADJOURNED REGULAR FINANCE & ADMINISTRATION COMMITTEE MEETING
AND JOINT ADJOURNED REGULAR FINANCE & ADMINISTRATION COMMITTEE
MEETING – SPECIAL BOARD WORKSHOP MINUTES
SEPTEMBER 9, 2019**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:00 p.m. at 842 6th Street in Los Banos, California for an Adjourned Regular Meeting and Joint Adjourned Regular Meeting – Special Board Workshop, with Chair Rick Gilmore presiding.

Finance & Administration Committee Members Present

Ex Officio

Cannon Michael

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

William Bourdeau, Member

Division 3

Chris White, Alternate

Division 4

Sara Singleton, Member - Dana Jacobson, Alternate

Division 5

Steve Stadler, Alternate for Bill Pucheu

Friant Water Authority

Jason Phillips, Member

Board of Directors Present

Division 1

Anthea Hansen, Director

Rick Gilmore, Director

Division 2

William Bourdeau, Director

Division 3

Chris White, Alternate

Cannon Michael, Director

Division 4

Sara Singleton, Alternate

Division 5

Steve Stadler, Director

Authority Representatives Present

Federico Barajas, Executive Director
Frances Mizuno, Assistant Executive Director
Rebecca Akroyd, General Counsel
Joyce Machado, Director of Finance
Scott Petersen, Water Policy Director
Lauren Neves, Accountant III

Others in Attendance

Don Willard, Friant Water Authority
Bill Patterson, Sampson, Sampson, & Patterson
Bobbie Ormonde, Westlands Water District (via teleconference)

1. Call to Order

Chair and Member Rick Gilmore called the meeting to order at 12:05pm.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

3. Additions or Corrections to the Agenda

There were no additions or corrections.

4. Opportunity for Public Comment

There was no public comment.

ACTION ITEMS

5. Finance & Administration Committee to Consider Approval of the July 1, 2019 Meeting Minutes.

Member Jason Phillips made the motion to approve the July 1, 2019 meeting minutes. The motion was seconded by Alternate Anthea Hansen and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Bourdeau, White, Singleton, Stadler, Phillips

NOES: None

ABSTENTIONS: None

6. Finance & Administration Committee to Consider Recommendation to the Board of Directors to Accept the Treasurer's Report for the Quarter Ending 6/30/19.

The Treasurer's Report was presented by Director of Finance, Joyce Machado. Machado reviewed the Treasurer's Report with the Committee, focusing on cash amounts, and reported that all required payments have been received timely, which allow the Authority to meet expenditure requirements. Machado also discussed the membership billings for the Activity Agreement budget. Member Sara Singleton made the motion to recommend the Board of Directors approve the Treasurer's Report. The motion was seconded by Alternate Steve Stadler and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Bourdeau, White, Singleton, Stadler, Phillips

NOES: None

ABSTENTIONS: None

7. Finance & Administration Committee to Consider Recommendation to the Board of Directors to Accept the FY17 Audited Financial Statements.

Bill Patterson of Sampson, Sampson, & Patterson, LLP presented the FY17 audited financial statements. Patterson stated that since the audit showed comparative financials, the Management's Discussion and Analysis was required to show three years of comparison. Mr. Patterson reviewed the FY17 audited financial statements in detail, and described a prior period adjustment that was made. Director of Finance, Joyce Machado, concluded that there were a few minor grammatical changes that will be made prior to final audit presentation at the Board of Directors Meeting but there will be no effect to the financials. Patterson also responded to questions regarding subsequent events. Alternate Steve Stadler made the motion to recommend that the Board of Directors accept the FY17 Audited Financial Statements. The motion was seconded by Member Sara Singleton and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Bourdeau, White, Singleton, Stadler, Phillips

NOES: None

ABSTENTIONS: None

8. Finance & Administration Committee to Consider Recommendation to the Board of Directors to Authorize Change to Employee Benefits Based on Benefit Survey.

Executive Director Federico Barajas presented the Authority's request for employee benefit enhancements. The request for approval of the enhancements were presented a few months prior when the updated employee handbook was reviewed and presented for recommendation for approval. The Committee did not approve the enhancements at that time, and had asked for more

information prior to approval. The enhancement includes three additions, the first being an increase to the number of holidays from nine to eleven. This addition accounts for Martin Luther King Jr. Day and one floating holiday of the employee's choosing. Barajas explained that this is to better align the Authority with federal and state observed holidays. The second request was for the employee vacation increase to four weeks to be triggered at the completion of an employee's 15th year rather than after year 20. The third is an increase in educational assistance from \$1,000 to \$3,000 per year. Currently two to three employees are taking advantage of this opportunity each year. The Authority's goal is to continue to promote the continuing education benefits for individuals with the requirement that education must be work related and must receive a passing grade. Assistant Executive Director Frances Mizuno explained that in addition to the survey used to support these benefit enhancements, the Authority did go back to verify and update any information necessary to align the Authority with other similar agencies. Chair and Member Rick Gilmore made the motion to recommend that the Board of Directors authorize change to employee benefits as presented. The motion was seconded by Ex Officio Member Cannon Michael and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Bourdeau, White, Singleton, Stadler, Phillips

NOES: None

ABSTENTIONS: None

REPORT ITEMS

9. Discussion Regarding Contents of Future Finance Packets/Treasurer's Report

Director of Finance Joyce Machado reviewed the current Treasurer's Report, and discussed a proposal to condense the Report to 3 pages versus the typical 20 pages, and continue compliance with all LAIF guidelines, related governmental codes, and the Water Authority's investment policy. The first change includes preparing the average yield calculation monthly rather than daily. Alternate Anthea Hansen questioned if we need to call out the cash balances for the fiduciary funds. Machado explained that currently this is not something the accounting department can provide on a quarterly basis but is something they are working on and hope to have ready within the next year. The next suggested change is to include a note stating "all required payments were made timely to meet all expenditure requirements" to effectively relay the information rather than preparing two additional pages of support. The last update to the Treasurer's Report would be to not provide the bank statements as part of the treasurer's report, instead provide them upon request.

The second proposed change in reports is to eliminate the O&M Self-Funding report and instead provide a DMC budget to actual report. This change will be at the end of this calendar year as all outstanding audits are being completed and the Intertie cost allocation negotiations will have come to an end. Assistant Executive Director Frances Mizuno added that a cover memo can be included with the DMC budget to actual report to reflect any outstanding or extraordinary items.

The last proposed change in reports is to eliminate the current Accounts Receivable one page report that is included in the financial and expenditures report, and instead provide a detail historical aged trial balance, which provides information on receivables that comes directly from the accounting system and can provide different levels of detail. Alternate Anthea Hansen suggested that a cover memo continue to be provided to include all known issues such as an anticipated PUE true-up.

10. FY19 Activities Budget to Actual through 7/31/19.

Director of Finance Joyce Machado reported on the Budget to Actual Comparison Summary for March 1, 2019 through July 31, 2019 for the member funded activities. Machado stated that for the five-month period, the budget was trending positive with overall spending through July 31, 2019 at 29.67% of the approved budget.

11. O&M Self-Funding

Director of Finance Joyce Machado reported to the Committee that for WY19 the self-funded routine O&M expenses through July 31, 2019 were under budget by \$1,148,507. Machado stated that for WY18 staff has begun the preliminary processes to complete the draft Contractor records. Machado stated that for WY17 the final reconciliations and allocation of costs are being completed as the fiscal year 2018 audit work papers are being finalized. The Authority is expecting the new auditor, Brian Nash from Richardson & Co. to begin the field audit on October 1, 2019 with goal of presenting to BOD in November. Machado added that the Intertie cost allocation still remains as an outstanding item.

12. Executive Director's Report

Executive Director Federico Barajas updated the Committee on the current efforts with Reclamation on the BF Sisk expansion. They are currently in the beginning stages of assessing the financial need to undertake the NEPA and feasibility requirements.

Executive Director Federico Barajas also provided a status update on the Chief Operating Officer Position. Several good candidates have applied and staff is currently going through the

screening process.

13. Reports Pursuant to Government Code Sec 54954.2(a)(3)

William Bourdeau was welcomed as a new member of the Finance & Administration Committee for Division 2; Bobbie Ormonde will remain the Alternate.

14. Adjournment.

The meeting was adjourned at approximately 1:15 p.m.