

SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
REGULAR FINANCE & ADMINISTRATION COMMITTEE
MEETING MINUTES FOR
May 16, 2019

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 8:35 a.m. for a regular meeting, with Chair Rick Gilmore presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Absent

Division 3

Chris White, Alternate for Jim O'Banion

Division 4

Sara Singleton, Member

Division 5

Bill Pucheu, Member

Friant Water Authority

Jason Phillips, Member

Board of Directors Present

Division 1

Anthea Hansen, Director

Rick Gilmore, Director

Division 2

Absent

Division 3

Chris White, Alternate

Cannon Michael, Director

Division 4

Sara Singleton, Alternate

Division 5

Bill Pucheu, Director

Authority Representatives Present

Federico Barajas, Executive Director

Frances Mizuno, Assistant Executive Director

Rebecca Akroyd, General Counsel
Lauren Neves, Accountant III
Melody Hernandez, Accounting Tech I
Scott Petersen, Water Policy Director

Others in Attendance

Don Willard, Friant Water Authority
Nina Hawk, Valley Water
Dennis Cardoza, Foley & Lardner LLP (via teleconference)
Bobbie Ormonde, Westlands Water District (via teleconference, participating as member of public)

1. Call to Order

Chair and Member Rick Gilmore called the meeting to order.

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 March 4, 2019 Meeting Minutes.

Ex Officio Member Cannon Michael made the motion to approve the March 4, 2019 meeting minutes. The motion was seconded by Member Sarah Singleton and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, White, Singleton, Pucheu, 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 3/31/19.

Accountant III Lauren Neves provided a brief review of the Treasurer's report for the quarter

ending 3/31/19 stating the cash balances and noting activity on membership billings. Member Bill Pucheu made the motion to accept the Treasurer's Report. The motion was seconded by Alternate Member Chris White and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, White, Singleton, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

7. Finance & Administration Committee to Consider Recommendation to the Board of Directors to Adopt Resolution Adopting Disclosure Procedures.

Executive Director Federico Barajas asked the Committee to refer to the two documents in their packet relating to this item, the first being a memo that provides background and summary of the recommendation and the second document containing the specific disclosure procedures. Barajas reminded the Committee that the Authority had been anticipating the need to look into acquiring bonds in order to fund future projects. Barajas added that the adoption of the disclosure procedures is another item that the Authority would need to have in place in order comply with bond financing requirements. Barajas noted that the document containing the specific disclosure procedures had been drafted in coordination and consultation with Bond Counsel Doug Brown and also feedback received from member agencies that already had disclosure procedures in place. Assistant Executive Director Frances Mizuno noted that the Disclosure Procedures document included in the Committee packet was a revised version that reflected comments/corrections received from the draft provided in the pre-packet. After Mizuno answered various questions from Committee members, Member Bill Pucheu made the motion to recommend the Resolution Adopting Disclosure Procedures. The motion was seconded by Alternate Member Sara Singleton and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, White, Singleton, Pucheu Phillips

NOES: None

ABSTENTIONS: None

REPORT ITEMS

8. FY19 Activities Budget to Actual through 2/28/19

Accountant III Lauren Neves reviewed the Budget to Actual Paid/Pending Comparison for FY19 through 2/28/19 included in the Committee packet. Neves stated that the budget for the twelve member funded activities for the full twelve months was trending positive with overall actual spending at 71.86% of the approved budget. Neves noted that detail on actual expenditures

and amounts remaining could be found on pages 3 and 4 of the report. Neves then asked the Committee to refer to page 5 column 5 and noted that the areas trending below budget were legal, technical, legislative advocacy and GBD Specific for a total of \$2,454,077 under budget through the 12-month period. Neves added that the anticipated excess had been captured and the FY19 fund balances were used to offset the current fiscal year dues.

9. O&M Self-Funding Update

Accountant III Lauren Neves reported to the Committee that for WY18 the O&M self-funded actual expenses through 2/28/19 were under budget by \$1,055,917. Neves stated that for WY17 the Contractor delivery and revenue reconciliations are complete and staff is working to finalize remaining reconciliations and allocation of known costs. Neves stated that for WY16 the final accountings excluding Intertie are complete and invoices and Contractor records were mailed out on April 12, 2019 with an overall credit of \$776,419.40. Neves added that the Intertie true-up remains an outstanding item and asked the Committee to refer to the position analysis for WY12 through WY18 included in their packet which shows an estimated overall excess collection of \$713,685.56.

10. Financial Audit Update

Accountant III Lauren Neves asked the Committee to refer to the last page in their packet for the Financial Audit Update. Neves reported to the Committee that the FY16 field audit was completed on 4/26/19. Neves stated that the FY17 field audit is scheduled to begin in June 2019 and staff plans to present the results at the August 2019 Board meeting. Neves added that audit testing for FY18 and FY19 is scheduled to begin July 2019 and will be performed by Richardson & Company, LLP. Neves noted that Richardson is planning to complete the FY18 and FY19 audits concurrently in order to get the Authority current. Neves stated that staff's goal is to present the results of the FY18 audit at the October 2019 Board meeting and FY19 no later than the December 2019 Board meeting. Member Sara Singleton asked when the results of the previous outstanding audits would be presented to the Board. Neves stated that FY16 would be presented at the July 2019 Board meeting and FY17 at the August 2019 Board meeting.

II. Water Infrastructure Finance and Innovation Act (WIFIA) Funding Opportunity

Assistant Executive Director Frances Mizuno stated that as part of seeking funding for the Jones Pumping Plant rewind projects, staff had looked into WIFIA funding as an option. Mizuno then provided the Committee with a brief background on WIFIA funding, the basic criteria needed

in order to qualify, and how the loan would work. Mizuno stated that the Authority would need to first submit a letter of interest by July 5, 2019 providing a description of the project and what the needs are and after 3 months, if selected would then submit an application package. Mizuno added that the letter of interest would need to include 3 years of audited financial statements and that the application would need to include a preliminary credit rating. Mizuno suggested moving forward with submittal, but that staff would need assistance from outside consultants/financial advisor in order to compile all the necessary information by July 5th. Mizuno added that if selected all cost incurred from preparation can be included as part of the loan for the project. Mizuno noted that the two most important issues staff needs to address in order to ensure qualification for funding is getting the financial audits caught up and also renewing the O&M transfer agreement with Reclamation, both by the end of the calendar year.

12. Reports Pursuant to Government Code Sec 54954.2

Executive Director Federico Barajas gave a brief report regarding productive meetings during the recent ACWA conference.

13. Adjournment.

The meeting was adjourned at approximately 9:15 a.m.