



MEMORANDUM

TO: SLDMWA Finance & Administration Committee, Board of Directors

FROM: Pablo Arroyave, Chief Operating Officer
Frances Mizuno, Outside Consultant
Rebecca Akroyd, General Counsel

DATE: May 9, 2022

RE: San Luis Transmission Project Overview

BACKGROUND

This summary memorandum is intended provide an update on the purpose and status of various San Luis Transmission Project documents and actions.

SUMMARY TABLE

Document/Action	Purpose/Function	Status/Next Steps	Completion
SLTP EIS/EIR	Satisfy environmental review requirements for the SLTP.	EIS/EIR certified in 2016, concurrent with SLDMWA adoption of CEQA Findings of Fact, Mitigation Measures, Mitigation Monitoring and Reporting Program, and Statement of Overriding Considerations.	03/2016
SLDMWA Board Resolution 2021-489	Provide for issuance of revenue bonds to finance the SLTP, authorize the execution of certain documents and other actions in connection therewith.	Adoption authorized the sale and issuance of bonds in an aggregate principal amount not to exceed \$410m.	10/04/2021
-Indenture of Trust	Provide for the authentication and delivery of bonds, establish and declare terms and conditions upon which Bonds are to be issued and secured, and to secure payment of principal thereof and interest and premium, if any.	Approved by SLDMWA Board. SLDMWA authorized to execute and deliver with changes as recommended by General Counsel or Bond Counsel.	Substantially complete; finalized after sale of bonds and before bond closing.

-Continuing Disclosure Certificate	Benefit holders and beneficial owners of Bonds and assist participating underwriter in complying with Rule 15c2-12 adopted by the SEC.	Approved by SLDMWA Board. SLDMWA authorized to execute and deliver with changes as recommended by General Counsel or Bond Counsel.	Substantially complete; finalized after sale of bonds and before bond closing.
-Advanced Payment Project Agreement	Provide advanced payment to SLDMWA of certain costs in connection with SLTP; protection if payment by BOR not received in a given year.	Executed by WWD/SLWD.	01/26/2022
-Good Faith Estimate of Costs	Satisfy Gov. Code section 5852.1 requirement for good faith estimates.	Acknowledged by the Board through adoption of Resolution.	10/04/2021
Letter of Intent to Execute TSA between SLDMWA and Golden State Transmission	Memorialize parties' intent to execute a TSA for 600 MW of south to north capacity on SLTP.	Executed on 1/20/2022. As of 4/15/2022, modifications being drafted by GS to address changed conditions/propose modified terms.	01/20/2022
Position in WAPA Queue	Ensure construction priority of SLTP.	SLTP has achieved #1 position in WAPA queue.	03/24/2022
Project Development Agreement	Memorialize WAPA/SLDMWA agreement regarding funding for construction of bi-directional SLTP, various commitments.	Effectively complete, but cannot finalize until issues with MOU are resolved. Will need to circulate for Board/FAC review prior to action.	TBD
Memorandum of Understanding	Memorialize WAPA / SLDMWA / BOR agreement regarding schedule for reassignment rate and payment process for 35-year term of PDA.	Need to resolve outstanding issues associated with delay in construction, interruption of service after catastrophic event. Will need to circulate for Board/FAC review prior to action.	TBD
Transmission Service Agreements (WAPA)	Memorialize WAPA/SLDMWA agreement regarding terms for assignment of 600 MW of bi-directional capacity from WAPA to SLDMWA. Three separate TSAs: 1. 400 MW N-S with reassignment to WAPA 2. 600 MW S-N 3. 200 MW N-S	To be drafted following finalization of PDA and MOU terms.	TBD

SLTP Fixed Cost Project Agreement	To enable signatories to “backstop” bond payments in event of delay in energization or catastrophic event.	Currently seeking indication of which members may be willing to sign on. Will take to FAC/BOD for action at later date, likely in conjunction with action on PDA and MOU.	TBD
Transmission Service Agreements (GST)	Memorialize GST/SLDMWA agreement regarding terms for purchase of 600 MW of south to north capacity on SLTP.	Drafting to begin following amendment of LOI terms; execution to follow GST adoption of binding term sheet with BANC.	TBD
SLDMWA Board Action to Issue Bonds, Commercial Paper	Fund construction of SLTP. Primarily fund interest on 2022 Bonds in event of delay in Energization. Possibly fund a portion of construction of SLTP, if needed.	To occur following execution of PDA, MOU, TSAs with WAPA, Fixed Cost Project Agreement and TSA with GST.	TBD

NEXT STEPS

- Staff to meet with Reclamation to review mitigation strategies
- “Backstop” agreement members to finalize and approve agreement in late May
- Finalize MOU with Reclamation and WAPA, provide review opportunities
- Develop and negotiate TSA with GST
- Bring PDA, MOU, TSAs, and Backstop Agreement to Water Authority Board at June Board meeting
- Estimated closing in August 2022