

**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 APRIL 4, 2022**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 12:12 p.m. via teleconference in accordance with Government Code section 54953(e) and Resolution No. 2022-505 adopted by the Board of Directors on March 10, 2022 with Ex Officio Cannon Michael presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael
William Bourdeau

Division 1

Anthea Hansen, Alternate for Rick Gilmore

Division 2

Bobbie Ormonde, Member

Division 3

None

Division 4

Dara Singleton, Member - Dana Jacobson, Alternate

Division 5

Manny Amorelli, Alternate for Bill Pucheu

Friant Water Authority

Jason Phillips, Member - Wilson Orvis, Alternate

Board of Directors Present

Division 1

Anthea Hansen, Director

Division 2

William Bourdeau, Director
Ara Azhderian, Alternate

Division 3

Cannon Michael, Director

Division 4

Absent

Division 5

Manny Amorelli, Director

Authority Representatives Present

Federico Barajas, Executive Director
Rebecca Akroyd, General Counsel
Pablo Arroyave, Chief Operating Officer
Jessica Gerard, Accounting Tech I
Darlene Neves, Operational Accounting Supervisor
Stewart Davis, IT Officer

1. Call to Order/Roll Call

Ex Officio Member and Acting Chair Cannon Michael called the meeting to order, 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 March 7, 2022 Meeting Minutes.

Ex Officio Member and Acting Chair Michael Cannon pronounced the March 7, 2022 meeting minutes approved without correction.

REPORT ITEMS

5. Discussion Regarding Cost Allocation of Various Activity/Fund Budgets

Executive Director Federico Barajas presented a worksheet detailing the FY23 Activity Agreement budget line items included in the General Membership (Fund 03) and Leg/Ops (Fund 05). The line items were broken down into the following four categories: Legal, Technical, Legislative Advocacy / Public Information Representation and Other. General Counsel Rebecca Akroyd described the activities funded by the legal category, and Barajas reviewed and described the activities funded by the remaining three categories. Barajas indicated that in the interest of advancing discussion regarding cost allocation of these activity agreement funds, staff will review these expenditures and consider whether any should be realigned from one budget to another in the interest of reducing costs.

6. FY22 Activity Agreements Budget to Actual Report through 2/28/22

Chief Operating Officer Pablo Arroyave reported on the Budget to Actual Comparison Summary through February 28, 2022 for the member-funded activities. Arroyave stated that the

majority of line items are trending below budget with two exceptions: Los Vaqueros Reservoir Expansion (134.06% over budget) and Long-Term North to South Water Transfer (238.78% over budget). Overall actual spending through February 28, 2022 is trending positive at 71.52% of the approved budget.

7. FY22 O&M Budget to Actual Report through 2/28/22

Chief Operating Officer Pablo Arroyave reported that the WY21 self-funded routine O&M expenses through February 28, 2022 were under budget by \$2,170,500. The final accountings for WY20 and WY21 remain outstanding, as well as the Intertie O&M cost recovery. Arroyave stated that the WY20 draft contractor records were mailed out on March 17, 2002 and districts have 30 days to review and report any exceptions.

8. Procurement Activity Report

Chief Operating Officer Pablo Arroyave presented the procurement activity for the period of March 3rd through March 30th. On February 10th, the Authority executed a contract with CDM Smith, Inc. for the DMC Subsidence Correction Project Feasibility Study in the amount of \$2,395,529.00. It was noted that this agreement was executed February 2022 following Board action. On March 14th, the Authority executed a contract with American Carrier Equipment Trailer Sales, LLC for the Replacement Purchase of Steel Bottom Dump Trailer in the amount of \$62,850.60. The funding source for both aforementioned agreements is the EO&M budget. There were no contract change orders issued during this report period.

9. Executive Director's Report

Executive Director Federico Barajas provided two updates to the committee. The first update was regarding the DMC Subsidence Correction Project. Barajas stated the Authority was in the process of finalizing a state funding agreement with the Department of Water Resources for \$3.3 million dollars.

Next, Barajas referred to Frances Mizuno of Mizuno Consulting, along with Robert Porr and Lora Carpenter of Fieldman, Rolapp & Associates, to provide a status update on the San Luis Transmission Project. Mizuno stated the Authority has been negotiating with WAPA and Reclamation on drafting the Project Development Agreement (PDA), Memorandum of Understanding (MOU), and Transmission Services Agreements (TSA). The PDA is in final draft form, but there is one outstanding issue concerning the MOU.

Mizuno updated the committee on a Letter of Intent (LOI) approved by the Board which allows the Authority to replace Golden State Transmissions as first in the WAPA queue. This

allows the Authority to proceed with the SLTP once the PDA and TSAs are executed.

Robert Porr then introduced Eric Rodriguez from Citigroup to provide an update on market conditions. At the conclusion of Rodriguez' presentation, Porr and Carpenter presented on the risk of a delay in construction of the SLTP. Due to WAPA and Reclamation's inability to pay rates to SLDMWA when SLTP is not energized or in-service, in the event of a construction delay, the Authority will not receive the payments needed to make the Bond debt service payment(s) when due. Porr and Carpenter presented the following possible solutions in the event of a construction delay: Authority Members willing to make such payments would execute a "backstop agreement" to make such payments until energization of SLTP. Porr and Carpenter outlined the following two option to mitigate the risk of a delay:

- (1) Borrow more funds to capitalize interest beyond assumed Energization Date of November 1, 2026
- (2) Upon notice of delay, borrow additional funds to make payments on the revenue bonds until SLTP is energized

10. Committee Member Reports

Alternate Member Wilson Orvis stated that Reclamation has started releases from Friant Reservoir to meet the Exchange Contractor delivery demands. Orvis added that the Friant Cost Recovery Plan does not address these releases and deliveries, and will be reaching out to the Authority staff on how the Friant Reservoir releases and deliveries to the Exchange Contractors will be handled.

11. Reports Pursuant to Government Code Sec 54954.2

No reports given.

12. Adjournment.

The meeting was adjourned at approximately 1:39 p.m.