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SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
MINUTES
FINANCE & ADMINISTRATION COMMITTEE
FEBRUARY 5, 2018

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority met at approximately 12:15 p.m. at 842 6th Street in Los Banos with Chairman Bill Pucheu presiding.

FAC Committee Members Present

Ex-Officio

Cannon Michael

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Don Peracchi, Member

Division 3

Chris White, Alternate for Jim O'Banion

Division 4

Absent

Division 5

Bill Pucheu, Chair and Member - Steve Stadler, Alternate

Friant Water Authority

Jason Philips, Member

Authority Representatives Present

Frances Mizuno, Assistant Executive Director

Jon Rubin, Interim Executive Director and General Counsel

Rebecca Akroyd, Deputy General Counsel

Tona Mederios, Director of Finance

Darlene Neves, Accountant II

Joyce Machado, Supervisor of Accounting

Melody Hernandez, Accounting Tech I

Others Present

Bill Patterson, Sampson, Sampson, and Patterson, CPA's

Ryan Phillips, Friant Water Authority

Frances Brewster, Santa Clara Valley Water District

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1. **Call to Order**

Chair and Member Bill Pucheu called the meeting to order.

2. **Pledge of Allegiance**

The Pledge of Allegiance was recited.

3. **Additions or Corrections to the Agenda**

A correction to Item 5 was noted.

4. **Opportunity for Public Comment**

Don Peracchi indicated that Westlands Water District had not approved its budget and therefore had not determined if Westlands would have funds available for contribution to activities contemplated in the Activity Budget for FY19.

ACTION ITEMS

5. **Committee to Consider Approval of the November 6, 2017, December 4, 2017 and January 8, 2018 Meeting Minutes.**

Executive Director/General Counsel Jon Rubin informed the Committee that there were some formatting and grammatical errors and if the Committee was comfortable to approve, corrections would be made later. Member Don Peracchi made a motion to approve the meeting minutes. The motion was seconded by Member Rick Gilmore and passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Peracchi, White, Pucheu, Phillips
NOES: None
ABSTENTIONS: None

6. **Finance & Administration Committee to Consider Recommending the Board of Directors Approve the FY15 Audited Financial Statements.**

Director of Finance Tona Mederios introduced external auditor Bill Patterson from Sampson, Sampson & Patterson, LLP Certified Public Accountants. Mederios noted a correction to be made on the final version to delete Pajaro Valley Water Management Agency as they were not a member in FY15. Mr. Patterson presented the draft FY15 audited financial statements, noting that the audit received an unqualified opinion. Mr. Patterson explained the draft FY15 audited financial statements in detail.

Member Rick Gilmore made the motion recommending to the Board of Directors to approve the FY15 Audited Financial Statements and the motion was seconded by Member Don Peracchi. The motion passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Peracchi, White, Pucheu, Phillips
NOES: None
ABSTENTIONS: None

7. **Finance & Administration Committee to Review and Consider Making a Recommendation to the Board of Directors to Accept the Treasurer's Report for the Quarter Ending 12/31/17.**

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Director of Finance Tona Mederios reported that she had pulled the Treasurer's Report from being an action item. Mederios stated that after reviewing policy she realized the report was not in compliance. Mederios plans to make corrections to this report and also review the 6/30/17 and 9/30/17 reports for any corrections needed. Any revisions will be brought back to the FAC for review and approval. Mederios also stated that there are no recommended changes to the Investment Policy for CY2018. There was no action necessary.

8. Finance & Administration Committee to Consider Recommendation to the Board of Directors for Adjustments in Executive Compensation, including Executive Director, Assistant Executive Director, and General Counsel.

Assistant Executive Director Frances Mizuno asked the Committee to refer to the Executive Salaries worksheet and salary survey information. Mizuno asked the FAC to address any salary changes for the open Executive Director, General Counsel, and Assistant Executive Director positions. Member Gilmore suggested to not change the Executive Director compensation at this time and to leave as is until the recruitment process begins. Member Gilmore also suggested a 3% salary increase for the Assistant Executive Director and for the General Counsel salary to be the same as the General Counsel position at KCWA per Salary Survey sheet. Member Rick Gilmore made the motion recommending to the Board of Directors to approve the recommended adjustments and the motion was seconded by member Don Peracchi. The motion passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Peracchi, White, Pucheu, Phillips
NOES: None
ABSTENTIONS: None

9. Finance & Administration Committee to Consider Recommendation to the Board of Directors for Compensation for the Interim Executive Director/General Counsel.

Member Rick Gilmore recommended that Interim Executive Director/General Counsel receive a 3% salary increase retroactive to January 29, 2018 when he took the Interim Executive Director position and then a 3% salary increase be applied to new General Counsel position salary on March 1, 2018 for the duration of the Interim Executive Director position. Member Rick Gilmore made the motion recommending to the Board of Directors to approve the compensation for the Interim Executive Director/General Counsel, and the motion was seconded by Member Don Peracchi. The motion passed unanimously. The Committee action is reported as follows:

AYES: Michael, Gilmore, Peracchi, White, Pucheu, Phillips
NOES: None
ABSTENTIONS: None

10. Finance and Administration Committee to Consider Recommendation to the Board of Directors for Approval of Initial WY18 O&M Rates.

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Assistant Executive Director Frances Mizuno stated that the Bureau of Reclamation had yet to announce any water supply allocation. Mizuno also added that the contract for the “Unit 6 Rewind Project” was not yet in place, therefore the payment obligation is unknown. Mizuno recommended to the Committee that the Authority retain the current WY17 rates until final allocation from BOR is announced and then establish the rates retroactively to March 1, 2018. New rates would most likely be calculated by late April or early May, depending how soon allocation is set. Director of Finance Tona Mederios explained to Committee that rates were not based solely on allocation from BOR, but that the Authority needs to survey the Contractors for their estimated deliveries for WY18. Member Anthea Hansen suggested that rates be calculated now based on a 30% - 40% allocation so that the rates can be set before March 1, 2018. The other Committee members agreed with Hansen’s suggestion. Mizuno indicated that the Authority will survey the Contractors based on a 35% allocation to calculate the rates and present to the Finance & Administration Committee and Board of Directors at special meetings via teleconference on February 21, 2018. The Committee deferred formal action until the special teleconference meeting.

II. Finance & Administration Committee to Consider Recommendation to the Board of Directors for Approval of the Activity Budget for FY19.

Assistant Executive Director Frances Mizuno asked Committee to refer to the binder provided. Mizuno stated that the budget was essentially the same as presented at the last special Board of Directors meeting with the exception of a few changes. Mizuno explained the changes in detail, indicated the budget would be revised to reflect the compensation adjustments discussed previously if adopted by the Board of Directors, and noted that budget expenditures for DMC is budgeted at \$21,800,000.00. Supervisor of General Accounting Joyce Machado then asked Committee to refer to the Illustration of Impact to FY19 Membership Assessments after combining Leg Ops 1, Leg Ops 2 and Dips into a new fund called Leg Ops. Machado explained the illustration in detail and also estimated refund to members. Assistant Executive Director Frances Mizuno added further explanation as to how the close out and true up process will work. Member Peracchi commented that Westlands Water District was not sure if it would be participating in activity agreements and will make final decision at their upcoming meeting. Mizuno recommended still moving forward with budget as is and if Westlands Water District decides to withdraw it can be revisited with the Finance & Administration Committee and Board of Directors. Member Rick Gilmore made the motion recommending to the Board of Directors to approve the Activity Budget FY19, and the motion was seconded by Chair and Member Bill Pucheu. The motion passed. The Committee action is reported as follows:

AYES: Gilmore, White, Pucheu
NOES: None
ABSTENTIONS: Peracchi

REPORT ITEMS

12. Financial Audit Update

Director of Finance Tona Mederios reviewed the updated audit schedule in the packet. Mederios

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reported that FY15 audit will be presented to the BOD on Thursday. Mederios stated that the FY16 audit completion has been pushed to next fiscal year. Mederios added that staff is committed to completing three audits in FY19 (FY16, FY17 and FY18).

13. O&M Self-Funding Update

Director of Finance Tona Mederios reported that the WY15 final accounting had been completed excluding Intertie and Intertie PUE true up. Mederios reviewed the report in the packet. Mederios explained in detail actual expenses and revenue compared to budgeted amounts, net results by cost pools and results by contractor. Mederios noted that the WY15 Final O&M Accounting, excluding Intertie resulted in a net credit position of \$4,300,000.00, and that the Contractor Records will be sent out to Contractors on February 15, 2018. Contractors can either request a refund or apply their credit to a future water year.

14. Reports Pursuant to Government Code Sec 54954.2

None.

15. Adjournment

The meeting was adjourned at approximately 2:00 p.m.

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
SPECIAL TELEPHONIC FINANCE & ADMINISTRATION
COMMITTEE MEETING
MINUTES FOR February 21, 2018**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 2:00 p.m. for a Special Telephonic meeting, with Chair Bill Pucheu presiding.

Members and Alternate Members in Attendance

Ex Officio

Cannon Michael, Chair of Board of Directors

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Don Peracchi, Member - Bobbie Ormonde, Alternate

Division 3

James O'Banion, Member - Chris White, Alternate

Division 4

Sara Singleton, Member - Dana Singleton, Alternate

Division 5

Bill Pucheu, Member - Steve Stadler, Alternate

Friant Water Authority

Authority Representatives Present

Frances Mizuno, Assistant Executive Director

Jon Rubin, General Counsel

Tona Mederios, Director of Finance

Joyce Machado, Supervisor of Accounting

Others in Attendance

None

1. Call to Order/Roll Call

Meeting and roll was called.

ACTION ITEMS

2. Board of Directors to Consider Approval of WY18 O&M Rates.

Director of Finance Tona Mederios reviewed the WY18 O&M rates, as presented in the material provided to the Finance & Administration Committee. On a motion of Member Rick Gilmore, seconded by Member Don Peracchi, the Finance & Administration Committee

approved the WY18 O&M Rates.

The vote on the motion was as follows:

AYES: Michael, Gilmore, Peracchi, O'Banion, Singleton, Pucheu

NAYS: None

ABSTENTIONS: None

REPORT ITEMS

3. Report on Westlands Water District General Manager's 2018-2019 Budget Projected Expense for Water Authority FYE19 Activity Budget Assessment.

Interim Executive Director and General Counsel informed the Finance & Administration Committee that Westlands Water District approved its General Manager's 2018-2019 budget with projected expense for the approved, Water Authority FY19 Activity Budget.

4. Adjournment.

The meeting was adjourned at approximately 2:25 p.m.

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY
ADJOURNED REGULAR FINANCE & ADMINISTRATION
COMMITTEE MEETING
MINUTES FOR APRIL 5, 2018**

The Finance & Administration Committee of the San Luis & Delta-Mendota Water Authority convened at approximately 9:10 a.m. for an adjourned regular meeting, with Chair Bill Pucheu presiding.

Members and Alternate Members in Attendance

Ex Officio

Don Peracchi

Division 1

Rick Gilmore, Member - Anthea Hansen, Alternate

Division 2

Absent

Division 3

Chris White, Alternate

Division 4

Absent

Division 5

Bill Pucheu, Member

Friant Water Authority

Doug DeFlicht, Alternate for Jason Phillips (via teleconference)

Authority Representatives Present

Frances Mizuno, Assistant Executive Director

Jon Rubin, General Counsel

Tona Mederios, Director of Finance

Joyce Machado, Supervisor of Accounting

Rebecca Akroyd, Deputy General Counsel

Melody Hernandez, Accounting Tech I

Others in Attendance

Sabri Ozun, Panoche Water District

Don Wright, Waterwrights.net

Don Willard, Friant Water Authority (via teleconference)

1. Call to Order

Chair and Member Bill Pucheu 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 February 5, 2018, and February 21, 2018 Meeting Minutes.**

Member Don Peracchi made the motion to approve the February 5, 2018 and February 21, 2018 meeting minutes. The motion was seconded by member Rick Gilmore and passed unanimously. The Committee action is reported as follows:

AYES: Peracchi, Gilmore, White, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

2. **Finance & Administration Committee to Review and Consider Making a Recommendation to the Board of Directors to Accept the Revised 6/30/17 and the Revised 9/30/17 Treasurer's Reports, and the Treasurer's Report for the Quarter Ending 12/31/17.**

Director of Finance Tona Mederios reported to the Committee that the only change made to the 6/30/17 Treasurer's Report was the position of the escrow account from being reported at a cost basis vs the market value. The same change was made to the 9/30/17 report. Mederios also reviewed the 12/31/17 report which included additional detail and informed the Committee that the more detailed report with supporting documentation would be provided in the future. Member Rick Gilmore made a motion recommending to the Board of Directors to approve the revised 6/30/17 and 9/30/17 Treasurer's Reports and the 12/31/17 Treasurer's Report. The motion was seconded by Member Don Peracchi and passed unanimously. The Committee action is reported as follows:

AYES: Peracchi, Gilmore, White, Pucheu, Phillips

NOES: None

ABSTENTIONS: None

3. **Reports Pursuant to Government Code Sec 54954.2**

There were no reports.

4. Adjournment.

The meeting was adjourned at approximately 9:20 a.m.