

April 14, 2021
Special Meeting
5:03 p.m.

On March 12, 2020, Governor Newsom issued Executive Order N-25-20, which enhances State and Local Governments' ability to respond to COVID-19 Pandemic; this meeting was conducted with some members participating via conference phone. Because of this, all voting was done by roll call vote.

The Board of Directors of the San Benito County Water District convened in special session on Wednesday, April 14, 2021 at 5:03 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present at the District were: President Doug Williams and Director John Tobias. Participating virtually were Directors Sonny Flores and Andrew Shelton; Vice President Joe Tonascia was absent. Also present at the District were Assistant Manager Sara Singleton, Deputy District Engineer Garrett Haertel, Water Conservation Program Manager Shawn Novack and Board Clerk/Office Specialist III Barbara Mauro. Participating virtually were District Manager/Engineer Jeff Cattaneo, District Counsel Jeremy T. Liem and Finance Manager Natalie Sullivan.

CALL TO ORDER

President Williams called the meeting to order at 5:03 p.m.

a. Pledge of Allegiance

President Williams led the Pledge of Allegiance.

b. Roll Call

Mrs. Mauro called roll. President Williams and Director Tobias were present at the District, Directors Flores and Shelton participated virtually and Vice President Tonascia was absent.

c. Speakers will be limited to 5 minutes to address the Board

There were no public comments.

AGENDA ITEMS:

1. FY 19-20 Comprehensive Annual Financial Report and Audit

Mrs. Singleton stated this item comes to the Board with the recommendation of the Finance Committee. She added, the report is later than usual due to the challenges associated with COVID-19. Mrs. Singleton introduced Patricia Kaufman who will be giving the presentation.

a. Presentation by McGilloway, Ray, Brown & Kaufman

Ms. Kaufman is an audit partner with McGilloway, Ray, Brown & Kaufman and this presentation is on the report as of June 30, 2020. Ms. Kaufman presented the information using a PowerPoint Presentation. She stated the District had an unmodified opinion, which is the highest you can receive. She further stated the District received the GFOA Award of Excellence and she expects the District will receive it again for this year.

Ms. Kaufman stated everything checked out perfectly and all appropriate policies are in place. There were no transactions that lacked guidance.

Mr. Cattaneo added the importance of ensuring other obligations are fully considered. Mrs. Singleton added Mr. Cattaneo is specifically referring to the refinancing of the UAL by the bond issuance, which is the next agenda item. Because of CalPERS there are a lot of factors to be considered and the Board will be considering approval of a Debt Management Policy at a later meeting to be proactive in these matters.

Ms. Kaufman agreed these are important topics. She concluded that there were no difficulties encountered working with the District and she thanked both Mrs. Singleton and Mrs. Sullivan for their competent information.

b. Consider Acceptance and Authorize Distribution

With no further questions from the Board, a motion was made by Director Flores and seconded by Director Tobias, the Board of Directors Accepted the FY 19-20 Comprehensive Annual Report and Audit and Authorized Distribution by 4 affirmative votes, Williams, Flores, Shelton and Tobias and 1 absence, Tonascia.

2. Consider Resolution Authorizing a Financing Agreement and Irrevocable Payment Instructions providing for the Refinancing of the District's Outstanding CalPERS Unfunded Accrued Liability (UAL)

Mrs. Singleton stated at the last Board meeting, the Board approved the term sheets and to move forward with Sterling National Bank. The documents related to this action have all been prepared by the District's Bond Counsel and reviewed by District Counsel. The amounts shown are estimates. Mrs. Singleton stated this comes before the Board with the recommendation of the Finance Committee. In financing the UAL with the bond issuance instead of through CalPERS, the District will realize an estimated savings of \$1.5 million over 25 years. Additionally, the District will be considering a Debt Management Policy.

Mr. Cattaneo asked if the issue of a default interest rate was resolved. Mr. Weist stated yes, Sterling has agreed to remove the default penalty interest rate.

Mr. Weist, the District's Bond Counsel, used a PowerPoint Presentation to review the agenda item. The amount of \$2.9 million for the UAL is as of 2019. He also added the importance of being proactive and having a Debt Management Policy in place.

Mr. Cattaneo asked Mr. Weist to explain the Ramp-Up phrase that CalPERS uses. Mr. Weist stated annually CalPERS assesses your plans and creates an amortization schedule. However, they use a phased in basis for repayment, with the percentage gradually increasing each year. Mr. Cattaneo added the District would be operating off of a negative amortization rate, so the District would not be paying the real debt. Payment of the UAL to CalPERS does not eliminate the possibility of future UAL. Mrs. Singleton added these are the reasons why having a debt management policy is so important, so the District can be proactive.

Mr. Weist reviewed the legal issues which are the Financing Agreement and the Irrevocable Payment Instructions. He further reported the District is in good fiscal health.

Mrs. Singleton added two comments regarding the Financing Agreements. The first, it has been negotiated with Sterling to remove the default rate, which if implemented, would have increased the interest by 3%. The second, the borrowing entity in the paperwork states it is Zone 6, which in fact, it is all Zones.

Mr. Weist stated the payment instructions are simply for the payment to go from Sterling directly to CalPERS. The next steps are an anticipated closing date of April 29th.

Mr. Cattaneo recognized all the work done by Mrs. Singleton and Mr. Weist to put this all together.

With no questions from the Board, a motion was made by Director Tobias and seconded by Director Flores, the Board of Directors approved Resolution #2021-05, *A Resolution of the Board of Directors of the San Benito County Water District Authorizing a Financing Agreement and Irrevocable Payment Instructions providing for the Refinancing of the District's Outstanding CalPERS Unfunded Accrued Liability (UAL)* by 4 affirmative votes, Williams, Flores, Shelton and Tobias and 1 absence, Tonascia.

3. Discuss and Consider Adoption of the Findings of a Categorical Exemption, Section 15301, Class 6 action, for Groundwater Sustainability Plan – Deep Groundwater Monitoring Wells: California Environmental Quality Act (CEQA), Notice of Exemption for drilling deep monitoring wells in the North San Benito Basin and authorize the District Manager to file the Notice of Exemption with the San Benito County Clerk and the State of California Office of Planning and Research

Mr. Haertel stated this item is for a technical study dedicated to monitoring wells. This agenda item is for deep groundwater monitoring wells and because it is a study, that is the reason it qualifies for the categorical exemption through CEQA. Mr. Haertel further stated agenda item #4 is the same, but for shallow monitoring wells.

With no questions from the Board, a motion was made by Director Shelton and seconded by Director Flores, the Board of Directors approved the Adoption of the Findings of a Categorical Exemption, Section 15301, Class 6 action, for Groundwater Sustainability Plan – Deep Groundwater Monitoring Wells: California Environmental Quality Act (CEQA), Notice of Exemption for drilling deep monitoring wells in the North San Benito Basin and authorized the District Manager to file the Notice of Exemption with the San Benito County Clerk and the State of California Office of Planning and Research by 4 affirmative votes, Williams, Flores, Shelton and Tobias and 1 absence, Tonascia.

4. Discuss and Consider Adoption of the Findings of a Categorical Exemption, Section 15301, Class 6 action, for Groundwater Sustainability Plan – Shallow Groundwater Monitoring Wells: California Environmental Quality Act (CEQA), Notice of Exemption for drilling deep monitoring wells in the North San Benito Basin and authorize the District Manager to file the Notice of Exemption with the San Benito County Clerk and the State of California Office of Planning and Research

Mr. Haertel stated, as mentioned in agenda item #3, this item is the same, but for shallow monitoring wells and also qualifies for the categorical exemption through CEQA. Mr. Haertel brought to the Board's attention, there is a typographical error in the title of this item. This agenda item is for "shallow" monitoring wells and the error is following "Notice of Exemption for drilling "deep" monitoring wells. Mr. Liem pointed out the wording is correct in the title following the wording for the categorical exemption; he stated this is fine as long as the Board approves this item for "shallow" monitoring wells.

With no questions from the Board, a motion was made by Director Tobias and seconded by Director Shelton, the Board of Directors approved the Adoption of the Findings of a Categorical Exemption, Section 15301, Class 6 action, for Groundwater Sustainability Plan – Shallow Groundwater Monitoring Wells: California Environmental Quality Act (CEQA), Notice of Exemption for drilling shallow monitoring wells in the North San Benito Basin and authorized the District Manager to file the Notice of Exemption with the San Benito County Clerk and the State of California Office of Planning and Research by 4 affirmative votes, Williams, Flores, Shelton and Tobias and 1 absence, Tonascia.

ADJOURNMENT

With no further business to discuss, the meeting was adjourned at 6:00 p.m.

Approved at the April 28, 2021 Board meeting and signed by the presiding board member.

/s/Doug Williams
Doug Williams, President

/s/Barbara L. Mauro
Barbara L. Mauro, Board Clerk