

October 17, 2024
Special Meeting
5:00 p.m.

The Board of Directors of the San Benito County Water District convened in special session on Thursday, October 17, 2024 at 4:00 p.m. at the San Benito County Water District office at 30 Mansfield Road, Hollister, California. Members present were: President Andrew Shelton, Vice President Doug Williams and Directors Sonny Flores, Joe Tonascia and Mark Wright. Also present were Interim General Manager Jeff Cattaneo, District Counsel Jeremy T. Liem, Interim Manager of Administration, Finance and Business Services Brett Miller, Water Conservation Program Manager Jennifer Cosio Arellano, Human Resources/Administrative Analyst Cindy Tyler, Office Specialist I Shannon Darnall. Executive Assistant/Board Clerk Barbara Mauro participated via Zoom.

CALL TO ORDER

President Shelton called the meeting to order at 5:00 pm.

- a. **Pledge of Allegiance to the Flag**
President Shelton led the Pledge of Allegiance.
- b. **Roll Call**
Mrs. Mauro called roll; members present were: President Shelton, Vice President Williams and Directors Flores, Tonascia and Wright.
- c. **Speakers will be limited to 5 minutes to address the Board**
- d. **Approval of the Agenda**
Per District Counsel, Approval of Agenda was not on the original agenda, and he asked to add it. With a motion by Director Tonascia and a second by Director Flores, the Agenda was approved by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

AGENDA ITEMS:

1. **Discuss and Consider Bond Financing for the Accelerated Drought Response Project (ADRoP) and Approve the following Resolutions necessary for the Bond Financing:**
Mr. Miller stated this agenda item is related to bond financing that will be used for the ADRoP Project.

Using a PowerPoint presentation, Eileen Gallagher, from Stifel, reviewed the bond information. Ms. Gallagher stated there are upcoming programs, ADRoP and the B F Sisk Dam Project that will need a large amount of capital. ADRoP will likely need approximately \$30 million. The bonds will likely be taken out in 2025 and they will be Water Revenue Bonds. She further reviewed the team that would be working on this financing. Ms. Gallagher further stated a JPA with the California Statewide Communities Development Authority needed to be formed as well. The key steps would be to create a financing plan, prepare for a bond sale (which the Board would need to approve the related documents for), and then the bond pricing/closing. She further

reviewed the 2023 District rate study and added the reliability charge, referenced in the study, was not in place yet. Ms. Gallagher stated the District has three outstanding loans, has strong financials with minimal debt. She reviewed the structure for the Water Revenue Bonds and stated the security for the bonds would be the District's Net Water Revenues.

James Wawrzyniak, of Jones Hall, continued with the PowerPoint, reviewing the three resolutions needed for this financing, before the Board for approval. The first is to hire this team, the second is to create a JPA in order to issue the bonds, (the JPA would be controlled by the Board), and the third is for reimbursement for funds expended by the District from cash on hand, which could then be reimbursed by bond funds once received.

Ms. Gallagher continued with review of the bond ratings and the rating agency process. Currently, Municipal Bonds are heading in the same direction as treasury bonds. She further reviewed whether the District should use a 30-year versus a 20-year financing. The team will work with the District's rate study consultant, Raftelis, and discussed the schedule for the bonds and the next steps. The anticipation is closing on the bonds in March of 2025.

Director Flores asked if this is a good way to get financing, by using bonds and what would the fees be? Is the action before the Board starting the process? Mr. Miller stated yes, this would start the process. Ms. Gallagher added, each firm involved does receive a fee, but currently, they are estimations, and would be paid through bond proceeds. Director Flores stated he understands fees would be paid through the bonds, but he is still curious about the amount. Craig Hill, of NHA, added it is preserving the right to refill monies expended by the Board and also, there will be professional services agreements, engaging with each firm, to follow.

a) Resolution Directing Staff to Initiate the Process of Financing Capital Improvements to the Water System

With a motion by Director Tonascia and a second by Director Flores, the Board of Directors approved Resolution #2024-36, *A Resolution of the Board of Directors of the San Benito County Water District Directing Staff to Initiate the Process of Financing Capital Improvements to the Water System* by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

b) Resolution Authoring and Directing the Execution of a Joint Exercise of Powers Agreement by and between San Benito County Water District and the California Statewide Communities Development Authority to form the San Benito County Water District Financing Authority

With a motion by Director Tonascia and a second by Director Wright, the Board of Directors approved Resolution #2024-37, *A Resolution of the Board of Directors of the San Benito County Water District Authorizing and Directing the Execution of a Joint Exercise of Powers Agreement by and between San Benito County Water District and the California Statewide Communities Development Authority to form the San Benito County Water District Financing Authority* by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

c) **Resolution Declaring Intention to Reimburse Expenditures from proceeds of Tax-Exempt Obligations**

With a motion by Vice President Williams and a second by Director Flores, the Board of Directors approved Resolution #2024-38, *A Resolution of the Board of Directors of the San Benito County Water District Declaring its Intention to Reimburse Expenditures from proceeds of Tax-Exempt Obligations*, by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

2. **Discuss and Consider Approval of Contract with HDR for the Accelerated Drought Response Project (ADRoP), Amendment 27, Amended Scope 2 and Authorize General Manager to sign contract**

Mr. Cattaneo reported because the City of San Juan Bautista is being added to the WSTA and also the District needs to replace work previously completed and moving of the project to Fallon Road, an increase in the previous scope is necessary. Mr. Cattaneo then reviewed the items in the amended scope.

With a motion by Director Tonascia and a second by Vice President Williams, the Board of Directors approved a Contract with HDR for the Accelerated Drought Response Project (ADRoP), Amendment 27, Amended Scope 2 and Authorized the General Manager to sign contract, by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

3. **Discuss and Consider Approval of Contract with HDR for Engineering Services During Construction Related to the West Hills Treatment Plant Expansion Project and Authorize General Manager to sign contract**

Mr. Cattaneo stated this is related to the actual construction of the project and reported the Board had previously approved Kennedy-Jenks for the construction management. This would be for engineering services during construction and to respond to any questions regarding the design. Typically, the service would be approximately 5% of construction costs, which are estimated to be \$15.9 million.

With a motion by Vice President Williams and a second by Director Wright, the Board of Directors approved a Contract with HDR for Engineering Services During Construction Related to the West Hills Treatment Plant Expansion Project and Authorized the General Manager to sign contract, by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

4. **Discuss and Consider Adopting Organizational Chart**

Mr. Liem reviewed the proposed Organizational Chart. He stated this issue came up during the recruitment for the General Manager and the Board decided to follow a different structure and remove the position of Manager of Administration, Finance and Business Services and recreate the Assistant General Manager position. The effective date would be November 1st. There was discussion about the District Engineer position and Mr. Cattaneo stated that position will be held for now. The engineering needs for the District are currently being handled by Mr. Macdonald and Mr. Cattaneo. Vice President Williams asked who the O & M Manager would report to and Mr. Cattaneo stated the Assistant General Manager for now. Director Wright asked what Mr. Macdonald's position is and Mr. Cattaneo reported, Senior Engineer.

With a motion by Director Tonascia and a second by Director Flores, the Board of Directors Adopted the Organizational Chart, by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

5. Discuss and Consider Resolution Authorizing Assistant General Manager to Act on Behalf of the District When the General Manager is Unavailable

Mr. Liem stated this is simply a housekeeping issue, as the Board previously approved a resolution authorizing the Manager of Administration, Finance and Business Services to act on behalf of the District in the absence of the General Manager; this gives these same authorities now to the Assistant General Manager. With a motion by Vice President Williams and a second by Director Wright, the Board of Directors approved Resolution #2024-39, *A Resolution of the Board of Directors of the San Benito County Water District Authorizing Assistant General Manager to Act on Behalf of the District When the General Manager is Unavailable* by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

6. Discuss and Consider Directing Interim General Manager to Fill the Vacant Position of Assistant General Manager

Mr. Liem stated this is now an open position and the Board needs to direct staff in order to fill it. Mr. Cattaneo stated, if approved, it can be posted on the website immediately. With a motion by Director Tonascia and seconded by Director Flores, the Board Directed the Interim General Manager to fill the vacant position of Assistant General Manager by 5 affirmative votes, Shelton, Williams, Flores, Tonascia and Wright.

ADJOURNMENT

With no further business to discuss, the meeting was adjourned at 5:48 p.m.

Approved at the October 30, 2024 Board meeting and signed by the presiding board member.

/s/Andrew Shelton
Andrew Shelton, President

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