



**LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY
AGENDA**

Regular Meeting of the Board of Directors
December 13, 2023 – 9:30 a.m.

To be held at:
ZONE 7 WATER AGENCY
100 North Canyons Parkway
Livermore, CA 94551

JOIN BY ZOOM

Please click the link below to join the webinar:

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In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available at the Zone 7 Administrative Building lot. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the Authority's Clerk at rperea@lagerlof.com. Notification at least 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting. {28 CFR 35.102-35, 104 ADA Title II}.

Members of the public may submit written comments to the Clerk by 4:00 p.m. on the day prior to the meeting for the Clerk to read into the record (subject to three-minute limitation). The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making their comment. Materials related to items on this Agenda are available for public review at: www.losvaquerosjpa.com/board-meetings. Each item on the Agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item. Members of the public will be disconnected from the meeting prior to any Closed Session, if applicable.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

Angela Ramirez Holmes, Chair, Zone 7 Water Agency
Anthea Hansen, Vice Chair, San Luis & Delta-Mendota Water Authority
Ellen Wehr, Secretary, Grassland Water District
Paul Sethy, Treasurer, Alameda County Water District
Antonio Martinez, Director, Contra Costa Water District
Michael Tognolini, Director, East Bay Municipal Utility District
Dennis Herrera, Director, San Francisco Public Utilities Commission
Rebecca Eisenberg, Director, Santa Clara Valley Water District
TBD, Director – Ex Officio - Department of Water Resources

ALTERNATE DIRECTORS

Jonathan Wunderlich, Alternate Director, Alameda County Water District
Patt Young, Alternate Director, Contra Costa Water District
Lesla McIntosh, Alternate Director, East Bay Municipal Utility District
Ricardo Ortega, Alternate Director, Grassland Water District
Steve Ritchie, Alternate Director, San Francisco Public Utilities Commission
Jose Gutierrez, Alternate Director, San Luis & Delta-Mendota Water Authority
Richard Santos, Alternate Director, Santa Clara Valley Water District
Sandy Figuers, Alternate Director, Zone 7 Water Agency
TBD, Alternate Director – Ex Officio, Department of Water Resources

PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Board of Directors regarding items not on the Agenda should do so at this time. The Board welcomes your comments and requests that speakers present their remarks within established time limits and on issues that directly affect the Authority or are within the jurisdiction of the Authority.

CONSENT CALENDAR

- 1.1 Approval of Revised Minutes from October 11, 2023 Board of Directors Meeting**
- 1.2 Approval of Minutes from November 8, 2023 Board of Directors Meeting**
- 1.3 Treasurer’s Report – Month Ended October 31, 2023**

ACTION ITEMS

- 2.1 Preliminary Approval of Amendments to Conflict of Interest Code**

DISCUSSION ITEMS

- 3.1 Plan of Finance Update**
- 3.2 Program Management Update**

- **Budget Overview**
- **Capital Preservation Strategy Update**

3.3 Proposed JPA Agreement Amendments

FUTURE AGENDA ITEMS

REPORTS

4.1 Directors

4.2 Executive Director

4.2.1 Federal Relations Report

4.2.2 November 2023 Engagement Activities with Reclamation

4.3 General Counsel

4.4 Committee Meeting Summaries

ADJOURNMENT

CONSENT CALENDAR

ITEM 1.1: APPROVAL OF REVISED MINUTES FROM OCTOBER 11, 2023 BOARD OF DIRECTORS MEETING

RESPONSIBLE/LEAD STAFF MEMBER:

James Ciampa, General Counsel

RECOMMENDATION:

That the Authority's Board of Directors approve the attached revised minutes, as redlined, incorporating clarification requests from Director Antonio Martinez to the October 11, 2023 Board of Directors' meeting.

DISCUSSION:

Based on Director Martinez's comments made at the November 8 Board of Directors' meeting, General Counsel and the Executive Director have prepared the attached redlined revisions to the draft minutes from the October 11, 2023 Board of Directors meeting.

ALTERNATIVES:

Any suggested further revisions to the draft October 11, 2023 Board meeting minutes will be considered.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Draft revised minutes from October 11, 2023 Board of Directors meeting.



LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY

MINUTES

Regular Meeting of the Board of Directors

Held at: **ZONE 7 WATER AGENCY**

100 North Canyons Parkway, Livermore, CA 94551

October 11, 2023 – 9:30 a.m.

Chair Angela Ramirez Holmes called the meeting to order at 9.31 a.m.

PLEDGE OF ALLEGIANCE – led by Chair Angela Ramirez Holmes

ROLL CALL OF DIRECTORS

Angela Ramirez Holmes, Chair, Zone 7 Water Agency

Anthea Hansen, Vice Chair, San Luis & Delta-Mendota Water Authority

Ellen Wehr, Secretary, Grassland Water District

Paul Sethy, Treasurer, Alameda County Water District

Antonio Martinez, Director, Contra Costa Water District

Michael Tognolini, Director, East Bay Municipal Utility District

Rebecca Eisenberg, Director, Santa Clara Valley Water District (arrived at 10:03 a.m.)

ALTERNATE DIRECTORS

Jonathan Wunderlich, Alternate Director, Alameda County Water District

Patt Young, Alternate Director, Contra Costa Water District

Sandy Figuers, Alternate Director, Zone 7 Water Agency

*Steve Ritchie, Alternate Director, San Francisco Public Utilities Commission

*Participated in place of absent Director

ABSENT

Dennis Herrera, Director, San Francisco Public Utilities Commission

Lesa McIntosh, Alternate Director, East Bay Municipal Utility District

Ricardo Ortega, Alternate Director, Grassland Water District

Jose Gutierrez, Alternate Director, San Luis & Delta-Mendota Water Authority

Richard Santos, Alternate Director, Santa Clara Valley Water District

OTHERS PRESENT

Taryn Ravazzini, Executive Director
James Ciampa, Lagerlof, LLP, General Counsel (via Zoom)
Chuck Gardner, Program Manager, Hallmark Group
Jessica Alwan, Program Manager, Hallmark Group
Maddy Benner, Hallmark Group
David Moore, Clean Energy Capital
Christopher Brown, C.J. Brown and Company CPAs (via Zoom)
Doug Brown, Stradling Yocca Carlson & Rauth, a Professional Corporation (via Zoom)
Maureen Martin, CCWD LVE Program Manager
Jennifer Johnson, Permitting Officer, CCWD
Rosemarie Perea, Board Clerk (by telephone)
Norma Alley, Assistant Board Clerk

Numerous others were present in person and by telephone.

PUBLIC COMMENT ON NON-AGENDA ITEMS

Chair Ramirez Holmes called for public comments on non-agenda items. None were received.

CONSENT CALENDAR

The Consent Calendar consisted of the following items:

- 1.1 Approval of Minutes from September 13, 2023 Board of Directors Meeting**
- 1.2 Treasurer’s Report – Month Ended August 31, 2023**
- 1.3 JPA June FY23 Closeout Treasurer’s Report**

Chair Ramirez Holmes called for public comments. None were received.

Upon motion by Alternate Director Ritchie, seconded by Director Tognolini, the Consent Calendar, was approved by the following roll call vote:

- AYES:** Angela Ramirez Holmes, Chair, Zone 7 Water Agency
Anthea Hansen, Vice Chair, San Luis & Delta-Mendota Water Authority
Ellen Wehr, Secretary, Grassland Water District
Paul Sethy, Treasurer, Alameda County Water District
Antonio Martinez, Director, Contra Costa Water District
Michael Tognolini, Director, East Bay Municipal Utility District
Steve Ritchie, Alternate Director, San Francisco Public Utilities Commission
- NOES:** None
- ABSENT:** Rebecca Eisenberg, Director, Santa Clara Valley Water District
- ABSTAIN:** None

The motion passed with a 7-0 vote.

ACTION ITEMS

2.1 Approval of Contract with Audit Firm

Executive Director Taryn Ravazzini reviewed the process by which the Authority solicited proposals for an auditing firm to be engaged to prepare the audit of the Authority's financial statements for the 2023 fiscal year. She stated the recommendation from the Finance Committee was to award the contract to C.J. Brown and Company CPAs for a one-year term, with options for the Authority to proceed with that firm for up to two subsequent years.

Executive Director Ravazzini stated that C.J. Brown and Company CPAs provided their peer review report as requested in the Authority's request for proposals. The firm's peer review report identified certain deficiencies in their system of quality control. Authority staff conducted additional due diligence, including obtaining positive reference reports from other C.J. Brown and Company clients, and is satisfied those deficiencies have been rectified. Executive Director Ravazzini then reviewed possible alternatives available to the Board, including going back out with a subsequent request for proposals. Alternate Director Ritchie advised against going back out at this point. Executive Director Ravazzini stated C.J. Brown and Company quoted a \$6,250 all-inclusive maximum fee for the Authority's Fiscal Year 2023 audit and she stated that Christopher Brown was available via Zoom to address any questions or concerns.

Chair Ramirez Holmes called for any questions from Board members and for public comments. None were received.

Upon motion by Alternate Director Ritchie, seconded by Treasurer Sethy, the Board approved award of the agreement with C.J. Brown and Company CPAs to provide financial statement audit services to the Authority for a one-year period for Fiscal Year 2023 with an option to extend for up to two subsequent years. The motion was approved by the following roll call vote:

AYES: Angela Ramirez Holmes, Chair, Zone 7 Water Agency
Anthea Hansen, Vice Chair, San Luis & Delta-Mendota Water Authority
Ellen Wehr, Secretary, Grassland Water District
Paul Sethy, Treasurer, Alameda County Water District
Antonio Martinez, Director, Contra Costa Water District
Michael Tognolini, Director, East Bay Municipal Utility District
Steve Ritchie, Alternate Director, San Francisco Public Utilities Commission

NOES: None

ABSENT: Rebecca Eisenberg, Director, Santa Clara Valley Water District

ABSTAIN: None

The motion passed with a 7-0 vote.

2.2 Appointment of Auditor for FY 2023

Executive Director Ravazzini stated the Authority's Joint Exercise of Powers Agreement, in Section 4.4, authorizes the Board of Directors to appoint the Authority's auditor. Thus, it is necessary that the Board act to appoint the Authority's auditor for the 2023 Fiscal Year.

Based on the action under the preceding item, C.J. Brown and Company CPAs is recommended to be appointed as the Authority's auditor for the 2023 Fiscal Year.

Chair Ramirez Holmes called for any questions from Board members and for public comments. None were received.

Upon motion by Vice Chair Hansen, seconded by Director Martinez, the Board approved the appointment of C.J. Brown and Company CPAs as the Authority's auditor for the 2023 Fiscal Year. The motion was approved by the following roll call vote:

- AYES:** Angela Ramirez Holmes, Chair, Zone 7 Water Agency
Anthea Hansen, Vice Chair, San Luis & Delta-Mendota Water Authority
Ellen Wehr, Secretary, Grassland Water District
Paul Sethy, Treasurer, Alameda County Water District
Antonio Martinez, Director, Contra Costa Water District
Michael Tognolini, Director, East Bay Municipal Utility District
Steve Ritchie, Alternate Director, San Francisco Public Utilities Commission
- NOES:** None
- ABSENT:** Rebecca Eisenberg, Director, Santa Clara Valley Water District
- ABSTAIN:** None

The motion passed with a 7-0 vote.

2.3 Approval of Contract with Bond Counsel Firm

General Counsel James Ciampa informed the Board that the Authority is moving into the phase where various financing alternatives are being pursued. Interim financing, the WIFIA loan (for which the application was recently submitted to the U.S. Environmental Protection Agency), and other possible debt issuances are now approaching. In addition, the preparation of a Master Resolution with respect to Authority debt will also be forthcoming in the next few months.

Mr. Ciampa stated those financing activities necessitate engagement of bond counsel to assist the Authority with specialized counsel related to those debt vehicles, appropriate structuring of that debt to ensure compliance with federal tax requirements and related services in negotiating various agreements in connection with any debt issuances. Also, bond counsel will take the lead in drafting the Authority's Master Resolution.

A request for proposals was provided to various law firms with expertise in serving as bond counsel for public agencies. Four firms submitted responsive proposals: Best, Best & Krieger, LLP; Hawkins Delafield & Wood, LLP; Orrick, Herrington & Sutcliffe LLP; and Stradling Yocca Carlson & Rauth, a Professional Corporation. The Authority convened a selection committee consisting of its general counsel, financial consultant David Moore, program manager Chuck Gardner and attorneys from East Bay Municipal Utility District (Tim Kline), San Luis & Delta-Mendota Water Authority (Rebecca Akroyd) and Santa Clara Valley Water District (Andy Gschwind).

The selection committee reviewed all four proposals and interviewed each of the four proposing firms. Following that process, the selection committee unanimously concurred that

Stradling Yocca Carlson & Rauth would best meet the Authority’s needs. Mr. Ciampa stated Doug Brown of Stradling Yocca Carlson & Rauth, was present via Zoom to answer any questions.

Chair Ramirez Holmes called for questions from the Board members and for public comments. None were received.

Upon motion by Alternate Director Ritchie, seconded by Treasurer Sethy, the Board approved the engagement of Stradling Yocca Carlson & Rauth, a Professional Corporation as the Authority’s bond counsel. The motion was approved by the following roll call vote:

- AYES:** Angela Ramirez Holmes, Chair, Zone 7 Water Agency
Anthea Hansen, Vice Chair, San Luis & Delta-Mendota Water Authority
Ellen Wehr, Secretary, Grassland Water District
Paul Sethy, Treasurer, Alameda County Water District
Antonio Martinez, Director, Contra Costa Water District
Michael Tognolini, Director, East Bay Municipal Utility District
Steve Ritchie, Alternate Director, San Francisco Public Utilities Commission
- NOES:** None
- ABSENT:** Rebecca Eisenberg, Director, Santa Clara Valley Water District
- ABSTAIN:** None

The motion passed with a 7-0 vote.

DISCUSSION ITEMS

3.1 Interim Financing Update

David Moore of the Authority’s Financial Consultant, Clean Energy Capital, advised that the Authority’s Plan of Finance is being developed and will set forth the Authority’s interim financing alternatives and the preferred alternative.

Alternate Director Ritchie asked when that plan would be provided to the Finance Committee. Mr. Moore advised the draft Plan of Finance would be ready for committee review in November or December. Director Tognolini asked about what impact a delay in not having the Service Agreement in place by June 2024 would have. Mr. Moore stated that interim financing could be used to meet any cash flow needs or Multi-Party Agreement Amendment No. 6 could be developed, although he understands that is not favored by the Members. Program Manager Chuck Gardner noted that there may be adequate unused funds from Fiscal Year 2023 remaining to be used at the beginning of Fiscal Year 2024 to provide short-term finances, especially if the \$621,000 contingency is not used.

Chair Ramirez Holmes called for public comments. None were received.

3.2 Permitting Update

A presentation entitled “Environmental Permitting Update” for the LVE Phase 2 Expansion was provided by Maureen Martin, CCWD LVE Program Manager. Ms. Martin introduced Jennifer Johnson who reviewed the state and federal permit requirements under the various applicable state and federal laws, including the Endangered Species Act, National Historic Preservation Act, Clean

Water Act, Bald and Golden Eagle Preservation Act and California Fish and Game Code Section 1602.

Ms. Johnson stated that approximately 2,500 acres are proposed for acquisition and protection to meet species/habitat-based mitigation requirements under those various laws. The Bald and Golden Eagle Protection Act requires mitigation for nest disturbance and territory loss, including power pole retrofitting. The cost assumption for the overall mitigation requirements is approximately \$36.8 million, based on the acquisition and preservation of the 2,500 acres at approximately \$15,000 per acre.

Director Eisenberg requested clarification on the per acre cost, which she thought seemed low. Ms. Johnson advised the majority of the habitat is grassland habitat which supports many species and the eagles and therefore that helps to reduce the per acre cost. Chair Ramirez Holmes pointed out the overall environmental benefits of the Project and also noted that open space land prices in Alameda and Contra Costa Counties are also impacted by local development restrictions that reduce property values on such open space lands.

Alternate Director Ritchie asked for an explanation on “pole retrofitting” relating to eagle protections. Ms. Johnson explained that due to the wide wingspan of the eagles, they often will hit electrical lines and be electrocuted. The poles can be retrofitted to widen the gaps between lines to avoid such instances. Alternate Director Ritchie asked for a list of the tribes evaluated for eligibility in connection with the National Historic Preservation Act and Ms. Johnson stated she will get that information for Alternate Director Ritchie. Director Tognolini asked what uses are acceptable in connection with land mitigation. Ms. Johnson stated open space for grazing is the typical permissible use. Director Tognolini also asked about the California Department of Fish and Wildlife’s concerns with larval species. Ms. Martin stated that concern occurs only when the Delta is in excess conditions. Secretary Wehr asked for confirmation that the proposed mitigation does not exceed regulatory requirements and Ms. Johnson responded that the mitigation being proposed is intended to meet those requirements, but also will take advantage where possible of lands that are already under conservation protection.

Chair Ramirez Holmes called for public comments. None were received.

3.3 Washington D.C. Engagement Trip and Related Meetings

Executive Director Ravazzini reviewed the trip to Washington, D.C. in late September that she attended along with Chair Ramirez Holmes, Vice Chair Hansen, and Secretary Wehr. The trip included meetings with congressional offices, the U.S. Bureau of Reclamation, including with Commissioner Touton, and the U.S. Environmental Protection Agency, which included the entire team and Deputy Director, who will be involved with the Authority’s WIFIA loan. Executive Director Ravazzini stated the meetings went very well and Commissioner Touton was very pleased with the female composition of the Authority’s leadership. Overall, the trip was very positive and an excellent way for congressional staff to learn about the Project.

Executive Director Ravazzini reported that a few days after the Washington, D.C. meeting, the Bureau of Reclamation informed the Authority that the Bureau will be able to proceed with the Basis of Negotiation, which is a prerequisite to the Record of Decision and Partnership Agreement.

Chair Ramirez Holmes advised that she appreciated everyone's attendance and stated the in-person meetings are very critical. Executive Director Ravazzini thanked Valley Water and San Luis-Delta & Mendota Water Authority, which had staff attend various meetings. Vice Chair Hansen noted the Project is "the" project in California and that she heard many comments on the impressive progress made since the last visit. Secretary Wehr stated the Authority's relationships in Washington, D.C. are critical, and that the federal government is "bending over backwards" to support the Project.

Treasurer Sethy thanked the Directors who made the time to go to Washington D.C. Director Martinez thanked the Executive Director for providing the talking points in advance of the trip but expressed his ~~was~~ concerned that the leave behind materials were not provided in advance of the trip. Executive Director Ravazzini stated the Communications and Outreach Committee was still reviewing changes to the leave behind materials until shortly before the trip and Chair Ramirez Holmes confirmed the changes made to those material by the Communications and Outreach Committee. Several directors acknowledged that the materials were provided in advance of the Washington D.C. trip. Alternate Director Ritchie stated that with the recent passing of Senator Feinstein, it is important to build relationships with Senator Padilla and with newly appointed Senator Butler.

Chair Ramirez Holmes called for public comments. None were received.

3.4 Program Management Update

- **Agreements Schedule and Update**
- **JPA Cost Estimate Update**
- **September Activities**

Program Manager Chuck Gardner reviewed Program Management activities over the prior month. The presentation included status of Authority contract authorizations, budget, schedule, and agreements. Continued progress toward drafting project agreements has been made and an updated schedule for completion of those agreements as related to Project funding was included in the presentation. At the request of the Board, projections for completion of each agreement were further detailed, noting key issues and approach to resolution with negotiations on the CCWD Design and Construction Agreement proposed to begin in October.

The program controls team developed a cash flow for the Authority which was included in the presentation. The Authority's cash flow will be updated on a quarterly basis consistent with ongoing reporting requirements. Additional detail as related to the updated Project Construction Cost Estimate is included specific to Authority costs, consistent with the assumptions included in the WIFIA application. Also, the draft Strategic Communications Plan has been developed and will be reviewed with the Communications and Outreach Committee at its October meeting.

In connection with the "Quarterly Projected Cash Flow Report," Treasurer Sethy noted there is not much cushion for costs and asked whether the Board would be able to see where things stand with the Service Agreements. Executive Director Ravazzini stated the initial draft Service Agreement was distributed to the Legal Work Group and Members' management last week. With respect to the "LVE Service Agreement Completion Schedule" included in the presentation, he

endorses the approach of taking a more aggressive stance to move forward with the possibility of a facilitator being needed. Director Martinez reiterated CCWD's concern, as stated at the September Authority Board meeting, that the Service Agreement and other Project agreements' development and approval schedule was not realistic. He also mentioned the CCWD Operations and Engineering Committee would be discussing the EBMUD-CCWD backstop plan at its October 12 meeting and the CCWD Board would consider those issues at its November 1 meeting.

Relative to Project agreement issues, Director Tognolini inquired whether the Authority has engaged with the Bureau of Reclamation with respect to the permit to use the Folsom South Canal. Maureen Martin stated the Bureau has not yet been engaged on that issue. Director Tognolini requested that EBMUD be involved in those discussions once they begin. Vice Chair Hansen noted that what is currently happening with respect to the Project is typical of large projects with which she has previously been involved and it is important that the focus remains on what needs to happen.

Chair Ramirez Holmes called for public comments. None were received.

FUTURE AGENDA ITEMS

None.

REPORTS

4.1 Directors

Chair Ramirez Holmes noted that last week was the second anniversary of the Authority. She also advised the Board that she had appointed Patt Young, Alternate Director, Contra Costa Water District, to the Communications and Outreach Committee.

4.2 Executive Director

Executive Director Ravazzini stated her report is included in the meeting materials and asked if there were any questions in connection with the report. None were received.

4.3 General Counsel

General Counsel Ciampa advised that the Service Agreement was distributed to the Legal Work Group and Members' management on October 4, and he is in the process of scheduling a meeting with the Legal Work Group for late October or early November.

4.4 Committee Meeting Summaries

The following committee Meeting Summary was included for the Board's review:

- Finance Committee Meeting Summary - September 18, 2023

The meeting was adjourned at 11:51 a.m.

Angela Ramirez Holmes, Chair

ATTEST:

Ellen Wehr, Secretary

ITEM 1.2: APPROVAL OF MINUTES FROM NOVEMBER 8, 2023 BOARD OF DIRECTORS MEETING

RESPONSIBLE/LEAD STAFF MEMBER:

James Ciampa, General Counsel

RECOMMENDATION:

That the Authority's Board of Directors approve the attached minutes from the November 8, 2023 Board of Directors meeting.

DISCUSSION:

The Clerk, General Counsel and Executive Director have prepared the attached draft minutes from the November 8, 2023 Board of Directors meeting.

ALTERNATIVES:

Any suggested revisions to the draft November 8, 2023 Board meeting minutes will be considered.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Draft revised minutes from November 8, 2023 Board of Directors meeting.



LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY

MINUTES

Regular Meeting of the Board of Directors

Held at: **ZONE 7 WATER AGENCY**

100 North Canyons Parkway, Livermore, CA 94551

November 8, 2023 – 9:30 a.m.

Chair Angela Ramirez Holmes called the meeting to order at 9:30 a.m.

PLEDGE OF ALLEGIANCE – led by Chair Angela Ramirez Holmes

ROLL CALL OF DIRECTORS

Angela Ramirez Holmes, Chair, Zone 7 Water Agency

Ellen Wehr, Secretary, Grassland Water District

Paul Sathy, Treasurer, Alameda County Water District

Antonio Martinez, Director, Contra Costa Water District

Michael Tognolini, Director, East Bay Municipal Utility District

Rebecca Eisenberg, Director, Santa Clara Valley Water District

ALTERNATE DIRECTORS

Jonathan Wunderlich, Alternate Director, Alameda County Water District

Patt Young, Alternate Director, Contra Costa Water District

*Steve Ritchie, Alternate Director, San Francisco Public Utilities Commission

Richard Santos, Alternate Director, Santa Clara Valley Water District

Sandy Figuers, Alternate Director, Zone 7 Water Agency

*Participated in place of absent Director

ABSENT

Anthea Hansen, Vice Chair, San Luis & Delta-Mendota Water Authority

Dennis Herrera, Director, San Francisco Public Utilities Commission

Lesa McIntosh, Alternate Director, East Bay Municipal Utility District

Ricardo Ortega, Alternate Director, Grassland Water District

Jose Gutierrez, Alternate Director, San Luis & Delta-Mendota Water Authority

OTHERS PRESENT

Taryn Ravazzini, Executive Director
James Ciampa, Lagerlof, LLP, General Counsel
Chuck Gardner, Program Manager, Hallmark Group
Jessica Alwan, Program Manager, Hallmark Group
Maddy Benner, Hallmark Group
Rosemarie Perea, Board Clerk (by telephone)
Harrison Tregueza, Assistant Board Clerk

Numerous others were present in person, via Zoom and by telephone.

PUBLIC COMMENT ON NON-AGENDA ITEMS

Chair Ramirez Holmes called for public comments on non-agenda items. None were received.

CONSENT CALENDAR

The Consent Calendar consisted of the following items:

1.1 Approval of Minutes from October 11, 2023 Board of Directors Meeting

Director Martinez requested that Item 1.1 be pulled for discussion. Director Martinez requested the minutes from the October 11 Board of Directors’ meeting be revised to clarify his comments on Item 3.2 – Washington, D.C. Trip (to add his thanking of the Executive Director for providing talking points in advance of the trip and his stated concern that the leave behind materials were not provided in advance of the trip) and Item 3.4 - Program Management Update with respect to his concern stated regarding the Service Agreement schedule being unrealistic and to add statements regarding upcoming Contra Costa Water District committee and Board meetings regarding backstop agreement and planning issues. Approval of the October 11, 2023 Board meeting minutes was therefore tabled and the revised minutes will be presented for approval at the December 13 Board meeting.

1.2 Treasurer’s Report – Month Ended September 30, 2023

Chair Ramirez Holmes called for public comments. None were received.

Upon motion by Treasurer Sethy, seconded by Director Eisenberg, Item 1.2 of the Consent Calendar, was approved by the following roll call vote:

- AYES:** Angela Ramirez Holmes, Chair, Zone 7 Water Agency
Ellen Wehr, Secretary, Grassland Water District
Paul Sethy, Treasurer, Alameda County Water District
Antonio Martinez, Director, Contra Costa Water District
Michael Tognolini, Director, East Bay Municipal Utility District
Steve Ritchie, Alternate Director, San Francisco Public Utilities Commission
Rebecca Eisenberg, Director, Santa Clara Valley Water District
- NOES:** None
- ABSENT:** None
- ABSTAIN:** None

The motion passed with an 7-0 vote.

ACTION ITEMS

None.

DISCUSSION ITEMS

2.1 JPA Administration Cost Estimate Update

Program Manager Chuck Gardner of the Hallmark Group presented an update to the estimated JPA Administrative Costs that are included in the Estimated Cost at Completion table that was presented at the October Board meeting. The update reviewed various revisions from the figures presented as part of the June 2022 summary of JPA Administrative Costs. Those revisions, which total increases of approximately \$14.8 million, result from misclassification of some costs, several underestimates of anticipated costs, the addition of contingency, changing the escalation factor from 3% to 4% to match the construction cost escalation factor, and further delays to the start of construction.

Chair Ramirez Holmes called for public comments and comments from those on Zoom. None were received. She then asked for any questions or comments from Directors.

Director Eisenberg asked how the WIFIA loan fee was calculated. Executive Director Ravazzini responded that the fee was a flat fee that is charged regardless of the loan amount.

Chair Ramirez Holmes asked if the revised Administrative Cost estimate has any impact on the amount to be paid under Amendment No. 5 to the Multi-Party Cost Share Agreement. Mr. Gardner responded the Administrative Cost revisions have no impact on the amounts to be paid under Amendment No. 5. Chair Ramirez Holmes also commented that the escalation factor for administrative costs may be different from the construction cost escalation factor. She requested that a note be included to clarify that the escalation factor is an estimate of projected cost increases. It was further discussed that the Finance Committee should review the escalation factor and develop the language to be included in such a note.

Alternate Director Wunderlich commented that the cost estimates will need to be adjusted as the construction moves forward. Director Eisenberg asked that a distinction be made between fixed and contingent costs, and it was determined that the Finance Committee will review that issue.

2.2 Program Management Update

Mr. Gardner then provided a Program Management update. He reviewed recent accomplishments, contract authorization status, budget expense status (noting the Authority is \$1,039,025 under budget through September 30, 2023), cash flow (all Members have made or sent their payments of the first installment under MPA Amendment No. 5 and CCWD has been paid by the Authority), schedule and agreement status. At the Board's request, projections for completion of each agreement are provided in further detail, including key issues and approach to resolution.

Executive Director Ravazzini then provided a summary of the collaborative process used to develop the current Project agreements schedule. She mentioned that based on Member agencies' feedback a revised schedule was agreed upon in May 2023, which included time to accommodate individual agencies' approval processes. Further discussions have occurred with the General Managers regarding the current schedule and the various issues that have arisen as discussions concerning the Project agreements have commenced. She stated it is likely the current schedule will need to be adjusted to be more realistic in light of ongoing issues, such as the Backstop Plan to ensure CCWD has adequate water supplies available while the Los Vaqueros Reservoir is out of service during construction. Mr. Gardner estimated the current schedule may be adjusted by two to three months and he wants to avoid having further slips of the schedule.

Chair Ramirez Holmes called for public comments and comments from those on Zoom. None were received. She then asked for any questions or comments from Directors.

Director Tognolini asked for clarification as to what the "due date" referred to with respect to the various agreements and Mr. Gardner replied that reflected the date for board consideration to approve an agreement. Chair Ramirez Holmes advised that she listened to the November 1 CCWD Board meeting and is concerned with the lack of urgency being shown by CCWD. She stressed that the current schedule was agreed to with input from all of the Members and was not created solely by the Authority. She stated it is important to keep pushing to get the agreements done.

Alternate Director Ritchie noted the Project is the most complex project on which he has ever worked, and all Members have issues that need to be resolved, including the certainty of benefits each Member may receive from the Project. He further stated that CCWD and EBMUD need to be leaders on the Project and need to increase their comfort level with the Project.

Director Eisenberg acknowledged that decisions will need to be made and that delays come at a cost financially and emotionally. She offered her assistance to help resolve any issues that arise.

Secretary Wehr stated she was upset by recent criticism of the Authority. She noted that when people feel they are not being heard, that leads to hostility, and she will personally try to avoid such circumstances. She also mentioned that building trust in a diverse group is challenging.

Treasurer Sethy concurred with Chair Ramirez Holmes' comments and appreciates that she brought them up.

FUTURE AGENDA ITEMS

None.

REPORTS

3.1 Director Reports

Design and Construction Agreement (DCA) Ad Hoc Committee

The DCA Ad Hoc Committee convened on October 9, 2023 and reviewed a proposed resolution process outlining a series of meetings to identify and resolve key issues with the DCA. Comments and feedback were incorporated into the process and the Ad Hoc further discussed identification of a Design and Construction Agreement Resolution Team on behalf of the JPA to work with CCWD to resolve key outstanding issues. Subsequent correspondence confirmed Clifford Chan of EBMUD, Ed Stevenson of ACWD and Ryan McCarter of Valley Water to engage with CCWD.

CCWD Facilities Use Agreement (FUA) Ad Hoc

The CCWD Facilities Use Agreement Ad Hoc Committee convened on October 16, 2023 and appointed Jonathan Wunderlich as Chair. The draft term sheet was reviewed, and direction was provided to JPA staff to draft suggested language in response to comments in the form of a complete updated draft. The revised draft term sheet was updated and distributed to the Ad Hoc and general managers on October 24, 2023 requesting input by October 27, 2023. A small negotiating team will be identified with finance and/or water resources/operational experience to engage with the Ad Hoc and define areas for negotiation which will support subsequent discussions with CCWD.

3.2 Executive Director

Executive Director Ravazzini stated her report is included in the meeting materials. She wanted to acknowledge that October 6, 2023 was the second anniversary of the JPA. She also wanted to personally thank Richard Welsh, Principal Deputy Regional Director of the California-Great Basin Region Office of U.S. Bureau of Reclamation who is set to retire at the end of November. She stated Mr. Welsh has been a critical partner in assisting the Reclamation, Authority and CCWD teams develop and maintain effective working relationships to address issues related to the Project's federal benefits. She also mentioned that the initial virtual meeting between the Authority's and CCWD's executive management teams will take place at 1:00 p.m. this afternoon.

3.3 General Counsel

General Counsel Ciampa advised that the Legal Work Group met on November 2, 2023 to review the initial draft of the Service Agreement and to discuss several other issues. The discussion included the draft amendments to the JPA Agreement proposed by CCWD. The Legal Work Group will first review and discuss those amendments in late November or early December time frame and then the amendments will be presented to the Authority's Board at either the December or January Board meeting, depending upon the outcome of the Legal Work Group's discussion.

3.4 Committee Meeting Summaries

The following committee meeting summary was included for the Board's review:

- Finance Committee Meeting Summary – October 26, 2023

The Board wished Alternate Director Ritchie a Happy Birthday.

The meeting was adjourned at 10:51 a.m.

ATTEST:

Angela Ramirez Holmes, Chair

Ellen Wehr, Secretary

ITEM 1.3: TREASURER’S REPORT – MONTH ENDED OCTOBER 31, 2023

RESPONSIBLE/LEAD STAFF MEMBER:

Jacqueline Harris, Program Controls Manager

DISCUSSION:

Staff has prepared the Treasurer’s Report for October 2023. This report was reviewed by the Finance Committee at its December 5, 2023 meeting.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

None.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Treasurer’s Report for Month Ended October 31, 2023.



TREASURER’S MONTHLY REPORT FOR PERIOD ENDED OCTOBER 31, 2023

DECEMBER 5, 2023

UPCOMING ACTIVITIES

January 2023 TBD – Finance Committee Meeting via Zoom

February 22, 2023 – Finance Committee Meeting via Zoom

FINANCE COMMITTEE

Chair: Anthea Hansen, SLDMWA

Vice-Chair: Paul Sethy, ACWD

Rebecca Eisenberg, SCVWD

Michael Tognolini, EBMUD

ACRONYM KEY

ACWD – Alameda County Water District

CCWD – Contra Costa Water District

CWC – California Water Commission

EBMUD – East Bay Municipal Utility District

GWD – Grassland Water District

MPA – Multi-party Cost Share Agreement

SFPUC – San Francisco Public Utilities Commission

SCVWD – Santa Clara Valley Water District (Valley Water)

SLDMWA – San Luis & Delta-Mendota Water Authority

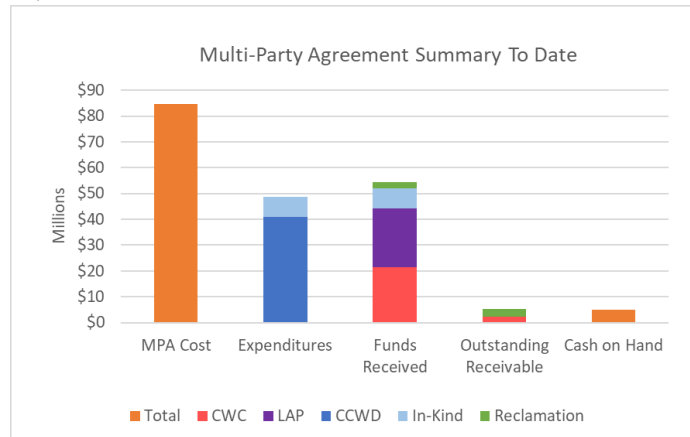
Zone 7 – Alameda County Flood Control and Water Conservation District

MULTI-PARTY AGREEMENT STATUS

Amendment No. 5 to the Multi-Party Cost Share Agreement (MPA) has been fully executed by the JPA, CCWD and all other JPA Members. The first invoice of \$619,500 was mailed to the seven participating member agencies on September 1, 2023, and as of October 31, 2023, five of the seven payments had been received. The last two payments were received in early November.

MPA EXPENDITURES

The following chart provides an overview of the MPA expenditures through October 31, 2023, in addition to in-kind services, funds received, outstanding receivable, and cash on hand. All Member Agencies remain in good standing and the Project cash on hand remains positive.



MPA Cost: \$84,610,865 (Amendment No. 5)

Expenditures:

CCWD: \$41,026,923

LVRJPA: \$1,021,409 (Consultants and Legal)

In-kind: \$7,752,368 (Member Agencies and Reclamation)

Total: \$49,800,699

Funds Received:

CWC: \$21,387,546

Reclamation: \$2,420,227

Member Agencies: \$26,024,077 (Cash Contributions)

In-kind: \$7,752,368 (Member Agencies and Reclamation)

Total: \$57,584,217

Outstanding Receivables:

CWC: \$2,204,696 (Invoices and Retention)

Reclamation: \$3,025,702

LVRJPA: \$1,239,000 (Member Agencies)

Cash on Hand:

CCWD: \$5,063,150

LVRJPA: \$3,042,675

FEDERAL FUNDING STATUS

On July 27, 2023, the Bureau of Reclamation announced an additional allocation of \$10M to the project increasing Federal funding under the Bipartisan Infrastructure Law to a total of \$92M.

A total of \$82 million was allocated to the Project in the Bipartisan Infrastructure Law FY22 Spend Plan. The Authority was allocated \$18 million in FY23 from the Water Infrastructure Improvements for the Nation (WIIN) Act. Previous awards of Federal funding during FY21 and FY22 include \$10 million in pre-construction funding and \$54 million in construction funding. CCWD executed an assistance agreement with Reclamation for a total of \$7.2 million in federal funding for permitting, design, and other pre-construction activities and Reclamation has paid the first two invoices. Staff are working with Reclamation to develop an amendment to allocate approximately \$800,000 in additional pre-construction funding.

Future Federal funding requests include the remainder of the requested federal share of 21 percent of the total project cost (approximately \$39 million).

STATE FUNDING STATUS

The Project qualified for funding under the Water Storage Investment Program and received an adjusted Maximum Conditional Eligibility Determination of \$477,558,343 from the California Water Commission (CWC) on March 16, 2022. This amount reflects an additional inflation adjustment of 1.5 percent and an increase of over \$7 million from the previous award.

The Early Funding Agreement with the CWC provides for a cost share of 50 percent of eligible costs during pre-construction. An amendment was executed in November 2022 that extended the agreement through December 31, 2023 and added \$927,917 in additional early funding as a result of the inflation adjustments to the total award amount. The summary below reflects the Total Budget and other budget status information of the amended Early Funding Agreement.

Early Funding Agreement Summary to Date:

Total Budget:	\$47,755,834
Total Program Funding:	\$23,877,917 (50% cost share)
Total Billed To Date:	\$47,184,484 (99% spent to date)
Total Amount Remaining:	\$571,350
Total Retention To Date:	\$72,506
Outstanding Invoices:	\$2,204,696

ACTION ITEMS

ITEM 2.1: PRELIMINARY APPROVAL OF AMENDMENTS TO CONFLICT OF INTEREST CODE

RESPONSIBLE/LEAD STAFF MEMBER:

James Ciampa, General Counsel

DISCUSSION:

In December 2022, the Board approved the Authority’s Conflict of Interest Code. We had previously submitted the draft of that Code to the Fair Political Practices Commission (“FPPC”) for approval because the FPPC is the code reviewing body due to the fact the Authority consists of members from multiple counties. We had received the FPPC’s initial suggested revisions to the draft Code, which were incorporated into the version adopted by the Board last December.

Over the past several months, the FPPC has come back with further proposed revisions to the Code, as adopted last December. Those revisions are shown in the attached redlined version of the Code. Those revisions include (i) changes in the assigned Disclosure Categories for the Executive Director and Program Manager, (ii) a clarifying explanatory comment regarding Directors’ filing obligation, and (iii) changes to the Disclosure Categories, including the deletion of prior Categories 5 and 7 and deletion of references to the Administrator.

If the Board approves these proposed revisions to the Code, a notice will then be posted to start a 45-day public comment period and if any interested person requests, a public hearing would be held in connection with adoption of the amendments to the Code. If no request for a public hearing is received, the Board would provide its final approval of the amended Conflict of Interest Code at a meeting after the 45-day comment period has ended, likely at the February 14 Board meeting.

ALTERNATIVES:

The Board could defer action on the draft amendments to the Conflict of Interest Code.

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

Draft amendments to Conflict of Interest Code

**CONFLICT OF INTEREST CODE
OF THE
LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Sec. 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendices, ~~x~~, designating positions and establishing disclosure categories, shall constitute the conflict-interest code of the **Los Vaqueros Reservoir Joint Powers Authority** (the "Authority").

All officials and designated positions required to submit a statement of economic interests shall file their statements of economic interests with the Authority's Clerk, or their designee, as the Authority's Filing Officer/Official. The Authority's Clerk, or their designee, shall retain the originals of the statements filed by all officials and designated positions and shall make the statements available for public inspection and reproduction during regular business hours. (Gov. Code Sec. 81008.)

APPENDIX A

DESIGNATED POSITIONS

Designated Positions Title or Function	Disclosure Categories Assigned
General Counsel for the Authority	1, 2
Executive Director	3, 4, 5 , 6 , 7
Program Manager	2 , 3, 4, 5 , 6 , 7
Consultants/New Positions	*

*Consultants/new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitations:

The Executive Director may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus, is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Government Code Section 81008.)

The following positions are NOT covered by the conflict-of-interest code because they must file under Government Code Section 87200 and, therefore, are listed for informational purposes only:

Members of the Authority's Board of Directors and Alternates

Administrator

Secretary (if not a Director)

Treasurer (if not a Director)

Investment consultant, if any

An individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

~~CONFLICT OF INTEREST CODE~~
~~OF THE~~
~~LOS VAQUEROS RESERVOIR JOINT POWERS AUTHORITY~~
~~EXHIBIT “A”~~
~~OFFICIALS WHO MANAGE PUBLIC INVESTMENTS~~

~~—— The Authority’s officials, including those of its Administrator, Contra Costa Water District, who manage public investments, as defined by 2 Cal. Code of Regs. § 18701(b), are NOT subject to the Authority’s Code, but must file disclosure statements under Government Code Section 87200 et seq. [Regs. § 18730(b)(3)]. These positions are listed here for informational purposes only.~~

~~—— It has been determined that the positions listed below are officials who manage public investments⁺:~~

~~Members of the Authority’s Board of Directors and Alternates~~

~~=====~~
~~Administrator~~

~~Secretary (if not a Director)~~

~~Treasurer (if not a Director)~~

~~=====~~
~~Investment consultant, if any~~

~~⁺ Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.~~

EXHIBIT B

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which they are assigned.

Category 1: All investments, ~~and~~ business positions in business entities, and sources of income, ~~(including receipt of gifts, loans and travel payments)~~; that are located in, that do business in or own real property within the Authority's jurisdiction.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside of, the Authority's jurisdiction, including any leasehold, beneficial or ownership interest or option to acquire property.

Category 3: All investments and business positions in business entities, and sources of income, including receipt of gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the Authority's jurisdiction.

Category 4: All investments and business positions in business entities, and sources of income, including receipt of gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the Authority ~~or its Administrator~~.

Category 5: ~~All investments and business positions in business entities, and sources of income, including receipt of gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Position's department, unit or division.~~

Category 6: ~~All investments and business positions in business entities, and income, including the receipt of loans, gifts and travel payments, from sources that have filed a claim against the Authority or its Administrator during the previous two years, or have a claim pending against the Authority or its Administrator.~~

Category 7: ~~All investments, business positions and income, including gifts, loans and travel payments, or income from a non-profit organization, if the source is the type to receive grants or other monies from or through the Authority.~~

DISCUSSION ITEMS

ITEM 3.1: PLAN OF FINANCE UPDATE

RESPONSIBLE/LEAD STAFF MEMBER:

David Moore, Financial Consultant

DISCUSSION:

JPA staff, working together with the Plan of Finance Sub-Group comprising Member financial representatives, has developed a draft Plan of Finance and a draft Prioritization Resolution for the JPA. These draft documents were presented to the LVR Finance Committee on December 5, 2023, and have been revised to incorporate Finance Committee input. Staff will make a presentation to the LVR Board summarizing these draft documents.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Plan of Finance Update Presentation
Draft LVE Plan of Finance
Draft LVE Prioritization Resolution



Los Vaqueros Reservoir JPA Plan of Finance Update

Plan of Finance Sub-Group

Agency	Individual(s)
ACWD	Martin Koran, Sydney Oam
CCWD	Herman Williams, Maureen Martin
EBMUD	Robby Hannay
SFPUC	Nikolai Sklaroff
Valley Water	Charlene Sun, Steve Peters
Zone 7	Lizzie Foss
Stradling Yocca	Doug Brown, Jonathan Guz
Clean Energy Capital	David Moore, Will Lockwood
JPA	Taryn Ravazzini, Chuck Gardner, Jim Ciampa

Plan of Finance

- Role and purpose of Plan of Finance
 - Single document setting forth a consensus plan of the JPA and Members
 - Members are still reviewing and considering the Plan of Finance and Prioritization Resolution
 - Plans and expectations as of the date of drafting
 - General approach to be applied by JPA staff and consultants under Board direction
 - Revisions are required only if there are fundamental changes

Plan of Finance

- ❑ What is covered:
 - ❑ Financial Goals and Objectives of the Authority
 - ❑ Plan for Permanent Financing
 - ❑ Plan for Interim Financing



Plan of Finance

- ❑ Interim Financing recommendations
 - ❑ Utilize Interim Financing for initial capital funding
 - ❑ Arrange for Interim Financing to be immediately available upon Service Agreement execution
 - ❑ Initially pursue a Drawable Facility (either a Bank Loan or TECP) available upon Service Agreement execution
 - ❑ Use an RFP to select counterparty and determine debt instrument

Prioritization Resolution

- Role and purpose of Prioritization Resolution
 - Set forth common terms for all JPA borrowings, including the Interim Financing and WIFIA Loan
 - Establish a starting point for documentation of individual borrowings
- Next Steps:
 - Circulate to EPA for review
 - Include in RFP for Interim Financing
 - Board adoption with revisions, if any

Prioritization Resolution – Key Terms (draft)

- Revenues – Service Agreement and miscellaneous revenues
- Standard revenues waterfall
- Rate covenant: 1.00 times debt service
- Additional bonds test: Service Agreement in full force and effect
- Reserve requirement of 17% (2 months) expenses and debt service
- JPA's existing reserve policy to be updated



LVE PLAN OF FINANCE
WORKING DRAFT

Prepared by:



DRAFT – December 7, 2023

This Plan of Finance is preliminary, non-binding, and for discussion purposes only.

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1. Plan of Finance Overview

This plan of finance (“Plan of Finance”) is a plan for funding the capital and operating costs to be incurred by the Los Vaqueros Reservoir Joint Powers Authority (the “Authority”) for the development, construction, and operations of the Los Vaqueros Reservoir Expansion Project (“Project”). This section provides certain summary information informing the Plan of Finance.

1.1 Plan of Finance	This Plan of Finance sets forth the Authority’s plans and expectations for the Interim Financing and Permanent Financing as of the date of drafting. The approach described herein will be applied by staff, consultants and attorneys under the direction of the Authority’s Finance Committee and Board. This Plan of Finance will be revised only if there are fundamental market or other changes requiring a different approach to Interim Financing and/or Permanent Financing.
1.2 Service Agreement as Security for Authority Indebtedness	All JPA indebtedness, including the Permanent Financing and the Interim Financing, will be secured by a Service Agreement between the Authority and its Members. The Service Agreement is currently under development. It will provide a commitment by the Members to pay all Authority costs including debt service.
1.3 Financial Closing Date	<p>The “Financial Closing Date” refers to the date on which Interim Financing and/or Permanent Financing are available to the Authority. Because Interim Financing and Permanent Financing will be secured by the Service Agreement, the Financial Closing Date can be no earlier than the Effective Date of the Service Agreement. The Authority intends to dual-track preparation and documentation of the Interim Financing and Permanent Financing such that Financial Closing will occur on or shortly following the Effective Date of the Service Agreement.</p> <p>The draft Service Agreement defines the Effective Date as the date the last Member signs the Agreement, but further provides that effectiveness is conditioned upon the execution of the Final Funding Agreement by the Authority and the California Water Commission.</p>
1.4 Sources of Funds prior to the Financial Closing Date	Prior to the Financial Closing Date, the Authority has funded and will continue to fund its costs with early Public Benefits funding and Member pay-go contributions.
1.5 Sources of Funds following the Financial Closing Date	<p>On and after the Financial Closing Date, the Authority expects to fund capital costs through the Interim Financing and Permanent Financing as described herein. The Authority expects to fund operating costs, and to pay debt service on the Permanent Financing, through revenues received from Members pursuant to the Service Agreement.</p> <p>Provisions are being developed for the funding of renewal and replacement costs, and for the funding of future capital modifications.</p>

1.6 Self-Funding Option	Pursuant to the terms of the draft Service Agreement, each Member shall have the right to self-fund its share of capital costs for specific Project components. The Self-Funding Option shall apply to the Interim Financing as well as the Permanent Financing.
1.7 Indicative Credit Rating	The Authority has received a confidential indicative credit rating from Standard & Poor’s assessing the Authority’s credit strength following Service Agreement execution.
1.8 Prioritization Resolution	The Authority is working with its financial advisor and bond counsel to draft a Prioritization Resolution setting forth terms for borrowings of the Authority.
1.9 Proforma Financial Model	The Authority is currently updating its proforma financial model for the Project.
1.10 Defined Terms	Capitalized terms not defined herein have the meaning set forth in the draft Service Agreement.

2. Financial Goals and Objectives of the Authority

The Plan of Finance is intended to support the Authority’s financial goals and objectives as identified in this section.

2.1 Lowest Cost of Financing	Lowest cost of financing refers to minimizing the all-in cost of financing activities of the Authority, including debt service, issuance expenses, and processing/monitoring time by the Authority and Members.
2.2 Financial Flexibility	Financial flexibility refers to the ability of the Authority to respond effectively to changing conditions including financial market variability, construction cost and timing variability, and other factors arising during the long-dated construction period and operating period of the Project.
2.3 Risk Minimization	Risk minimization refers to the identification of financial risks and development of risk mitigation strategies in the context of the Authority’s financial goals and objectives.
2.4 Cost Certainty (Predictability)	Cost certainty and predictability refers to the ability of the Authority and Members to establish fixed and predictable short-term and long-term costs.
2.5 Simplicity and Ease of Execution	Simplicity and ease of execution refer to the minimization of unnecessary complexity in the Plan of Finance and financial affairs of the Authority, especially during the early implementation stage during which the Authority is pursuing multiple financial and non-financial initiatives.

2.6 Compliance with Law	Compliance with law means that the Authority’s Plan of Finance will comply with applicable laws and regulations.
2.7 Cost Allocation Among Members According to Benefits Received	Financial costs will be allocated among Members in proportion to benefits received. The Service Agreement will address those allocations.

3. Plan for Permanent Financing

Permanent Financing refers to long-term financing with terms of 30 years or more, as distinguished from Interim Financing.

3.1 Permanent Financing Sources of Funds	The Authority’s sources of Permanent Financing for the project are expected to be a borrowing from the EPA under the WIFIA program (the “WIFIA Loan”), Public Benefits Funding from the State and the Bureau of Reclamation under various funding programs (WSIP, WIIN Act, BIL), and additional Permanent Financing as needed, as described in this section.
3.2 Public Benefits Funding	<p>The Authority has received, and expects to further receive, public benefits funding (“Public Benefits Funding”) from the State of California and the Bureau of Reclamation under various funding programs (WSIP, WIIN Act, BIL).</p> <p>Public Benefits Funding is provided without expectation of Authority repayment, in consideration of the public benefits to result from the Project. Documentation for Public Benefits Funding, and funding specifics, are currently being developed by the Authority and the Authority’s State and Federal counterparties.</p> <p>A portion of Public Benefits Funding is “early funding” available prior to the Financial Closing Date. Other than this early funding, the receipt of Public Benefits Funding by the Authority is conditioned upon execution of the Service Agreement and subsequent hearings and processing.</p> <p>Public Benefits Funding is expected to reimburse the Authority for eligible expenditures of the Authority. The time period separating expenditure by the Authority from reimbursement by the State or Federal administering agency has not been established.</p>
3.3 WIFIA Loan	The Authority was invited by the EPA to submit a WIFIA Loan application for up to \$675 million, and submitted its application in September 2023. The Authority intends to use the WIFIA Loan to provide Permanent Financing for up to 49% of eligible Project costs, the statutory limit for the WIFIA Loan program. It is expected that the WIFIA Loan will fund

	<p>repayment of the Interim Financing and/or reimburse the Authority for eligible Project cost expenditures. The WIFIA Loan will bear a fixed interest rate established upon Financial Closing as a function of then-current long-term Treasury Bond interest rates. Interest will accrue on the WIFIA Loan from the date of drawdown such that the total accrued interest during construction will be added to the WIFIA Loan amount upon completion of construction. The WIFIA Loan is expected to amortize over 30 years from the date of completion of construction on a level debt-service basis.</p> <p>The terms and provisions of the WIFIA Loan will be consistent with the Prioritization Resolution.</p>
3.4 Other Long-Term Financing	<p>The Authority may additionally receive other Permanent Financing through grants or subsidized loan programs. In the event that funds received through the WIFIA Loan, grants or other subsidized loan programs; together with advances received by the Authority from Members (if any) exercising the Self-Funding Option; are insufficient to fund capital costs of the Project, the Authority expects to issue long-term tax-exempt revenue bonds to fund such shortfall.</p> <p>The terms and provisions of other long-term financing will be consistent with the Prioritization Resolution.</p>
3.5 Sequence of Issuance and Drawdown	<p>To minimize its cost of funds, the Authority intends to draw down its lowest-cost Permanent Financing first to the extent permitted under the applicable agreements, with higher cost Permanent Financing drawn subsequently.</p> <p>This approach would draw Public Benefits Funding (with no interest cost or repayment requirements) first, followed by WIFIA financing, followed by Revenue Bond financing to the extent necessary.</p>
3.6 Debt Allocation to Members	<p>The Authority will develop principles for allocating Authority-issued debt to individual Members. It is expected that debt will first be allocated to Facilities, such that the Members' Storage Buy-In Percentages and TBPL Buy-In Percentages as set forth in the Service Agreement can further allocate debt service to individual Members based on the Members' respective participation.</p>

4. Interim Plan of Finance

The Authority will establish an interim funding facility (the "Interim Financing") intended to bridge between the date of development / construction expenditures and the date of Permanent Financing. The debt instrument for the Interim Financing is currently under review, with the expectation that the

JPA will pursue a bank loan, interim notes issuance, tax-exempt commercial paper program, or some combination of these instruments.

<p>4.1 Development of Interim Plan of Finance</p>	<p>Interim Financing is intended to bridge between the date of development and construction expenditures by the Authority and the date that drawdowns or advancements of Permanent Financing are received.</p> <p>For costs to be permanently financed through the WIFIA Loan, Interim Financing (i) will be used to bridge the time period between Authority expenditure and WIFIA Loan reimbursement, (ii) may be used to take advantage of potentially-lower Interim Financing interest rates as compared to the WIFIA Loan rate, and (iii) may be used to preserve the WIFIA Loan interest rate reset option, which expires on first WIFIA Loan drawdown.</p> <p>For costs to be permanently financed through Public Benefits Funding, Interim Financing will be used to bridge the time period between expenditure and reimbursement.</p> <p>The Authority established a Plan of Finance Subgroup comprised of Authority staff, financial advisor and Member representatives to develop the Interim Plan of Finance. The group is currently reviewing the appropriateness of three primary debt instrument alternatives for interim financing: a bank loan, tax-exempt commercial paper, and medium-term notes.</p> <p>In the course of its review, the Plan of Finance Subgroup received presentations from selected commercial and investment banks regarding funding alternatives for Interim Financing as well as the advantages and disadvantages of each. Interim Financing in advance of a WIFIA Loan is customary in the California water infrastructure sector. One of the items considered by the Plan of Finance Subgroup was debt instrument selection by other water utilities for their interim financings. This data is summarized in Exhibit A hereto. It shows that for the 10 largest WIFIA Loan borrowers (the peer group for the LVE project), commercial paper was the most common interim debt instrument, followed by bank loans and then by notes issuance. These debt instruments, and their relative advantages and disadvantages for the Authority, are summarized in the remainder of this Section 4.</p>
<p>4.2 Drawable Facility</p>	<p>A “Drawable Facility” refers to a credit facility that can be drawn down periodically (i.e. monthly or quarterly) by the Authority to fund expenditure requirements. The two primary debt instruments for a Drawable Facility are a Bank Loan and Tax-Exempt Commercial Paper.</p> <p><u>Bank Loan</u> A “Bank Loan” as used herein refers to a lending arrangement between the Authority and one or more institutional lenders (the “Lender”),</p>

typically commercial banks. Under a Bank Loan, the Lender and the Authority would agree on a maximum credit facility amount, procedures for drawdowns and repayment, and other credit terms. The maximum loan amount would reflect the creditworthiness of the Authority, the Lender's appetite for exposure to the Authority, and other factors. Typically, the Bank Loan would charge one rate for committed and undrawn funds, and another rate for drawn amounts. Typically, drawn amounts would accrue interest based on the specified rate as an adder to a variable rate index. In a Bank Loan, the Lender would perform credit due diligence but would not receive an official statement or other disclosure document. The all-in cost of funds for a Bank Loan is the undrawn rate plus the drawn rate, both of which are negotiated with the Lender, plus transaction costs, primarily the costs of loan documentation.

TECP

"Tax-Exempt Commercial Paper" or "TECP" as used herein refers to a commercial paper program issued through public offering. Commercial paper consists of short-term fixed rate promissory notes with maturities up to 270 days, backed by a line of credit from a bank. In a commercial paper program, a commercial paper underwriter markets initial and subsequent commercial paper offerings, with subsequent commercial paper placements funding maturing commercial paper issued previously, as well as incremental development and construction costs. The line of credit bank commits to repay maturing commercial paper if it cannot be remarketed. As publicly-offered debt, TECP requires an official statement. However, because investors look to the commercial bank line of credit rather than the Authority as their primary source of repayment, limited Authority disclosure is required. The market for TECP is deep, with no maximum size limitations relative to the size of the LVE Project. The all-in cost of funds for TECP is the interest rate on the individual commercial paper offerings, which is determined by then-current market conditions, remarketing fees paid to the commercial paper dealer, the cost of the line of credit, plus costs of issuance.

Comparison of Drawable Facility Alternatives

The primary advantages of a Bank Loan relative to TECP are its ease (and low costs) of issuance and administration. The primary advantage of TECP is broad market support from institutional investors and resulting lender appetite. Both alternatives require participation of a commercial bank either as Lender or as line-of-credit provider.

The primary advantages of a Drawable Facility relative to a Note Offering are the greater flexibility in sizing and drawdown, and the lower disclosure requirements and associated savings in terms of costs of issuance. The primary disadvantage of a Drawable Facility relative to a Note Offering is the variable interest rate exposure of a Drawable Facility, which reduces cost certainty (predictability).

	<p>The relative all-in borrowing cost of a Bank Loan versus TECP fluctuate with changing market conditions, specific implementation decisions such as TECP tenor and roll-over strategy, program size, negotiations with commercial banks and commercial paper dealers, and other factors.</p>
4.3 Note Offering	<p>A “Note Offering” as used herein refers to a public offering of fixed-rate, medium-term notes with a maturity of approximately 2 to 7 years. Notes would be publicly offered through an underwriter and would require a full official statement describing the Authority, Project and Members.</p>
4.4 Comparison of Drawable Facility and Note Offering	<p>The primary advantages of a Drawable Facility relative to a Note Offering are the greater flexibility in sizing and drawdown, and the lower disclosure requirements and associated issuance cost savings. The primary disadvantage of a Drawable Facility relative to a Note Offering is the variable interest rate exposure of a Drawable Facility, which reduces cost certainty (predictability).</p> <p>Relative pricing (all-in borrowing cost) of a Drawable Facility (whether Bank Loan or TECP) versus a Note Offering fluctuates with the factors listed above.</p>
4.5 Interim Financing Issuance Strategy	<p>In consideration of the relative advantages and disadvantages of a Drawable Facility versus a Note Offering, the Authority’s Interim Plan of Finance is to implement a Drawable Facility on dual track with finalization of the Service Agreement such that the Drawable Facility is immediately available upon the effective date of the Service Agreement. The Financial Closing Date for the Drawable Facility will be the effective date of the Service Agreement (see above discussion of Financial Closing Date).</p> <p>The terms and provisions of the Drawable Facility will be consistent with the Prioritization Resolution.</p> <p>The Authority will use an RFP process to select financial counterparties for the Drawable Facility and to make decisions on whether the Bank Loan or TECP is preferable, or whether a dual track implementation of both alternatives best meets the Authority’s financial goals and objectives.</p> <p>Subsequent to the Financial Closing Date, the Authority will evaluate whether a Note Offering at some point during the long-dated construction period can supplement or replace the Drawable Facility in order to better meet the Authority’s financial goals and objectives.</p> <p>The terms and provisions of the Note Offering, if any, will be consistent with the Prioritization Resolution.</p> <p>This approach provides the following advantages to the Authority and its Members:</p>

	<ul style="list-style-type: none">• It is not considered practical to implement a Drawable Facility and a Note Offering simultaneously and on dual-track with finalization of the Service Agreement, such that either could be available to the Authority upon Financial Closing. Rather, the phased approach of beginning with a Drawable Facility and then developing a Note Offering appears a more practical alternative for the Authority.• The Drawable Facility maximizes the Authority's financial flexibility as it approaches commencement of construction.• The Drawable Facility has lower issuance cost and staffing requirements due to its lesser disclosure requirements.• It could be difficult to determine the appropriate sizing and maturity of a Notes Offering on dual track with finalization of the Service Agreement, given uncertainties associated with the construction schedule and cashflow requirements. A Drawable Facility better allows these uncertainties to be resolved over time.• The all-in cost of funds associated with a Drawable Facility is considered to be competitive with a Note Offering in the context of uncertainties regarding market conditions on the Financial Closing Date. Significant cost-of-funds variations exist within each of the financial instruments under consideration.
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Exhibit A. Form of Interim Financing Used by other California Water Utilities

What Others Have Done

Borrower	Description	State	WIFIA Loan Amount (\$ million)	Commercial Paper	Bank Loan Interim Financings	Notes
Los Vaqueros Reservoir JPA	Los Vaqueros Reservoir Expansion	CA	675			
San Francisco PUC	Biosolids Project	CA	699	✓ cft		
City of San Diego	Pure Water	CA	614	✓ cft		
San Francisco PUC	Treatment Plant	CA	514	✓ cft		✓ cft
Los Angeles County Sanitation District	Outfall Tunnel	CA	441			
East County Advanced Water Purification JPA	East County Advanced Purification Project	CA	388		✓	
San Francisco PUC	Water Resilience Program	CA	369			
Union Sanitary District	Enhanced Treatment Project	CA	250			
City of San Diego	Stormwater CIP	CA	225	✓ cft	✓	
City of Los Angeles	Advanced Water Purification	CA	224	✓		
City of Sunnyvale	Cleanwater Program	CA	220			
Silicon Valley Clean Water	RESCU Program	CA	218			✓
City of San Mateo	Treatment Plant	CA	210			✓
Inland Empire Utilities Agency	Recycling Plant	CA	196			✓ cft
Santa Clara Valley Water District	Anderson Dam/Anderson Projects	CA	173			✓ cft
Poseidon Resources	Carlsbad Desalination Plant	CA	170		✓	
Orange County Water District	Groundwater Replenishment System	CA	135			✓
Orange County Water District	PFAS Projects	CA	131			✓
City of Santa Cruz	Santa Cruz Water Program	CA	128			
City of San Diego	Pure Water	CA	120	✓ cft		✓
Inland Empire Utilities Agency	Wastewater Improvements	CA	120			✓ cft
City of Ventura	VenturaWaterPure	CA	110			
City of Stockton	Wastewater Facility	CA	108			✓ cft
Soquel Creek Water District	Pure Water Soquel	CA	89		✓	
City of San Mateo	Collection System	CA	85			
Sacramento County Water Authority	Distribution and Meter Projects	CA	81			✓ cft
Yucaipa Valley Water District	Watershed Connect	CA	81			
Santa Clara Valley Water District	Anderson Projects Pecheco Reservoir	CA	74			
Silicon Valley Clean Water	Wastewater Treatment Plant	CA	74			✓
Upper Santa Ana River Watershed IFA	Enhanced Recharge Project	CA	70			✓ cft
City of Oceanside	Pure Water Oceanside and Recycled Water	CA	69			
Silicon Valley Clean Water	RESCU Program	CA	69			✓
Esterio Municipal Improvement District	Waterwater Plant	CA	67			✓
City of Ventura	VenturaWaterPure	CA	63			
Coachella Valley Water District	Stormwater and Flood Control	CA	59			✓
City of Oxnard	Aquifer Storage Project	CA	48			
Santa Clara Valley Water District	Flood Protection	CA	41			✓ cft
City of Morro Bay	Reclamation Facility - Drinking Water	CA	37			
City of Roseville	Water Future Initiative	CA	33			
City of Morro Bay	Reclamation Facility - Wastewater	CA	25			
Oro Loma Sanitary District	Sewer Projects	CA	25			
Helix Water District	Drinking Water Reliability Project	CA	19			

Note: Based on publicly available information.

Source: Citigroup

RESOLUTION NO. 2024-___

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOS VAQUEROS
RESERVOIR JOINT POWERS AUTHORITY PROVIDING FOR THE
PRIORITIZATION OF USE OF LOS VAQUEROS RESERVOIR PROJECT SERVICE
AGREEMENT REVENUES**

WHEREAS, the Board of Directors of the Los Vaqueros Reservoir Joint Powers Authority (the “Board” and the “Authority,” respectively), pursuant to the Authority’s procedures and the California Government Code, from time to time, may adopt policy for the administration of the Authority;

WHEREAS, the Authority is developing a water storage and water conveyance project commonly referred to as the “Los Vaqueros Reservoir Expansion Project” and related facilities;

WHEREAS, the Authority expects to receive certain revenues (as further defined below, the “Revenues”) from members of the Authority;

WHEREAS, the Authority expects to receive certain amounts (as further defined below, the “Non-Member Payments”) from the California Water Commission, the United States Bureau of Reclamation and others; and

WHEREAS, the Board, by adoption of this Prioritization Resolution, desires to adopt guidance providing for the prioritization of use of the Revenues.

NOW, THEREFORE, the Board of Directors of the Los Vaqueros Reservoir Joint Powers Authority hereby adopts the following:

Section 1. Recitals. The facts stated in the recitals above are true and correct, and the Board so finds and determines.

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any opinion or report or other document mentioned herein or therein have the meanings defined herein. Such definitions are equally applicable to both the singular and plural forms of any of the terms defined herein:

(a) **Authority.** “Authority” means the Los Vaqueros Reservoir Joint Powers Authority, an independent joint powers authority established pursuant to the Joint Exercise of Powers Agreement to exercise powers common to the Authority members to, among other things, effectively study, promote, develop, design, finance, acquire, construct, manage, and operate the Project and related facilities.

(b) **Authority Debt.** “Authority Debt” shall have the meaning set forth in the Service Agreement.

(c) Authorized Officer. “Authorized Officer” means (i) the Executive Director of the Authority or, if there is no officer designated as the Executive Director, the Treasurer of the Authority or (ii) the highest ranking member of the finance staff of the Authority; and, in each case, the written designee thereof.

(d) Available Reserves. “Available Reserves” means amounts on deposit in the “Administrative and Operating Fund Reserve” and such other funds and accounts the Board determines by Board action to be available to pay amounts described in Section 3.2(a) through (e) maintained by the Authority in accordance with Section 3.5 hereof. For avoidance of doubt, Available Reserves shall not include the Authority’s existing Capital Project Fund Reserve.

(e) Available Reserves Requirement. “Available Reserves Requirement” means, for any Fiscal Year, an amount equal to two months of budgeted administrative and operating expenses and Authority Debt and shall generally be calculated at 17% (2 months/12 months) of the annual operating budget.

(f) Board. “Board” means the Board of Directors of the Authority.

(g) CWC. “CWC” means the California Water Commission, including any successor thereto.

(h) Extraordinary Costs. “Extraordinary Costs” shall have the meaning ascribed thereto in the Service Agreement, as more particularly determined in accordance to the Service Agreement.

(i) Fiscal Year. “Fiscal Year” means the period beginning on July 1 of each year and ending on the last day of June of the succeeding year, or any other accounting period hereafter selected and designated by the Board as the Fiscal Year of the Authority.

(j) Fixed Costs. “Fixed Costs” shall have the meaning ascribed thereto in the Service Agreement, as more particularly determined in accordance with the Service Agreement.

(k) Fixed O&M Costs. “Fixed O&M Costs” shall have the meaning ascribed thereto in the Service Agreement, as more particularly determined in accordance with the Service Agreement.

(l) Joint Powers Agreement. “Joint Powers Agreement” means the Los Vaqueros Reservoir Joint Exercise of Powers Agreement, effective October 6, 2021, by and among the parties set forth on the execution page thereof, as amended and supplemented from time-to-time in accordance therewith.

(m) Members. “Members” means the members of the Authority set forth in Appendix A to the Service Agreement from time-to-time.

(n) Net Revenues. “Net Revenues” means, for any Fiscal Year, Revenues minus Fixed O&M Costs and Variable Costs (net of any Fixed O&M Costs, Variable Costs or other operation and maintenance costs paid, or reasonably expected to be paid, with proceeds of the Non-Member Payments).

(o) Non-Member Payments. “Non-Member Payments” means, with respect to any Fiscal Year, all amounts received by the Authority from state and federal entities for the construction, operation, repair and replacement of the Project, including but not limited to the amounts received under the Final Funding Agreement with the California Water Commission and agreements with federal agencies but not including amounts received from any master agreement or loan agreement with the United States Environmental Protection Agency pursuant to the Water Infrastructure Financing and Innovation Act.

(p) Prioritization Resolution. “Prioritization Resolution” means this resolution as this resolution may be amended from time-to-time in accordance with Section 4.3 hereof.

(q) Project. “Project” means a water storage and water conveyance project commonly referred to as the Los Vaqueros Reservoir Expansion Project, as more particularly described in the Service Agreement.

(r) R&R Costs. “R&R Costs” shall have the meaning ascribed thereto in the Service Agreement, as more particularly determined in accordance to the Service Agreement.

(s) Reclamation. “Reclamation” means the United States of America, Department of the Interior, Bureau of Reclamation, including any successor thereto.

(t) Revenue Fund. “Revenue Fund” means, collectively, the “Revenue Fund” maintained by the Authority in accordance with Section 3.1 hereof, and any other funds and accounts into which the Authority currently deposits Revenues or created in the future by the Board into which Revenues will be deposited as part of the Revenue Fund pursuant to Section 3.1.

(u) Revenues. “Revenues” means, with respect to any Fiscal Year, all amounts received by the Authority with respect to the Project from the Members under the Service Agreement, and all other income, revenues, receipts and amounts received by the Authority in connection with the Project other than Non-Member Payments or payments which are related to capital costs of the Project, including but not limited to amounts received from hydroelectric energy sales, all income from the investment of any Revenues in the Revenue Fund and any other fund or account created with respect to any Authority Debt to the extent investment earnings thereon are required by the terms of such Authority Debt to be transferred to the Revenue Fund. Revenues shall not include any Non-Member Payments and all other revenues generated by the Project.

(v) Service Agreement. “Service Agreement” means the Los Vaqueros Reservoir Joint Powers Authority Service Agreement, by and among the Authority and the Members set forth in Appendix A to the Service Agreement, as such Service Agreement may be amended or supplemented from time-to-time but shall not include any agreement or arrangement with CWC or Reclamation with respect to the Project.

(w) Variable Costs. “Variable Costs” shall have the meaning ascribed thereto in the Service Agreement.

Section 3. Prioritization of Use for Revenues.

Section 3.1. Revenue Fund.

The Authority hereby agrees to create and maintain, so long as any Authority Debt remains unpaid, the Revenue Fund to be held by the Authority. Amounts in the Revenue Fund shall be disbursed, allocated and applied solely to the uses and purposes hereinafter described in this Prioritization Resolution, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority, including but not limited to Non-Member Payments.

All Revenues and all amounts on deposit in the Revenue Fund are hereby allocated to the payment of the Fixed O&M Costs and Variable Costs, Authority Debt and other costs as set forth in Section 3.2. The Revenues and all amounts on deposit in the Revenue Fund shall not be used for any other purpose while any Authority Debt remains unpaid. Any investment earnings on amounts on deposit in the Revenue Fund shall be retained in the Revenue Fund.

Section 3.2. Prioritization of Use for Revenues.

All Revenues received by the Authority shall be deposited into the Revenue Fund established and held by the Authority pursuant to Section 3.1 hereof and allocated in the following priority:

- a. to the payment of Fixed O&M Costs and Variable Costs;
- b. to the payment of senior lien Authority Debt;
- c. to replenish bond reserve funds established for senior lien Authority Debt, if any;
- d. to the payment of subordinate lien Authority Debt;
- e. to replenish bond reserve funds established for subordinate lien Authority Debt, if any;
- f. to restore the amount on deposit in the Available Reserves to the Available Reserves Requirement;
- g. as long as the Authority determines there will be sufficient Revenues to make the payments set forth in (a) through (f) above, to pay any other Project costs, including, but not limited to, R&R Costs and Extraordinary Costs, not previously paid under (b) through (e) above; and
- h. Any remaining Revenues shall be deposited into the Available Reserves, unless otherwise directed by an action of the Board to be applied to a lawful purpose permitted by the Joint Powers Agreement and the Service Agreement.

Section 3.3. Authority Debt. The Authority shall not issue or incur any additional senior lien or subordinate lien Authority Debt unless the Authority has certified that (i) no material event of default has occurred under any Authority Debt and is continuing, (ii) the

Service Agreement is in full force and effect, and (iii) such additional senior lien or subordinate lien Authority Debt is entitled to the benefits of this Prioritization Resolution.

Section 3.4. Rate Sufficiency. (a) The Authority hereby covenants to establish charges under the Service Agreement at the beginning of each Fiscal Year which are reasonably expected to be at least sufficient to yield Net Revenues, together with amounts on deposit in the Available Reserves, of at least 1.00 times Authority Debt service on senior lien Authority Debt payable during such Fiscal Year.

(b) The Authority hereby covenants to establish charges under the Service Agreement at the beginning of each Fiscal Year which are reasonably expected to be at least sufficient to yield Net Revenues, remaining after payment of senior lien Authority Debt and replenishment of Authority Debt reserve funds created with respect thereto, if any, in accordance of Section 3.2 (a) and (b) above, together with amounts on deposit in the Available Reserves, of at least 1.00 times Authority Debt service on subordinate lien Authority Debt payable during such Fiscal Year.

(c) So long as the Authority has complied with its obligations set forth in subsections (a) and (b) above, the failure of Net Revenues to meet the threshold in the prior subsections (a) or (b) with respect to a Fiscal Year shall not constitute a default or an event of default hereunder so long as the Authority has complied with its obligation set forth in subsections (a) and (b) above with respect to the following Fiscal Year.

(d) For avoidance of doubt, Authority Debt service due during a Fiscal Year, which the Board of Directors has determined as a part of the budget process for a Fiscal Year is expected to be refinanced from Authority Debt or paid from sources other than Revenues shall not be included in the calculation of Authority Debt service for purposes of Section 3.4 (a) and (b).

Section 3.5. Available Reserves. The Authority hereby covenants and agrees to maintain, so long as any Authority Debt remains outstanding, the Available Reserves to be held by the Authority. Amounts in the Available Reserves shall be disbursed, allocated and applied solely to the uses and purposes hereinafter described in this Prioritization Resolution, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

So long as any Authority Debt remains outstanding, the Authority shall maintain in the Available Reserves an amount equal to the Available Reserves Requirement. Nothing herein shall prevent the Board from time to time from establishing minimum reserve levels for the Available Reserves that are higher than the Available Reserves Requirement.

On or prior to the date of incurrence of any Authority Debt, the Authority shall deposit to the Available Reserves an amount necessary, if any, to increase the amount on deposit in the Available Reserves to the Available Reserves Requirement, including in the calculation of the Available Reserves Requirement any debt service payable during the then-current Fiscal Year with respect to such Authority Debt.

In the event of any deficiency in the Available Reserves, the Authority shall replenish such deficiency in accordance with Section 3.2 hereof.

Amounts in the Available Reserves shall be withdrawn by the Authority upon the written direction of an Authorized Officer solely for the purposes set forth in Sections 3.2(a) through (e) hereof. Any amounts withdrawn from the Available Reserves shall be deposited into the Revenue Fund and applied pursuant to Section 3.2 hereof. Any amounts in the Available Reserves in excess of the Available Reserves Requirement on the last day of any Fiscal Year may be transferred in accordance with the written direction of an Authorized Officer from the Available Reserves to the Revenue Fund and applied pursuant to Section 3.2 hereof. Any investment earnings on amounts on deposit in the Available Reserves shall be transferred on the last day of any Fiscal Year into the Revenue Fund and applied pursuant to Section 3.2 hereof unless such transfer would cause the amount on deposit in the Available Reserves to be less than the Available Reserves Requirement.

Section 3.6. Enforcement Provisions. The Authority hereby covenants to enforce the Service Agreement and other agreements pursuant to which the Authority receives revenues with other parties, including Reclamation and CWC, to the fullest extent necessary to assure sufficient Revenues will be available to pay all amounts with respect to Fixed O&M Costs, Variable Costs and Authority Debt (net of Fixed O&M Costs and Variable Costs paid from Non-Member Payments) when due.

Section 3.7. Investment. All amounts on deposit in the Revenue Fund and the Available Reserves shall be invested in accordance with the Authority investment policy as such investment policy may be amended or supplemented from time-to-time.

Section 3.8. Financial Statements. The Authority will prepare annually within two hundred and seventy (270) days after the close of each Fiscal Year, an audited financial statement for the Authority (prepared in accordance with Generally Accepted Accounting Principles) for the preceding Fiscal Year.

Section 4. Miscellaneous.

Section 4.1. Benefits of this Prioritization Resolution Limited to Certain Parties. Nothing contained herein, expressed or implied, is intended to give any person other than the Authority or the parties to, or owners of, Authority Debt any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Authority shall be for the sole and exclusive benefit of such other parties.

Section 4.2. Successor is Deemed Included in all References to Predecessor. Whenever the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the Authority shall bind and inure to the benefit of the successors thereof whether so expressed or not.

Section 4.3. Amendments. Except as may be otherwise provided in Authority Debt, the Authority may amend the provisions of this Prioritization Resolution in accordance with the provisions of the Joint Powers Agreement and the bylaws of the Authority in effect from time-to-time.

Section 4.4. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Authority hereby declares that it would have adopted this Prioritization Resolution, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 4.5. Repeal of Inconsistent Resolutions. Any resolution of the Authority and any part of any resolution inconsistent herewith is hereby repealed to the extent of such inconsistency.

Section 4.6. Additional Covenants. Nothing in this Prioritization Resolution shall prohibit the Authority from entering into additional covenants with or for the benefit of parties to, or owners of, Authority Debt.

Section 4.7. Effect. This Prioritization Resolution shall take effect immediately.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Los Vaqueros Reservoir Joint Powers Authority this ___ day of _____ 2024 by the following roll call vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

Angela Ramirez Holmes, Chair

ATTEST:

Ellen Wehr, Secretary

ITEM 3.2: PROGRAM MANAGEMENT UPDATE

RESPONSIBLE/LEAD STAFF MEMBER:

Chuck Gardner, Program Manager

DISCUSSION:

Chuck Gardner, Program Manager, will present a status of JPA program-level activities. Monthly standing updates noted in the presentation include status of Authority contract authorizations, budget, schedule, cash flow, and agreements.

A comprehensive near-term project schedule has been developed and is under review with member agencies. Of note, this schedule reflects a potential delay due to member agency request to manage agreements sequentially in lieu of the proposed expedited concurrent approach. The revised schedule reflects prioritization of the Backstop Plan managed jointly by CCWD and EBMUD, as well as the Design and Construction Agreement (DCA) managed by CCWD. Additional agreements will be sequenced into the Service Agreement following progress on the Backstop Plan and DCA.

In anticipation of the projected schedule delay due to the development of the various partner agreements, staff is working to ensure sufficient interim funding for Project activities. Chuck Gardner will present an overview of the various capital conservation strategies approach for discussion.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

None.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

Program Management Update Presentation.

The logo for the Los Vaqueros Reservoir Expansion Project. It features the text "LOS VAQUEROS" in blue, "RESERVOIR EXPANSION" in green, and "PROJECT" in green. To the right of the text is a stylized graphic of a dam or reservoir structure, composed of several horizontal bars of varying heights, colored in shades of blue and green.

LOS VAQUEROS RESERVOIR EXPANSION PROJECT

The background of the slide is a landscape photograph. It shows a large blue reservoir in the middle ground, surrounded by rolling green hills. In the distance, several white wind turbines are visible on the hills. The sky is bright and slightly hazy. The overall scene is a mix of natural beauty and infrastructure.

LVE Program Management Update
December 13, 2023

Overview

1. Accomplishments
2. Authority Contract Authorizations
3. Budget
4. Cash Flow
5. Schedule
6. Agreements
7. Capital Preservation Strategy
8. Next Steps

November Accomplishments

- Facilitated Multiple EMT Meetings
- Developed Integrated Agreements Schedule for Member Review
- Facilitated Successful Series of Meetings at ACWA

Authority Contract Authorizations



Los Vaqueros JPA

Active Contracts and Progress Billings - October 2023

Contractor/Consultant/Vendor	Primary Responsibility	Contract Term	Max. Contract Value/NTE	Billed Through September 2023	Remaining Contract Value	% Term Expired	% Billed
CalMutuals - JPRIMA ¹	JPA Insurance Policy	05/30/2023 - 04/01/2024	\$ 62,261.00	\$ 62,261.00	\$ -	50%	100%
Clean Energy Capital - CEC	Finance/Credit Support	08/25/2022 - 06/30/2024	\$ 1,090,515.00	\$ 801,764.79	\$ 288,750.21	64%	74%
Eide Bailly, LLP	Accounting Services	07/01/2023 - 06/30/2024	\$ 98,000.00	\$ 11,434.25	\$ 86,565.75	33%	12%
Hallmark Group	Project Management/Controls	05/22/2023 - 06/30/2024	\$ 1,251,440.00	\$ 596,574.65	\$ 654,865.35	41%	48%
J Comm, Inc. ²	Project Video / CWC Requireme	08/16/2023 - 01/31/2024	\$ 22,000.00	\$ 11,715.59	\$ 10,284.41	45%	53%
Lagerlof, LLP ³	Legal	07/01/2023 - 06/30/2024	\$ 300,000.00	\$ 88,681.62	\$ 211,318.38	33%	30%
Natural Resource Results, LLC	Federal Relations/Lobbying	05/16/2023 - 06/30/2024	\$ 212,500.00	\$ 82,500.00	\$ 130,000.00	41%	39%
Regional Government Services - RGS ⁴	Board Clerk/Administration	03/08/2023 - 06/30/2023	\$ 25,000.00	\$ 22,001.61	\$ 2,998.39	Month-to-Month	88%
S&P Global Ratings	Rating Evaluation	12/19/2022 - [Open]	\$ 55,000.00	\$ 50,000.00	\$ 5,000.00	Open	91%
T. Ravazzini Consulting	Executive Director	09/14/2022 - 06/30/2025	\$ 1,270,220.00	\$ 488,733.16	\$ 781,486.84	40%	38%
C.J. Brown & Company CPAs	JPA Financial Audit	10/16/2023 - 06/30/2024	\$ 6,250.00	\$ -	\$ 6,250.00	0%	0%
Stradling Yocca Carlson & Rauth ⁵	Bond Counsel	10/24/2023 - 06/30/2025	\$ 225,000.00	\$ -	\$ 225,000.00	0%	0%

¹ Payment in full required on policy renewal date.

² Contract terms required \$10,000 payment due at signing.

³ Legal services "contract value" is an estimated FY24 cost projection not an actual contract or NTE.

⁴ Contract is month-to-month effective July 1, 2023.

⁵ Estimate based on proposed fee structure, no specified NTE value

Authority Budget Report

Month End October 31, 2023



Budget Cost Category	FY24 Budget	Budget To Date	Accrued Costs	Paid Costs	Total Accrued/Paid Costs	Budget Variance Over/(Under)
JPA Services ¹						
Management	\$ 1,706,000	\$ 568,667	\$ 647,090		\$ 647,090	\$ 78,423
Administration	\$ 250,000	\$ 83,333	\$ 11,471		\$ 11,471	\$ (71,862)
Financial	\$ 720,000	\$ 240,000	\$ 202,451		\$ 202,451	\$ (37,549)
External Affairs/Agency Support	\$ 470,000	\$ 156,667	\$ 71,716		\$ 71,716	\$ (84,951)
Legal	\$ 505,000	\$ 168,333	\$ 88,682		\$ 88,682	\$ (79,651)
Total JPA Services	\$ 3,651,000	\$ 1,217,000	1,021,410		\$ 1,021,410	\$ (195,590)
CCWD Services ²						
Management	\$ 75,000	\$ 12,500		\$ -	\$ -	\$ (12,500)
Environmental Planning/Design						
Dam Raise	\$ 1,324,400	\$ 220,733		\$ 184,745	\$ 184,745	\$ (35,988)
Transfer Bethany Pipeline	\$ 2,564,800	\$ 427,467		\$ 255,362	\$ 255,362	\$ (172,105)
Pumping Plant No. 1	\$ 1,260,800	\$ 210,133		\$ 104,794	\$ 104,794	\$ (105,339)
Program (not facility specific)	\$ 2,475,333	\$ 412,556		\$ 392,070	\$ 392,070	\$ (20,486)
Legal	\$ 860,000	\$ 143,333		\$ 99,030	\$ 99,030	\$ (44,303)
Fees	\$ 584,000	\$ 97,333		\$ 3,500	\$ 3,500	\$ (93,833)
Total CCWD Services	\$ 9,144,333	\$ 1,524,056		\$ 1,039,501	\$ 1,039,501	\$ (484,555)
CCWD Labor ³						
Management	\$ 203,000	\$ 67,667		\$ 138,461	\$ 138,461	\$ 70,794
Environmental Planning/Design						\$ -
Dam Raise	\$ 427,100	\$ 142,367		\$ 93,224	\$ 93,224	\$ (49,143)
Transfer Bethany Pipeline	\$ 621,780	\$ 207,260		\$ 181,848	\$ 181,848	\$ (25,412)
Pumping Plant No 1	\$ 427,080	\$ 142,360		\$ 112,338	\$ 112,338	\$ (30,022)
Program (not facility specific)	\$ 2,423,500	\$ 807,833		\$ 808,175	\$ 808,175	\$ 342
Total CCWD Labor	\$ 4,102,460	\$ 1,367,487		\$ 1,334,047	\$ 1,334,047	\$ (33,440)
Total CCWD	\$ 13,246,793	\$ 2,891,542		\$ 2,373,548	\$ 2,373,548	\$ (517,994)
Total (excluding contingency)	\$ 16,897,793	\$ 4,108,542	\$ 1,021,410	\$ 2,373,548	\$ 3,394,958	\$ (713,584)
Contingency	\$ 2,175,207	\$ 725,069	\$ -	\$ -	\$ -	\$ (725,069)
Total	\$ 19,073,000	\$ 4,833,611	\$ 1,021,410	\$ 2,373,548	\$ 3,394,958	\$ (1,438,653)

Quarterly Projected Cash Flow Report

Fiscal Year 2024



	Beginning	FY24 - Q1 Jul - Sep	FY24 - Q2 Oct - Dec	FY24 - Q3 Jan - Mar	FY24 - Q4 Apr - Jun	Total
CASH - Beginning of Year	\$ -	\$ -	\$ 1,429,112	\$ 1,122,326	\$ 1,400,438	
CASH SOURCES						
Member Agency Funding (from Contra Costa Water District)		1,425,000	-	-	-	1,425,000
Member Agency Funding (invoiced by JPA - September 1, 2023)		619,500	3,717,000	-	-	4,336,500
Member Agency Funding (to be invoiced by JPA - January 5, 2024)		-	-	4,336,500	-	4,336,500
TOTAL CASH SOURCES		2,044,500	3,717,000	4,336,500	-	10,098,000
TOTAL CASH AVAILABLE	-	2,044,500	5,146,112	5,458,826	1,400,438	
CASH USES						
CCWD Progress Payments (per MPA 5)		-	2,913,000	2,913,000	-	5,826,000
EPA WIFIA Loan Application Fee		100,000	-	-	-	100,000
Management		320,866	414,322	414,322	414,322	1,563,832
Administration		1,569	75,866	75,866	75,866	229,167
Financial		100,376	153,208	153,208	153,208	560,000
External Affairs/Agency Support		40,000	130,279	130,279	130,279	430,837
Legal - General Counsel		43,380	76,222	77,699	77,699	275,000
Legal - Bond Counsel (TBD)		-	56,250	84,375	84,375	225,000
Insurance - General and Excess Liability		-	-	-	62,261	62,261
Contingent Costs		-	194,639	194,639	194,639	583,917
Direct Reimbursable Costs		9,197	10,000	15,000	15,000	49,197
TOTAL CASH USES		615,388	4,023,786	4,058,388	1,207,649	9,905,211
CASH - End of Year	\$ -	\$ 1,429,112	\$ 1,122,326	\$ 1,400,438	192,789	

Estimated Cost at Completion – All Costs Comparison (Costs in \$1,000)¹

¹ All costs shown are multiples of \$1,000 and are rounded up to the nearest \$100,000.

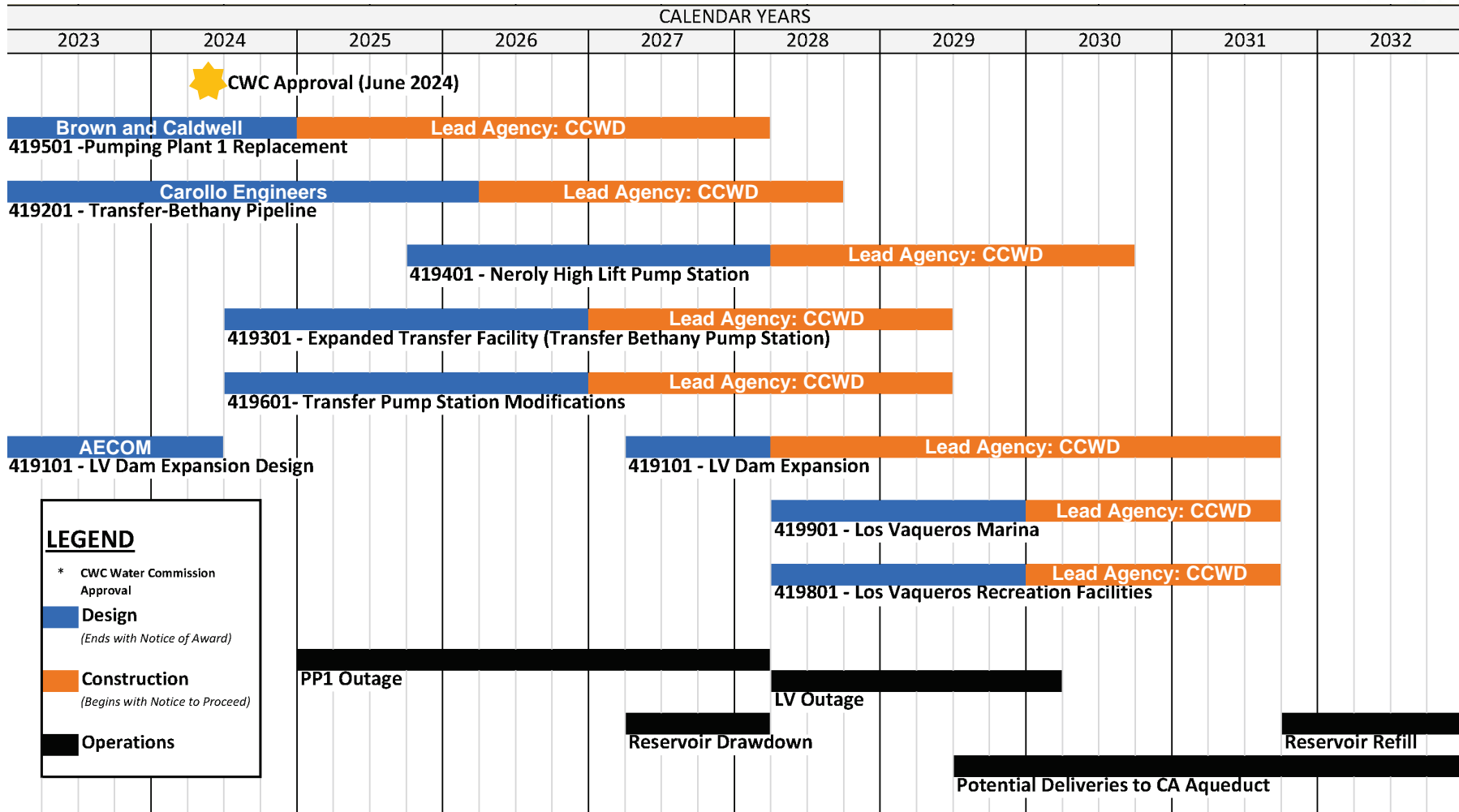
² Program Reserves in 2022 include: Applied Program Contingency (\$47.121M); Capital Project Reserve (\$47.573M); Debt Service Reserve Fund (\$39.995M); and Administrative and Operating Fund Reserve (\$3.731M)



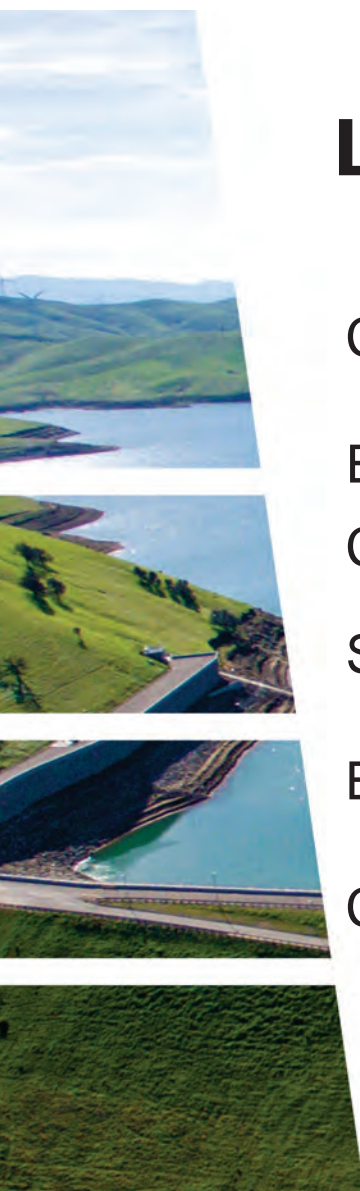
Project Element	June 2022 Capital Cost Estimate Cost at Completion	June 2023 Capital Cost Estimate Cost at Completion	Changes Between Updates	Percent Change (%)
Implementation Costs	\$ 88,600	\$ 89,700	\$ 1,100	1%
Los Vaqueros Dam Expansion	449,200	532,800	83,600	19%
Transfer Bethany Pipeline	219,400	264,600	45,200	21%
Expanded Transfer Facility	94,700	99,000	4,300	5%
Neroly High Lift Pump Station	68,900	77,400	8,500	12%
Pumping Plant No. 1 Replacement	94,100	112,200	18,100	19%
Transfer Pump Station Modifications	60,700	57,100	(3,600)	-6%
Los Vaqueros Recreation Facilities	14,400	10,000	(4,400)	-31%
Los Vaqueros Marina Relocation	84,700	100,500	15,800	19%
Program Reserves ²	138,400	100,000	(38,400)	-28%
Subtotal	\$ 1,313,100	\$ 1,443,300	\$ 130,200	10%
EBMUD Mokelumne Aqueduct	\$ 23,700	\$ 23,700	\$ -	0%
JPA Costs				
Financing Cost	19,100	20,990	1,890	10%
JPA Admin Costs (Pre-Operations)	18,500	33,324	14,824	80%
Interest on LAP Contributions	2,300	2,450	150	7%
Subtotal	\$ 63,600	\$ 80,464	\$ 16,864	27%
Program Total	\$ 1,376,700	\$ 1,523,764	\$ 147,064	11%

Construction Schedule Summary

July 13, 2023



LVE JPA Agreements Status



CCWD DCA	In progress w/ CCWD, meeting 12/19
EBMUD FUA	JPA review of EBMUD comments 12/11
CCWD FUA	Convened Ad Hoc 12/6, revision in progress
Service Agreement	Legal work group 11/2, comments consolidated
Backstop	In progress w/ CCWD
CAPB	In progress, drafts complete



Contract for Administration of Public Benefits Update

- Complete drafts of the CAPBs have been developed.
- Draft adaptive management plan for ecosystem benefits will be shared with Reclamation prior to sharing with DFW.
- Final draft CAPBs are expected by February of 2024 for review by the California Water Commission and opportunity for public comment prior to executing the CAPBs before the final funding award hearing.

LVE JPA Schedule Updates

- Integrated agreements schedule contemplating JPA member review has been developed and shared with general managers
- Individual member meetings to further vet and ensure appropriate committee and board review is underway
- In anticipation of delay, staff has been working to develop a capital preservation strategy to mitigate near term cost implications

JPA Capital Preservation Strategy Update





Capital Preservation Strategy

Conserve capital and focus on mission-critical activities


- Maintain administrative functions of the JPA
- Focus on agreement completion
- Maintain critical design and permitting activities

Funding Needed

Current average monthly burn rates:

- JPA \$283K/mo
- CCWD \$1.1M/mo





\$0 cost time extension may possible if we achieve the following:

- Reduce JPA burn rate by ~12%
- Reduce CCWD burn rate
- CCWD transfers \$1.55M contingency to JPA
- JPA enters into FAA with Reclamation
- Extend MPA 5 for time-only and request contingency transfer to JPA

Next Steps

- Finalize Schedule Assumptions
- Refine Scenarios
- Reconvene Finance Committee
- Seek Direction from Board
- Manage Agreement Issues Resolution

ITEM 3.3: PROPOSED JPA AGREEMENT AMENDMENTS

RESPONSIBLE/LEAD STAFF MEMBER:

James Ciampa, General Counsel

DISCUSSION:

The Authority was formed on October 6, 2021, when Contra Costa Water District (“CCWD”), as the last signatory, signed the Joint Exercise of Powers Agreement (the “JPA Agreement”). That signature culminated an agreement development process that started in January 2020 and involved negotiations and drafting through July 2021.

On October 13, 2023, CCWD provided the Authority’s General Counsel with correspondence setting forth proposed amendments to the JPA Agreement. The proposed amendments included the following:

- (i) Add Section 1.6.4 to require the Authority, the Project and any Related Activity to adhere to CCWD’s Board principles adopted in 2003 regarding the Project.
- (ii) Amend the CCWD and EBMUD veto rights in Section 3.3.4.4 to add that any “decision that would, in the sole determination of the affected Member, be inconsistent with or fail to adhere to any principle or policy adopted prior to the formation of the Authority by that Member’s governing board in connection with the facility(ies) to be affected” would constitute an “adverse and material” effect that would trigger the veto rights of either CCWD or EBMUD, as applicable.
- (iii) Amend the provisions for admission of a new member to the Authority from a simple majority vote to a unanimous vote.
- (iv) Amend Section 10.7 to prohibit the Authority from engaging in policy advocacy with non-Members and from undertaking legislative, lobbying, or governmental affairs activities.

Section 8.2 of the JPA Agreement provides in pertinent part, as follows with respect to the requirements to amend the JPA Agreement: “This Agreement may be amended at any time by action taken by at least three-quarters (3/4ths) of the Board and ratified by at least three-quarters (3/4ths) (seventy-five percent (75%)) of the governing bodies of the Members; provided that if the proposed amendment is to change the requirement for unanimous approval of an action required under Section 3.3.3 or relates to the veto right provided by Section 3.3.4, then any such amendment must have unanimous Board approval.”

Thus, any amendment requires at least 75% approval of the Board with ratification by at least 75% of the Members’ governing boards. However, any amendment to the veto rights provisions would require unanimous approval.

General Counsel provided the Directors and Alternate Directors with the proposed amendments and related correspondence, including the Authority’s response to CCWD’s October 13 transmittal letter, on November 1, 2023. General Counsel discussed the proposed amendments in his report at the November 8 Board of Directors’ meeting and mentioned that Board consideration of the proposed amendments would likely occur in early 2024.

Since the November 8 Board meeting, positive discussions have occurred on the CCWD Design and Construction Agreement. On Friday, December 1, the Legal Work Group met to discuss the proposed amendments. That meeting resulted in an alternative approach to address the proposed amendments – through potentially addressing adherence to the CCWD Board principles in the CCWD Design and Construction Agreement and Facilities Usage Agreement. The Legal Work Group believed that was a workable approach and discussions also occurred regarding possible compromises on the other proposed amendments.

At this point, Authority staff and legal counsel desire that the Board provide direction for staff and counsel to continue to work with the Legal Work Group, including CCWD’s counsel, on these proposed amendments. Although negotiations of the Design and Construction Agreement and Facilities Usage Agreement will occur through a separate process or processes over the next few months, it is most efficient to use the Legal Work Group to act as the clearinghouse on the proposed amendments. Once consensus is reached in the Legal Work Group on the form of any amendments to be presented to the Board, those amendments will be brought back to the Board for consideration in accordance with Section 8.2 of the JPA Agreement. It is also possible that further developments on various issues may result in the proposed amendments no longer being necessary. In all events, General Counsel will keep the Board apprised of any further developments on this issue.

ALTERNATIVES:

For discussion purposes.

FISCAL ANALYSIS:

None.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

None.

REPORTS

ITEM 4.2: EXECUTIVE DIRECTOR'S REPORT

The following highlights additional key activities, which occurred last month and are not otherwise addressed in the packet.

Executive Management Team (EMT) Meetings Update – The JPA and CCWD Executive Management Teams met twice in November, the 8th and 21st. These meetings serve as a forum to further discuss and address the major Project agreements, along with any other outstanding critical path issues requiring coordination among the JPA and CCWD. These meetings include a small number of LVE executive managers from both agencies responsible for significant, time-driven tasks. The EMT agendas prioritize key agreement progress and emphasize coordination and accountability on those agreements where one or both agencies are a party. Additionally, this time allows for a regular review of services provided under Multi-Party Agreement Amendment #5 as needed.

The November meetings were used primarily to address agreement and permit scheduling issues and to jointly develop schedule adjustments that were then shared with Member Agencies. These meetings have continued into December and will be a regular part of the Project coordination schedule in 2024.

Continued Coordination with US Bureau of Reclamation – Close coordination with our federal partners continues. The ACWA Fall Conference allowed for a couple of productive in-person meetings. See Item 4.2.2 November 2023 Engagement Activities with Reclamation.

ACWA Fall Conference Activities – The Association of California Water Agencies (ACWA) held its 2023 Fall Conference in Indian Wells, November 28-30. The Executive Director was in attendance and conducted Authority business throughout the three-day event, meeting with individual Board members, Member Agency representatives, consultants, stakeholders and interested parties.

- **JPA Open House, Tuesday, Nov. 28** – The Authority hosted an afternoon open house reception at ACWA Fall Conference to share information on the Project. This public event was well attended by Authority Board members, Member Agency board members and staff, federal and state agency representatives, consultants, public and private industry representatives, and other ACWA Conference attendees. Updated Project pamphlets were provided as well as information on the JPA's Year Two Accomplishments. A 4-minute silent video highlighting the Project benefits was running on repeat and showcased impressive aerial views of the Los Vaqueros Reservoir, the watershed, and the wildlife refuges that the Phase 2 expansion will support. (The footage is part of the required "virtual tour" being developed for the California Water Commission.) Similar to the open house held at ACWA's Spring Conference in May, attendees expressed appreciation for the event and the information and access to Project representatives that it provided.
- **JPA General Manager Meeting, Nov. 29** – A meeting of the General Managers of the Authority Member Agencies was held on Wednesday, November 29, at 1pm. This monthly

meeting allows the General Managers and Authority Executive Director and consultants to closely coordinate on critical path items. The agenda included a report out on the recent Design and Construction Agreement meeting and the main issues discussed, particularly around risk mitigation/risk sharing, cost control and accountability, and the perspective of the larger regional Project as relates to the individual smaller construction projects that make up the whole. Also reviewed was the proposed adjusted schedule, developed in coordination with CCWD, that is responsive to recent changes in agreement discussions as well as the budget adjustments that will be required to manage the schedule revisions. Authority staff will be meeting with each Member Agency General Manager in the next two months to have detailed discussions to firm up the schedule revisions. Additional schedule information is included in the Program Management Update. (See Item 3.2)

- **ACWA Region 5 Meeting, Nov. 29** – Chair Ramirez Holmes presented an update on LVE at the ACWA Fall Conference Region 5 meeting, attended by the Executive Director.
- **US Bureau of Reclamation Meeting, Nov. 30** – The Authority and CCWD met with US Bureau of Reclamation Regional leadership on Thursday, Nov. 30, at 9:45am at ACWA Conference. These meetings between the three agencies have been regular occurrences at the Spring and Fall ACWA Conferences. See Item 4.2.2 November 2023 Engagement Activities with Reclamation.

Follow up to Alternate Director Ritchie’s Board meeting inquiry:

Alternate Director Steve Ritchie (SFPUC) asked which tribes had been consulted regarding the Phase 2 Los Vaqueros Reservoir Expansion Project.

Response: Reclamation, the federal lead agency for purpose of the Section 106 consultation under the National Historic Preservation Act, identified the Buena Vista Rancheria of Me-Wuk Indians of California, the California Valley Miwok Tribe, the Ione Band of Miwok Indians of California, the Jackson Rancheria Band of Miwok Indians, and the Wilton Rancheria as Indian tribes who might attach religious and cultural significance to historic properties within the Phase 2 Los Vaqueros Reservoir Expansion Project Area of Potential Effect and consulted with these tribes.

EXHIBITS/ATTACHMENTS:

LVE ACWA Pamphlet.

LOS VAQUEROS RESERVOIR EXPANSION PROJECT

Climate variability is presenting many challenges, leading to stressed water supplies and impacts to our local watersheds and wildlife. Bay Area and Central Valley water agencies are committed to ensuring a resilient, reliable, high quality water supply for the future, and to protecting our environment.

ABOUT THE PROJECT

The Los Vaqueros Reservoir Expansion Project will increase Bay Area and Central Valley water supply reliability, develop water supplies for wildlife refuges, and improve water quality while protecting Delta fisheries and providing additional Delta ecosystem benefits.

The Phase 2 expansion will increase the Los Vaqueros Reservoir capacity from 160,000 acre-feet to 275,000 acre-feet and add new and modified conveyance facilities to provide broad environmental, water supply reliability, operational flexibility, water quality, and recreational benefits.

Los Vaqueros Reservoir was originally constructed and expanded by Contra Costa Water District to address local water quality and supply issues.

PROJECT BENEFITS



Water for Wetlands

Reliable water for South of Delta wildlife refuges



Water Quality

Improved quality of delivered water



Water for Communities

Reliable water supply for up to 11M Californians



Recreational Area

Enhancement of recreation facilities



Regional Integration

High potential for regional water system integration



Climate Resiliency

Improved water supply reliability for the region



Economic Growth

Anticipated creation of up to 20,000 jobs

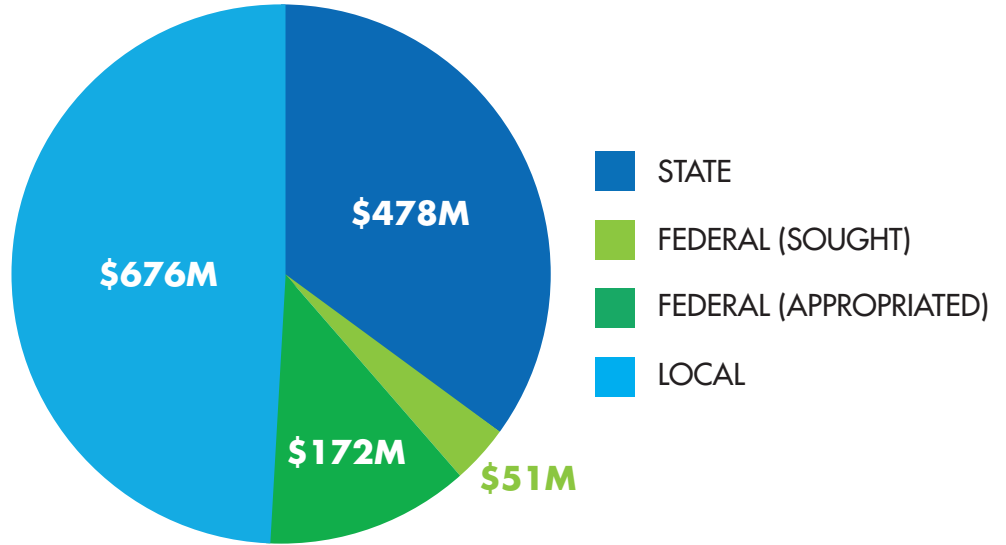


Drought Management

Provide emergency water supply storage



FUNDING



Federal funding from Congress

- Supports wildlife refuges
- Water Infrastructure Improvements for the Nation (WIIN) Act and Bipartisan Infrastructure Law

State funding from the California Water Commission (Proposition 1, 2014)

- Supports wildlife refuges, emergency response, and recreation

Local funding from partner agencies

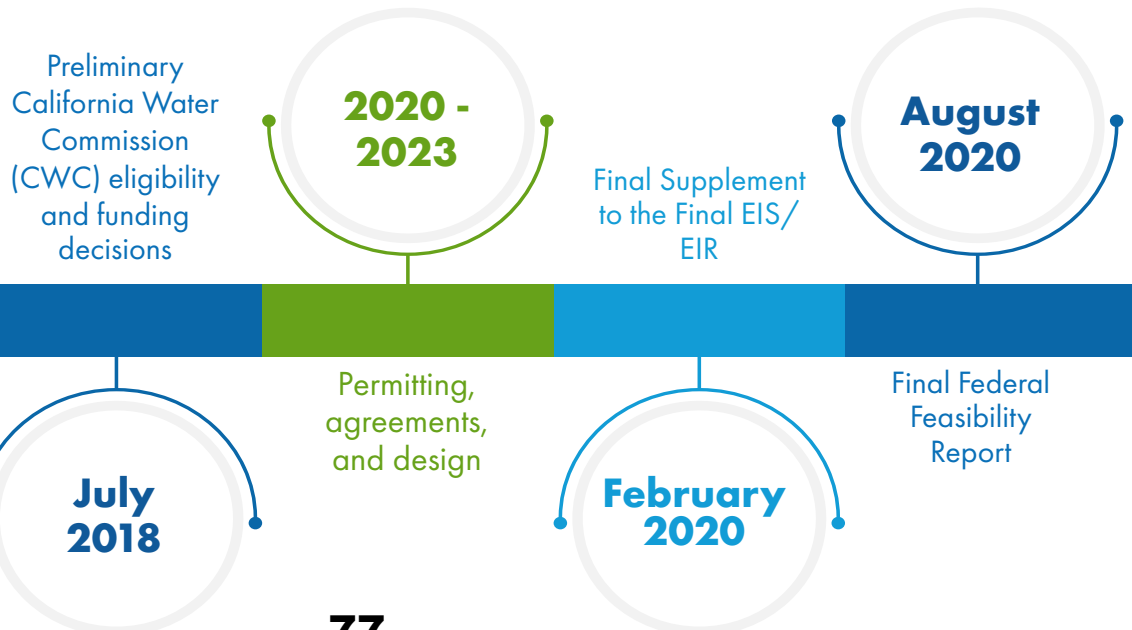
- Supports regional water supply reliability
- LV JPA is seeking a low-interest, federal loan *

Total project cost as of September 2023: \$1.377B

- Since November 2014, inflation has increased construction costs by more than 40%* **

* Water Infrastructure Finance and Innovation Act ** Engineering News Record Index

PROJECT TIMELINE



JPA MEMBER AGENCIES



PHASE 2 EXPANSION

Capacity 275,000 acre ft.
Dam Height 281 ft.

New and modified conveyance facilities



PHASE 1 EXPANSION

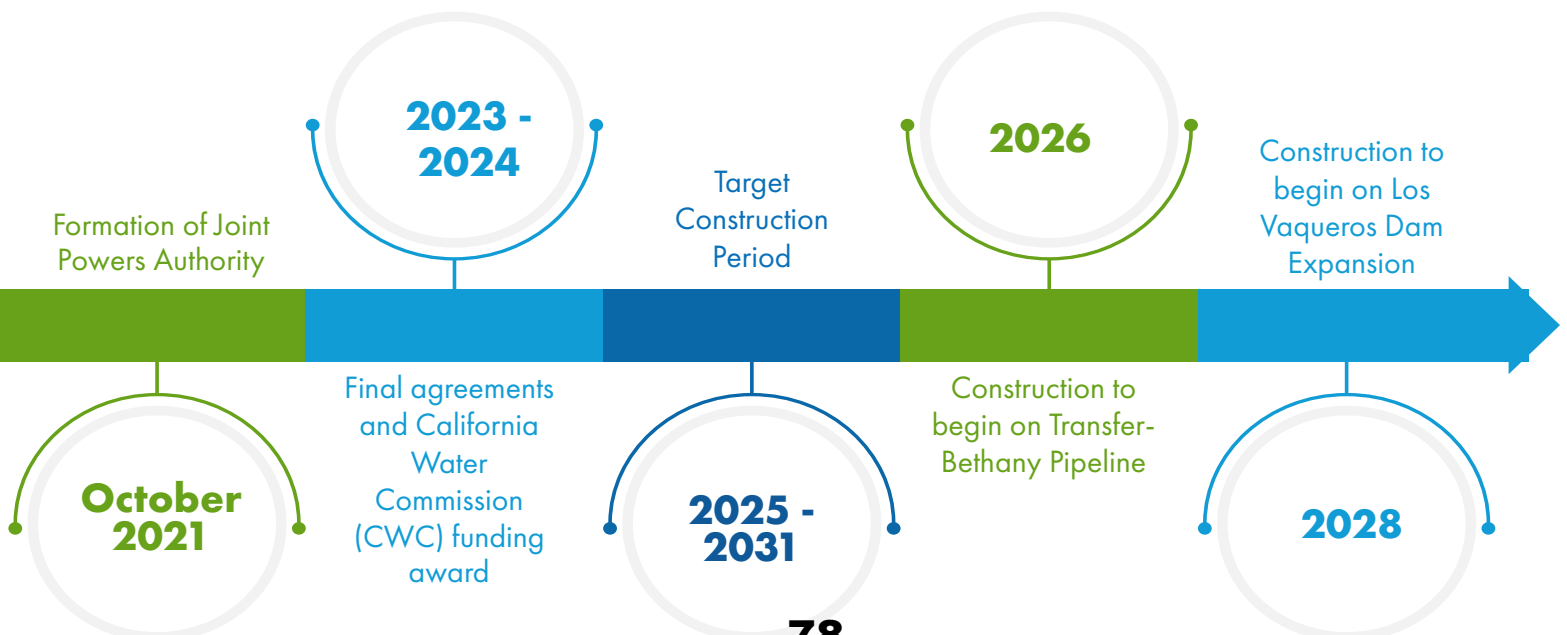
Capacity 160,000 acre ft.
Dam Height 226 ft.

ORIGINAL DAM CONSTRUCTION

Capacity 100,000 acre ft.
Dam Height 192 ft.

2012

1998












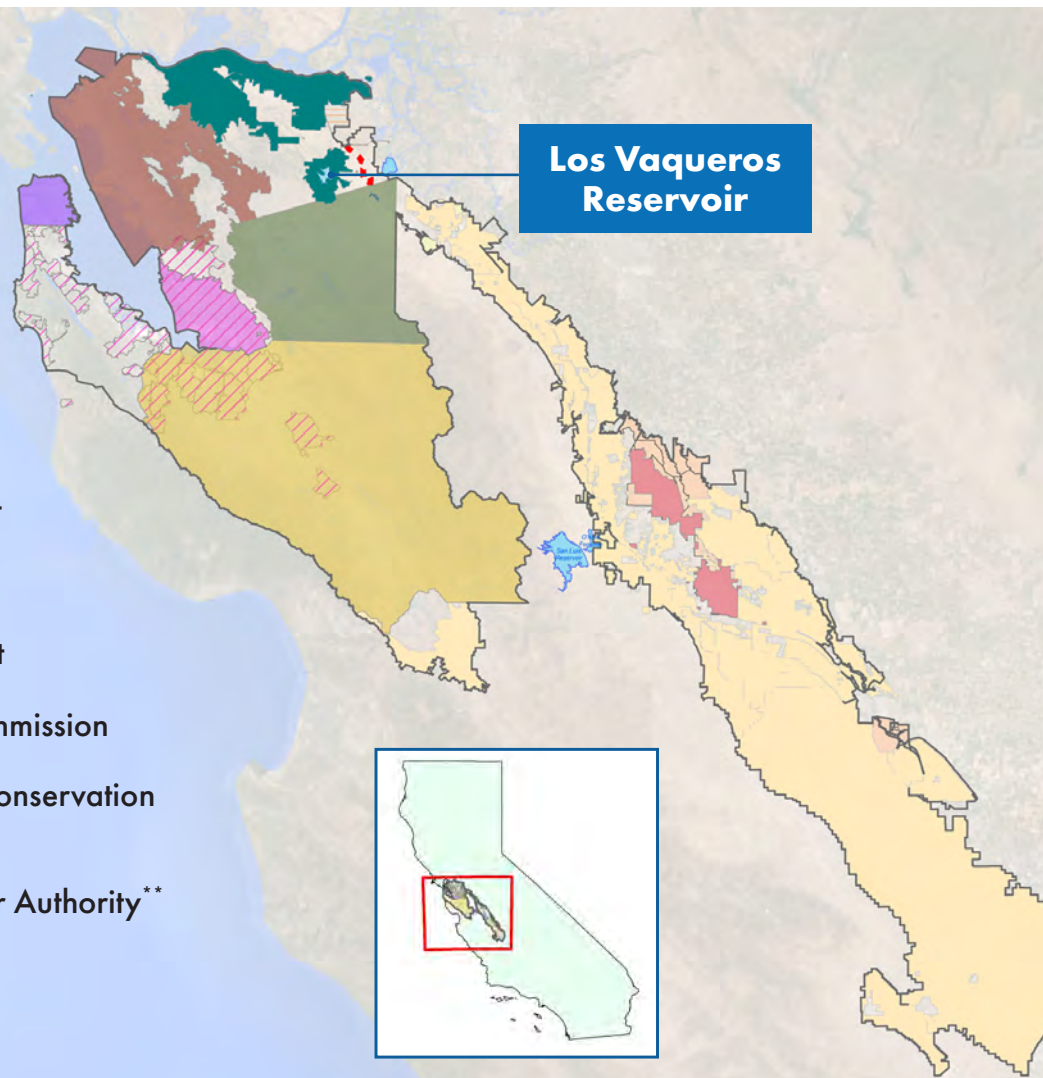
New JPA Creates Unique Partnership

Established in October 2021, the Los Vaqueros Reservoir Joint Powers Authority (JPA) is a unique and diverse regional partnership of eight Member Agencies working to improve water supply reliability for Californians and their environment. The JPA is responsible for the governance and administration of the Los Vaqueros Reservoir Expansion Project.

Contra Costa Water District will remain the owner and operator of the Los Vaqueros system and will operate existing and new facilities to fulfill agreements with JPA partners.

JPA Members Serving Diverse Beneficiaries

-  Alameda County Water District
-  Contra Costa Water District
-  City of Brentwood*
-  East Bay Municipal Utility District
-  Grassland Water District
-  Santa Clara Valley Water District
-  San Francisco Public Utilities Commission
-  Bay Area Water Supply & Conservation Agency (BAWSCA)*
-  San Luis & Delta-Mendota Water Authority**
-  Zone 7 Water Agency
-  Transfer-Bethany Pipeline



* The City of Brentwood and BAWSCA are not signatory parties to the JPA. Rather, these parties contract for project benefits through their wholesale providers.

** Activity Agreement Partners include Byron-Bethany Irrigation District, City of Tracy, Del Puerto Water District, Panoche Water District, and Westlands Water District.

CONTACT THE JPA

Taryn Ravazzini
Executive Director

Los Vaqueros Reservoir JPA
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916-206-5367 | info@losvaquerosjpa.com



4.2.1 FEDERAL RELATIONS REPORT

WATER AND POWER LAW GROUP PC

BERKELEY · WASHINGTON, D.C.



To: Board of Directors, *Los Vaqueros Reservoir Joint Powers Authority*

From: Natural Resource Results and Water and Power Law Group

RE: Board Report – December 2023

Appropriations

On November 15th, President Biden signed a Continuing Resolution (CR) into law, temporarily averting a government shutdown. The CR provides funding for four of the twelve appropriations bills through January 19th and funding for the remaining eight appropriations bills through February 2nd. The Energy and Water bill, which funds Reclamation, is included in the group of bills that are funded through January 19th, 2024. Both House and Senate Energy and Water bills include \$134 million for the WIIN Act storage account so we expect that number to hold in the final bill.

The logic behind the laddered or staggered funding approach is that it gives Congress some additional time to negotiate the more challenging spending bills –those bills that will expire at the later date— and prevent those bills from delaying action on the bills that, in theory, should be easier to negotiate (those that expire on January 19th).

While Congress was able to avoid another shutdown, this temporary CR simply kicks the can down the road once again. The House has had significant challenges moving spending bills with only Republican votes, as moderates balk at some of the more conservative riders that the Freedom caucus has demanded in exchange for their support. The issues that caused Congress to fall back on a CR in November are not going away and will still need to be resolved before the laddered CR expires.

The House Freedom Caucus recently announced that it can live with the spending targets that were agreed to in the debt limit deal by President Biden, former Speaker McCarthy, and Majority Leader Schumer. Ironically, those spending levels were what conservatives pointed to as their justification for removing McCarthy as Speaker. A topline spending number will likely be agreed to soon, allowing appropriators to focus on funding levels for individual programs. We assume there will be continued drama around policy riders that conservatives want to include in final appropriations bills.

Central Valley Project Biological Opinion

On November 9th, Reclamation transmitted the biological assessment for the reinitiation of

consultation on the Long-Term Operation (LTO) of the Central Valley Project (CVP) and the State Water Project (SWP) to the U.S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS). This document, which outlines Reclamation's proposed action (operation of the state and federal projects) and the anticipated impacts of the proposed action, will provide the foundation for FWS and NMFS to develop biological opinions.

Of note, both Sites and the Delta Conveyance Project were included in the biological assessment. We understand that both of those projects are going to be included in the LTO biological opinion at a "programmatic level," which means at a high-level analysis, followed by a project specific operations consultation once the LTO biological opinion is completed.

Lobbying Coordination

The lobbying coordination call was postponed this month as many of the JPA member agency advocates were at ACWA and there were not any updates from the JPA to share with member agency advocates.

4.2.2 NOVEMBER 2023 ENGAGEMENT ACTIVITIES WITH RECLAMATION

The JPA, CCWD staff, and consultants are continuing to engage with Reclamation to advance several required agreements, approvals, and permits for the project construction. We held a technical session with Reclamation management and staff in ACWA on November 28, 2023.

- Discussed a draft terms sheet for the Refuge Acquisitions Agreement and the Partnership Agreement.
- Outlined the key terms to include in each agreement and the perspective of each side.
- Discussed areas of the agreements that require further technical coordination.
- Outlined next steps to continue developing the terms of the agreements through technical sessions in December and January.

We also held a second meeting at ACWA Conference with Reclamation leadership on November 30, 2023.

- The JPA expressed appreciation for Reclamation's support to the Project, its leadership commitment, and the resources it has dedicated.
- Reclamation is awaiting delegated authority of the Commissioner to initiate negotiations with the JPA on the Partnership Agreement and the Refuge Acquisition Agreement.
- Reclamation and CCWD are working together to navigate a viable path to secure endangered species coverage for LVE2 operations.
- The JPA will be pursuing a Funding Assistance Agreement with Reclamation for pre-construction activities, which has been highlighted as a near-term priority.
- The JPA will continue to work with the California congressional delegates to secure full appropriations of the Federal share identified in the Federal Feasibility Study. The JPA will also continue to explore opportunities for inflation adjustments, as appropriate.

JPA attendees included Authority Chair, Vice Chair, Treasurer, Executive Director, Authority consultant I. Khadam, and CCWD staff. Message points were shared with CCWD management three days in advance of the meeting.

The next leadership meeting between the JPA, CCWD, and Reclamation is planned during the CVP Water Users Conference in January 24-26, 2024.

Monthly List of Authority Contracts Entered into by Executive Director

November 2023

<u>Contracts</u>	<u>Amount</u>	<u>Purpose</u>
None.		
Total		

ITEM 4.4: COMMITTEE MEETING SUMMARIES

RESPONSIBLE/LEAD STAFF MEMBER:

Taryn Ravazzini, Executive Director

RECOMMENDATION:

None.

ALTERNATIVES:

Not applicable.

FISCAL ANALYSIS:

Not applicable.

ENVIRONMENTAL REQUIREMENTS:

Not applicable.

EXHIBITS/ATTACHMENTS:

None. The Finance Committee Meeting was held on December 5, 2023 and the summary was still in development at the time of this posting. The summary will be provided in the January 2024 Board packet.