



January 9, 2017

TO: San Luis & Delta-Mendota Water Authority Board of Directors, Alternates, and Interested Parties

FROM: Jason Peltier, Secretary (by Cheri Worthy)

RE: **Thursday, January 12, 9:30 a.m.  
Board of Directors' Adjourned Regular Meeting**

Attached for your review in preparation of the **January 12, 2017**, Board of Directors' adjourned regular meeting are:

- 1) Notice & Agenda
- 2) Draft Resolution and Draft Agreement Regarding Note Proceeds
- 3) Draft Resolution and Draft Affirmation and Amendment
- 4) Draft Resolution Regarding Escrow
- 5) Draft Escrow Agreement (2013A Bonds)
- 6) Draft Resolution Amending Resolution 2001-191
- 7) Draft Board of Directors' Policies and Procedures Manual
- 8) Operations Update

Thank you, and please give us a call if you have any questions or concerns regarding this information.



**Notice of San Luis & Delta-Mendota Water Authority  
Board of Directors Adjourned Regular Meeting  
Thursday, January 12, 2017, 9:30 a.m.  
842 6th Street, Los Banos**

**AGENDA**

- All matters listed on the Consent Calendar are considered to be routine and non-controversial and will be acted upon by a single action of the Board of Directors. There will be no separate discussion unless there is a request that a specific item be removed from the Consent Calendar during consideration of Agenda Item 2. If such a request is made, the item may be heard as an action item at this meeting.
- Any member of the public may address the Board concerning any item on the agenda before or during its consideration of that matter. For each item, public comment is limited to no more than three minutes per person. For good cause, the Board President may waive this limitation.

1. Call to Order/Roll Call
2. Board to Consider Corrections or Additions to the Agenda of Items, as authorized by Government Code Section 54950 et seq.
3. Opportunity for Public Comment – Any member of the public may address the Board concerning any matter not on the agenda, but within the Board's jurisdiction. Public comment is limited to no more than three minutes per person. For good cause, the Board Chair may waive this limitation.

**Consent Calendar**

4. Board to Consider Approval of Minutes from December 8, 2016 Meeting of the Board of Directors
5. Board to Consider Approval of Financial & Expenditures Reports

**Action Items**

6. Board to Consider Adopting Resolution Making Findings Under California Environmental Quality Act, Authorizing Execution of the Affirmation and Amendment to the Agreement for Funding Between the Department of Water Resources and the San Luis & Delta-Mendota Water Authority for the Costs of Environmental Analysis, Planning and Design of Delta Conservation Measures, Including Delta Conveyance Options, and Authorizing Actions Related Thereto, Peltier
7. Board to Consider Adopting Resolution Making Findings Under California Environmental Quality Act, Authorizing Execution of the Agreement Concerning Use of Remaining Note Proceeds By and Among the San Luis & Delta-Mendota Water Authority and Certain of its Member Agencies, and Authorizing Actions Related Thereto, Peltier
8. Board to Consider Adopting a Resolution Making Findings Under California Environmental Quality Act, Authorizing Execution of the Escrow Agreement, and Authorizing Actions Related Thereto, Peltier
9. Board to Consider Adopting a Resolution Amending Resolution 2001-191 (revising qualifications for Committee membership), Rubin

10. **Board to Consider Recommendation by Water Resources Committee to Authorize Participation with the San Joaquin Valley Water Infrastructure Authority (SJVWIA) in the Development of a Temperance Flat Dam Project, Including Providing Financial Support, Azhderian/White**
11. **Board to Consider Resolutions Making Findings Under California Environmental Quality Act, Authorizing Execution of Central Delta-Mendota Region, Northern Delta-Mendota Region and South Tracy Region Sustainable Groundwater Management Act Services Activity Agreements, and Authorizing Actions Related Thereto, Mizuno**

### Report Items

12. Review Draft 1 FY17/18 Activities Budget, Mederios
13. Receive Comments on Current Draft Policies & Procedures Manual, Peltier/Mizuno/Rubin
14. Update On Proposed In-Delta Pilot Following Program, Mizuno
15. Update on Water Quality Control Plan, Rubin
16. Committee Reports
  - a. Water Resources Committee Activities, Birmingham
  - b. Finance & Administration Committee Activities, Pucheu
  - c. O & M Technical Committee Activities, White
17. Self-Funding Report, Mederios
18. Operations & Maintenance Report, Mizuno
19. Water Transfers Update, Mizuno
20. Operations Update, Boardman
21. Water Policy Administrator Report, Azhderian
22. Executive Director's Report, Peltier
23. Drainage Activity
  - a. Grassland Basin Drainage Activity Report, Falaschi/Rathmann
  - b. Westside Regional Drainage Plan Report, Rathmann
  - c. San Joaquin Valley Drainage Authority, Rathmann
24. **CLOSED SESSION**

Conference with Legal Counsel -- Anticipated Litigation: Initiation of Litigation Pursuant to paragraph (4) of Subdivision (d) of Government Code Section 54956.9 – 2 potential cases

Conference with Legal Counsel – Anticipated Litigation: Significant Exposure to Litigation Pursuant to Paragraph (2) or (3) of Subdivision (d) of Government Code Section 54956.9 – 2 potential cases

Conference with Legal Counsel: Existing Litigation Pursuant to paragraph (1) of Subdivision (d) of Section 54956.9

  - A. Natural Resources Defense Council, et al. v. Salazar et al., U.S. Court of Appeals, 9th Cir., Appeal Case No. 09- 17661; Natural Resources Defense Council et al. v Jewell et al., U.S. District Court, E.D. Cal., Case No. 1:05-cv-01207, LJO-BAM (Old FWS – OCAP BO/Contracts)
  - B. Central Delta Water Agency and South Delta Water Agency v. California Department of Water Resources, et al., Sacramento County Superior Court Case No. 34-2009-80000229 (Field Studies)
  - C. Central Delta Water Agency v. State Water Resources Control Board et al., Sacramento County Superior Court Case No. 34-2010-80000520 (Petition to Prohibit CDO proceedings)
  - D. Young, et al. v. State Water Resources Control Board et al., Case No. 39-2012-00286485-CU-WM-STK (Young)
  - E. Modesto Irrigation District, et al. v. State Water Resources Control Board & Woods Irrigation Company, Sacramento County Superior Court Case No. 34-2011-80000803 (Complaint for Declaratory Relief re Woods Irrigation Company)
  - F. San Luis & Delta-Mendota Water Authority et al. v. State Water Resources Control Board, et al., Sacramento County Superior Court Case No. 34-2013-800001486 (Dunkel Order)
  - G. SWRCB Water Rights Complaints: Modesto Irrigation District, State Water Contractors, San Luis & Delta- Mendota Water Authority, Interested Persons in SWRCB CDO Enforcement Proceedings and/or Petitions for Reconsideration:

- Woods Irrigation Company; Pak & Young; Mussi et al; George Speckman Testamentary Trust (Water Rights Complaints)
- H. Pacific Coast Federation of Fishermen's Associations, California Sportfishing Protection Alliance, Friends of the River, San Francisco Crab Boat Owners Association, Inc., The Institute for Fisheries Resources, and Felix Smith v. Donald R. Glaser and San Luis & Delta-Mendota Water Authority, U.S. District Court, E.D. Cal., Case No. 2:11-CV-02980-KJM-CKD ("PCFFA v Glaser" or "GBP Citizens Suit")
  - I. San Luis & Delta-Mendota Water Authority and Westlands Water District v. Delta Stewardship Council, et al., Sacramento County Superior Court Case No. 34-2013-80001500 (Delta Plan Litigation)
  - J. San Luis & Delta-Mendota Water Authority and Westlands Water District v Jewell, et al., U.S. Court of Appeals, 9th Cir., Appeal Case Nos. 14-17493, 14-17506, 14-17515 and 14-17539; San Luis & Delta-Mendota Water Authority and Westlands Water District v Jewell, et al., U.S. District Court, E.D. Cal., No 1:13-CV-01232-LJO-GSA (Trinity Releases I)
  - K. AquAlliance, et. al., v. U.S. Bureau of Reclamation, et. al., U.S. District Court, E.D. Cal., Case No. 1:15- CV-00754 LJO BAM (Challenge to Long-Term Transfer EIR/EIS)
  - L. San Luis & Delta-Mendota Water Authority and Westlands Water District v Jewell, et al., U.S. District Court, E.D. Cal., No 1:15-CV-01290-LJO-GSA (Trinity Releases II)
  - M. California Sportfishing Protection Alliance, et al. vs. California State Water Resources Control Board, et al., Alameda County Superior Court Case No. RG15780498 (State WQCP/TUCP)
  - N. In re State Water Resources Control Board Petition Requesting Changes in Water Rights of the Department of Water Resources and U.S. Bureau of Reclamation for the California Waterfix Project (Waterfix Change Petition)
  - O. San Luis & Delta-Mendota Water Authority, et al. v. State Water Resources Control Board, et al., Sacramento County Superior Court Case No. 34-2016-80002075 (TUCP Extension)
  - P. Oakdale Groundwater Alliance et al. v. Oakdale Irrigation District et al., Stanislaus County Superior Court, Case No. 2019380 (OID On Farm Conservation-Transfer)
  - Q. Yuba County Water Agency v. Cordua Irrigation District, et al., Yuba County Superior Court, Case No. YCSCCVPT 16-0000324 (Cordua Transfer)
  - R. Natural Resources Defense Council, et al. v. McCarthy, et al., U.S. District Court, N.D. Cal., Case No. 16-CV-02184-JST ("USEPA CWA Compliance Suit")
  - S. San Luis & Delta-Mendota Water Authority, et al. v. Sally Jewell, et al., U.S. District Court, E.D. Cal., Case No. 1:16-CV-983 ("EIS on OCAP BiOps Suit")
- 25. Return to Open Session
  - 26. Report from Closed Session, if any Required by Government Code Section 54957.1
  - 27. Reports Pursuant to Government Code Section 54954.2(a)(2)
  - 28. ADJOURNMENT

*Persons with a disability may request disability-related modification or accommodation by contacting Cheri Worthy or Felicia Luna at the San Luis & Delta-Mendota Water Authority Office, 842 6th Street, P O Box 2157, Los Banos, California, telephone: 209/826-9696 at least 3 for regular or 1 for special day(s) before the meeting date.*

**RESOLUTION NO. 2017-\_\_\_\_\_**

**RESOLUTION MAKING FINDINGS UNDER CALIFORNIA ENVIRONMENTAL QUALITY ACT, AUTHORIZING EXECUTION OF THE AFFIRMATION AND AMENDMENT TO THE AGREEMENT FOR FUNDING BETWEEN THE DEPARTMENT OF WATER RESOURCES AND THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY FOR THE COSTS OF ENVIRONMENTAL ANALYSIS, PLANNING AND DESIGN OF DELTA CONSERVATION MEASURES, INCLUDING DELTA CONVEYANCE OPTIONS, AND AUTHORIZING ACTIONS RELATED THERETO**

WHEREAS, the Board of Directors of the San Luis & Delta-Mendota Water Authority (the “Water Authority” and the “Board,” respectively) has previously authorized the Water Authority to participate in, execute funding documents for, and issue financing to support the Delta Habitat Conservation and Conveyance Program, sometimes referred to as the DHCCP Planning Phase.

WHEREAS, under that certain Agreement for Funding Between the Department of Water Resources and the San Luis & Delta-Mendota Water Authority for the Costs of Environmental Analysis, Planning and Design of Delta Conservation Measures, Including Conveyance Options (the Department being referred to as “DWR” and the Agreement as the “DWR Direct Funding Agreement”), total funding for the DHCCP Planning Phase was expected to be \$240 Million, of which State Water Project contractors were to provide 50% of the funding and the Authority, along with Reclamation, were to provide the remaining 50% (the “Federal Share”).

WHEREAS, the Water Authority has executed that certain Delta Habitat Conservation & Conveyance Plan Activity Agreement (“DHCCP Activity Agreement”), which memorializes the relationship between the Water Authority and its participating Members for purposes of the DHCCP Planning Phase.

WHEREAS, the DHCCP Activity Agreement provides for the DHCCP Activity Agreement Members to authorize financial commitments for purposes of the DHCCP upon approval of the DHCCP Activity Agreement Steering Committee, participating Activity Agreement Members, and the Water Authority.

WHEREAS, the Water Authority, on behalf of the DHCCP Activity Agreement Members, issued \$50,000,000 in notes (the “2009A Notes”) for purposes of funding the DHCCP Planning Phase, of which \$44,742,858 was applied to the Water Authority obligations under the DWR Direct Funding Agreement.

WHEREAS, the Water Authority has fully satisfied its obligations under the DWR Direct Funding Agreement, and the DWR Direct Funding Agreement has since expired.

WHEREAS, DWR has informed the Water Authority that, to complete the DHCCP Planning Phase, it will require more than \$240 Million and has asked the Water Authority to make an additional contribute of money toward the DHCCP Planning Phase.

WHEREAS, if the Water Authority makes the additional contribution, that additional contribution may result in the Water Authority, along with Reclamation, contributing in excess of the Federal Share.

WHEREAS, the Water Authority has applied a substantial amount of the proceeds of the 2009A Notes pursuant to the DWR Funding Agreement; however, it has not yet expended all of the proceeds and net investment earnings given the contributions from Reclamation applied toward the Federal Share.

WHEREAS, as of December 20, 2016, the amount of proceeds and net investment earnings the Water Authority had not expended was \$4,256,566; that amount is subject to future interest earnings, and gains or losses incurred before shares are drawn ("Remaining Note Proceeds").

WHEREAS, given the circumstances described herein, the Water Authority will obtain the direction and authorization from individual DHCCP Activity Agreement Members as to whether its interest in the Remaining Note proceeds should be used to help fund DHCCP Planning Phase costs.

WHEREAS, in the event some or all Activity Agreement Members desire to apply their respective interests in the Remaining Note Proceeds to be applied to ongoing DHCCP Planning Costs, the Water Authority will need to define the terms by which it would provide such funding to DWR.

WHEREAS, the Board has considered that certain Affirmation and Amendment to Agreement for Funding Between the Department of Water Resources and the San Luis & Delta-Mendota Water Authority for the Costs of Environmental Analysis, Planning and Design of Delta Conservation Measures, including Conveyance Options (the "Affirmation and Amendment"), a copy of which has been presented to the Board and is on file with the Secretary hereof.

WHEREAS, the DHCCP Activity Agreement Steering Committee has approved the Water Authority entering into the Affirmation and Amendment.

WHEREAS, the Finance and Administration Committee and the DHCCP Activity Agreement Steering Committee have recommended that the Board authorize execution of the Affirmation and Amendment.

WHEREAS, authorizing execution of the Affirmation and Amendment does not constitute a project under the California Environmental Quality Act because the proposed action involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the CEQA guidelines) and also represents administrative activities of the Water Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines);

further, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA guidelines).

**NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS:**

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

Section 2. The Board hereby authorizes the Executive Director to execute the Affirmation and Amendment in substantially the form presented to the Board, as amended by the Board, and subject to such additions, deletions and other revisions as the said Executive Director shall approve prior to execution.

Section 3. The Executive Director, Assistant Executive Director or such Water Authority employee or consultant as either of such officers may designate, is further authorized and directed to take such additional steps, and to execute such additional documents, as may be required or reasonably necessary to the completion of the activities authorized by this Resolution.

**PASSED AND ADOPTED**, this \_\_\_th day of January, 2017, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

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Michael Stearns, Chairman  
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Attest:

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Jason Peltier, Secretary

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\* \* \* \* \*

I hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by the San Luis & Delta-Mendota Water Authority, a California joint powers agency, at a regular meeting of the Board of Directors thereof duly called and held at the office of the Authority on the \_\_\_<sup>th</sup> day of January, 2017.

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Jason Peltier, Secretary



**State of California  
California Natural Resources Agency  
DEPARTMENT OF WATER RESOURCES**

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**AFFIRMATION AND AMENDMENT TO THE AGREEMENT FOR FUNDING  
BETWEEN THE DEPARTMENT OF WATER RESOURCES  
AND  
THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**

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**FOR THE COSTS OF ENVIRONMENTAL ANALYSIS, PLANNING AND DESIGN OF  
DELTA CONVEYANCE OPTIONS**

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(SWPAO # \_\_\_\_\_)

**THIS AFFIRMATION and AMENDMENT** is made pursuant to the provisions of all applicable laws of the State of California, by and between the State of California, acting by and through its Department of Water Resources (“Department” or “DWR”), and the San Luis & Delta-Mendota Water Authority (“Authority” or “Water Authority”). DWR and the Water Authority may also be referred to individually as “Party” or collectively as “Parties”.

**RECITALS**

**WHEREAS**, the Planning Phase of the Delta Habitat Conservation and Conveyance Program (“Program”) has been funded by CVP Water Contractors, SWP Water Contractors, DWR and the United States Bureau of Reclamation (“Reclamation”); and

**WHEREAS**, the Authority provided such funding pursuant to the “Agreement for Funding Between The Department of Water Resources and The San Luis and Delta-Mendota Water Authority for the Costs of Environmental Analysis, Planning and Design of Delta Conservation Measures, Including Delta Conveyance Options” entered on March 12, 2009 by the Department and the Authority, as amended by the First, Second, Third and Fourth Amendments thereto (collectively referred to herein as the “Agreement”), a copy of which is attached hereto as Exhibit 1; and

**WHEREAS**, the Department acknowledges that the Authority fully satisfied its obligations under the Agreement; and

**WHEREAS**, the Department informed the Authority that the Department has and will continue to incur costs for the Program’s Planning Phase above those contemplated in the Agreement; and

**WHEREAS**, the Department has asked the Authority to contribute additional funds towards the Program's Planning Phase; and

**WHEREAS**, if the Program proceeds to implementation, the Parties are committed to establishing a mechanism for reapportionment of all Program costs based on calculated benefits conferred from the implementation of the Program, with credits to the non-federal Parties for amounts paid toward the Program's Planning Phase costs and with funds or in-kind services provided by Reclamation during the Program's Planning Phase being considered sunk costs that are not available for reapportionment as described above, but shall continue to be credited toward the obligation of the San Luis & Delta-Mendota Water Authority, Westlands Water District, and Santa Clara Valley Water District; and

**WHEREAS**, to provide a mechanism that would allow the Authority to provide additional funding, the Department and the Authority desire to affirm and amend the Agreement.

### **AFFIRMATION AND AMENDMENT**

**NOW THEREFORE**, in consideration of the Recitals above, it is mutually agreed by the Department and the Authority that the Parties affirm the Agreement and that the following amendments are made to it pursuant to and in accordance with Section 12 of the Agreement:

A. **Definitions**

Unless otherwise noted, the terms herein have the same meaning as defined in the Agreement.

B. **Effective Date of Amendment**

The terms of this Affirmation and Amendment will become effective when this Amendment is fully executed by the Parties.

C. **Affirmation**

The Parties hereby affirm the terms of the Agreement; subject to the amendment provided below and therefore, except as amended by this Affirmation and Amendment, the terms of the Agreement are in full force and bind the Parties.

D. **Recitals**

Recital 12 of the Agreement is replaced with and supplemented by the following provision:

“12. **WHEREAS**, notwithstanding prior recitals, DWR has informed the Authority that its current estimate for the Program's Planning Phase costs exceeds prior estimates including those provided in the Agreement; and

13. **WHEREAS**, DWR has asked the Authority that it fund additional Program Planning Phase costs; and
15. **WHEREAS**, as a result of additional payment by the Authority, the Federal Share under the Agreement may exceed fifty percent of the Program's Planning Phase costs; and
14. **WHEREAS**, the Authority is willing to enter into this Affirmation and Amendment providing for the payment of additional sums, and, in partial consideration, DWR is willing to continue to consult with the Authority on decisions related to the budget, scope, schedule and activities of the Program's Planning Phase to ensure its timely completion in a cost-efficient manner.

E. **Effective Date/Term of Agreement**

Section 3(b) of the Agreement is hereby replaced with the following provision:

“Unless extended by written agreement, this Agreement will terminate when the DHCCP Planning Phase is completed or on May 1, 2017, whichever occurs first.”

F. **Additional Charges to the Authority**

Section 5 of the Agreement is hereby supplemented with the following provision:

“j) Notwithstanding prior subsections, for the FFY starting on October 1, 2016, the Authority may contribute an additional amount of money towards the Planning Phase. The Authority shall have the right to determine in its sole discretion the additional amount, if any, it will contribute. If the Authority decides to contribute additional funds, the Authority will contribute the additional funds on or before March 15, 2017 and DWR will expend the additional amount by no later than April 30, 2017.”

G. **Execution in Counterparts**

This Affirmation and Amendment may be executed in counterpart, each of which shall constitute an original, but all of which shall constitute one and the same agreement. Each signing Party shall have received a copy of the signature page signed by every other Party.

IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have executed this Affirmation and Amendment on the last date set forth below.

Approved as to Legal Form  
and Sufficiency

State of California  
Department of Water Resources

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Spencer Kenner  
Chief Counsel

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Mark W. Cowin  
Director

Approved as to Legal Form  
and Sufficiency

San Luis & Delta-Mendota Water Authority

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Jon Rubin  
General Counsel

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Jason Peltier  
Executive Director

[Exhibits]

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**RESOLUTION NO. 2017-\_\_\_\_\_**

**RESOLUTION MAKING FINDINGS UNDER  
CALIFORNIA ENVIRONMENTAL QUALITY ACT, AUTHORIZING  
EXECUTION OF THE AGREEMENT CONCERNING USE OF  
REMAINING NOTE PROCEEDS BY AND AMONG THE SAN LUIS  
& DELTA-MENDOTA WATER AUTHORITY AND CERTAIN OF  
ITS MEMBER AGENCIES, AND AUTHORIZING ACTIONS  
RELATED THERETO**

WHEREAS, the Board of Directors of the San Luis & Delta-Mendota Water Authority (the “Water Authority” and the “Board,” respectively) has previously authorized the Water Authority to participate in, execute funding documents for, and issue financing to support the Delta Habitat Conservation and Conveyance Program, sometimes referred to as the DHCCP Planning Phase.

WHEREAS, under that certain Agreement for Funding Between the Department of Water Resources and the San Luis & Delta-Mendota Water Authority for the Costs of Environmental Analysis, Planning and Design of Delta Conservation Measures, Including Conveyance Options (the Department being referred to as “DWR” and the Agreement as the “DWR Direct Funding Agreement”), total funding for the DHCCP Planning Phase was expected to be \$240 Million, of which State Water Project contractors were to provide 50% of the funding and the Authority, along with Reclamation, were to provide the remaining 50% (the “Federal Share”).

WHEREAS, the Water Authority has executed that certain Delta Habitat Conservation & Conveyance Plan Activity Agreement (“DHCCP Activity Agreement”), which memorializes the relationship between the Water Authority and its participating Members for purposes of the DHCCP Planning Phase.

WHEREAS, the DHCCP Activity Agreement provides for the DHCCP Activity Agreement Members to authorize financial commitments for purposes of the DHCCP upon approval of the DHCCP Activity Agreement Steering Committee, participating Activity Agreement Members, and the Water Authority.

WHEREAS, the Water Authority, on behalf of the DHCCP Activity Agreement Members, issued \$50,000,000 in San Luis & Delta-Mendota Water Authority Revenue Notes (DHCCP Development Project) Series 2009A (the “2009A Notes”) for purposes of funding the DHCCP Planning Phase, of which \$44,742,858 was applied to the Water Authority obligations under the DWR Direct Funding Agreement.

WHEREAS, the Water Authority has fully satisfied its obligations under the DWR Direct Funding Agreement, and the DWR Direct Funding Agreement has since expired.

WHEREAS, the Water Authority has applied a substantial amount of the proceeds of the 2009A Notes pursuant to the DWR Funding Agreement; however, it has

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not yet expended all of the proceeds and net investment earnings given the contributions from Reclamation applied toward the Federal Share.

WHEREAS, as of December 20, 2016, the amount of proceeds and net investment earnings the Water Authority had not expended was \$4,256,566; that amount is subject to future interest earnings, and gains or losses incurred before shares are drawn (“Remaining Note Proceeds”).

WHEREAS, DWR has informed the Water Authority that, to complete the DHCCP Planning Phase, it will require more than \$240 Million and has asked the Water Authority to make an additional contribute of money toward the DHCCP Planning Phase.

WHEREAS, if the Water Authority makes the additional contribution, that additional contribution may result in the Water Authority, along with Reclamation, contributing in excess of the Federal Share.

WHEREAS, given the circumstances described herein, the Water Authority will obtain the direction and authorization from individual DHCCP Activity Agreement Members as to whether its interest in the Remaining Note proceeds should be used to help fund DHCCP Planning Phase costs or either refunded or used to defease San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project) Series 2013A obligations.

WHEREAS, to provide that direction, the Water Authority prepared and the Board has considered that certain Agreement Concerning Use of Remaining Note Proceeds by and among the San Luis & Delta-Mendota Water Authority and Certain of its Member Agencies.

WHEREAS, the DHCCP Activity Agreement Steering Committee has approved the Water Authority entering the Agreement Concerning Use of Remaining Note Proceeds by and among the San Luis & Delta-Mendota Water Authority and Certain of its Member Agencies.

WHEREAS, the Finance and Administration Committee and the DHCCP Activity Agreement Steering Committee have recommended that the Board authorize execution of the Agreement Concerning Use of Remaining Note Proceeds by and among the San Luis & Delta-Mendota Water Authority and Certain of its Member Agencies.

WHEREAS, authorizing execution of the Agreement Concerning Use of Remaining Note Proceeds by and among the San Luis & Delta-Mendota Water Authority and Certain of its Member Agencies does not constitute a project under the California Environmental Quality Act because the proposed actions involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the CEQA guidelines) and also represents administrative activities of the Water Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines); further, where it can be seen with certainty that there is no possibility that the proposed action in question may

have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA guidelines).

**NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS:**

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

Section 2. The Board hereby authorizes the Executive Director to execute the Agreement Concerning Use of Remaining Note Proceeds by and among the San Luis & Delta-Mendota Water Authority and Certain of its Member Agencies in substantially the form presented to the Board, as amended by the Board, and subject to such additions, deletions and other revisions as the said Executive Director shall approve prior to execution.

Section 3. The Executive Director, Assistant Executive Director or such Water Authority employee or consultant as either of such officers may designate, is further authorized and directed to take such additional steps, and to execute such additional documents, as may be required or reasonably necessary to the completion of the activities authorized by this Resolution.

**PASSED AND ADOPTED**, this \_\_\_th day of January, 2017, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

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Michael Stearns, Chairman  
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Attest:

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Jason Peltier, Secretary



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\* \* \* \* \*

I hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by the San Luis & Delta-Mendota Water Authority, a California joint powers agency, at a regular meeting of the Board of Directors thereof duly called and held at the office of the Authority on the \_\_\_<sup>th</sup> day of January, 2017.

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Jason Peltier, Secretary

**AGREEMENT CONCERNING USE OF REMAINING NOTE PROCEEDS  
BY AND AMONG  
THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
AND  
CERTAIN OF ITS MEMBER AGENCIES**

This Agreement is made by and among the San Luis & Delta-Mendota Water Authority and those member agencies defined below as “Note Interest Agencies”.

WHEREAS, the California Department of Water Resources (“DWR”) and the United States Bureau of Reclamation continue with the DHCCP Planning Phase and DWR’s preferred alternative now referred to as the “California WaterFix”;

WHEREAS, as a result of unexpected planning expenses and delays, the costs for the DHCCP Planning Phase have exceeded \$240 Million;

WHEREAS, the Water Authority issued \$50,000,000 in San Luis & Delta-Mendota Water Authority Revenue Notes (DHCCP Development Project) Series 2009A (“2009A Notes”) for purposes of funding environmental documents, planning, engineering designs, and other necessary information for possible conservation measures, including Delta conveyance options (referred to herein as “DHCCP Planning Phase” or “Program's Planning Phase”), approximately \$44,742,858 of which have been applied to satisfying Water Authority obligations under the Agreement for Funding Between The Department of Water Resources and The San Luis and Delta-Mendota Water Authority For the Costs of Environmental Analysis, Planning and Design of Delta Conservation Measures, Including Delta Conveyance Options, as amended, (“DWR Direct Funding Agreement”);

## 1.5.17 Review Draft

WHEREAS, the Water Authority has applied a substantial amount of the proceeds of the 2009A Notes pursuant to the DWR Funding Agreement; however, it has not yet expended all of the proceeds and net investment earnings given the contributions from Reclamation applied toward the Federal Share;

WHEREAS, as of December 20, 2016, the amount of proceeds and net investment earnings the Water Authority had not expended was \$4,256,566; that amount is subject to future interest earnings, and gains or losses incurred before shares are drawn (“Remaining Note Proceeds”);

WHEREAS, the member agencies with interests in the Remaining Note Proceeds are: Byron Bethany Irrigation District; Panoche Water District; San Luis Water District; Westlands Water District; San Benito County Water District; Santa Clara Valley Water District; Broadview Water District; Eagle Field Water District; James Irrigation District; Laguna Water District; Mercy Springs Water District; Pacheco Water District; and Reclamation District 1606 (referred to herein individually as “Note Interest Agency” and collectively as “Note Interest Agencies”);

WHEREAS, said 2009A Notes have been in part refinanced through the San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project) Series 2013A (“2013A Revenue Bonds”);

WHEREAS, certain Note Interest Agencies paid off their obligations under the 2009 Notes and did not participate in the 2013A Revenue Bonds; those agencies are San Benito County Water District, Santa Clara Valley Water District, James Irrigation District and Reclamation District 1606 (individually, “a Non-Refinanced Agency,” and collectively, the “Non-Refinanced Agencies”);

WHEREAS, the remaining Note Interest Agencies refinanced their allocated shares of obligations under the 2009A Notes and therefore assumed obligations as a result of the 2013A Revenue Bonds; those agencies are: Byron Bethany Irrigation District; Panoche Water District;

## 1.5.17 Review Draft

San Luis Water District; Westlands Water District; Broadview Water District; Eagle Field Water District; Laguna Water District; Mercy Springs Water District; and Pacheco Water District (referred to herein individually as a “Bond Obligation Agency” and collectively as “Bond Obligation Agencies”);

WHEREAS, the Authority has received advice from bond counsel that it may expend some or all of the Remaining Note Proceeds under a reaffirmed and amended DWR Direct Funding Agreement to continue the purpose of the DHCCP consistent with its obligations under the 2009A Notes and the 2013A Revenue Bonds, the DHCCP Activity Agreement, and State and Federal law, even though the DHCCP Planning Phase costs exceed \$240,000,000 and such funding could exceed the Federal Share, as defined under prior versions of the DWR Direct Funding Agreement;

WHEREAS, the Authority has also received advice from bond counsel that if not spent on DHCCP Planning Phase costs, such Remaining Note Proceeds must, for Non-Refinanced Agencies be distributed to such Non-Refinanced Agencies; and for Bond Obligation Agencies, be placed in escrow and held to apply towards future obligations under the 2013A Revenue Bonds;

WHEREAS, to provide the mechanism to allow a Note Interest Agency to contribute its interest in the Remaining Note Proceeds to DWR for application to ongoing DHCCP Planning Program costs, the Authority intends to enter into the 2016 Affirmation and Amendment of DWR Direct Funding Agreement in form substantially similar to the draft attached hereto (“2016 Affirmation and Amendment”); and

WHEREAS, to also allow for a decision by a Bond Obligation Agency to have its interest in the Remaining Note Proceeds used to defease a portion of the 2013A Bonds, the Authority has prepared and would enter into the Escrow Agreement in form substantially similar to the draft attached hereto (“Escrow Agreement), if such a decision were made.

NOW, THEREFORE, it is agreed as follows:

Section 1. Unless otherwise noted, the terms herein have the same meaning as defined in (1) the DWR Direct Funding Agreement, which has been affirmed and amended by the 2016 Affirmation and Amendment; and (2) the San Luis & Delta-Mendota Water Authority Delta Habitat Conservation and Conveyance Program Activity Agreement.

Section 2. On or about January 16, 2017, the Authority will provide at a minimum each of the Note Interest Agencies with a table showing (1) the amount of Remaining Note Proceeds, (2) the percent of the Remaining Note Proceeds to which each Note Interest Agency has an interest, (3) the total amount of 2013A Revenue Bond debt owed by the Authority as of March 1, 2017 (“Total Bond Debt”), and (4) the percent of the Total Bond Debt for which each Note Obligation Agency has an obligation.

Section 3. On or about January 16, 2017, the Authority will also provide each of the Note Interest Agencies with a form that requires each of the Note Interest Agencies to elect by no later than February 17, 2017, whether it directs the Authority to: (1) contribute to DWR under the 2016 Reaffirmation and Amendment all or a portion of the Note Interest Agency’s interest in the Remaining Note Proceeds (“Contribution Option”) or (2) have the Note Interest Agency’s interest in the Remaining Note Proceeds, in whole or in part, (a) if it is also a Bond Obligation Agency, placed into an escrow account with direction that such Bond Obligation Agency’s interest in the Remaining Note Obligations be applied to defease a portion of the outstanding 2013A Bonds, as provided in the Escrow Agreement attached hereto, or (b) if it is a Non-Refinanced Agency, have its interest in the Remaining Note Proceeds refunded.

Section 4. If at least one Bond Obligation Agency decides and directs the Water Authority to have in whole or in part the Bond Obligation Agency’s interest in the Remaining Note Proceeds

placed into an escrow account with direction that it defease a portion of the outstanding 2013A Bonds, the Water Authority shall prepare and issue to each Bond Obligation Agency a payment schedule for the 2013A Bonds, which applies towards each Bond Obligation Agency's obligation the amount of money it had the Water Authority place into the escrow account.

Section 5. The Note Interest Agencies acknowledge that the Authority's Board of Directors expects to authorize execution by the Executive Director of the 2016 Affirmation and Amendment and, if needed, the Escrow Agreement, and the Note Interest Agencies agree that the Authority shall be bound by said authorizations.

Section 6. This Agreement concerns the disposition of the Remaining Note Proceeds. Nothing in this Agreement alters the DHCCP Activity Agreement and the provisions of the DHCCP Activity Agreement continue to control, including but not limited to those concerning obligations following withdrawal, indemnification, and contribution.

Section 7. The status of each of the Note Interest Agency as a party to the DHCCP Activity Agreement is not affected by this Agreement.

Section 8. This Agreement will take effect when executed by the Authority and each Note Interest Agency.

Section 9. This Agreement may be executed by the Water Authority and each Note Interest Agency in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

1.5.17 Review Draft

San Luis & Delta-Mendota Water Authority

Byron Bethany Irrigation District

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Panoche Water District

San Luis Water District

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Westlands Water District

San Benito County Water District

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Santa Clara Valley Water District

Broadview Water District

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

1.5.17 Review Draft

Eagle Field Water District

James Irrigation District

By: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Laguna Water District

Mercy Springs Water District

By: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Pacheco Water District

Reclamation District 1606

By: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_



**RESOLUTION NO. 2017-\_\_\_\_\_**

**RESOLUTION MAKING FINDINGS UNDER  
CALIFORNIA ENVIRONMENTAL QUALITY ACT, AUTHORIZING  
EXECUTION OF AN ESCROW AGREEMENT AND  
AUTHORIZING ACTIONS RELATED THERETO**

WHEREAS, the Board of Directors of the San Luis & Delta-Mendota Water Authority (the “Water Authority” and the “Board,” respectively) has previously authorized the Water Authority to participate in, execute funding documents for, and issue financing to support the Delta Habitat Conservation and Conveyance Program, sometimes referred to as the DHCCP Planning Phase.

WHEREAS, under that certain Agreement for Funding Between the Department of Water Resources and the San Luis & Delta-Mendota Water Authority for the Costs of Environmental Analysis, Planning and Design of Delta Conservation Measures, Including Conveyance Options (the Department being referred to as “DWR” and the Agreement as the “DWR Direct Funding Agreement”), total funding for the DHCCP Planning Phase was expected to be \$240 Million, of which State Water Project contractors were to provide 50% of the funding and the Authority, along with Reclamation, were to provide the remaining 50% (the “Federal Share”).

WHEREAS, the Water Authority has executed that certain Delta Habitat Conservation & Conveyance Plan Activity Agreement (“DHCCP Activity Agreement”), which memorializes the relationship between the Water Authority and its participating Members for purposes of the DHCCP Planning Phase.

WHEREAS, the DHCCP Activity Agreement provides for the DHCCP Activity Agreement Members to authorize financial commitments for purposes of the DHCCP upon approval of the DHCCP Activity Agreement Steering Committee, participating Activity Agreement Members, and the Water Authority.

WHEREAS, the Water Authority, on behalf of the DHCCP Activity Agreement Members, issued \$50,000,000 in notes (the “2009A Notes”) for purposes of funding the DHCCP Planning Phase, of which \$44,742,858 was applied to the Water Authority obligations under the DWR Direct Funding Agreement.

WHEREAS, the Water Authority has fully satisfied its obligations under the DWR Direct Funding Agreement, and the DWR Direct Funding Agreement has since expired.

WHEREAS, the Water Authority has applied a substantial amount of the proceeds of the 2009A Notes pursuant to the DWR Funding Agreement; however, it has not yet expended all of the proceeds and net investment earnings given the contributions from Reclamation applied toward the Federal Share.

WHEREAS, as of December 20, 2016, the amount of proceeds and net investment earnings the Water Authority had not expended was \$4,256,566; that amount is subject to future interest earnings, and gains or losses incurred before shares are drawn (“Remaining Note Proceeds”).

WHEREAS, DWR has informed the Water Authority that, to complete the DHCCP Planning Phase, it will require more than \$240 Million and has asked the Water Authority to make an additional contribute of money toward the DHCCP Planning Phase.

WHEREAS, the Board issued Refunding Revenue Bonds, Series 2013A (the “2013A Bonds”) in the aggregate principal amount of \$37,550,000 which, together with certain other moneys, refinanced in part the 2009A Notes.

WHEREAS, Byron Bethany Irrigation District; Panoche Water District; San Luis Water District; Westlands Water District; Broadview Water District; Eagle Field Water District; Laguna Water District; Mercy Springs Water District; and Pacheco Water District (referred to herein individually as a “Bond Obligation Agency” and collectively as “Bond Obligation Agencies”) assumed the obligations under the 2013A Bonds

WHEREAS, if the event one or more of the Bond Obligation Agency opts against a contribution of its interest in the 2009A Notes to the DHCCP Planning Phase, it would be in the best interest of the Water Authority to defease a portion of the outstanding 2013A Bonds from Remaining Note Proceeds, which would require entering into an escrow agreement.

WHEREAS, the Board has considered that certain Escrow Agreement (2013A Bonds), a copy of which has been presented to the Board and is on file with the Secretary hereof.

WHEREAS, the DHCCP Activity Agreement Steering Committee has approved the Water Authority entering the Escrow Agreement (2013A Bonds) conditioned upon the Water Authority receiving direction and authorization from at least one Activity Agreement Member to opts against contributing its interest in the 2009A Notes to the DHCCP Planning Phase and to defease a portion of the outstanding 2013A Bonds from its interest in Remaining Note Proceeds.

WHEREAS, the Finance and Administration Committee and the DHCCP Activity Agreement Steering Committee have recommended that the Board authorize execution of the Escrow Agreement (2013A Bonds) conditioned upon the Water Authority receiving direction and authorization from at least one Activity Agreement Member to opts against contributing its interest in the 2009A Notes to the DHCCP Planning Phase and to defease a portion of the outstanding 2013A Bonds from its interest in Remaining Note Proceeds.

WHEREAS, authorizing execution of the Agreement Concerning Use of Remaining Note Proceeds by and among the San Luis & Delta-Mendota Water Authority and Certain of its Member Agencies does not constitute a project under the California

Environmental Quality Act because the proposed actions involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the CEQA guidelines) and also represents administrative activities of the Water Authority that will not result in direct or indirect physical changes in the environment (Section 15378(b)(5) of the CEQA Guidelines); further, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the CEQA guidelines).

**NOW, THEREFORE, BE IT RESOLVED, AS FOLLOWS:**

Section 1. The matters stated in the recitals are true and correct, and the Board so finds, orders and determines.

Section 2. The Escrow Agreement (2013A Bonds), in substantially the form attached hereto as Exhibit A and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The Chairman of the Board and Secretary of the Board or the Executive Director of the Water Authority are hereby authorized and directed to execute and deliver the Escrow Agreement (2013A Bonds) with such changes, insertions and omissions as may be recommended by Stradling Yocca Carlson & Rauth, a Professional Corporation and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 3. The authorization to execute the Escrow Agreement (2013A Bonds) is expressly conditioned upon the Water Authority receiving direction and authorization from at least one Activity Agreement Member to defease a portion of the outstanding 2013A Bonds from its interest in Remaining Note Proceeds.

Section 4. The Executive Director, the Assistant Executive Director, the Chairman, the Secretary and any other proper officer of the Water Authority, acting singly, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Escrow Agreement (2013A Bonds) and this resolution.

SECTION 3. This resolution shall take effect immediately.

**PASSED AND ADOPTED**, this \_\_\_th day of January, 2017, by the Board of Directors of the San Luis & Delta-Mendota Water Authority.

---

Michael Stearns, Chairman  
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Attest:

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Jason Peltier, Secretary

\* \* \* \* \*

I hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by the San Luis & Delta-Mendota Water Authority, a California joint powers agency, at a regular meeting of the Board of Directors thereof duly called and held at the office of the Authority on the \_\_\_<sup>th</sup> day of January, 2017.

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Jason Peltier, Secretary

**ESCROW AGREEMENT (2013A BONDS)**

THIS ESCROW AGREEMENT (2013A BONDS), dated as of January 1, 2017 (the “Agreement”), by and between the San Luis & Delta-Mendota Water Authority (the “Authority”) and MUFG Union Bank, N.A., San Francisco, California, as escrow agent (the “Escrow Agent”) and as 2013A Trustee (as hereinafter defined), is entered into in accordance with Resolution No. \_\_\_\_-\_\_\_\_ of the Authority adopted on January \_\_, 2017 and the Indenture of Trust, dated as of March 1, 2013 (the “2013A Indenture”), by and between the Authority and MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.), as trustee (the “2013A Trustee”), to prepay the portion of the outstanding San Luis & Delta-Mendota Water Authority Refunding Revenue Bonds (DHCCP Development Project), Series 2013A described in Schedule A hereto (the “Refunded 2013A Bonds”).

**WITNESSETH:**

WHEREAS, the Authority previously authorized the execution and delivery of the San Luis & Delta Mendota Water Authority Revenue Notes (DHCCP Development Project), Series 2009A (the “2009A Notes”) in the aggregate principal amount of \$50,000,000 pursuant to an Indenture of Trust, dated as of March 1, 2009, by and between the Authority and MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.), as trustee;

WHEREAS, the Authority previously authorized the issuance of the Refunded 2013A Bonds pursuant to the 2013A Indenture which, together with certain other moneys, refunded the 2009A Notes;

WHEREAS, the Authority has determined to apply a portion of the unspent proceeds of the 2009A Notes to pay on March 1, 2023 (the “Redemption Date”) the principal with respect to the Refunded 2013A Bonds, without premium (the “Redemption Price”); and

WHEREAS, the irrevocable deposit with the Escrow Agent of moneys (as permitted by, in the manner prescribed by, and all in accordance with the 2013A Indenture), which moneys will be fully sufficient to pay and discharge the Refunded 2013A Bonds on the Redemption Date;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority and the Escrow Agent agree as follows:

**SECTION 1. Deposit of Moneys.** The Authority hereby instructs the Escrow Agent to deposit \$\_\_\_\_\_ received from the Authority, constituting a portion of the unspent proceeds of the 2009A Notes, in the Escrow Fund established hereunder.

The Escrow Agent shall hold all such amounts in irrevocable escrow separate and apart from other funds of the Authority and the Escrow Agent in a fund hereby created and established to be known as the “Escrow Fund” and to be applied solely as provided in this Agreement.

The Escrow Agent acknowledges receipt of the moneys described above and agrees to invest such moneys from time to time upon the written direction of the Authority in Defeasance Securities which satisfy the criteria set forth in Section 10.03 of the 2013A Indenture, and to deposit such Defeasance Securities in the Escrow Fund. In the event that the Authority does not provide written direction with respect to the investment of moneys in the Escrow Fund, such moneys shall be held uninvested as cash. The Escrow Agent shall be entitled to rely upon the conclusion of [\_\_\_\_\_] (the “Verification Agent”), that the moneys deposited in the Escrow Fund, without regard to any

investment thereof, will be sufficient to pay on the Redemption Date the Redemption Price of the Refunded 2013A Bonds.

SECTION 2. Investment of Any Remaining Moneys. At the written direction of the Authority, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Defeasance Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Defeasance Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the Authority, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay on the Redemption Date the Redemption Price of the Refunded 2013A Bonds, and provided that the Authority has obtained and delivered to the Escrow Agent and to Build America Mutual Assurance Company, as insurer (the "Insurer") an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, that such reinvestment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 2 which are not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the Authority with respect to the refunding of the Refunded 2013A Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of tax-exempt obligations of political subdivisions, shall be paid to the Authority promptly upon the receipt of such interest income by the Escrow Agent. The determination of the Authority as to whether an accountant qualifies under this Escrow Agreement shall be conclusive.

SECTION 3. Substitution of Securities. Upon the written request of the Authority, and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Defeasance Securities, provided that there are substituted therefor from the proceeds of the Defeasance Securities other Defeasance Securities, but only after the Authority has obtained and delivered to the Escrow Agent and to the Insurer: (i) a verification report of a nationally recognized independent financial analyst or firm of certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay on the Redemption Date the Redemption Price of the Refunded 2013A Bonds, (ii) the delivery of a an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, to the effect that such substitution will not adversely affect the exclusion from gross income of the holders of the Bonds for federal income tax purposes, and (iii) the prior written consent of the Insurer. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 4. Payment of Refunded 2013A Bonds.

(a) Payment. From the maturing principal of any Defeasance Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall transfer the amounts on deposit in the Escrow Fund to the 2013A Trustee to pay on the Redemption Date the Redemption Price of the Refunded 2013A Bonds.

(b) Irrevocable Instructions to Provide Notice. The forms of the notice required to be mailed pursuant to Sections 4.03 and 10.02 of the 2013A Indenture is substantially in the form attached hereto as Exhibits A and B. The Authority hereby irrevocably instructs the 2013A Trustee to mail a notice of redemption in accordance with Section 4.03 of the 2013A Indenture.

(c) Unclaimed Moneys. Any moneys which remain unclaimed for 60 days after the Redemption Date or are not needed to pay the Redemption Price shall be repaid by the Escrow Agent to the Authority.

(d) Priority of Payments. The owners of the Refunded 2013A Bonds shall have a first and exclusive lien on all moneys and securities, if any, in the Escrow Fund until such moneys are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2013A Indenture, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof, all liability of the Authority in respect of the Refunded 2013A Bonds shall cease, terminate, and be completely discharged, and the owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Escrow Agent for their payment, subject however, to the provisions of the 2013A Indenture.

SECTION 5. Application of Certain Terms of the 2013A Indenture. All of the terms of the 2013A Indenture relating to the making of payments of principal and interest with respect to the Refunded 2013A Bonds and relating to the exchange or transfer of the Refunded 2013A Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article VIII of the 2013A Indenture relating to the resignation and removal and merger of the 2013A Trustee under the 2013A Indenture are also incorporated in this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 6. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 7. Escrow Agent's Authority to Make Investments. Except as provided in Section 1 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of the moneys held hereunder.

SECTION 8. Indemnity. The Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees, officers, directors and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities, if any, deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities, if any, by the Escrow Agent in accordance with the provisions of this

Agreement; provided, however, that the Authority shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective employees or the willful breach by the Escrow Agent of the terms of this Agreement. In no event shall the Authority or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement and the earlier removal or resignation of the Escrow Agent.

**SECTION 9. Responsibilities of Escrow Agent.** The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys and securities, if any, deposited therein, the sufficiency of the moneys on deposit in the Escrow Fund to pay the Refunded 2013A Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Authority, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the proceeds to accomplish the prepayment of the Refunded 2013A Bonds or to the validity of this Agreement as to the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Authority.

The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Escrow Agreement and no implied duties, covenants, or obligations shall be read into this Escrow Agreement against the Escrow Agent. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages.

The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Escrow Agreement and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Escrow Agent in connection with this Escrow Agreement and reasonably believed by the Escrow Agent to be signed by the proper party, and it need not investigate any fact or matter stated therein.

None of the provisions of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow



Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Agent may at any time resign by giving sixty (60) days written notice of resignation to the Authority. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the Authority, the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within sixty (60) days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by secured e-mail, facsimile transmission or other similar secured electronic methods, provided, however, that the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Escrow Agent will furnish the Authority periodic transaction statements which include detail for all investment transactions made by the Escrow Agent hereunder; provided that the Escrow Agent is not obligated to provide an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date. Upon the Authority's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 10. Amendments. This Agreement is made for the benefit of the Authority, the Insurer and the owners from time to time of the Refunded 2013A Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent, the Insurer and the Authority; provided, however, that the Authority and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the 2013A Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this

Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded 2013A Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds, provided that the Authority shall not amend this Agreement or enter into a forward purchase agreement or other agreement with respect to rights granted in this Agreement without the prior written consent of the Insurer. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various Refunded 2013A Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 11. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked, the Escrow Agent shall provide written notice of such severance, amendment or revocation to the rating agencies then rating the Refunded 2013A Bonds.

SECTION 12. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded 2013A Bonds been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 4(c) of this Agreement.

SECTION 13. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Authority and any other reasonable fees and expenses of the Escrow Agent approved by the Authority; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 15. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Insurer as Third Party Beneficiary. The Insurer shall be a third-party beneficiary hereof.

SECTION 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the Authority in writing, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 19. Payment of Excess Moneys. Notwithstanding any other provisions of this Agreement, any moneys held in the Escrow Fund on the Redemption Date in excess of the amount needed to pay principal of the Refunded 2013A Bonds on the Redemption Date shall be repaid to the Authority on the first business day after the Redemption Date.

SECTION 20. No Optional Redemption. The Authority shall not exercise any optional redemption of the Refunded 2013A Bonds secured by this Agreement or any other redemption other than mandatory sinking fund redemption, except as expressly provided herein and in Section 10.02 of the 2013A Indenture.

SECTION 21. Notice to Authority and Escrow Agent. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the office of the Escrow Agent at 350 California Street, 11th Floor, San Francisco, California 94104, Attn: Corporate Trust Department, Facsimile (415) 273-2492, Email: AccountAdministration-CorporateTrust@unionbank.com and CashControlGroup-LosAngeles@unionbank.com. Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Authority at P.O. Box 2157, Los Banos, California 93635, Attention: Executive Director, Facsimile (209) 826-9698 (or such other address as may have been filed in writing by the Authority with the Escrow Agent).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

SAN LUIS & DELTA-MENDOTA WATER  
AUTHORITY

By: \_\_\_\_\_  
Chairman

MUFG UNION BANK, N.A., as Escrow Agent  
and 2013A Trustee

By: \_\_\_\_\_  
Authorized Officer

**SCHEDULE A**

Refunded 2013A Bonds

<i>Maturity (March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>CUSIP</i>
	\$	%	

**EXHIBIT A**

**NOTICE OF REDEMPTION**

**SAN LUIS & DELTA-MENDOTA WATER AUTHORITY  
REFUNDING REVENUE BONDS (DHCCP DEVELOPMENT PROJECT), SERIES 2013A**

BASE CUSIP 798544

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the “Bonds”) of the San Luis & Delta-Mendota Water Authority (the “Authority”) pursuant to the Indenture of Trust, dated as of March 1, 2013 (the “2013A Indenture”), by and between the Authority and MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.), as trustee (the “2013A Trustee”), that the Bonds in the aggregate principal amount of \$[\_\_\_\_\_] as more specifically described below have been called for redemption on March 1, 2023 (the “Redemption Date”).

<i>CUSIP</i>	<i>Maturity (March 1)</i>	<i>Rate</i>	<i>Amount</i>	<i>Redemption Price</i>
		%	\$	%

The Bonds will be payable on the Redemption Date at a redemption price of 100% of the principal amount (the “Redemption Price”). The Redemption Price of the Bonds will become due and payable on the Redemption Date. Interest with respect to the Bonds to be prepaid will cease to accrue on and after the Redemption Date, and such Bonds will be surrendered to the 2013A Trustee.

All Bonds are required to be surrendered to the principal corporate office of the 2013A Trustee, on the Redemption Date at the following location. If the Bonds are mailed, the use of registered, insured mail is recommended:

MUFG Union Bank, N.A.  
Corporate Trust Department  
445 South Figueroa Street, Suite 401  
Los Angeles, California 90071

If the Owner of any Bonds subject to optional redemption fails to deliver such Bond to the 2013A Trustee on the Redemption Date, such Bond shall nevertheless be deemed prepaid on the Redemption Date and the Owner of such Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2013A Trustee for such payment.

A form W-9 must be submitted with the Bonds. Failure to provide a completed form W-9 will result in 31% backup withholding pursuant to the Interest and Dividend Tax Compliance Act of 1983. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if the tax identification number is not properly certified.

MUFG UNION BANK, N.A., as Trustee

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Exhibit A-1

Resolution No \_\_\_\_

RESOLUTION AMENDING RESOLUTION 2001-191

WHEREAS, on or about June 14, 2001, the Board of Directors of the San Luis & Delta-Mendota Water Authority (the "Board" and the "Authority," respectively) adopted Resolution 2001-191;

WHEREAS, Resolution 2001-191 reconfirmed the structure of standing advisory committees, delegated to the Authority's Chairman the power to appoint standing advisory committee members, and conformed the structure and authority of the Finance and Administration and O&M Technical Committees to terms of that certain Memorandum of Understanding between the San Luis & Delta-Mendota Water Authority and the Friant Water Users Authority; and

WHEREAS, Resolution 2001-191 establishes the qualification for membership on the Water Resources Committee and the Finance and Administration Committee by stating: "The Member representing each Division shall be a Director or Alternate Director of the Authority; Alternate Members need not be Directors or Alternate Directors of the Authority"; and

WHEREAS, the Board desires to expand and clarify the scope of qualifications to serve as a member on the Water Resources Committee and of the Finance and Administration Committee so that the qualifications for membership on the Water Resources Committee and the Finance and Administration Committee are the same as the qualification for Directors and Alternate Directors, as set forth in section 9(b) of the Amended and Restated Joint Exercise of Powers Agreement for the Authority.

NOW, THEREFORE BE IT RESOLVED AS FOLLOWS:

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

Section 2. Resolution 2001-191 is hereby amended as follows:

A. Section 2 d is hereby deleted in its entirety and is superseded and replaced with the following new Section 2 d:

"The Committee Member and Alternate Member representing each Division shall be a member of a governing body of an Authority Member Agency, shall be on the staff of or a permanent consultant of an Authority Member Agency, or shall otherwise be, upon the request of the Authority's chairperson, formally appointed by the governing body of an Authority Member Agency."

B. The first sentence of Section 3 c 4 is deleted in its entirety and is superseded and replaced with the following new Section 3 c 4:

“The Committee Member and Alternate Member representing each Division shall be a member of a governing body of an Authority Member Agency, shall be on the staff of or a permanent consultant of the Authority Member Agency, or shall otherwise be, upon the request of the Authority’s chairperson, formally appointed by the governing body of an Authority Member Agency.”

PASSED, APPROVED AND ADOPTED this \_\_ day of January, 2016, by the Board of Directors of the San Luis & Delta-Mendota Water Authority, by the following vote:

AYES:

NAYS:

ABSTAIN

---

Michael Stearns, Chairperson  
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Attest:

---

Jason Peltier, Secretary



Resolution No \_\_\_\_

RESOLUTION AMENDING RESOLUTION 2001-191

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AYES:

NAYS:

ABSTAIN

---

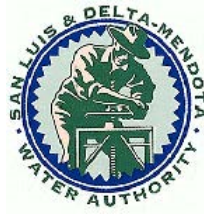
Michael Stearns, Chairperson  
SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

Attest:

---

Jason Peltier, Secretary

# **SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**



## **BOARD OF DIRECTORS' POLICIES AND PROCEDURES MANUAL**

**ADOPTED \_\_\_\_\_, 2017  
RESOLUTION NO. \_\_**

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1. MISSION STATEMENT

The San Luis & Delta-Mendota Water Authority (Authority) is dedicated to providing water to its customers in an efficient manner and at a reasonable cost, to ensure long term reliability of the water management systems for which it is responsible, and to work on behalf of its Members and with other governmental and public agencies to promote the common welfare of and water users served by the member agencies of the Authority.

Further, the Authority is committed to providing its employees with a working atmosphere of mutual respect and appreciation. The Water Authority will continue with its policies of promoting a superior work force, encouraging career opportunities, and individual professional growth.

2. GOVERNING LAWS

The Authority was formed pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code (commencing with section 6500). The powers of the Authority are established by a joint powers agreement. A copy of that agreement, as restated and amended, is attached hereto as Attachment \_.

3. PURPOSE AND SCOPE OF POLICIES AND PROCEDURES MANUAL

The Authority is committed to being accessible, transparent and accountable with regard to its operations and business practices. In furtherance of that commitment, this Policies and Procedures Manual consolidates the policies and procedures of greatest concern to the Board of Directors and to the operations and business practices of the Authority.

The joint powers agreement previously executed by the Authority’s members, and resolutions previously adopted by the Board of Directors continue to establish the Board of Directors’ policies and procedures. To the extent information in the manual conflicts with the agreement, the agreement controls. This Policies and Procedures Manual supersedes Resolution 1993-49 (Resolution Adopting Procedures to Fill Vacancies in Position of Director or Alternate Director) and 2001-191 (Resolution Revising and Superseding Resolution 1998-164). Further, this Policies and Procedures Manual is meant to be supportive of, supplementary to, but not exclusive of, all applicable federal, state and local laws.

///

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#### 4. BOARD OF DIRECTORS

a. Structure. Members of the Authority (referred to herein individually as “Member” or collectively as “Members”) are separated into five divisions, which are known as Division 1, Division 2, Division 3, Division 4 and Division 5.

##### **DIVISION 1 (Upper DMC)**

Banta-Carbona Irrigation District  
Byron Bethany Irrigation District  
City of Tracy  
Del Puerto Water District  
Patterson Irrigation District  
The West Side Irrigation District  
West Stanislaus Irrigation District

##### **DIVISION 2 (San Luis Unit)**

Panoche Water District  
Pleasant Valley Water District  
San Luis Water District  
Westlands Water District

##### **DIVISION 3 (Ex. Contractors & Grasslands)**

Central California Irrigation District  
Firebaugh Canal Water District  
Grassland Water District  
Henry Miller Reclamation District 2131

##### **DIVISION 4 (San Felipe Division)**

Santa Clara Valley Water District  
San Benito County Water District

##### **DIVISION 5 (Lower DMC)**

Broadview Water District  
Eagle Field Water District  
Fresno Slough Water District  
James Irrigation District  
Laguna Water District  
Mercy Springs Water District  
Oro Loma Water District  
Pacheco Water District  
Reclamation District 1606  
Tranquillity Irrigation District  
Turner Island Water District

Each Division is represented by four Directors and Alternate Directors, except Division 5, which is represented by three Directors and Alternate Directors. In total, there are 19 Directors and 19 Alternate Directors, which are collectively referred to herein as the “Board of Directors”.

b. Appointments.

From within the membership of the Board of Directors, the Board of Directors selects a Chair and a Vice Chair. The chairman, vice chairman, and secretary shall hold office for a period of one year commencing the first meeting of each Fiscal Year. The office shall be declared vacant if the person serving dies, resigns, or is removed by a Division as a representative of the Division, or if the Member represented by the Director withdraws from the Authority. The remaining Board shall select a successor officer to serve for the balance of the leaving officer's term.

When there is a vacancy in a Divisions 2, 3 or 4 Director or Alternate Director position, the governing body of the Member from which the Director or Alternate Director who caused the vacancy has the right to promptly appoint a qualified individual. Once the appointment is made and the Authority is notified, the successor is deemed elected.

A vacancy in a Divisions 1 or 5 Director or Alternate Director position requires the remaining Directors from said Division or the board of directors of any Member within the Division to nominate a qualified individual. Once the Water Authority receive notice of the nomination, the Authority shall circulate to each Member of the Division a notice of the proposed change which will provide an opportunity for each Member of the Division to inform the Authority of any objection to the nomination within thirty (30) days. The successor Director or Alternate Director is deemed elected upon approval of the appointment by the governing bodies of the Members in such Division.

In the event, within any Division, Members fail to act in accordance with the procedures outlined above to appoint a successor within a reasonable time, or in the event a nominated successor in Division 1 or 5 does not receive approval from all the Members of the Division, the Authority will provide each Member of the Division with a Notice of Available Director and/or Alternate Director Position(s), the date by which the Authority will circulate a slate of all individuals nominated for such position or positions together with voting instructions, and the voting date. A majority vote by the Members within the Division is required to appoint the successor.

c. Quorum and Voting. The Board of Directors may act only at regular, regularly adjourned, special or emergency meeting, as provided by State Law. Directors, and Alternate Directors present in the absence of their respective Directors, representing at least a majority of the Board of Directors constitute a quorum for the purposes of transacting the Authority's business. A vote of a majority present is

required for the Authority to take action, except when supporting legislation or seeking to participate in a lawsuit or administrative proceeding or other similar proceedings (except to defend the Authority), in which case a vote of 85% is required. The Board of Directors has delegated specific authorities to the Executive Director, as described in section \_ below.

d. Qualification. Each Director and Alternate Director must be (1) a member of a governing body of a Member, (2) a staff of or a consultant of the Member, or (3) otherwise formally appointed by the governing body of the Member. Directors and Alternate Directors serve until he/she resigns or the Division selects a successor.

e. Compensation. While the JPA authorizes compensation of Directors as fixed from time to time, the Authority does not compensate Directors or Alternate Directors for time incurred in the conduct of the Authority's business.

## 5. EXECUTIVE DIRECTOR/GENERAL COUNSEL

### c. Executive Director.

The Executive Director is the chief administrative officer of the Authority, reports directly to the Board, and is responsible for the proper and efficient organization and administration of the Authority. Principal powers include:

- Plan, organize and direct all Authority activities, including organizing in consultation, with the Board President, Board of Director meetings which involves development of the agenda and support packages.
- Appointing and removing all Authority employees;
- Authorizing expenditures within the designations and limitations of the approved Budget; and
- Making recommendations to and requests of the Board concerning all of the matters and responsibilities which are to be performed, done or carried out by said Board.

The Board may delegate to the Executive Director by motion, resolution or ordinance any power or authority of the Authority and has delegated to the Executive Officer the following powers:

- Those certain powers governing purchases of supplies, equipment and services through Resolution 2009-317, as it may be amended or superseded from time to time.



The Board conducts a performance appraisal of the Executive Director annually, pursuant to the process presented in and based on the form attached hereto as Attachment \_.

d. General Counsel.

The General Counsel is the chief legal officer of the Authority, operates under general direction of the Executive Director but reports directly to the Board, and is responsible for the proper and efficient administration of the legal affairs of the Authority. Principal responsibilities include:

- Performing a broad range of legal work, including providing advice on compliance with the Brown Act, conducting legal research, providing advice or opinions, researching, studying, interpreting, and applying laws, regulations, and court decisions; and providing expert advice in the specialized area of water law which may be exceptionally difficult and sensitive;
- Coordinating outside counsel work and budgets; and
- Representing the Board's policies and programs before a variety of public and governmental agencies.

The Board with the Executive Director conducts a performance appraisal of the General Counsel annually, pursuant to the process presented in and based on the form attached hereto as Attachment \_.

6. COMMITTEES/SUBCOMMITTEES

e. Water Resources Committee.

Authority. The Water Resources Committee advises the Board of Directors and staff by making recommendations on policy matters concerning water supply and water supply operations issues and on the implementation of policy established by the Board of Directors on these matters. **The Water Resources Committee role is advisory to the Board and neither the documents establishing the committee nor the information in this section of the Policies and Procedures Manual shall be deemed to alter the authority of the Board to take actions on these matters, whether or not the Committee has provided advice on such action.**

Structure. The Water Resources Committee is comprised of one member from each Division of the Authority, the Chairperson, and the Vice Chairperson of the Authority, with one alternate member for each Divisional representative and no

alternates for the Authority Chairperson or Vice Chairperson.

Appointments. The Chairperson of the Authority, after conferring with the members within the Division from which the vacancy exists, appoints the members and alternate members of the Water Resources Committee and **makes appointments to fill vacancies in such positions.** Divisional representatives serve at the pleasure of the Division. **The Chairperson will attempted to appoint as the members of the Water Resources Committee individuals who serve as directors on the boards of the Members.**

Qualifications. **The member and alternate members representing each Division shall meet the same qualifications as those set for a Director or Alternate Director of the Authority.**

Meetings. Regular meetings of the Water Resources Committee are held 2 weeks prior to the regular meetings of the Board of Directors of the Authority, or on such alternate dates as may be selected by the Water Resources Committee from time to time. All such meetings are conducted in accordance with the Ralph M. Brown Act (Government Code sections 54950, et seq.).

Quorum and Voting. A majority of the then-appointed members plus any alternate members attending in the absence of their respective members comprise a quorum of the Water Resources Committee. Each member, including the Chairperson and Vice Chairperson, has one vote. In the absence of the member for whom an alternate member is appointed, or in cases of the member's conflict of interest precluding participation, the alternate member is authorized to cast the vote of the member. Water Resources Committee actions are determined by the vote of a majority of a quorum.

Presiding Officer. The Chairperson of the Authority selects the Water Resources Committee Chairperson, who holds the position at the pleasure of the Authority Chairperson. In the absence of the Committee Chairperson, the Water Resources Committee may select a temporary Chairperson. The Committee Chairperson shall hold his position at the pleasure of the Authority Chairperson.

f. Finance and Administration.

1. Definitions.

“MOU”: Memorandum of Understanding Between Friant Water Users Authority [Friant Water Authority] and San Luis & Delta-Mendota Water Authority Relating to Allocation, Collection and Payment of Operation, Maintenance & Replacement

Costs for Water Delivered through Certain Central Valley Project facilities, as amended.

“Non-OM&R Matters”: All budget, financial and administrative matters which do not relate to the Operation, Maintenance & Repair (OM&R) Budget or Program of the Authority.

“OM&R Budget”: A budget required to be prepared by Article 11a of Contract No. 8-07-20-X0354 between the United States of America and the Authority, Agreement to Transfer the Operation, Maintenance and Replacement and certain Financial and Administrative Activities Related to the San Luis & Delta-Mendota Canals, Tracy Pumping and O'Neill Pumping/Generating Plant, San Luis Drain and Associated Works.

“OM&R Program”: All activities of the SLDMWA required for the OM&R of the Project Facilities pursuant to the SLDMWA Transfer Agreement, including but not limited to, the program of work to be performed, the preparation and adoption of budgets, funding (including establishment of reserves and creation of debt), purchasing, auditing, inspections, cost recovery methodology and fiscal agent responsibilities.

“Project Facilities”: The facilities described as “Project Facilities” in the MOU.

## 2. Finance and Administration Committee.

Authority. The Finance and Administration Committee advises the Board of Directors and staff by making recommendations concerning the Authority’s budget and administration matters, including personnel, and on the implementation of policy established by the Board of Directors on these matters. The Finance and Administration Committee role is advisory to the Board and neither the documents establishing the committee nor the information in this section of the Policies and Procedures Manual shall be deemed to alter the authority of the Board to take actions on these matters, whether or not the Committee has provided advice on such action.

The Finance and Administration Committee is the committee that considers all financial matters, including the Authority’s investment policy, manner of allocating costs among Members, and the issuance of Authority financing instruments.

Structure. The Finance and Administration Committee is comprised of one member from each Division of the Authority, the Chairperson, and the Vice Chairperson of the Authority; and one representative of the Friant Water Authority, which participates in OM&R matters only. There is one alternate member for each

Divisional representative and for the Friant Water Authority representative. There are no alternates for the Chairperson and Vice Chairperson of the Authority.

Appointments. The Chairperson of the Authority, after conferring with the members within the Division from which the vacancy exists, appoints the members and alternate members of the committee and makes appointments to fill vacancies in such positions. Divisional representatives serve at the pleasure of the Division. The Chairperson of the Authority appoints the Friant Water Authority member and alternate member recommended, in writing, by the Friant Water Authority, who serves at the pleasure of the Friant Water Authority.

Qualifications. The member and alternate members representing each Division shall meet the same qualifications as those set for a Director or Alternate Director of the Authority, with the exception that the Friant Water Authority member and alternate member shall have the qualifications determined by the Friant Water Authority.

Meetings. Regular meetings of the Finance and Administration Committee are held 2 weeks prior to the regular meetings of the Board of Directors of the Authority, or on such alternate dates as may be selected by the Finance and Administration Committee from time to time. All such meetings are conducted in accordance with the Ralph M. Brown Act (Government Code sections 54950, et seq.).

Quorum and Voting on Matters Affecting the OM&R Budget or OM&R Program. A majority of the then-appointed members plus any alternate members attending in the absence of their respective members comprise a quorum of the Finance and Administration Committee. Each member, including the Chairperson and Vice Chairperson, have one vote. In the absence of the member for whom an alternate member is appointed, or in cases of the member's conflict of interest precluding participation, the alternate member is authorized to cast the vote of the member. A recommendation of the Finance and Administration Committee to the Board of Directors to adopt or amend the OM&R Budget requires "yes" votes of at least 5 of 8 members/alternate members voting in the place of an absent or disqualified member. At any point in the budget approval process, an OM&R Budget or OM&R budgetary issue may be remanded to the OM&R Technical Committee.

Quorum and Voting on Non-OM&R Matters. A majority of the then-appointed members plus any alternate members attending in the absence of their respective members comprise a quorum of the Finance and Administration Committee. Each member, including the Chairperson and Vice Chairperson, have one vote. In the absence of the member for whom an alternate member is appointed, or in cases of the member's conflict of interest precluding participation, the alternate member is

authorized to cast the vote of the member. The Friant Water Authority member and alternate member are not be counted towards a quorum nor be entitled to vote on Non-OM&R Matters.

Presiding Officer. The Chairperson of the Authority selects the Finance and Administration Committee chairperson, who holds the position at the pleasure of the Authority Chairperson. In the absence of the Committee chairperson, Finance and Administration Committee may select a temporary chairperson.

### 3. Operations, Maintenance and Technical Committee.

Authority. As a subcommittee of the Finance and Administration Committee and an advisor to the Finance and Administration Committee and the Board of Directors, the O&M Technical Committee works with the Authority's staff in the development of OM&R programs and budgets, making recommendations to the Finance and Administration Committee for ultimate approval by the Board of OM&R budgets and to reconsider any budget or budgetary issue which are remanded back to it from the Finance and Administration Committee. **The O&M Technical Committee role is advisory to the Finance and Administration Committee and Board and neither the documents establishing the committee nor the information in this subsection of the Policies and Procedures Manual shall be deemed to alter the authority of the Board or any Committee to take actions on these matters, whether or not the subcommittee has provided advice on such action.**

Structure. The O&M Technical Committee is comprised of members selected to represent 6 service (delivery) areas: Mendota Pool; Lower Delta-Mendota Canal (DMC); Upper DMC; San Luis Canal; and San Felipe Division, with no Central Valley Project contractor entitled to have more than one representative on the O&M Technical Committee at any time, as follows:

- Contractors served from the Mendota Pool – 1
- Contractors served from the Lower DMC – 1
- Contractors served from the Upper DMC – 1
- Contractors served from the San Luis Canal  
(1 from Westlands + 1 from others) – 2
- Contractors served from the San Felipe Division – 1
- Exchange Contractors – 1
- Friant Water Authority – 1
- USBR – 1
- SLDMWA Technical Staff – 1

Appointments. The Chairperson of the Authority, after conferring with the members served from the service (delivery) area from which the vacancy exists, appoints the members of the O&M Technical Committee. Representatives from a service area serve at the pleasure of the members from such service area. The Friant Water Authority representative and an alternate are appointed by the Authority Chairperson, as recommended, in writing, by the Friant Water Authority, and the United States Bureau of Reclamation representative is appointed by the Authority Chairperson upon recommendation from the United States Bureau of Reclamation.

Qualifications. Members of the OM&R Technical Committee may be members of the Board of Directors, managers, employees, or consultants of the parties represented, and are selected because of technical or budgetary expertise.

Meetings. The OM&R Technical Committee may, by motion, fix and determine the time and place of regular meetings. All such meetings are conducted in accordance with the Ralph M. Brown Act (Government Code sections 54950, et seq.).

Quorum and Voting. A majority of the then-appointed members comprises a quorum of the O&M Technical Committee. Each member has one vote. In the absence of the member for whom an alternate member is appointed, or in cases of the member's conflict of interest precluding participation, the alternate member is authorized to cast the vote of the member. The recommendation of the OM&R Technical Committee to the Finance and Administration Committee to adopt or amend an OM&R Budget requires the "Yes" vote of at least eight of its members.

Presiding Officer. The Chairperson of the Authority selects the O&M Technical Committee Chairperson, who holds the position at the pleasure of the Authority Chairperson. In the absence of the O&M Technical Committee Chairperson, the O&M Technical Committee may select a temporary Chairperson.

#### 4. Role of Friant Water Authority.

Friant Water Authority Participation. The Friant Water Authority shall participate in Authority decision-making relating to the OM&R of the Project Facilities and the OM&R Program through representation and voting on the Authority Finance and Administration Committee and the OM&R Technical Committee, a subcommittee of the Finance and Administration Committee.

Board of Directors. The Friant Water Authority shall not, by virtue of the terms of the MOU, be entitled to representation on the Authority Board of Directors, and neither the MOU nor this Policies and Procedures Manual shall be deemed to alter the authority of the Authority Board of Directors to adopt and amend budgets for the

conduct of Authority business, including for OM&R of the Project Facilities.

g. Personnel Subcommittee.

Authority. The Personnel Subcommittee advises the Finance and Administration Committee on personnel matters. Committee role is advisory to the Finance and Administration Committee and neither the documents establishing the committee nor the information in this section of the Policies and Procedures Manual shall be deemed to alter the authority of the Board or any Committee to take actions on these matters, whether or not the subcommittee has provided advice on such action.

Structure. The Personnel Subcommittee is comprised of one member from each Division of the Authority, the Chairperson, and the Vice Chairperson of the Authority, with one alternate member for each Divisional representative and no alternates for the Authority Chairperson or Vice Chairperson.

Appointments. The Chairperson of the Authority, after conferring with the members within the Division from which the vacancy exists, appoints the members and alternate members of the Personnel Subcommittee. Divisional representatives serve at the pleasure of the Division.

Qualifications. The member and alternate members representing each Division shall meet the same qualifications as those set for a Director or Alternate Director of the Authority.

Meetings. Meetings of the Personnel Subcommittee may be called by the Board, the Chairperson of the Authority, the Finance and Administration Committee, the Chairperson of the Finance and Administration Committee, or the Chairperson of the Personnel Subcommittee. All such meetings are conducted in accordance with the Ralph M. Brown Act (Government Code Sections 54950, et seq.)

Quorum and Voting. A majority of the then-appointed members plus any alternate members attending in the absence of their respective members shall comprise a quorum of the Subcommittee. Each member, including the Chairperson and Vice Chairperson, shall have one vote. In the absence of the member for whom an alternate member is appointed, or in cases of the member's conflict of interest precluding participation, the alternate member is authorized to cast the vote for the member. Subcommittee actions shall be determined by the vote of a majority of a quorum.

Presiding Officer. The Chairperson of the Authority selects the Personnel Subcommittee Chairperson, who holds the position at the pleasure of the Authority

Chairperson. In the absence of the Personnel Subcommittee Chairperson, the Personnel Subcommittee may select a temporary Chairperson.

h. Ad-hoc Committees.

The Board of Directors or the Chairperson of the Board may establish ad hoc committees as needed to further the mission of the Authority.

## 7. DIRECTORS & MEMBERS, GENERALLY

a. Reimbursement for Expenses. The Authority adheres to California Government Code sections 53232 through 53232.4 when dealing with issues of expenditure reimbursements for Directors, committee members, subcommittee members or their alternates. Directors, committee members, subcommittee members or their alternates may be reimbursed for out-of-pocket expenditure(s) relative to actual, reasonable and necessary costs associated with appropriate Authority business. Eligible expenses include costs due to travel, meals, lodging, and other reasonable and necessary expenses associated with approved Authority business. The Board of Directors must provide approval for said business at a public meeting prior to the individual seeking reimbursement incurring any costs.

b. Meals and Incidental Expenses. The Authority shall follow the Internal Revenue Service (IRS) Guidelines and reimburse meal and incidental expenses up to the US General Service Administration (GSA) per diem allowance rates for the location of the event, net of any event provided meals, while traveling on Authority business. Notwithstanding, for Authority sponsored events, directors, committee members, subcommittee members or their alternates may incur expenses in excess of the per diem allowance rates.

c. Lodging Expenses. Unless there is a reasonable basis to do otherwise, lodging shall be (i) arranged through the Authority, and (ii) the lesser of the government or group rates or rates that do not exceed the maximum group rate published by the event sponsor, or if neither of those are available at a rate not to exceed GSA per diem allowances for lodging.

d. Prohibited Expenses. The Authority will not pay for the following expenses:

- i. Movie rentals
- ii. Spouse/companion meals or travel
- iii. Any other expenditures not directly related to the Authority's business.



e. Booking of Spouse or Companion. Authority on occasion books reservations for the spouse or companion of a Director, committee member, subcommittee member or an alternate who is travelling on Authority business, for convenience. All costs associated with any such booking for a spouse or companion shall be assumed by the Director, committee member, subcommittee member or alternate.

f. Code of Conduct. The conduct of the Authority's Directors, committee members, subcommittee members and their alternates should enhance the integrity and goals of the Authority and in furtherance thereof they are expected to maintain the highest ethical standards, to follow these policies and procedures, to follow the joint powers agreement that formed the Authority, to follow resolutions the Board of Directors adopted, and to abide by all applicable local, state and federal laws. To assist in the governing of behavior between and among them, the following rules shall be observed:

- The primary responsibility of the Board of Directors is the formulation and evaluation of policy for the common good of all its members; routine matters concerning the operational aspects of the Authority have been delegated to its staff.
- The work of the Authority is a team effort which requires support by staff of the Authority and its member agencies.
- The Directors, committee members, subcommittee members or their alternates shall support the maintenance of a positive and constructive work environment for Authority employees.
- The needs of the Members shall be the priority of the Directors, committee members, subcommittee members, and their alternates.
- The dignity, style, values and opinions of each of the Directors, committee members, subcommittee members and their alternates shall be respected.
- Board deliberation will be fair, open and thorough, but also timely, orderly and kept to the point.
- Differing viewpoints are healthy in the decision-making process.
- As required by and to the extent authorized by law, Directors, committee members, subcommittee members and their alternates will respect the confidentiality appropriate to issues of a sensitive nature, including the legal

obligation to maintain confidential closed session discussion and attorney-client privileged communication.

As set forth in more detail below in section \_\_, Directors, committee members, subcommittee members and their alternates must avoid conflict of interest with respect to their fiduciary responsibility and are obligated by virtue of their office to discharge their responsibilities with integrity and fidelity and are prohibited from placing themselves in a position where their private, personal interest may conflict with their official duties.

g. Ethics Training. In their capacity as directors or staff for Members, the Authority's Directors, committee members, subcommittee members or their alternates shall receive training in general ethics principles and ethics laws relevant to public service, to the extent required by law.

## 8. MEETINGS GENERALLY

a. Telephonic Participation. Teleconferencing may be used for all purposes in connection with any meeting. Pursuant to the Ralph M. Brown Act (Government Code section 54953, or as amended), if the Board of Directors, a committee, or subcommittee elects to use teleconferencing, each teleconference location must be: (1) specifically identified in the notice and agenda of the meeting, (2) a notice and agenda must be posted at each teleconference location, (3) each teleconference location must be accessible to the public and have technology to enable the public to participate, (4) the agenda must provide the opportunity for the public to address the legislative body directly from each teleconference location, and (5) at least a quorum must participate from locations within the Authority's jurisdiction. To be counted towards the quorum and to participate in the meeting as a Director or member, the Director or member (or alternate in the absence of Director or member) must be present at a noticed location.

b. Absence of Quorum. If there is no quorum of the Board of Directors, a committee, or a subcommittee, those present may decide to: (1) adjourn the meeting, (2) cancel the meeting, or (3) proceed as a "committee of the whole", although in that event no action may be taken or decisions made.

c. Role of Alternates. In the absence of a Director or member or in the event that a Director or Member has a conflict of interest which precludes participation in any decision-making process, his/her alternate assumes all rights of the Director or member representing the appointing Director or member and has the authority to act.

If both the Director or member and the alternate is present, the alternate may attend the open session of a meeting but he/she must participate as a member of the public, unless precluded by law; generally, alternates may not attend closed sessions except in the absence of the Director/ Member represented by the alternate.

d. Role of the Public. The Authority encourages public participation at the meetings of its Board of Directors, committees, and subcommittees. However, to allow for orderly administration of the meetings, for each item of an agenda and for the public comment period, public comment is limited to no more than 3 minutes per person on each agenzized item, although the meeting chair may waive this limitation for good cause.

e. Minutes. The Board of Directors, each committee, and each subcommittee will adopt minutes for the open session of each of their meetings. There will be no minutes for the closed session portion of any meeting. The Authority records the audio for the open session portions of meetings; however, those records are destroyed upon adoption of the meeting minutes.

## 9. CONFLICT OF INTEREST

Pursuant to provision of California Government Code section 81,000 *et seq.*, the Authority adopted and maintains a Conflict of Interest Code. The Authority's Conflict of Interest Code, as may be amended from time to time, and a copy of which is attached hereto as Attachment \_\_, incorporates by reference the terms of title 2, section 18730 to the California Code of Regulations.

## 10. PUBLIC RECORDS REQUEST POLICY

The Public Records Act provides the public with the right to inspect or obtain a copy of any identifiable public record, except those records that are legally exempt from disclosure. All Public Record Act request should be addressed to:

Regular Mail: San Luis & Delta-Mendota Water Authority  
Attn: Public Records Act Coordinator  
P.O. Box 2157  
Los Banos, CA 9363

E-Mail: [PRA.Coordinator@SLDMWA.Org](mailto:PRA.Coordinator@SLDMWA.Org)

Phone: (209) XXX-XXXX

## 11. INVESTMENT POLICY

The Authority has committed to the establishment of formal policies relative to the prudent investment of the Authority's unexpended cash. The Board of Directors, through advice from the Financial and Administration Committee, has established written guidelines for the investment of all Authority funds or funds in the custody of the Authority, in a manner that conforms to all state and local statutes governing the investment of public funds. The guidelines are provided in its "Investment Policy", adopted in 2013 as may be amended or superseded, a copy of which is attached hereto as Attachment \_\_. The Investment Policy is reviewed annually by the Board of Directors.

## 12. WHISTLEBLOWER POLICY

Negative or adverse action is not to be taken against anyone on the Board of Directors, a committee, a subcommittee, or a member of the staff for making a good-faith report of a possible violation of this Policies and Procedures Manual, any of the Authority's regulations or any applicable laws, even if the report is mistaken. Retaliation in any form will not be tolerated. Any act of alleged retaliation should be reported immediately to either the Executive Director, Assistant Executive Director or the Director of Human Resources and will be promptly investigated. This policy is intended to encourage and enable individuals to raise serious concerns within Authority.

## 13. OTHER POLICIES, HANDBOOK, PLAN

The following policies and handbook, as maybe amended, are incorporated herein by this reference:

- Employee Handbook
- Record Retention Policy
- Equal Opportunity Plan

Copies of the handbook, policy and plan are available upon request.

## 14. GENERAL PROVISIONS

a. Nothing in this Policies and Procedures Manual shall permit the conduct of business in violation of the law, including but not limited to Ralph M. Brown Act.

b. The Authority is committed to creating and maintaining a work environment free of objectionable and disrespectful conduct and/or communication of a sexual nature and prohibits sexual harassment by all staff, the Board of Directors, the members of its committees and the members of its subcommittees.

c. Conduct which creates an intimidating, hostile or offensive work environment will not be tolerated. Verbal behavior, physical behavior, gestures and other non-verbal behavior which create said environment will not be tolerated. Anyone who feels that they have been or are being harassed by a person on the Board of Directors, a committee, a subcommittee, or by a member of the staff is strongly encouraged to immediately report such incident to the Executive Director, Assistant Executive Director, or Director of Human Resources.

d. The Board of Directors, the committees, subcommittees, and the Authority's staff shall not unlawfully discriminate on the basis of age, sex, race, color, creed, religion, national origin, ancestry, marital status, sexual orientation, physical or mental disability, veteran status, or status with regard to public assistance. Equal opportunity shall be provided.

e. Any provision of this Policies and Procedures Manual not required by law may be altered, amended, or repealed at a duly noticed meeting of the Board of Directors.

## 15. ANNUAL REVIEW/ADOPTION/AMENDMENT OF POLICIES

This Board of Directors Policy Manual shall be reviewed at least once every five (5) years by the Board of Directors and supplemented, amended and/or ratified at the first Board of Directors meeting in December of any year in which the review occurs.



## MEMORANDUM

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**TO:** JASON PELTIER, EXECUTIVE DIRECTOR  
**FROM:** TOM BOARDMAN, WATER RESOURCES ENGINEER  
**SUBJECT:** JANUARY PROJECT OPERATIONS UPDATE  
**DATE:** JANUARY 4, 2017

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### Project Operations

- Jones pumped at 5 units for about a third of December thanks to mid month storms that raised delta inflow up to 115,000 cfs. Shortly after delta inflow surged, however, concerns for increased turbidity prompted CVP operators to drop Jones to a 4 unit operation for about 10 days. Jones resumed a 5 unit operation during the last weekend of 2016, but reduced to a 3 unit operation on January 1 in compliance with a -5000 Old and Middle reverse flow requirement (OMR) per the salmon BiOp. CVP pumping is scheduled to increase to 5 units this weekend when expected high flows on the San Joaquin River arrive at the delta.
- Banks pumping during December averaged 4,900 cfs; about 40% more than Jones. The Projects have been splitting available pumping when OMR began to constrain pumping on December 18. With high San Joaquin flows expected by this weekend, capacity pumping at Banks is expected without exceeding the current OMR limit of -5,000 cfs.
- Current export impacts related to the BiOps is about 161 TAF (See attached chart). The tally of BiOp impacts began December 18 with exports being restricted by an OMR limit of -6000 cfs during December and an OMR limit of -5000 cfs beginning January 1. The OMR limit may be reduced at any time if conditions change such as increased turbidity in the southern delta, increased fish salvage at the pumps, or increased presence of delta smelt in the southern delta.
- Reclamation's latest COA accounting is about 40 TAF out of balance in favor of the SWP. It is typical for the account to vary during the winter with occasional accounting suspension when excess conditions occur in the delta as is currently the case. Operators strive to balance the by late spring.
- The northern sierra 8 station precipitation index of 32.7 inches exceeds the wettest year on record, 1982-83 by about 1.5 inches. While it is still relatively early in the water year, the impressive index shows that the Sac Valley basin is well primed to produce beneficial runoff with future storms.
- The San Joaquin 5 station precipitation index of 19.3 inches is about 5 inches above the 1961-2010 average. With the incoming storm this weekend, the index is expected to improve significantly.

- The release from Shasta is about 5,000 cfs as the current storage of 3,350 TAF is managed for flood control. USBR’s most recent conservative operations forecast shows Shasta storage in excess of 4 MAF by late April.
- Folsom is also making releases for flood control with the current storage at 400 TAF and releases scheduled to increase to 7,000 cfs on Thursday.
- CVP demands during December were about 50% below the 15 year average.

## 2017 Operations Outlook

Reclamation recently released an update of its accounting of CVP contractor water stored in CVP San Luis. The accounting shows that CVP San Luis storage should be at least 473 TAF which includes 37 TAF for Friant contractors. With the current storage at 475 TAF, the reservoir currently holds only 2 TAF of 2017 Project water. The attached charts titled “2017 San Luis Storage Refill Projection” show that 2017 Project storage by the end of March, 2017 Project storage could be between 75 TAF to 275 TAF. At the low end of the storage range, dry conditions rather than fish-related export cuts will be the main reason for low Project allocations shown in the 90% exceedance chart.

Under average, 50% exceedance conditions, the following factors will affect export pumping and ultimately Project allocations:

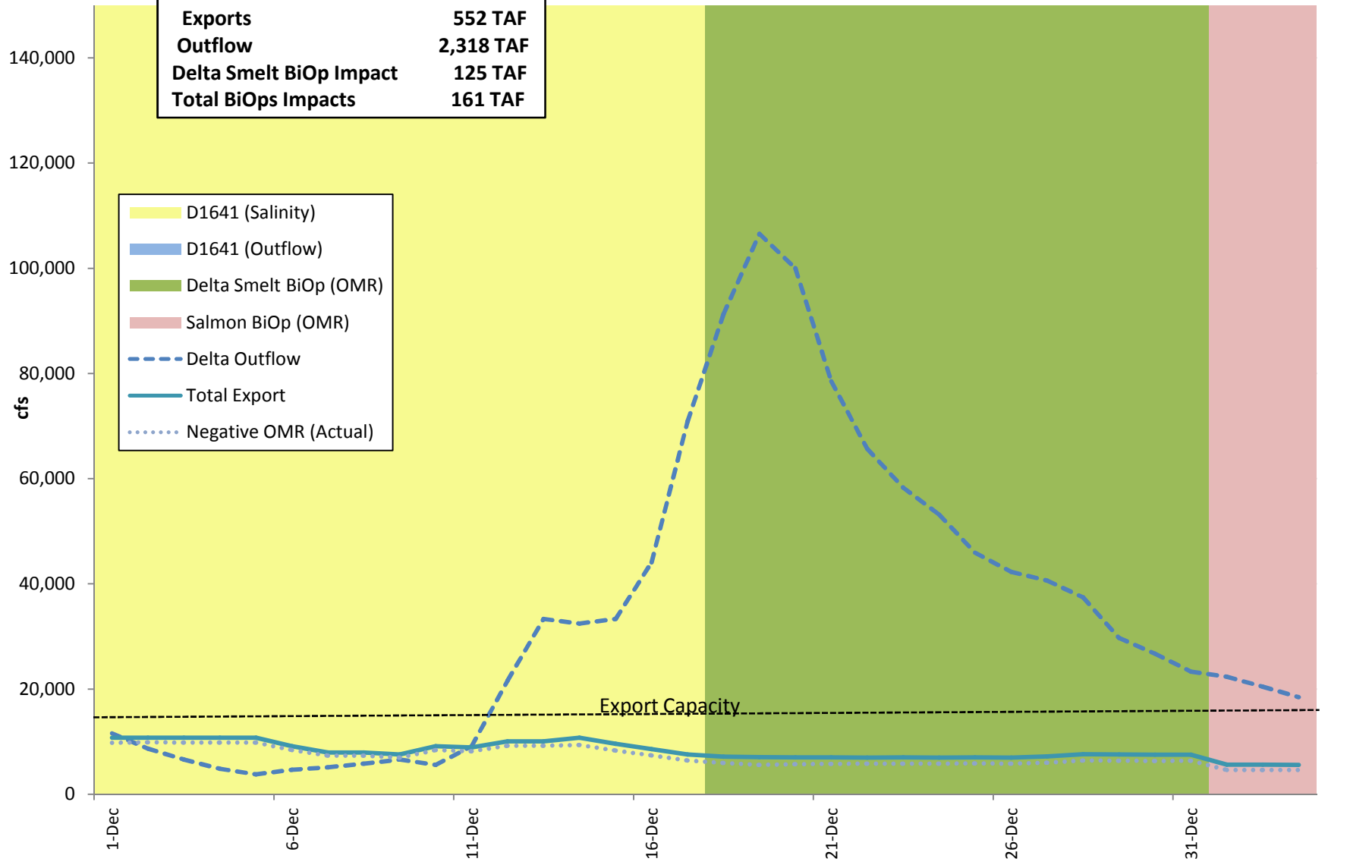
- Reverse flow limits in Old and Middle Rivers (OMR) January- March. The typically wettest period of the year coincides with the most protective season for delta smelt. With low numbers of delta smelt sampled this fall, even minor salvage events may prompt agency biologists to impose very restrictive OMR limits.
- Exports are limited to a fraction of the San Joaquin River flow (I/E ratio) April-May. Per the salmon BiOp, the export rate is limited to 25-100% of the flow at Vernalis. The I/E ratio is set by the San Joaquin basin year-type with 100% allowed in critical years and 25% in wet years.
- OMR limits during June - Exports are typically curtailed by OMR limits per the BiOps to protect juvenile delta smelt and SJR salmonoids.

The projected allocations shown in the table below assume 2017 Project storage at the end of March to be 75 TAF and 275 TAF under dry and average hydrology, respectively.

<b>Hydrology</b>	<b>Ag Service (%)</b>	<b>Urban (%)</b>	<b>Water Rights (%)</b>
Dry Year (90% Exc.)	0	50 to Health and Safety	100 with possible Friant call
Average Year (50% Exc.)	10-15	60-65	100

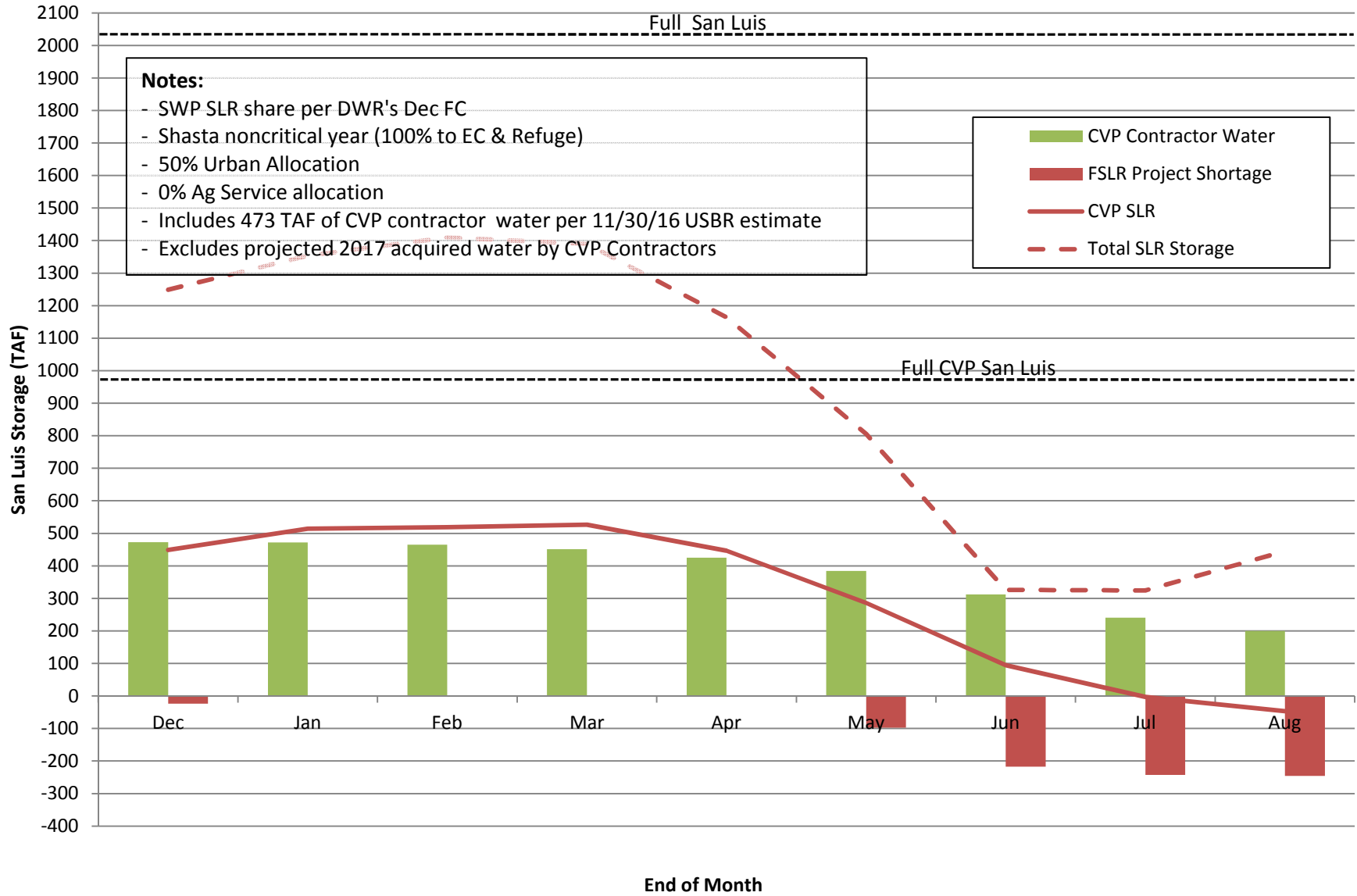
## 2017 Export Constraints

Total Volume Dec1-Jan 3	
<b>Exports</b>	<b>552 TAF</b>
<b>Outflow</b>	<b>2,318 TAF</b>
<b>Delta Smelt BiOp Impact</b>	<b>125 TAF</b>
<b>Total BiOps Impacts</b>	<b>161 TAF</b>





## 2017 San Luis Storage Refill Projection 90% Exceedance Hydrology



## 2017 San Luis Storage Refill Projection 50% Exceedance Hydrology

