

Yolo County Flood Control & Water Conservation District

Board Meeting
Tuesday, March 2, 2021
7:00 P.M.

NOTE: This meeting is being agendized to allow Board Members, staff, and the public to participate in the meeting via teleconference, pursuant to the [Governor's Executive Order N-29-20 \(March 17, 2020\)](#).

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YCFC&WCD Board of Directors' Meeting
Tuesday, March 2, 2021 7:00 PM - 9:00 PM (PDT)

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Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of COVID-19, please consider the following:

1. You are strongly encouraged to observe the live stream of the Yolo County Flood Control & Water Conservation District Board of Directors' meeting (see details above).
2. If you are joining the meeting via GoToMeeting and wish to make a comment on an item, please provide your comment in the chat box to "YCFC&WCD Board of Directors". You will be called by name or phone number when it is your turn to comment.
3. If you choose not to observe the Board of Directors' meeting but wish to make a comment on a specific agenda item, please submit your comment via email by 5:00 p.m. on Monday, March 1, 2021. Please submit your comment to Christina Cobey at ccobey@ycfcwcd.org to place your comment into the Board meeting record.
4. If you are watching/listening to the live stream of the Board meeting and wish to make either a general public comment or to comment on a specific agenda item as it is being heard, you may submit your comment to Kristin Sicke at ksicke@ycfcwcd.org. Comments received after an agenda item will be made part of the record if received prior to the end of the meeting.

Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection by scheduling an appointment with Christina Cobey at (530) 662-0265 or ccobey@ycfcwcd.org.

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting please contact Christina Cobey. Requests should be made as early as possible, and at least one full business day before the start of the meeting.

AGENDA

- 7:00 1. Consideration: Adoption of the February 2, 2021 Regular Board Meeting Minutes
- 7:02 2. Open forum (Limited to five minutes): Guest introductions, unscheduled appearances, opportunity for public comment on non-agenda items
- 7:07 3. Consideration: Adding Items to the Posted Agenda
In order to add an item to the agenda, it must fit one of the following categories:
 a) A majority determination that an emergency (as defined by the Brown Act) exists; or
 b) A 4/5ths determination that the need to take action that arose subsequent to the agenda being posted.
- 7:10 4. Consideration: Public Hearing on Proposed Adoption of 2020 Agricultural Water Management Plan
- 7:20 5. Consideration: Resolution 21.03 Approving the Application to the USBR for the WaterSMART Grant Program
- 7:25 6. Consideration: Update on Financing Opportunities and Review of District's Draft Debt Policy
- 7:35 7. Directors' Reports: Report on meetings and conferences attended during the prior month on behalf of the District
- 7:40 8. Attorney's Report: Report on legal matters of concern to the District

- 7:45 9. General Manager's Report: Report regarding current general activities and projects of the District
- a) Operations, Maintenance, and Water Conditions
 - b) Financial Report
 - c) Capital Improvement Program
 - d) YSGA Update
 - e) General Activities
 - f) Upcoming Events
- 8:00 10. General Discussion: Opportunity for clarification or additional information request
- 8:05 11. Consideration: Consider the approval and the payment of bills
- 8:10 12. Closed Session: Public Employment Appointment (Government Code § 54954.5(e) and 54957)
Title: General Manager
- 8:40 13. Closed Session: Public Employee Performance Evaluation (Government Code § 54954.5(e) and 54957)
Title: General Manager
- 8:45 14. Closed Session Report: Report action and vote, if any taken, in Closed Session
- 8:50 15. Adjourn

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. Public comment on items within the Board's jurisdiction is welcome, subject to reasonable time limits for each speaker. Upon request, agenda items may be moved up to accommodate those in attendance wishing to address that item. Times listed for consideration of agenda items are approximate only. The Board may consider any agenda item at any time during the Board meeting.

I declare that the foregoing agenda was posted at the office of the Yolo County Flood Control & Water Conservation District, 34274 State Highway 16, Woodland, CA on February 26, 2021.

By: _____
Christina Cobey, Administrative Assistant

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT
AGENDA REPORT

MEETING DATE: March 2, 2021

ITEM #: 1

SUBJECT: Consideration: Adoption of the February 2, 2021 Regular Board Meeting Minutes

INITIATED OR BOARD
REQUESTED BY: STAFF
 OTHER _____

COORDINATED OR
APPROVED BY: Tim O'Halloran

ATTACHMENT YES NO
 DIRECTION

INFORMATION
 ACTION: MOTION
 RESOLUTION

BACKGROUND:

Pursuant to Section 54957.5 of the Brown Act, copies of the draft minutes are available to the public on the District's website and at the District office prior to their approval.

Staff request the Directors call the Yolo County Flood Control & Water Conservation District (District) office if a correction is needed to be made to the draft minutes to clarify a substantial point or to correct content. Staff will then have time to make the appropriate change(s) and submit the revised draft for review to the Board and the public at the Board meeting.

RECOMMENDATION:

District staff recommend the adoption of the attached minutes with any corrections.



Y O L O C O U N T Y
FLOOD CONTROL &
WATER CONSERVATION
DISTRICT

BOARD MEETING MINUTES
Tuesday, February 2, 2021 7:00 PM

YCFC&WCD Offices
34274 State Highway 16
Woodland, CA 95695

Due to the threat of COVID-19 and pursuant to the [Governor's Executive Order N-29-20 \(March 17, 2020\)](#), the regular meeting of the Board of Directors of the Yolo County Flood Control & Water Conservation District (District) was agendized to allow Board members, staff, and the public to participate in the meeting via teleconference. The meeting was held at 7:00 p.m. on Tuesday, February 2, 2021 remotely via GoToMeeting. Chair Rominger convened the meeting. The following people were remotely in attendance:

District Board

Jim Mayer
Tom Barth (in attendance at the District Boardroom)
Mary Kimball
Bruce Rominger, Chair
Erik Vink

District Staff

Tim O'Halloran, General Manager (in attendance at the District Boardroom)
Max Stevenson, Assistant General Manager
Kristin Sicke, Assistant General Manager (in attendance at the District Boardroom)
Jennifer Reed, Project Manager (in attendance at the District Boardroom)
Andrew Ramos, Legal Counsel

Members of the Public

Christy Barton

Matt Keasling

Elisa Sabatini

Jason Smith

Michael Smith

Justin Stein

Heidi Tschudin

John Taylor

Jeanette Wrysinski

1. CONSIDERATION: Approval of Minutes

M/S/C approved the minutes of the January 5, 2021 regular Board meeting as submitted.

Ayes: Directors Barth, Kimball, Mayer, Rominger, and Vink

Noes: None

Absent: None

Abstain: None

2. OPEN FORUM

General Manager O'Halloran was recognized as California Irrigation Institute's 2021 Irrigation Person of the Year.

3. CONSIDERATION: Adding Items to the Posted Agenda

There were no changes made to the agenda.

4. CONSIDERATION: Adoption of Resolution 21.01 Declaring Official Intent to Reimburse Certain Expenditures from Bond Proceeds

General Manager O'Halloran provided a brief update on the District's consideration of financing opportunities for long-term capital projects. He informed the Board that similar to the Moore Siphon Emergency Repair and Replacement Project, the District would need to formally declare the intention to request reimbursement of expenditures related to the Indian Valley Reservoir Hydroelectric Rehabilitation Project. O'Halloran stated that Resolution 21.01 was being presented to the Directors to formally memorialize the declaration and assist with the process of soliciting reimbursement financing. Additionally, O'Halloran and Assistant General Manager Sicke discussed the intention to propose a suite of District projects to the Board at the March 2021 Board meeting to be considered for drawdown funding in the future.

District staff recommended adoption of Resolution 21.01 Declaring Official Intent to Reimburse Certain Expenditures from Bond Proceeds.

M/S/C adopted Resolution 21.01 Declaring Official Intent to Reimburse Certain Expenditures from Bond Proceeds.

Ayes: Directors Barth, Kimball, Mayer, Rominger, and Vink

Noes: None

Absent: None

Abstain: None

5. CONSIDERATION: Teichert-Shifler Draft Environmental Impact Report (Moore Canal Relocation)

Assistant General Manager Stevenson reviewed the history of Teichert Aggregates (Teichert) plan to mine the Shifler property on County Road 94B, near the Stevens Bridge crossing of Cache Creek and the desire to consider alternative alignment options for the stretch of Moore Canal on Shifler's property. Stevenson presented on the alternatives discussed in the Draft Environmental Impact Report (DEIR) as part of the project and informed the Board of the DEIR comment deadline. Teichert is considering either maintaining the existing alignment and mining around the canal or moving the canal to the north or south of the existing location. Stevenson reported on the pros and cons of each alternative option for the Moore Canal: the primary concern for the northern alignment is bank stability; the primary concern for the southern alignment is that the canal would be twice as long with a very shallow grade and potentially cause sediment accumulation and maintenance issues; and the primary concern for the existing canal alignment would be "highlining" the canal and potentially experiencing erosion of the mining banks during storm events.

Stevenson provided a summary of potential comments for the Board's review and for District management to submit as part of the DEIR process. Additionally, Stevenson recognized the need to continue to engage with Teichert and to schedule meetings in the near future to assist Teichert in the DEIR and project development process.

Chair Rominger informed the Board that Director Kimball and he participated in a discussion with Teichert as part of the Infrastructure Committee.

Kimball stressed the importance of this decision and thanked Stevenson for the very detailed report. She appreciated all of his time, effort, thought, and preparation as part of the report. Kimball recalled her first introduction to this project while she was on the Yolo County Planning Commission: it is a big deal for the County and Teichert and it's important for jobs. She continued to state the importance for the District to stay whole when considering this project and the impacts to the District's long-term operations. There does not appear to be an easy decision at this point so it will require future consideration and evaluation.

Legal Counsel Ramos reported that long-term endowments are things that have been used in conservation agreements, which could apply to this project.

Rominger reiterated that there does not appear to currently be a good solution for the District's infrastructure and duty to protect future generations.

Director Barth commented on his appreciation for all the hard work to get to this point and for Directors Rominger and Kimball's time in these discussions. He requested an opportunity for Teichert to comment on the project after the Directors speak, if desired. He also suggested that the Board stay focused on the DEIR comments and how those should be handled. Barth recommended the District consider additional environmental analysis as part of the draft DEIR process so that the District can feel more confident about making an informed decision prior to Teichert finalizing the EIR.

Director Vink also appreciated Rominger and Kimball's time on this effort. Vink stated that there seemed to be more than one workable option with analysis still needed. He recommended Stevenson's comment summary be submitted in the District's DEIR comment submission.

Teichert representative Jason Smith was having audio issues and could not verbally comment to the Board, but in the chat, he thanked the Board for their time and consideration. And he thanked the County for the robust environmental document.

County representative Elisa Sabatini also thanked the Board for their time and consideration in reviewing the project and submitting comments on the DEIR.

There was no formal motion by the Board, but there was informal agreement among the Directors to proceed with submitting comments to the County on the DEIR for Teichert's project.

6. DIRECTORS' REPORTS

Director Mayer reported on participating in the meetings of the General Manager Recruitment and Personnel Committees. Director Kimball reported on participating in meetings of the Infrastructure and Personnel Committees. Chair Rominger reported on participating in meetings of the General Manager Recruitment and Infrastructure Committees.

7. ATTORNEY'S REPORTS

Legal Counsel Ramos did not have anything to report.

8. GENERAL MANAGER'S REPORT

General Manager O'Halloran provided reports on the following:

- a) Operations, Maintenance, and Water Conditions
- b) Financial Report Summary – Highlights from the February 28, 2021 financial statements report were quickly reviewed, and the actual FY 2020/2021 Budget was compared to the projected FY 2020/2021 Budget.

- c) Capital Improvement Program – Review of upcoming capital jobs (discussion of financing opportunities would be presented at a future Board meeting after meeting with the Infrastructure Committee).
- d) YSGA Update – Assistant General Manager Sicke provided an update on recent YSGA meetings and GSP-related tasks.
- e) General Activities – A list of outreach activities and projects both in-house and coordinated with other agencies was reviewed.
- f) The following upcoming events were announced:
 1. February 3 and 17, and March 3: NCWA Dry Year Task Force Meetings (Microsoft Teams)
 2. February 3: YSGA Yolo and Colusa Subbasin Coordination (GoToMeeting)
 3. February 4: WRA Technical Committee Meeting (GoToMeeting)
 4. February 8: Roundtable of Regions IRWM/SGMA Webinar (Zoom)
 5. February 9: YSGA TAC Meeting #6 (GoToMeeting)
 6. February 10: FSY 2.0 Detention, Retention, and Infiltration Sites Project (Microsoft Teams)
 7. February 10: YSGA/WRA Executive Committee Meetings (GoToMeeting)
 8. February 11: Yolo Flood-MAR Strategies Discussion (Microsoft Teams)
 9. February 11: Yolo County Financial Oversight Committee (Zoom)
 10. February 16: YSGA Capay Valley MA Workshop (Zoom)
 11. February 17: Cache Creek Capacity Analysis Check-in (Conference Call)
 12. February 17: ACWA IRWM Subcommittee Meeting (Zoom)
 13. February 24: FSY 2.0 Executive Committee Meeting (Zoom)
 14. March 1-3: Yolo County Irrigated Lands Program (Zoom)
 15. March 2: YSGA Interbasin Coordination with NSV GSAs (Zoom)
 16. March 3: ACWA Groundwater Committee (Zoom)
 17. March 8: NCWA Groundwater Management Task Force (Microsoft Teams)
 18. March 15: YSGA/WRA Board of Directors’ Meetings (GoToMeeting)

9. GENERAL DISCUSSION

There was no general discussion.

10. CONSIDERATION: Payment of Bills

M/S/C approved the following claims for payment – Yolo County Flood Control & Water Conservation District Checks # 059473-059490.

Ayes: Directors Barth, Kimball, Mayer, Rominger, and Vink

Noes: None

Absent: None

Abstain: None

11. CLOSED SESSION

Public Employment Appointment

Title: General Manager (Government Code 54954.5(e) and 54957)

12. CLOSED SESSION

Public Employee Performance Evaluation

Title: General Manager (Government Code 54954.5(e) and 54957)

13. CLOSED SESSION REPORTS

Chair Rominger reported that the Board of Directors, General Manager O'Halloran, Project Manager Reed, and Legal Counsel Ramos were in attendance during Closed Session Item 11 and the Board of Directors, General Manager O'Halloran, and Legal Counsel Ramos were in attendance during Closed Session Item 12, and that there was nothing to report at this time.

14. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned.

Bruce Rominger, Chair

ATTEST:

Tim O'Halloran, Secretary

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

AGENDA REPORT

MEETING DATE: March 2, 2021

ITEM #: 4

SUBJECT: Consideration: Public Hearing on Proposed Adoption of 2020 Agricultural Water Management Plan

INITIATED OR BOARD
REQUESTED BY: STAFF
 OTHER _____

COORDINATED OR
PREPARED BY: Max Stevenson
APPROVED BY: Tim O'Halloran

ATTACHMENT YES NO
 DIRECTION

INFORMATION
 ACTION: MOTION
 RESOLUTION

BACKGROUND:

The Board of Directors is required to hold a public hearing to receive and consider comments regarding the update to the District's Agricultural Water Management Plan (AWMP). A public hearing was set for 7:10 p.m. on March 2, 2021 as the time and date for the public hearing.

Notice of this hearing has been published as required by law; the notice included information that the draft 2020 AWMP was available on the District's website and that the Board would be considering adoption at the March Board meeting. Additionally, notices of intent have been submitted to the Cities, County, and Yolo County Farm Bureau. The draft 2020 AWMP can be found on the District's website at the following link: http://www.ycfcwcd.org/reports_page_1.htm.

RECOMMENDATION:

District staff recommend the Board 1) consider any comments that may be provided at the public hearing and 2) adopt Resolution 21.02 Adopting the 2020 Agricultural Water Management Plan.

RESOLUTION NO. 21.02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
ADOPTING THE 2020 AGRICULTURAL WATER MANAGEMENT PLAN**

WHEREAS, the Agricultural Water Management Planning Acts of 1986 and 2009 were enacted to address the need to evaluate and improve the efficiency of agricultural water management; and the 2018 Water Conservation Legislation (AB 1668 and SB 606) updated the 2009 Water Management Planning Act to more adequately address issues and to improve agricultural water suppliers' system management and evaluation; and

WHEREAS, the Yolo County Flood Control and Water Conservation District ("District") has updated its 2016 Agricultural Water Management Plan (AWMP) to comply with the requirements of SB X7-7, the Agricultural Water Management Planning Act, the Agricultural Water Measurement Regulation, and AB 1668 Water Management Planning; and

WHEREAS, the 2020 AWMP was prepared pursuant to California Water Code Section 10826, which satisfies California Water Code Sections 10820-10853 and California Code of Regulations; and

WHEREAS, the District has properly noticed the opportunity for public review and the time and place for a public hearing and adoption of the 2020 AWMP, which was held by the District's Board of Directors on March 2, 2021.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Yolo County Flood Control and Water Conservation District that the 2020 Plan has been adopted.

PASSED AND ADOPTED by the Board of Directors of the District on the day of March 2, 2021, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Signed and approved by me this 2nd day of March, 2021.

Bruce Rominger, Chair

Attest:

Tim O'Halloran, Secretary

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

AGENDA REPORT

MEETING DATE: March 2, 2021

ITEM #: 5

SUBJECT: Consideration: Adoption of Resolution 21.03 Approving the Application to the USBR for the WaterSMART Grant Program

INITIATED OR BOARD
REQUESTED BY: STAFF
 OTHER _____

COORDINATED OR
PREPARED BY: Kristin Sicke
APPROVED BY: Tim O'Halloran

ATTACHMENT YES NO
 DIRECTION

INFORMATION
 ACTION: MOTION
 RESOLUTION

BACKGROUND:

The United States Bureau of Reclamation (USBR) WaterSMART (Sustain and Manage America's Resources for Tomorrow) Grant Program provides an opportunity for USBR to work collaboratively with states, tribes, and local entities as they plan for and implement actions to increase water supply through investments in modernizing existing infrastructure. In alignment with the District's continued efforts to modernize the canal system, District staff would like to take advantage of a recently published Notice of Funding Opportunity from the USBR for Small-Scale Water Efficiency Projects (<https://www.usbr.gov/watersmart/>).

Staff are currently working on drafting an application to modernize up to six headgates within the canal system, which will cost around \$175,000 with approximately \$75,000 requested in USBR reimbursement. As part of the application package, USBR requires a resolution from the Board formally recognizing the application request and the desire to enter into a reimbursement arrangement.

RECOMMENDATION:

District staff request that the Board approve Resolution 21.03 Approving the Application to the USBR for the WaterSMART Grant Program.

RESOLUTION NO. 21.03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
APPROVING THE APPLICATION TO THE USBR FOR THE
WATERSMART GRANT PROGRAM**

WHEREAS, the Yolo County Flood Control and Water Conservation District (District) is a special district and provides irrigation water to farmers in western Yolo County, California; and

WHEREAS, the United States Bureau of Reclamation (USBR) has published a Notice of Funding Opportunity for the WaterSMART Small-Scale Water Efficiency Projects (NOFO No. R21AS0030); and

WHEREAS, the District promotes, supports, and encourages water conservation and structural and technological advancements to improve efficiency, enhance customer service, and ensure water resources sustainability in the future; and

WHEREAS, the District has suffered through a drought that allowed no or limited surface water in 2009, 2014, and 2015, and is expecting a surface water supply shortage for the 2021 irrigation year; and

WHEREAS, the District needs to continue to advance canal modernization efforts to minimize spill and promote water conservation within the District's service area and to sustain the vitality of farms within Yolo County; and the District appreciates USBR's solicitation and funding opportunity.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Yolo County Flood Control and Water Conservation District, that application be made to the United States Bureau of Reclamation (USBR) for the USBR WaterSMART Grant Program. The General Manager of the Yolo County Flood Control and Water Conservation District, or his designee, is hereby authorized and directed to prepare the necessary data, conduct investigations, and file such application. Additionally, if selected for a WaterSMART Grant, the District will work with USBR to meet established deadlines for entering into a cooperative agreement.

PASSED AND ADOPTED by the Board of Directors of the Yolo County Flood Control and Water Conservation District on March 2, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Signed and approved by me this 2nd day of March 2021.

Bruce Rominger, Chair

Attest:

Tim O'Halloran, Secretary

YOLO COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT

AGENDA REPORT

MEETING DATE: March 2, 2021

ITEM #: 6

SUBJECT: Consideration: Update on Financing Opportunities and Review of District's Draft Debt Management Policy

INITIATED OR BOARD
REQUESTED BY: STAFF
 OTHER _____

COORDINATED OR
PREPARED BY: Kristin Sicke
APPROVED BY: Tim O'Halloran

ATTACHMENT YES NO
 DIRECTION

INFORMATION
 ACTION: MOTION
 RESOLUTION

BACKGROUND:

District staff have been working with Government Financial Strategies to investigate financing opportunities for large capital projects. Last month, staff requested Resolution 21.01 be adopted to allow for reimbursement of the Indian Valley Reservoir Hydroelectric Rehabilitation Project.

Staff will provide the Board with an update on the tasks completed to date and the intention and process for requesting borrowing in the short-term. As part of the financing process, it was evident that a comprehensive debt policy is vital to illustrate a well-managed debt program is in place prior to any financing request. The District's draft Debt Management Policy is attached for Board review and consideration of adoption.

RECOMMENDATION:

District staff request that the Board adopt the Debt Management Policy.

YCFC&WCD Debt Management Policy

Purpose

The Yolo County Flood Control & Water Conservation District (District) recognizes that the foundation of a well-managed debt program is a comprehensive debt policy that guides the issuance of debt, management of the debt portfolio, and adherence to relevant laws and regulations.

The purpose of this policy is to improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning.

This debt policy sets forth comprehensive guidelines for financing capital expenditures, as well as for addressing short-term cash flow needs. The objectives of this policy are that:

1. The District obtain financing only when necessary.
2. The District use any type of debt financing allowed by California law (e.g., revenue bonds, special tax bonds, certificates of participation, lease-purchase financings, tax and revenue anticipation notes), so long as the financing meets the standards for appropriateness and efficiency described below.
3. The District use a process for identifying the most appropriate and efficient timing, amount and structure of debt.

Factors to consider when determining the appropriateness of debt are to include the following:

- Why debt rather than cash expenditure is appropriate.
- Annual debt service and debt administration costs.
- The District's financial condition.
- The District's tax base.
- Repayment source, including the amount available and its reliability.
- Legal constraints resulting from the debt (e.g., prepayment terms, reporting requirements).
- Additional future capital needs.
- Type of debt instrument.

Factors to consider when determining efficiency are to include the following:

- Up-front cost plus long-term costs.
 - Future flexibility.
4. The District will operate with caution, and thoroughly investigate all possible conflicts of interest.
 5. The District will ensure that any required initial and periodic reporting to investors, credit rating agencies, trustees, and federal and state agencies is timely and accurate.

The Board of Directors will review this policy at least every five years and update it as needed. Such a review will include a review of the then-current Government Finance Officers Associations (GFOA's) best practices on debt management policy.

Short-Term Operating Debt Policy

The expenditures associated with the District's day-to-day operations will be covered by current revenues. However, the District may experience temporary cash shortages because it does not receive its revenues in equal installments each month, yet large operating expenditures occur regularly in equal amounts. To finance these temporary cash shortfalls, the District may incur short-term operating debt. The District will base the amount of the short-term operating debt on cash flow projections for the fiscal year and will comply with applicable federal and state regulations. The District will pledge operating revenues to repay the short-term debt in one year or less. The District will minimize the cost of the short-term borrowing to the greatest extent possible.

Long-Term Capital Debt Policy

The following will apply to the issuance of long-term debt:

1. The District will not use long-term obligations for operating purposes.
2. The term of the long-term obligations will not exceed the useful life of the projects financed.
3. The District will strive to minimize increases in debt service from year to year.
4. When any long-term debt is issued, the Board of Directors will make findings as to the repayment source(s) and the sufficiency of the repayment source(s) until the debt is fully repaid.

Internal Interim Financing

When sufficient funds are available, the District will consider appropriating them to provide interim financing until long-term financing can be completed, usually within the fiscal year. When the long-term debt obligation is subsequently issued, the funds will be repaid. Use of this strategy requires specific advance notification to the Board of Directors.

Responsibilities of the General Manager

The General Manager, or the General Manager's designee, will have the primary responsibility for developing financing recommendations and ensuring implementation of the debt policy.

The General Manager will review the operating cash flow monthly to determine the need for internal borrowing to maintain progress on the capital improvement program.

The General Manager will review the District's Capital Improvement Program (or Capital Prioritization Worksheet and Annual List of Capital Jobs), including the need for financing to maintain the progress on the capital improvement program. This review will be presented to the Board of Directors annually. Best practice is to do so in documented form either as part of the adopted budget or in the District's Management Discussion and Analysis prepared for the annual audit report.

Because issuing debt is a periodic endeavor and the capital markets constantly change, at least 30 days prior to consideration of any financing the General Manager will review current GFOA debt management best practices, advisories and guidance documents (found at <https://www.gfoa.org/best-practices/debt-best-practices>) and identify those relevant to

the current capital improvement program and/or operating cash flow needs.

1. The General Manager will supervise all details of financing endeavors, including a careful review of the documents (e.g., contracts, resolutions, agreements, financial tables).
2. The General Manager will administer the investment of debt proceeds, with the advice of the county treasurer.
3. The General Manager will oversee the expenditure of the debt proceeds and ensure that the debt payments are made on time.
4. The General Manager will ensure that any initial and periodic reporting needed — such as to investors, credit rating agencies, trustees, and federal (e.g., the Internal Revenue Service, the Securities and Exchange Commission) and state agencies (e.g., the California Debt and Investment Advisory Commission) — is timely and accurate.
5. Before any financing is submitted to the Board of Directors for approval, the General Manager will take into consideration the District’s internal control procedures, and consult with the District’s external auditor regarding fiscal controls needed to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

Engagement of Professionals

This policy recognizes that public finance professionals (e.g., financial advisors, bond counsels, brokers/dealers, and other consultants) market their services extensively. Furthermore, per Public Contract Codes 20110 – 20118.4, such services are usually exempt from public bidding. To ensure that the District receives appropriate services at a fair price, and to avoid the appearance of conflict of interest, extra caution will be taken when engaging the services of public finance professionals.

Before seeking or considering contracts with public finance professionals, the General Manager will review the then-current GFOA best practices on the following topics:

- 1) Selecting and Managing Municipal Advisors
- 2) Selecting Bond Counsel
- 3) Selecting and Managing the Method of Sale of Bonds
- 4) Selecting and Managing Underwriters for Negotiated Bond Sales
- 5) Issuer’s Role in Selection of Underwriter’s Counsel

The General Manager will report to the Board of Directors on the recommended process for determining which professionals are needed, how they will be identified (e.g., request for proposal, or bid), and how their contracts will be developed before being submitted to the Board of Directors for approval. Emphasis will be placed on competition, openness, clarity, and avoiding conflicts of interest. The process recommended may be for a period of time, or for a particular financing or set of financings.

Adopted: , 2021