

LINDMORE IRRIGATION DISTRICT

MINUTES OF THE BOARD MEETING

April 14, 2020

Roll Call and Acknowledgement of Visitors

District President Arnold called the joint meeting of the Lindmore Irrigation District and the Lindmore Irrigation District Financing Corporation meeting to order at 2:00 PM he noted that this meeting will run simultaneous with the Lindmore Irrigation District Board meeting. He stated that the joint meeting will conclude when all business regarding the Financing Corporation is complete. At that time the Financing Corporation Board meeting will be closed. This meeting is being held via tele-conference due to the Governor's Order regarding the Covid-19 pandemic protocol. Public had access via the agenda notice which had the call-in procedures detailed on it. President Arnold was at the District office for ease of managing the meeting with the Executive Director. Counsel Mauritson, Analyst Bennett and Engineer Romero were also social distancing in the office meeting. All other participants were by phone.

President Arnold called the meeting to order @ 2:00 p.m.

Directors Present: Arnold, Brownfield, DePaoli, Milanesio, and Reynolds

Directors Absent:

Others present: Hagman (GM), Bennett (SA), Mauritson (Counsel), Brown (Bond Counsel), Romero (Staff Engineer), Lora Carpenter and Robert Porr (Fieldman/Rolapp), Mike Cavanaugh (HillTop Securities)

Approval of the Agenda

After some discussion, the following action occurred:

Motion: To approve the agenda for April 14, 2020 Lindmore Irrigation District Board meeting as provided – **1st Milanesio and 2nd DePaoli – Motion passed by unanimous vote of those present**

Public Comment

None provided

Minutes

The minutes were presented for the regular meeting of the Board of Directors on March 10, 2020 and the special meeting of the Board of Directors on March 20, 2020. After some discussion, the following action was taken:

Motion: Approve the minutes of the March 10, 2020 Regular Board meeting and March 20, 2020 Special Board meeting – **1st DePaoli and 2nd Milanesio – Motion passed by unanimous vote of those present**

Refinance Revenue Certificates of Participation: Series 2010A Bank Qualified

Hagman provided the Board with Resolution 2020-04 that will agree to certain covenants of this debt refinance. Hagman reminded the Board that there were to purposes of the refinance. The priority purpose was to illuminate the public reporting covenants required in the public offering of the debt. The second purpose was to ensure that there was no increase in costs over the term of the debt refinance. As directed by the Board, Hagman hired Fieldman/Rolapp (F/R) to develop an analysis to determine if refinancing at this time met would meet those objectives. In the analysis F/R assumed 2.25% rate on the refinance compared to the current rate of the debt at 4.70%. Their analysis showed that private financing with a bank would remove the public reporting requirements and lower the overall cost of the debt. Then F/R was asked to solicit placement agencies for their services and after the solicitation, HillTop Securities (HTS) was hired to find lenders. After requesting bid proposals HTS recommended JP Morgan Chase (JPMC). Doug Brown (Stradling, Yocca, Carlson and Rauth), will continue as Bond Counsel for the debt.

Hagman asked Brown to provide a legal opinion and a detail of the process the District and the Financing Corporation will go through to secure the financing. Brown provided the legal opinion both in a written document and a verbal summary. The Board asked a couple of questions.

Hagman then asked Lora Carpenter (F/R) to provide the results of the refinance effort. Carpenter noted that by selecting JPMC to refinance the current public bonds, that the Board objectives as noted earlier would be accomplished. She stated the effort achieves the priority (no public reporting requirements) because the covenants of the debt only require annual reporting to JPMC. The second priority, no increase in costs, is achieved by lowering the rate from 4.70% to 1.23% (1.70% APR). Noting that the cost of issuing this refinance will about \$83,000 (Bond Counsel, F/R, HTS, JPMC fees). The old bond payment was about \$510,000 and the new payment will be about \$368,000. Carpenter noted that the lower rates occurred because the amount of debt financed was reduced \$1,000,000 by District reserves and cash, the duration of the debt was reduced from 20 years to 10 years, the debt is secured against higher assessment revenues than the original debt, and the lending climate is much more favorable to borrowers at this time. The lower rate represents a savings of about \$42,000 per year and the balance of the savings is from lowering the principal on the debt to be financed. As such the effort to refinance the outstanding debt will meet the Board's objectives.

After some discussions, the following action occurred:

MOTION: Adopt Resolution 2020-04 – Resolution Authorizing the Execution and Delivery of an Installment Purchase Agreement in an Amount NOT to Exceed \$3,600,000 to Refinance the Acquisition of a Permanent Contractual Right to Purchase Water from the United States of America, Bureau of Reclamation and approving the Execution and Delivery of Certain Documents in Connection therewith and Certain Other Matters – **1st Reynold and 2nd Brownfield – motion passed by unanimous vote of those present**

2:18 PM – President Arnold closed the joint meeting by adjourning the Finance Corporation.

Prior/New Action Items

A. Report on Prior Board actions/discussions

Operation and Maintenance Report: Hagman reported on staff operations and maintenance efforts.

Water Supply Report: Hagman reported that the USBR had raised the Class 1 allocation of 40% of contract. With the increase in allocation and the carryover amount, the total supply the District will be able to deliver to growers is 17,500-acre feet. All assessed property receives an allocation. There

are 25,000 acres assessed in the District and all assessed property receives a proportional share of supply. There has been more discussion that a little more supply could be squeezed out of the existing watershed hydrologic conditions. Maybe as much as another 10%. But given the current conditions and based on the USBR allocation, Hagman recommends setting the Lindmore Irrigation District water pro-rate at 0.70 AF per acre of assessed land and allowing him the flexibility to raise it if the hydrologic conditions improve. After some more discussion the following action was taken:

Motion: Set the District water pro-rate at 0.70 AF per acre and direct Hagman to raise it to an appropriate level if additional changes occur. – **1st DePaoli and 2nd Reynolds – Motion passed by unanimous vote of those present**

District Improvement Projects: Hagman presented the status of the currently approved engineering activities in the District (Groundwater Recharge, City of Lindsay Exchanges and JB Rehabilitation projects).

Status of WaterSMART grant: Senior Analyst Bennett reported that she has completed the funding report. Hagman noted that power was restored at the site and that Ness and staff are testing the system.

Recharge Basin Development: Hagman provided a brief update and noted that he will be meeting with a grower once the Covid-19 protocols allow.

Personnel Policies and Employment Agreement: Hagman noted that there is a likelihood of key personnel retirements. He stated he will be developing a transition plan for the Boards review.

Job Descriptions: Hagman reported he has developed the OM&W job descriptions in draft form, but they will need review by Berglund (Special Counsel – HR). The engineer and analyst ones are done.

Recharge Basin Renaming: Hagman reported that staff is ready once the Covid-19 protocol allows.

Status of Assessment Collection transfer to County: Hagman reported all deadlines were achieved in submitting the required documentation to the County. Now we will need to wait on the County. There is likely some delay due to Covid-19 protocols.

Staffing and Office Space: Hagman reported that the Board room at the old shop is nearing completion. Board members asked about site improvements for parking, awning, etc. Hagman recommended we have that discussion once we are able to be there for meetings so we can get a visual in the discussion. President Arnold directed staff to prepare for that discussion at the first meeting on the site.

Pool Vehicle Purchase: Hagman reminded the Board they had authorized him to purchase a pool vehicle (small SUV) for other staff to use for meeting offsite work demands. He reported that since we are under lockdown, there are very few meetings away from the office. The primary user of this vehicle will be Romero. Once these protocols near their end, Hagman noted he would acquire one.

B. New Action Items

Establish a rate for WY2020 Water – Hagman that costs not covered by the assessment can be collected by the water rate and the amount of water will be 17,500 AF. As such, budgeted costs that can be collected on the rate are \$2,360,000. The rate could be set at \$135 an acre foot. There are other revenues the Board could use to pay for some of these costs. The other revenues (power revenue,

interest earnings, fees, penalties, etc.) are budgeted at about \$1,013,000. The Board asked if all those revenues were used what could the rate be set at. Hagman stated that the collectable costs would then be \$1,350,000 against 17,500 AF or about \$77.00 an acre foot. Because there is a likelihood that the allocation could go up and the prorate could go to 1.00 AF/acre, the Board asked what it could be set at using one-acre foot pro-rate and all the other revenues. Hagman replied that it could then be set at \$55.00/AF. After substantial discussion the following action was taken:

Motion: Temporarily lower the District water rate from \$200.00 an acre foot for gravity water down to \$65.00 an acre foot, with a \$10.00 per acre foot surcharge for pumped supply, and a \$20.00 per acre foot for M&I supply - **1st Reynolds and 2nd Brownfield – Motion passed by unanimous vote of those present.**

Miscellaneous Administrative Items: Hagman reported a “No Loss Time” injury to an employee that occurred due to a failure of a crossing bridge at the District’s gate structure.

C. Review Accounts Payable Listing

Staff generally requests the Board to ratify the payments made to pay the bills of the District. However, due to the Covid-19 Protocols, Staff was not prepared to provide the Board all the detail for the expenditures that were had in time for the meeting today. Hagman recommends not taking up the item at this meeting and deferring it till the next meeting. President Arnold deferred the action till the next meeting.

D. Financial Reports

Bennett presented the financial statements and reports and answered questions.

Reports and Discussion on meetings attended or other water related business reports:

FWA Issues – Director Brownfield and Hagman reported on FWA issues.

Friant Power Authority (FPA) – President Arnold and GM Hagman provided a verbal update on FPA efforts.

East Kaweah Groundwater Sustainability Agency (EKGSA) – Director Milanesio and GM Hagman reported on EKGSA.

Report on Other Meetings/Issues: GM Hagman reported on meetings related to the District, water issues, and or the Friant/CVP.

Meetings Attended/to Attend: Meetings were covered.

Closed Session:

- CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
[Government Code Section 54956.9(d)(1)] City of Fresno, et al. v. United States of America, Court of Federal Claims, Case No. 16-1276L
- CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
Government Code Section 54956.9 (d) (2)] - Number of Potential Cases: One

President Arnold called the Board to closed session at 3:00 pm and the Board heard a written report from Counsel on cases noted and came out of closed session at 3:27 pm. After coming out of closed session, the Board announced there was no reportable action.

Correspondence Report:

Hagman shared other correspondence.

Other Items to be Discussed per 54954.2 (Items not appearing on the Agenda)

No other items were discussed.

Adjourn

There being no further business to come before the Board, President Arnold asked for a motion to adjourn: Motion to adjourn (Brownfield/DePaoli) carried by unanimous vote of those present. Meeting was adjourned at 4:33 pm.

Michael D. Hagman
District Secretary