

# MINUTES OF THE UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY

Regular Meeting of the Board of Directors | July 21, 2021

## ROLL CALL

Member Agency	Director	Attendance
San Bernardino Valley Municipal Water District	Paul Kielhold	Present
Yucaipa Valley Water District	Lonni Granlund	Present
San Bernardino Valley Water Conservation District	Daniel Cozad	Present

Staff Present	Agency
Heather Dyer	San Bernardino Valley Municipal Water District
Kristeen Farlow	San Bernardino Valley Municipal Water District
Anthony Flordelis	San Bernardino Valley Municipal Water District
Jose Macedo	San Bernardino Valley Municipal Water District
Cindy Saks	San Bernardino Valley Municipal Water District
Melissa Zoba	San Bernardino Valley Municipal Water District
Athena Lokelani	San Bernardino Valley Water Conservation District
Jennifer Ares	Yucaipa Valley Water District
Allison Edmisten	Yucaipa Valley Water District
Ashley Gibson	Yucaipa Valley Water District
Charles Thomas	Yucaipa Valley Water District
Joseph Zoba	Yucaipa Valley Water District

Others in Attendance:	
Brendan Brandt	Varner Brandt
Doug Brown	Stradling, Yocca, Carlson & Rauth
Jon Guz	Stradling, Yocca, Carlson & Rauth
Ryan Shaw	Western Municipal Water District
Jeff Herrin	AECOM

Jeff Crider  
 Laura Carpenter  
 Gil Botello  
 T. Milford Harrison  
 Miguel Guerrero

Crider Public Relations  
 Fieldman Rolapp & Associates  
 San Bernardino Valley Municipal Water District  
 San Bernardino Valley Municipal Water District  
 San Bernardino Municipal Water Department

**CALL TO ORDER**

The Regular Meeting of the Upper Santa Ana River Watershed Infrastructure Financing Authority (USAR WIFA) was called to order by Chair Paul Kielhold at 8:30 a.m. Chair Kielhold led the Pledge of Allegiance. A quorum was noted present by roll call.

Chair Paul Kielhold stated that pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 19, 2020, there will be no public access to the meeting venue.

Executive Director Heather Dyer noted that there will be future members of the USAR WIFA who are not currently signed on to the Joint Powers Authority (JPA) but who are expected to take the Agreement to their governing bodies in the next few months.

**1. PUBLIC COMMENT**

President Kielhold stated that any member of the public wishing to make any comments to the Authority may do so. There was none.

**2. FORMATION ACTION ITEMS**

**2.1 Joint Exercise of Powers Agreement by and among San Bernardino Valley Municipal Water District, San Bernardino Valley Water Conservation District, Yucaipa Valley Water District, and the Other Parties Set Forth in Exhibit A Creating the Upper Santa Ana River Watershed Infrastructure Financing Authority**

Executive Director Heather Dyer advised that the Board of Directors has received the fully executed Joint Exercise of Powers Agreement from the San Bernardino Valley Municipal Water District, San Bernardino Valley Water Conservation District, and Yucaipa Valley Water District. The Agreement was approved, and the directors assigned to serve on this JPA are as follows:

Agency	Member	Alternate
San Bernardino Valley Water Conservation District	Daniel Cozad	Betsy Miller
San Bernardino Valley Municipal Water District	Paul Kielhold	Gil Botello
Yucaipa Valley Water District	Lonni Granlund	Nyles O'Harra

Director Cozad moved to declare that the Upper Santa Ana River Watershed Infrastructure Financing Authority joint powers authority is accepted and formed. Director Granlund seconded. The motion was unanimously adopted by a roll-call vote.

As of now, this JPA is duly formed, Dyer announced.

- 2.2 Authorize the Executive Director to file the notice of a Joint Exercise of Powers Agreement with the California Secretary of State

Executive Director Heather Dyer recommended a motion.

Director Granlund moved to Authorize the Executive Director to file the notice of a Joint Exercise of Powers Agreement with the California Secretary of State. Director Cozad seconded. The motion was unanimously adopted by a roll-call vote.

- 2.3 Report by the Executive Director and Confirmation of Officers

Executive Director Heather Dyer explained that the Joint Exercise of Powers Agreement provides the director assigned from San Bernardino Valley Municipal Water District (Valley District) or their alternate will serve as the first chair of the Authority. The Treasurer is also provided by the San Bernardino Valley Municipal Water District for the first year, which is Director Milford Harrison. The San Bernardino Valley Municipal Water District Clerk of the Board will serve as the first Secretary of the JPA.

- 2.4 Selection of Vice Chair of the Authority

Director Cozad moved to nominate Director Granlund for Vice Chair of the Authority. Director Granlund agreed to serve. The motion was unanimously adopted by a roll-call vote.

Chair Kielhold advised items 2.5 through 2.11 will be addressed together as one motion.

- 2.5 Preparation of Conflict of Interest Code
- 2.6 Preparation of Debt Management Policy
- 2.7 Preparation of Investment Policy
- 2.8 Preparation of Disclosure Policy
- 2.9 Engagement of Financial Advisory Services
- 2.10 Engagement of Bond Counsel

## 2.11 Engagement of General Counsel

Executive Director Heather Dyer explained the preparation of draft policies including assistance of advisors. With the number of technical documents needing to be prepared, she requested authorization to prepare an engagement letter with a financial advisor and recommended the current team of Fieldman Rolapp. The engagement letter would go to the Valley District Board of Directors for signature as the JPA does not currently have an approved budget. Dyer noted that the costs are being compiled and should the JPA be successful in moving forward with the Water Infrastructure Finance and Innovation Act (WIFIA) process, cost share strategy will be determined for the consulting firms and advisors that are needed to continue moving forward.

Ms. Dyer also recommended engaging bond counsel, retaining the team of Doug Brown and Jonathan Gus of Stradling, Yocca, Carlson & Rauth, and engaging general counsel Brendan Brandt of Varner Brandt.

Director Cozad moved to direct the Executive Director to prepare the following documents to bring to a future meeting for consideration:

- Conflict of Interest Code
- Debt Management Policy
- Investment Policy
- Disclosure Policy

and to prepare engagement letters with the following consultants:

- Fieldman Rolapp
- Stradling, Yocca, Carlson & Rauth
- Varner Brandt

These items will be taken to the Valley District Board of Directors and Ms. Dyer will report back to this Board. Director Granlund seconded. The motion was unanimously adopted by a roll-call vote.

## 3. DISCUSSION AND POSSIBLE ACTION ITEMS

### 3.1 Approve the submission of a Letter of Interest to the United States Environmental Protection Agency with Respect to a WIFIA Loan

Executive Director Heather Dyer advised that this is the first step in obtaining WIFIA funding, which is a low interest, very favorable term loan for 49 percent of project costs that would be used for water infrastructure projects throughout the region. WIFIA is administered by the Environmental Protection Agency (EPA). The Letter of Interest (LOI) is due this Friday, July 23, 2021 at 8:59 Pacific Time, Ms. Dyer noted.

Ms. Dyer gave a brief report on the project background and described the content of the LOI and noted that the program was formed to leverage different projects that all the agencies are working on and are anticipated to be built over the next decade or so in order to make this region resilient to long-term drought, and to maximize every water resource for the long-term benefit of the region.

Ms. Dyer reviewed the list of projects and phases included in the Watershed Connect program. She noted broad support for the program and acknowledged the bipartisan letter signed by several legislators.

Once the LOI is submitted, the JPA will hear from the EPA in approximately three months if the JPA will be invited to submit a full application, Dyer continued. The process is substantial, and staff will work closely with financial advisors and the legal team to fulfill all the application requirements, a process expected to take about 12 months, Ms. Dyer stated. There are fees involved in the application and there will be additional consulting contracts to secure for advisory services. A package of those services and application budget will be prepared for Board consideration, she noted.

Additional funding sources will be sought beginning in August, Ms. Dyer advised.

Director Cozad acknowledged the leadership and work of Valley District and YVWD staff. He pointed to all the regional work that led up to this made it possible and will bear fruit for many years.

Director Granlund moved to approve the submission of a Letter of Interest to the United States Environmental Protection Agency with respect to a WIFIA loan. Director Cozad seconded. The motion was unanimously adopted by a roll-call vote.

#### 4. ANNOUNCEMENTS

##### 4.1 List of Announcements

Executive Director Dyer announced that regular meetings will be held at 8:30 a.m. on the first and third Wednesday of each month. The Board agreed to cancel the August 4 meeting. The next meeting will be August 18, 2021.

Ms. Dyer acknowledged the hard work, dedication, and cooperation of the team including consultants and agency staff and said this would not have been possible without investment in regional integrated planning over prior years. The LOI is 50 pages of information, she noted.

Director Granlund thanked Ms. Dyer for her efforts and bringing together the team.

Mr. Gil Botello indicated that successors years from now will identify this group as pioneers who did the heavy lifting to secure water for this valley for many years to come.

5. ADJOURNMENT

The meeting was adjourned at 9:02 a.m.

<p>APPROVAL CERTIFICATION</p> <p>I hereby certify to approval of the foregoing Minutes of the Upper Santa Ana River Watershed Infrastructure Financing Authority.</p> <p>_____</p> <p>Secretary</p> <p>Date _____</p>
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Respectfully submitted,

Lynda J. Kerney  
Contract Assistant