

MINUTES
FINANCE AND AUDIT COMMITTEE MEETING
Monday, July 3, 2023, at 9:00 a.m.
UWCD Headquarters, Board Room
1701 N. Lombard Street, Oxnard, CA 93030

COMMITTEE MEMBERS PRESENT:

Sheldon G. Berger, director
Bruce E. Dandy, director (substitute for Lynn E. Maulhardt, chair)
Mohammed A. Hasan, director (substitute for Catherine P. Keeling, director)

STAFF PRESENT:

Mauricio Guardado, Jr., general manager
Anthony Emmert, assistant general manager
Sara Guzman, senior accountant
Jackie Lozano, administrative assistant
Josh Perez, chief human resources officer
Ed Reese, information technology systems administrator
Daryl Smith, controller
Brian Zahn, chief financial officer

PUBLIC PRESENT:

None.

OPEN SESSION 9:00 a.m.

Director Sheldon Berger called the meeting to order at 9:00 a.m.

Committee Members Roll Call

The Clerk called roll. One Committee member (Berger) and two substitute members (Dandy, Hasan) were in attendance.

1. Public Comment

Director Berger asked if there were any public comments. None were offered.

2. Approval of the Agenda

Motion

Motion to approve the Committee meeting agenda, Director Hasan; Second, Director Dandy. Voice vote, three ayes (Berger, Dandy, Hasan); none opposed. Motion carries, 3/0.

3. Approval of Minutes

Motion

The Committee received and reviewed the draft Committee meeting Minutes of June 5, 2023. Director Berger stated approval of the minutes would be deferred to the next Finance and Audit Committee meeting due to the absence of Directors Keeling and Maulhardt.



4. July 12, 2023, Board Meeting Agenda Items

The Committee reviewed and discussed the following agenda items to be considered for approval at the July 12, 2023, Board of Directors meeting:

4a. Resolution 2023-13 Approving the Planning and Design portion of the Water Infrastructure Finance and Innovation Act (WIFIA) Loan in the amount of \$13,594,645 to support the Santa Felicia Dam Safety Improvement Project

Board Motion

The District's Chief Financial Officer Brian Zahn provided an overview and presentation of this motion to the Committee for their consideration (presentation attached). He pointed out how this was not your typical loan. The District had to submit an application and be invited to apply. There are two phases of the loan, construction and planning and design. Additionally, the administrative costs have increased due to the EPA's unexpected use of outside legal advisors. During the presentation, there was discussion among staff and the Committee regarding but not limited to repayment of the loan, possible use of unused funds for other projects, and the rate of the loan whether it be fixed or adjustable. After discussion, the Committee felt confident in the plan going forward and agreed to recommend this motion to the full Board for their approval. When discussing what to bring forward to the Board, the Committee requested to see the presentation in its entirety. They felt the information was very useful. There were no further comments or questions from the Committee. No public comments were offered.

5. Monthly Investment Report (May 2023)

Information Item

The Committee members received and reviewed the monthly investment report as presented in the Finance and Audit Committee agenda packet. Director Hasan asked for an explanation of the methodology behind the categories depicted on the investment report. Mr. Zahn explained the reasoning behind each line item and highlighted how important the reserves are to the District. He also pointed out that the Local Agency Investment Fund (referred to as LAIF) was the only investment program of the District. There were no further comments or questions from the Committee. No public comments or questions were offered.

6. Monthly Pipeline Delivery Report (May 2023)

Information Item

The Committee members received and reviewed the pipeline delivery report as presented in the Finance and Audit Committee agenda packet. There were no comments or questions from the Committee. No public comments or questions were offered.

7. Board Requested Cost Tracking Items

Information Item

The Committee members received and reviewed the costs-to-date that the District had incurred:

- a) as part of the licensing efforts and the probable maximum flood studies for the Santa Felicia Dam;
- b) in relation to general environmental mandates, and CESA;
- c) in relation to litigation with the City of Ventura, Wishtoyo Foundation, Fifth Amendment takings, and District legal costs over the past several fiscal years;



- d) in relation to the professional fees over the past several fiscal years; and
- e) a summary of Board motion item(s) with fiscal impact.

There were no comments or questions from the Committee. No public comments or questions were offered.

8. Monthly Administrative Services Update

Information Item

The Finance Department monthly update was presented by Mr. Zahn. Chief Human Resources Officer Josh Perez presented updates on Administration, Human Resources, Risk Management, and Information Technology (presentation attached). When presenting financial highlights on the Lake Piru Recreation Area, Director Berger mentioned it was incredible how the lake collections have increased, even with closure from the impact of the storms. Overall, he was very pleased.

Discussed were Quest Diagnostic's lease negotiation, the current employee vacancies, the employment qualifications and duties regarding recharge operators, and the internal inquiries from the new auditor which the Finance staff is looking forward working with.

When discussing what to bring forward to the Board, the Committee would like to see the Lake Piru Recreation Area's final numbers after taking into account the July 4 holiday weekend. The General Manager Mauricio Guardado reminded the Committee on the streamlined process of a summary rather than all slides when proposing items for the Board.

There were no further comments or questions from the Committee. No public comments or questions were offered.

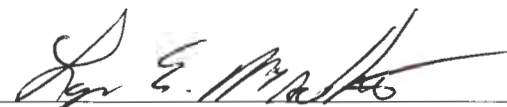
9. Future Agenda Items

Director Berger asked the Committee members if there were any agenda items they wished to bring forward to future meetings. No requests were offered by the Committee.

ADJOURNMENT 9:35 a.m.

Director Berger adjourned the meeting at 9:35 a.m.

I certify that the above is a true and correct copy of the minutes of the UWCD Finance and Audit Committee Meeting of July 3, 2023.


ATTEST: 
Chair Lynn E. Maulhardt



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WIFIA Loan Program

- Water Infrastructure Finance and Innovation Act (WIFIA)
- Water Resources Reform and Development Act (WRRDA) established the WIFIA program
- Projects are selected for low-interest WIFIA loans in a competitive process based on the national significance of the proposed water or wastewater infrastructure to be constructed
- EPA selected the Santa Felicia Dam Safety Improvement Project for the WIFIA loan program



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WIFIA Loan Details

- First loan is for the Planning and Design work. Once the formal construction date is set, we will return for the construction funds.
- Funding based on funds available to the EPA, but will only cover 49% of project costs
- \$125,000 loan application fee paid in February 2023 to cover loan closing costs. Current estimate is that an additional \$50K will be needed in closing costs
- Funds will be drawn as needed during the project
- Payments under the Installment Purchase Agreement will be on parity with the 2020 Certificate of Participation financing



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WIFIA Loan Details (continued)

WIFIA Loan benefits

- Long term
- 5 Year deferment available
- Low interest – current EPA estimate 3.97%
- No payments until project complete
- Only borrow what we need
- Pay-back at any time (principal or interest)
- No interest on unused funds



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WIFIA Loan Details (continued)

- Project Costs: \$203,290,008
- Full loan amount: \$ 99,612,104
- Planning and Design Costs: \$ 27,744,174
- Planning and Design Loan: \$ 13,594,645
- Draw period: 08/01/2023 – 10/31/2030
- Total Loan Cost: \$ 24,006 000



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WIFIA Loan Sample Amortization Schedule

Period Payment Date	Period Repayment Type	Disbursements in Period	Capitalized Interest	Interest Payment	Principal Repayment	% of Maximum Principal Outstanding	Semi-annual Debt Service Payment	Ending Balan
10/1/2023	No Payment	\$ 13,594,645	\$ 47,606	\$ -	\$ -	N/A	\$ -	\$ 13,642,251
4/1/2024	No Payment	\$ -	\$ 270,799	\$ -	\$ -	N/A	\$ -	\$ 13,913,050
10/1/2024	No Payment	\$ -	\$ 276,174	\$ -	\$ -	N/A	\$ -	\$ 14,189,224
4/1/2025	No Payment	\$ -	\$ 281,656	\$ -	\$ -	N/A	\$ -	\$ 14,470,880
10/1/2025	No Payment	\$ -	\$ 287,247	\$ -	\$ -	N/A	\$ -	\$ 14,758,127
4/1/2026	No Payment	\$ -	\$ 292,949	\$ -	\$ -	N/A	\$ -	\$ 15,051,076
10/1/2026	No Payment	\$ -	\$ 298,764	\$ -	\$ -	N/A	\$ -	\$ 15,349,839
4/1/2027	No Payment	\$ -	\$ 304,694	\$ -	\$ -	N/A	\$ -	\$ 15,654,534
10/1/2027	No Payment	\$ -	\$ 310,743	\$ -	\$ -	N/A	\$ -	\$ 15,965,276
4/1/2028	No Payment	\$ -	\$ 316,911	\$ -	\$ -	N/A	\$ -	\$ 16,282,187
10/1/2028	No Payment	\$ -	\$ 323,201	\$ -	\$ -	N/A	\$ -	\$ 16,605,388
4/1/2029	No Payment	\$ -	\$ 329,617	\$ -	\$ -	N/A	\$ -	\$ 16,935,005
10/1/2029	No Payment	\$ -	\$ 336,160	\$ -	\$ -	N/A	\$ -	\$ 17,271,165
4/1/2030	No Payment	\$ -	\$ 342,833	\$ -	\$ -	N/A	\$ -	\$ 17,613,998
10/1/2030	Level Payment (annual p, sem	\$ -	\$ -	\$ 349,638	\$ 298,440	N/A	\$ 648,078	\$ 17,315,557
10/1/2031	Level Payment (annual p, sem	\$ -	\$ -	\$ 343,714	\$ 310,289	N/A	\$ 654,002	\$ 17,005,269
10/1/2032	Level Payment (annual p, sem	\$ -	\$ -	\$ 337,555	\$ 322,607	N/A	\$ 660,162	\$ 16,682,662
10/1/2033	Level Payment (annual p, sem	\$ -	\$ -	\$ 331,151	\$ 335,414	N/A	\$ 666,565	\$ 16,347,247
10/1/2034	Level Payment (annual p, sem	\$ -	\$ -	\$ 324,493	\$ 348,730	N/A	\$ 673,223	\$ 15,998,517
10/1/2035	Level Payment (annual p, sem	\$ -	\$ -	\$ 317,571	\$ 362,575	N/A	\$ 680,146	\$ 15,635,942
10/1/2036	Level Payment (annual p, sem	\$ -	\$ -	\$ 310,373	\$ 376,969	N/A	\$ 687,343	\$ 15,258,973
10/1/2037	Level Payment (annual p, sem	\$ -	\$ -	\$ 302,891	\$ 391,935	N/A	\$ 694,826	\$ 14,867,038



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Financial Update

Brian H. Zahn
Chief Financial Officer

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UWCD Cash Collections - May

Pipeline: \$ 865K

Groundwater: \$ 51K

Rent: \$ 19K

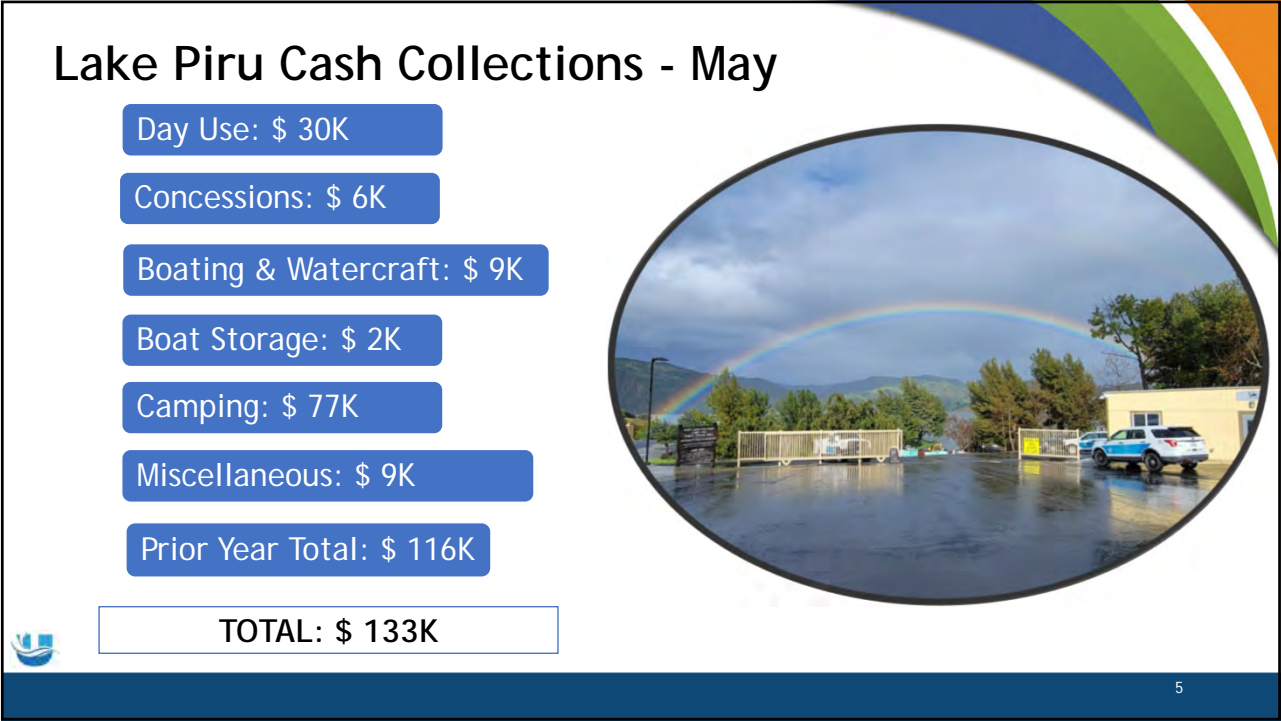
Lake Piru: \$ 133K

Misc.: \$ 4.9M

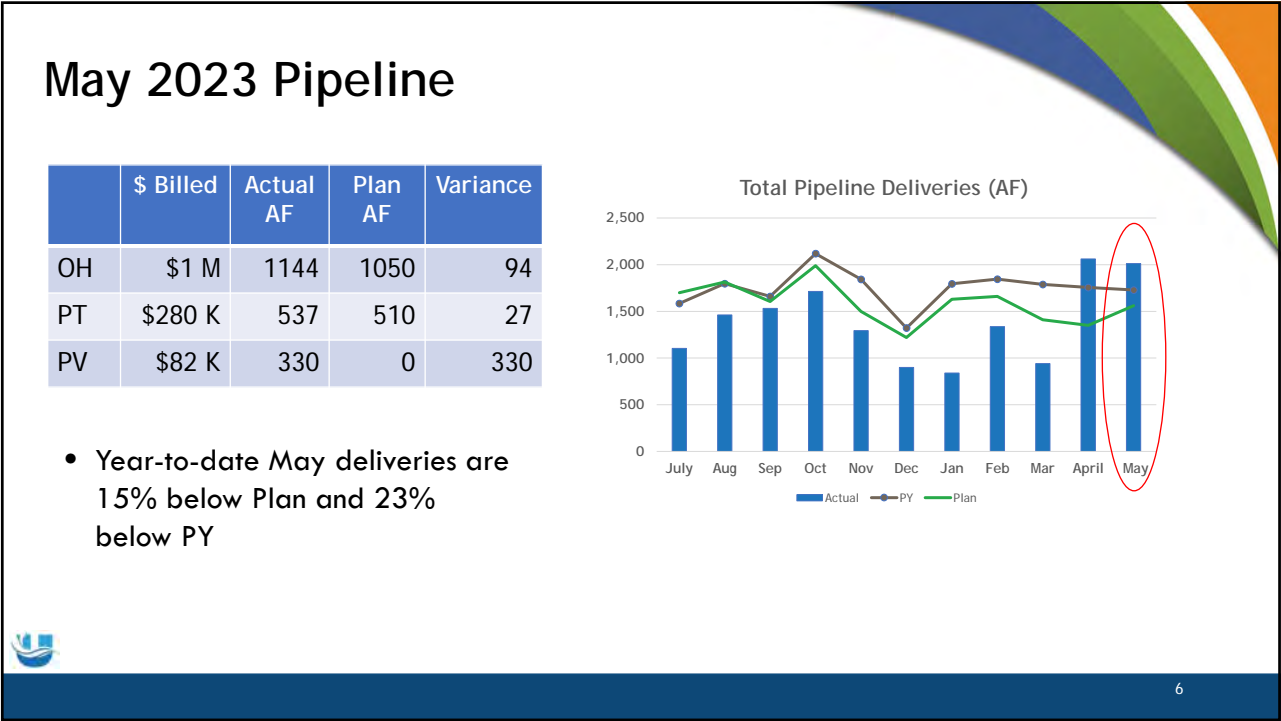
TOTAL: \$ 6.0M



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Leases - Quest Diagnostics

Currently negotiating a lease extension with Quest whose lease expires in September '23

Year	Monthly per/SF		Monthly Rent		Current Lease	
	Submitted	Proposed	Submitted	Proposed	Rate	Monthly
1st	\$ 2.35	\$ 2.40	\$ 6,888	\$ 7,045	\$ 2.53	\$ 7,665.43
2nd	\$ 2.41	\$ 2.48	\$ 7,064	\$ 7,256		
3rd	\$ 2.47	\$ 2.55	\$ 7,240	\$ 7,474		
4th	\$ 2.53	\$ 2.63	\$ 7,415	\$ 7,698		
5th	\$ 2.59	\$ 2.71	\$ 7,591	\$ 7,929		
6th		\$ 2.79		\$ 8,167		

- > Approximately 2,931 sf
- > Requesting 2 month free rent for renovations




Board Motion Items with Fiscal Impact

Motion No.	Sponsor	Description/Summary	Budget Y/N	Funding Source	Cash Impact of Approval	Other Financial Impact
2024-01	Finance/Engineering	WIFIA loan to support the Santa Felicia Dam Safety Improvement project	Y		Adding \$13.6M funding for SFD project	Repayment of loan begins 10/01/2030
				TOTAL	\$13.6M	



Finance Department Updates

- 2023-24 Budget Approved and preparing to publish approved budget book
- District purchase 2,079 AF Article 21 water - \$571,725
- Interim audit wrapping up with new auditors – LSL
- New Accountant scheduled to begin with United 07/17/23



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Administrative Update

Josh Perez
Chief Human Resources Officer

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Human Resources

- Reached tentative agreement with SEIU Local 721 on a four-year labor agreement pending Board approval at the July 2023 meeting which would last until June 2027.
- Based on Board vote, will host a meeting with all staff to discuss changes in labor agreement in July (tentatively July 13th).
- Successfully completed recruitments for the following personnel and positions:
 - Senior Hydrogeologist (Christofer Coppinger - starts July 10th)
 - Senior Hydrogeologist (Patrick O’Connell - - starts July 10th)
 - Recharge O&M Worker I (Daniel Emerson - started June 26th)
 - Water Treatment Operator II (Ernie Flores - starts July 10th)





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Current Employee **Recruitments**

Associate Hydrologist


Interviews completed, selection pending GM approval

Senior Engineer

Position posted

Recharge Operator I (Saticoy)

Position posted, strong external response






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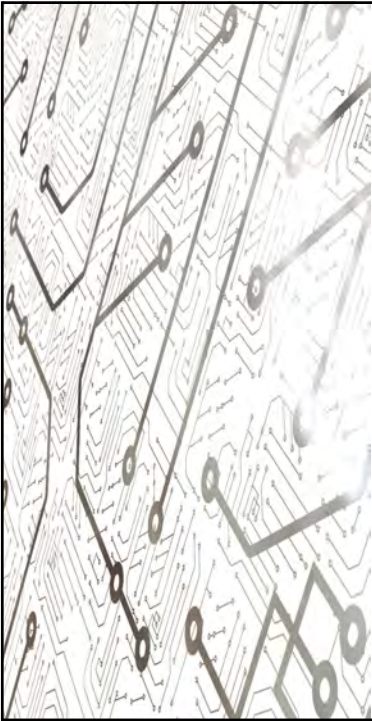
Risk Management

- Coordinated ongoing FEMA Disaster Recovery efforts among Departments.
- Supported Engineering Department with SFD EAP Call-Down Drill.
- Provided annual fire extinguisher training to Recreation and Santa Felicia Dam staff & coordinated annual servicing of fire extinguishers and alarm system & sprinkler inspection for Ranger Station.
- Coordinated interagency Security Evaluation for Santa Felicia Dam Safety Improvement Projects with top tier subject matter experts.
- Delivered heat illness prevention training during monthly safety meeting.
- Assisted O&M and Recreation Departments with updating water quality emergency notifications.
- Completed DHS Office of Bombing Prevention live virtual training on Improvised Explosive Device (IED) Explosive Effects Mitigation.





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Technology Systems

- Tech Systems worked with the Audit firm conducting the Districts 2023 external audit was provided secure remote access capabilities to conduct their assessments, and an online instruction on how to use the solution was provided by Tech Systems Staff.
- Purchased online accounting suite for GSA Accounting and migrated existing companies into the new online accounting software suite. Provided District Finance staff with new accounts and provisioned new software.
- IT and OT Staff worked with SCADA Industrial Contractor to install a Cyber Security Monitoring System. System training is a phased approach that consists of a few weeks of learning baseline business activities, and over these weeks staff will enable reactive modes which can detect and protect District cyber assets.
- Tech Systems Staff hosted various AWA and extended Education Seminars in the Districts multipurpose conference room and District boardroom.

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