



**MINUTES OF THE REGULAR
MEETING OF
THE
INLAND EMPIRE UTILITIES AGENCY
BOARD OF DIRECTORS**

**WEDNESDAY, AUGUST 2, 2017
10:00 A.M.**

DIRECTORS PRESENT:

Steven J. Elie, President
Michael Camacho, Vice President
Jasmin A. Hall, Secretary/Treasurer
Paul Hofer

DIRECTORS ABSENT:

Kati Parker

STAFF PRESENT:

P. Joseph Grindstaff, General Manager
Christopher Berch, Executive Manager of Engineering/AGM
Kathy Besser, Executive Manager of External Affairs & Policy Development/AGM
Randy Lee, Executive Manager of Operations/AGM
Christina Valencia, Executive Manager of Finance & Administration/AGM
Tina Cheng, Budget Officer
Javier Chagoyen-Lazaro, Manager of Finance and Accounting
Michael Dias, Assistant Engineer
Jason Gu, Manager of Grants
Sally Lee, Executive Assistant
Sylvie Lee, Manager of Planning & Environmental Resources
Alex Lopez, Senior Financial Analyst
Jeannette Smith, Financial Analyst I
Shaun Stone, Manager of Engineering
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Jonathan Ash, Citigroup
Director Ed Chavez, Upper San Gabriel Valley Municipal Water District
Jean Cihigoyenetche, JC Law Firm

A regular meeting of the Board of Directors of the Inland Empire Utilities Agency* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A, Chino, California on the above date.

President Elie called the meeting to order at 10:05 a.m. and Director Camacho led the pledge of allegiance to the flag. A quorum was present.

President Elie stated that members of the public may address the Board. There was no one desiring to do so.

President Elie asked if there were any changes/additions/deletions to the agenda. There were no changes/additions/deletions to the agenda.

ACTION ITEMS

ADOPTION OF A RESOLUTION FOR A CWC 2017 WSIP GRANT

Manager of Grants Jason Gu stated that an official resolution is required to be adopted by the applicant's Board of Directors to apply for and enter into a financial assistance agreement, as mandated under the 2017 Water Storage Investment Program (WSIP). He said that the Chino Basin Water Storage and Recovery Project, with an estimated cost of \$460,000,000, would construct an advanced water treatment facility and distribution facilities that would store up to 15,000 acre-feet per year (AFY) of water in the Chino groundwater basin, which would be dedicated for environmental benefits within the Delta. He mentioned that the project would leverage a partnership with an existing State Water Project Contractor (SWPC), which would allow for locally stored groundwater to be traded with north of Delta water supply. Mr. Gu said that the locally stored water would be pumped to supplement the water supply for a SWPC and an equivalent amount would then be released by the corresponding SWPC north of the Delta. Mr. Gu said the proposed grant funding amount from California Water Commission (CWC) is about \$460,000,000 for the capital cost of the project. He further stated that this application will be submitted under the CWC grant funding category of conjunctive use, which can request up to 100% of capital costs. He noted that other project administrative costs, estimated to be about \$150,000, will be funded by the Agency's Planning and Environmental Resources Department budget.

Upon motion by President Camacho, seconded by Director Hofer, and unanimously carried:

M2017-8-1

MOVED, to:

1. Adopt Resolution No. 2017-8-1, authorizing IEUA to apply for funding and enter into a financial assistance agreement with the California Water Commission for the 2017 Water Storage Investment Program; and
2. Authorize the General Manager to execute the financial assistance agreement, any amendments, and any grant related documents thereto.

RESOLUTION 2017-7-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE INLAND EMPIRE UTILITIES AGENCY TO APPLY FOR AND ENTER INTO A FINANCIAL ASSISTANCE AGREEMENT UNDER THE 2017 WATER STORAGE INVESTMENT PROGRAM WITH THE CALIFORNIA WATER COMMISSION AND DESIGNATING A REPRESENTATIVE TO EXECUTE THE FINANCIAL ASSISTANCE AGREEMENT, AND ANY AMENDMENTS THERETO FOR THE CHINO BASIN WATER STORAGE RECOVERY PROGRAM

(for full text, see Resolution Book)

WORKSHOP

LONG RANGE PLAN OF FINANCE WORKSHOP

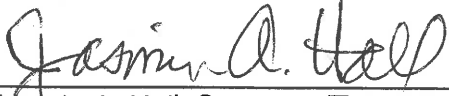
Executive Manager of Finance & Administration/AGM Christina Valencia presented an update to the Agency's Long-Range Plan of Finance (the Plan) stating that the Agency aims to have a long-term plan for various areas of the Agency. The adopted Ten-Year Capital Improvement Plan (TYCIP) that was approved by the Board in June has dramatically changed since the last time the Plan was updated in 2011. She explained that the situation was very different in 2011. At that time, the Agency had just undergone the great economic recession, no expansion or growth projections were foreseen for the next ten years, but the Agency was focused on maintaining, rehabilitating and repairing existing facilities. Currently, there are significant expansion projects and large rehabilitating projects for RP-1 facility. She stated that the purpose of the presentation given today is to give a preview of the baseline to build upon and to provide plans for different scenarios. She asked for the Board of Directors' input so that they can be addressed and implemented into the Plan.

General Manager Joe Grindstaff stated that the Plan will be brought back to the Board of Directors next spring and the new General Manager will have to be greatly engaged and involved as the Agency updates the Plan in the future. Ms. Valencia continued by stating that the Plan serves as a strategic tool for staff, the Board members, and management to look forward on a long-term basis. Staff is proposing to extend the scope from 10 years to 20 years to ensure the right funding sources are in place. Ms. Valencia stated that all the policies are based on the Agency's business goals especially those related to fiscal responsibility – funding & appropriations, budget planning, reserves, and creditworthiness. Some key policy decisions that provide the basis for everything the Agency does is to maintain rates that fully cover the operations and maintenance or replacement and rehabilitation costs. Another key policy is that growth pays for growth; the Agency has made sure that the fees are in place to support the upcoming expansions of the facilities. The existing rates have also been reviewed for imported water supplies, recycled water rates, and established a new water connection fee to support all our water distribution systems. The Agency will use these funds to continue its commitment to sustainable cost containment for operating and capital costs, executing long term planning initiatives such as supporting economic development, establishing a water storage bank, securing supplemental water supplies, reducing energy costs and achieving carbon neutrality, and fully funding retirement obligations.

Ms. Valencia gave an overview of the sources of the funds – operating revenues, non-operating revenues, and proposed debt. She also gave an outline of the uses of funds – operating expenses, debt service, and capital projects. She stated that the TYCIP will be updated in the fall, and when doing so staff will look more closely to the projects that are currently planned and prioritize them the best they can to make sure that critical needs are addressed. Some projects may be able to be postponed which can save on borrowing, and translate to better debt ratios, fund balances, and decreases in project management costs. The Agency has been doing a good job in paying down debt and new debt will come through in 2019/20. Staff will do everything possible to secure State Revolving Fund (SRF) loan financing with the lowest interest rate. However, based on a conservative approach, the Agency is assuming that all new debt for \$275 million is based on bonds set at a 5 percent rate. The Agency will work with the financial advisors in evaluating when to issue debt and the best combination.

Ms. Valencia gave an overview of the timeline and the impact on the fund balance. She also presented an outline of what could happen in the future and how the Agency has prepared for different scenarios. She listed some examples such as economic cycles, hydrologic cycles, legal issues, and succession planning. She stated that staff will try to have at least three scenarios, as they have done in the past. She finished her presentation with sources and uses of funds related to the Agency's key policy decisions. She stated that staff will be working on the TYCIP and it will be integrated into the Plan and it will be brought to the Board in March or April of next year before the Plan is published. She asked the Board if they had any questions or comments.

With no further business, President Elie adjourned the meeting at 10:44 a.m.



Jasmin A. Hall, Secretary/Treasurer

APPROVED: OCTOBER 18, 2017