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Directors:
Paul Seger
President

Scott R. Pastor
Vice President

Kenneth L. Crockett
Marilyn Tiernan
Joe Kovalick

General Manager
& Secretary:
Daniel Muelrath

General Counsel:
Wes Miliband

MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
DIABLO WATER DISTRICT
HELD ON MARCH 16, 2022

Due to the current COVID-19 Pandemic, Local Health Orders, and the Governor's Health Orders, the Special Meeting of the Board of Directors of Diablo Water District was held on March 16, 2022 at 2:00 pm via conference call / web as noticed in the posted agenda.

1. Call to Order and Roll Call

The special meeting of the Board of Directors of Diablo Water District (District) was called to order by President Seger at 2:01 p.m. on March 16, 2022.

Directors Present: Seger, Pastor, Crockett, Tiernan, Kovalick
Staff Present: Dan Muelrath, Kait Knight, Jennifer McCoy, Christine Belleci, Nacho Mendoza, Lauren Posada
General Counsel: Wes Miliband (AARLL)
District Engineer: Bill Brick (CDM Smith)
Others Present: Pete Zirkle (ISD Liaison), Wing-See Fox (Urban Futures, Inc.), Brandon Kfoury (Urban Futures, Inc.), Juan Galvan (Jones Hall), Nicki Tallman (Oppenheimer), Dan Shaw (Oppenheimer), Carolyn Scholl (Cooperative Strategies)

- 2. Public Input.** (Anyone present may address the Board of Directors on any subject within the jurisdiction of Diablo Water District. If the subject item is on this Agenda, please hold public comment until the appropriate item).

3. Consent Calendar

It is recommended by the General Manager that these items, which are expected to be routine in nature and without controversy, be received and acted upon by the

Board without discussion. If any Board member or interested party requests that an item be removed from the Consent Calendar for discussion, it will be considered separately. *The consent calendar may be approved by a single motion to approve, followed by a second and then a call for vote.*

A. Remote Meeting Access Approval.

Staff Recommendation: Approve remote meeting access for the current agenda.

It was moved by Director Kovalick, seconded by Vice President Pastor, and approved by the following vote to approve the Consent Calendar.

AYES: Tiernan, Kovalick, Crockett, Pastor, Seger
NOES: None
ABSTAIN: None

4. Issuance of 2022 Water Revenue Certificate of Participation (Green Bonds).

Staff Recommendation: Adopt Resolution 2022-06 authorizing the execution, delivery, and sale of the 2022 COPs in the maximum aggregate principal amount of \$11.5 million to refinance the 2013 COPs and to issue new money for the 2022 Project; and approving related documents and actions.

General Manager Muelrath informed the Board that the District was awarded a two-step upgrade to an AA- bond rating. This is the first time in 10 years the rating has been this high. This provides the District with real savings as we will not have to buy bond insurance.

Wing-See Fox, Urban Futures, Inc., added that a two-notch upgrade is incredible, and the recent rate study and model restructure helped achieve this rating. She confirmed that the AA- rating meant that the District would not have to finance a reserve fund or purchase bond insurance, which equates to \$170k+ savings.

Nicki Tallman, Oppenheimer, explained that their role as underwriters is to price and sell bonds. The year started with increasing interest rates, but due to the war in Ukraine, prices of bonds went up, and yields dropped. Since March 4, 2022, the benchmark has increased .37%. Most recently, there have been 19-straight days of \$1B or more of bonds out to bid on the market, compared to only 2-straight

days in 2020. Today, interest rates went up another .25%, and six more rate marks are expected this year. We still have a good interest rate environment to sell this bond and the goal is to price and sell the bond in the next week.

General Manager Muelrath reassured the Board that all debt-projections still fit within our rate model. He noted that the rating agency saw and valued the difference in our organization since the last refinancing in 2019.

Members of the Board thanked staff and the bond team for the incredible work done and information shared during this process.

It was moved by Director Kovalick, seconded by Vice President Pastor, and approved by the following vote to adopt Resolution 2022-06 authorizing the execution, delivery, and sale of the 2022 COPs in the maximum aggregate principal amount of \$11.5 million to refinance the 2013 COPs and to issue new money for the 2022 Project; and approving related documents and actions.

AYES: Pastor, Crockett, Kovalick, Tiernan, Seger
NOES: None
ABSTAIN: None

5. Election Ward Map Adoption.

Staff Recommendation: Adopt Resolution Number 2022-07, adjusting boundaries of director electoral divisions.

President Seger asked if there were any adjustments made to coordinate with the county.

Carolyn Scholl, Cooperative Strategies, pointed out that a few parcels from Area 5 moved into Area 4 due to large parcels; however, they were zero-population parcels, so it had no effect.

It was moved by Director Crockett, seconded by Director Kovalick, and approved by the following vote to adopt Resolution Number 2022-07, adjusting boundaries of director electoral divisions.

AYES: Tiernan, Kovalick, Crockett, Pastor, Seger
NOES: None
ABSTAIN: None

6. SB 1157 Policy Position.

Staff Recommendation: Take a policy position on SB 1157.

General Manager Muelrath presented the proposed water standards to the Board and added that his biggest concern was the focus on indoor watering standards over outdoor, which would have a bigger impact on conservation.

The General Consensus of the board was that there is much more to be done on outdoor water use verses indoor, and outdoor water reduction is still only being encouraged. Concerns were raised about whether this would conflict with the current Prop 218 if we were required to add a charge on high water users. The consensus was that the District should oppose the policy outright.

General Manager Muelrath addressed the Board's concerns and reminded the Board that the current Prop 218 was through 2026, whereas the biggest proposed water cutback was expected for 2030 and would be addressed in the next rate study. He added that the biggest threat to jeopardize the current rate model is prolonged drought. The current rate model lands around 57 gpcd, and the rate model is built for that number to lessen over the years. The new policy proposal shows a significant decrease of 16% by 2030. He also added that allocations using evapotranspiration do not equitably assign water as it differs by climate.

It was moved by Director Kovalick, seconded by Vice President Pastor, and approved by the following vote to take a policy position opposing SB 1157.

AYES: Pastor, Crockett, Kovalick, Tiernan, Seger

NOES: None

ABSTAIN: None

7. Future Agenda Items.

- Preliminary list of items for the next two months.
- Other items being tracked and awaiting a scheduled date.

Director Kovalick asked that more information about the construction around our reservoirs be brought forwards to the board.

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It was moved by Director Kovalick, seconded by Vice President Pastor, and approved by the following vote to take a policy position opposing SB 1157.

AYES: Pastor, Crockett, Kovalick, Tiernan, Seger
NOES: None
ABSTAIN: None

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8. Next Meetings of the Board of Directors.

- March 23, 2022 Regular Meeting
- April 27, 2022 Regular Meeting
- May 25, 2022 Regular Meeting

9. Adjournment.

Director Crockett adjourned the meeting at 3:03 p.m.



Dan Muelrath, General Manager/Secretary