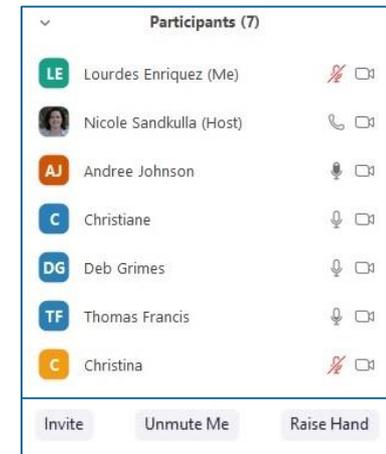


Meeting Instructions While We Gather

- You have been muted upon entry
 - Please feel free to unmute yourself to say “Hi” and test your sound connection
 - Please mute yourself during meeting when you are not talking
 - **During the meeting, BAWSCA staff will mute your sound and video if necessary**

 - The **Raise Hand** button is at the bottom of your “Participants” list.
 - To get the “Participants” list, click on the “Participants” button at the bottom of your Zoom Screen.
- 
- If you have technical difficulties, please text Lourdes at 650-799-3854

Bottom left corner
of your screen





“A multicounty agency authorized to plan for and acquire supplemental water supplies, encourage water conservation and use of recycled water on a regional basis.”

[BAWSCA Act, AB2058 (Papan-2002)]

Board Policy Committee Meeting October 14, 2020



Drought Shortages on Regional Water System Governed by Two Plans

- **Tier 1 Plan** – Allocates water between SFPUC retail and the wholesale customers collectively
- **Tier 2 Plan (or DRIP)** – Allocates water among the Wholesale Customers
 - Adopted in the Winter/Spring of 2011 by the governing body of each Wholesale Customer.
- Tier 1 and Tier 2 Plans apply during system-wide shortages of 20 percent or less
- WSA Section 3.11(C)(3): SFPUC will honor Tier 2 allocations among the Wholesale Customers provided by BAWSCA or unanimously agreed to by all the Wholesale Customers.

Tier 2 Plan Originally Expired December 31, 2018

- Tier 2 Plan term was through December 31, 2018
 - Consistent with timing of SFPUC 2018 decisions per 2009 WSA
- WSA enables BAWSCA Board to extend the Tier 2 Plan
 - Per WSA Section 3.11(C)(3)
 - BAWSCA Board has ability to adopt the existing plan with a revised end date
- BAWSCA Board approved a 1-year extension in May 2018 to extend plan through December 31, 2019
- BAWSCA Board approved a 1-year extension in November 2019 to extend the plan through December 31, 2020

BAWSCA Facilitated Water Management Representative's (WMR) Review of Tier 2 Plan

- In 2019, BAWSCA held three workshops with the WMRs where the potential to either update the Tier 2 Plan or to extend the existing was discussed
- Workshop topics included:
 - Review of present Tier 2 plan, including history and policy principles
 - Analysis of projected allocations to each BAWSCA agency for past and future drought scenarios
 - Analysis of potential modifications to the present plan and associated potential allocations

Feedback and Follow-up after the 2019 Meetings with Water Management Representatives

- WMR provided the following feedback to the CEO which was shared in 2019 with the BPC and the BAWSCA Board:
 1. The Tier 2 Plan continues to meet the policy principles upon which the plan is based, and the policy principles are still appropriate.
 2. An annual review of the Tier 2 Plan to evaluate its continued effectiveness would be beneficial.
 3. Additional information on the process for water transfers between agencies would be helpful in preparing for potential Tier 2 Plan implementation.
- WMR did not voice opposition to a one-year extension to the existing plan by BAWSCA
- BAWSCA committed to an annual review of this topic with WMR
- In November 2019, Board adopted an extension of the existing Tier 2 Plan

BAWSCA Provided the Yearly Review of Tier 2 Plan with WMR at October Meeting

- BAWSCA's review of the Tier 2 Plan noted the following:
 1. The Tier 2 Plan continues to meet the policy principles upon which the plan is based, and the policy principles are still appropriate
 2. Extending the Tier 2 Plan would be effective and beneficial
 3. Once State guidance on water efficiency targets was provided, the timing would be appropriate to consider a Tier 2 Plan update
 4. Draft State guidance expected in Fall 2021 and final guidance anticipated in Summer 2022
- Based on this review, BAWSCA identified that extending the existing Tier 2 Plan through December 31, 2021 would be appropriate
- Schedule for Board consideration was shared with WMR
- Agency representatives did not voice opposition to a one-year extension to the existing plan by BAWSCA

Recommended Action

That the Committee recommend the Board adopt Resolution 2020-03 adopting the Tier 2 Plan drought allocation methodology for the year January 1, 2021 through December 31, 2021.



S. Ritchie, 2019

Annual Review of Investment Policy & Proposed Additional New Permitted Investment Vehicles

- BAWSCA's Investment Policy requires annual consideration of the Statement of Investment Policy
 - Primary objectives: safety, liquidity and yield
- Last reviewed January 2020: No changes made
- Both agency funds and bond funds are invested per Investment Policy
 - Most agencies have the Policy govern operating funds, not bond funds
 - Current language is consistent with State law
- Except for the recommended inclusion of U.S. Agency Securities as permitted investment vehicles for the bond proceeds, no other changes to the Policy are recommended

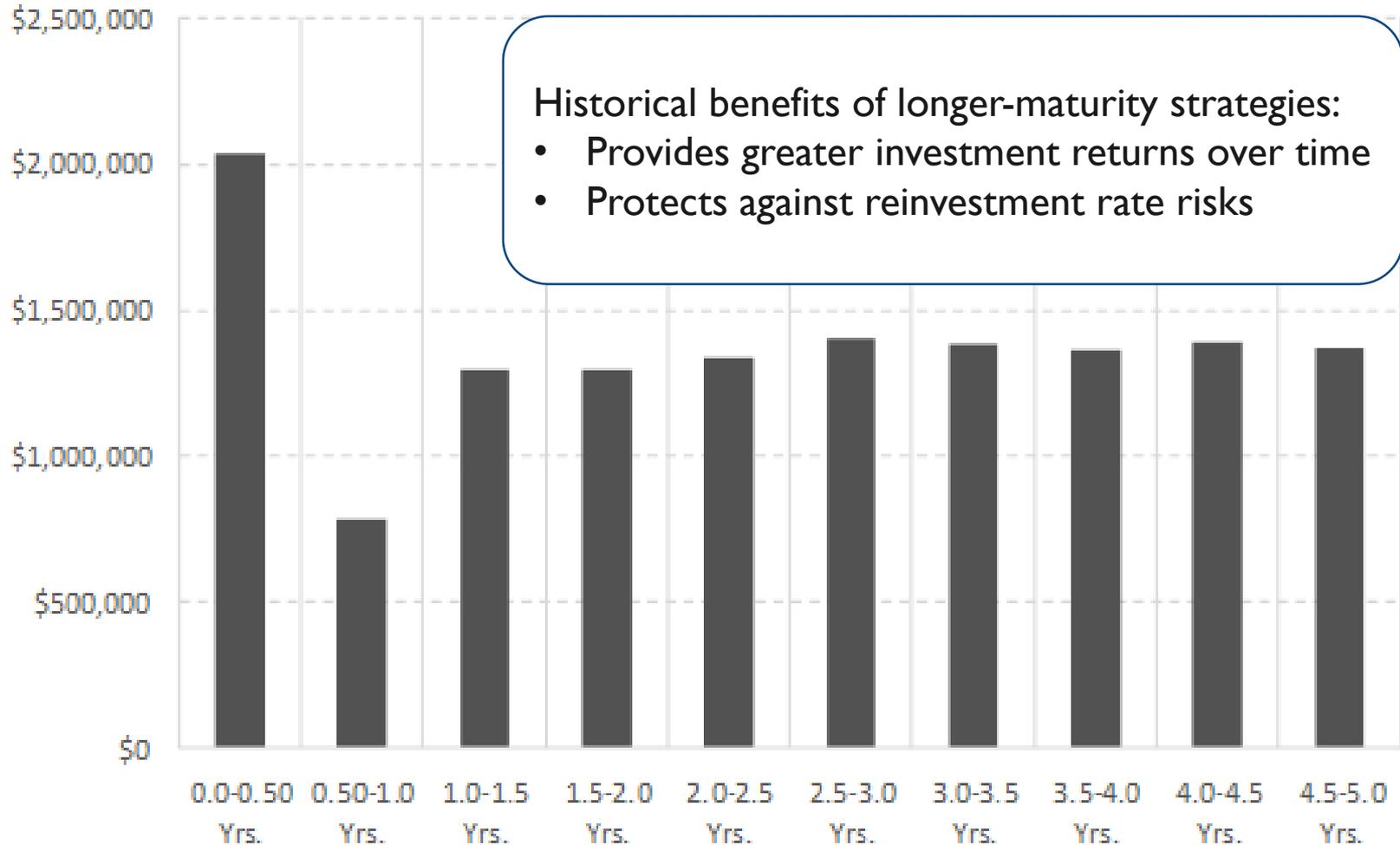
Recommended Inclusion of U.S. Agency Securities as Permitted Investment Vehicles for Bond Proceeds

- Policy specifies permitted investments for the bond proceeds associated with the Series 2013A&B bonds
 - Currently allowed instruments: Money Market Mutual Funds, Certificates of Deposit, and Federal Securities
- Based on a recent review of all investments permitted by the Bond Indenture, the U.S. Agency Securities is determined appropriate for consideration
 - Consistent with the primary objectives of the Investment Policy
 - Could potentially increase the portfolio's yield
- BAWSCA and its investment advisor recommend including U.S. Agency Securities as permitted investment vehicles in the Policy

Overview of Current Investment Strategy for Stabilization Fund

- In response to the COVID-19 pandemic, interest rates across the yield curve declined dramatically
- BAWSCA's longer-term portfolio strategy performing well
 - Previously purchased securities now provide fixed yields that are well above currently available interest rates
- Total bond funds held by Trustee: **\$17,664,849** (as of 10/1/2020)
 - \$4.0M bond surcharges – in MMF
 - \$13.7M stabilization fund (reserve) – in US Treasury Securities
- Based on a recent evaluation, the current 0-5 year ladder portfolio investment strategy is determined appropriate

Current 0-5 Year Laddered Maturity Portfolio Strategy Remains Appropriate



Recommended Action

That the Committee recommend Board approval of the proposed modification to the current Statement of Investment Policy by including U.S. Agency Securities as permitted investment vehicles for the bond proceeds.



Jensen, 2011

Bay Delta Plan Update

- Negotiations for a voluntary agreement on the Tuolumne River continue
- Governor Newsom continues to provide critical leadership
- CA Secretaries of Natural Resources and EPA remain engaged
- BAWSCA continues coordination with SFPUC and others
- BAWSCA and its member agencies continue to
 - Support Bay-Delta Plan objectives
 - Be committed to working with other stakeholders to protect water quality in the Bay-Delta for humans, fish and other wildlife
 - Support voluntary settlement agreements to resolve this critical issue
- BAWSCA remains focused on a voluntary agreement as best solution to resolve this critical issue

FERC has Issued FEIS for New Don Pedro

- July 7, 2020 – FERC released Final Environmental Impact Statement (FEIS) for New Don Pedro
 - Licenses the projects as proposed by Districts with some staff modifications and additional measures
- BAWSCA is reviewing and analyzing FEIS in coordination with SFPUC
 - Economic and environmental impacts to BAWSCA service area
 - The responses to BAWSCA, SFPUC and NGOs comments
- Unclear if BAWSCA will submit anything further to FERC at this time

Update on BAWSCA Internship Program

- As part of FY 2020-21 Work Plan development, Board indicated a desire for a new BAWSCA Internship Program
- Goal: Provide an opportunity for underserved college students pursuing a technical or business degree to gain experience by working with BAWSCA
- Board removed internship from adopted FY 2020-21 Work Plan as part of budget/cost control measures
- Board Members have expressed continued interest in a BAWSCA internship program
 - Board Member Moody facilitated a connection with East Side College Preparatory School (East Palo Alto)
 - Exchange of ideas and opportunities with Principal Bischoff and others

Some Information on Eastside College Prep

- Eastside College Prep is a private 6-year (middle & high school) for students who will be the first in their families to go to college
 - Supported by donations with all students on full scholarships
 - 255 students in 2019
 - 80% of students from EPA & Menlo Park; remainder from other parts of Bay Area
- Focus on readying students from low-income families to attend and succeed in college
 - 99% of Eastside's graduates accepted to 4-year colleges
 - 80% of Eastside's graduates are earning or hold a bachelors degree
- Eastside's Alumni Services Team provides extensive support through college
 - College coaches maintain strong connection with alumni and provide academic and other support
 - Career coaches assist students in exploring career paths and gaining professional experience through internships

A Partnership with Eastside College Preparatory Would Offer Benefits to a BAWSCA Internship Program

- Eastside is interested in partnering with BAWSCA on an internship program beginning in May 2021
- Eastside can provide critical support to BAWSCA and intern
 - Identify candidate pool from among Eastside alumni based on BAWSCA job description
 - Assist BAWSCA in selection of potential candidates for interviews
 - Provide support for intern before and during internship
- Eastside provides these services for free as part of alumni support program
- Estimated \$8k cost to BAWSCA for intern salary (8 weeks)
- Given schedules for internships, Board would need to consider this at its January 2021 meeting as part of mid-year budget review

Board Policy Committee Policy Calendar Through April 2021

Meeting Date	Purpose	Issue or Topic
October 2020	D&A D&A R	Consideration of Action to Extend Current Tier 2 Drought Plan Annual Review & Consideration of BAWSCA's Statement of Investment Policy BAWSCA Internship
December 2020	D&A D&A D&A R	FY 2020-21 Mid-Year Work Plan, Budget, & General Reserve Balance Review Consideration of BAWSCA Bond Surcharges for FY 2021-22 Review of Agency Personnel Handbook Review of Regional Demand Study Results
February 2021	R&D R	Presentation of Preliminary FY 2021-22 Work Plan and Budget Review of Water Supply Forecast
April 2021	D&A	Consideration of Proposed FY 2021-22 Work Plan and Budget Review of Water Supply Forecast

Key: R=Report, D = Discussion, S = Study Session, A = Action

Closed Session



L. Ash, 2017

Adjournment

Next Committee Meeting:

- December 9, 2020
- Time: 1:30 pm
- Location: “Virtual” Zoom Meeting



L. Ash, 2017