STATE WATER PROJECT CONTRACT EXTENSION PROJECT

Meeting Summary

State Water Project Contract Extension Project November 19, 2013 10:00 AM – 3:00 PM

Meeting Attendance List

California Department of Water Resources Lead Negotiators

- Steve Cohen, California Department of Water Resources
- Rob Cooke, California Department of Water Resources
- Perla Netto-Brown, California Department of Water Resources
- Vera Sandronsky, California Department of Water Resources
- Carl Torgersen, California Department of Water Resources
- Ralph Torres, California Department of Water Resources

State Water Project Contractor Lead Negotiators

- Mike Wallace, Alameda County Zone 7 Water Agency
- Paul Gosselin, Butte County
- Valerie Pryor, Castaic Lake Water Agency
- Tom Glover, Dudley Ridge Water District
- Curtis Creel, Kern County Water Agency
- Kathy Cortner, Mojave Water Agency
- Deven Upadhyay, MWD of Southern California
- Bob Perreault, Plumas County Flood Control & Water Conservation District
- Douglas Headrick (by phone), San Bernardino Valley Water District
- Jeff Davis, San Gorgonio Pass Water Agency
- Ray Stokes, Santa Barbara County/ Central Coast Water Authority
- Lynn Hurley, Santa Clara Valley Water District
- David Okita, Solano County Water Agency
- Mark Gilkey (by phone), Tulare Lake Basin Water Storage District; Kings County
- Steve Wickstrum (by phone), Ventura County Flood Control District

California Department of Water Resources Staff

- Ted Alvarez, California Department of Water Resources
- Cathy Crothers, California Department of Water Resources
- Terri Ely, California Department of Water Resources
- Avery Estrada, California Department of Water Resources
- Scott Jercich, California Department of Water Resources
- Spencer Kenner, California Department of Water Resources
- Kathie Kishaba, California Department of Water Resources
- Philip LeCocq, California Department of Water Resources (by phone)
- Jeremiah McNeil, California Department of Water Resources
- Mehdi Mizani, California Department of Water Resources
- Dave Paulson, California Department of Water Resources
- Nancy Quan, California Department of Water Resources
- David Sandino, California Department of Water Resources
- Lisa Toms, California Department of Water Resources
- Dena Uding, California Department of Water Resources

• Pedro Villalobos, California Department of Water Resources DWR Consultants for Contract Extension • Tom Berliner, Consultant • Erick Cooke, Environmental Science Associates (by phone) • Cathy McEffee, Environmental Science Associates (by Phone) • Barbara McDonnell, MWH Global (by phone) State Water Project Contractors, and SWC, Inc. • Bruce Alpert, Butte County • Josh Nelson, Best, Best & Krieger LLP/Crestline-Lake Arrowhead Water Agency • Dan Masnada, Castaic Lake Water Agency (by phone) • John Brady, Central Coast Water Authority • Jason Gianquinto, Kern County Water Agency (by phone) • Don Marquez, Kern County Water Agency • Amelia Minaberrigarai (by phone), Kern County Water Agency • Jaime Dalida, MWD of Southern California • David Reukema, MWD of Southern California • Chantal Ouellet (by phone), Tulare Lake Basin Water Storage District	• Matt Naftaly, Santa Barbara Flood Control and Water District (by phone) • Dana Jacobson, Santa Clara Valley Water District • Theresa Lightle, State Water Contractors, Inc. • Stephanie Morris, State Water Contractors, Inc. • Stan Powell, State Water Contractors, Inc. • Julie Ramsay, State Water Contractors, Inc. • Linda Standlee, State Water Contractors, Inc. • Robert Kunde, Wheeler Ridge-Maricopa Water Storage District Public • Debbie Espe, San Diego County Water Authority • Dan McDaniel (by phone), Central Delta Water Agency • Doug Montague, Montague, DeRose and Associates • Thomas Rinn (by phone), Waterworks Consulting • Patricia Shifferle, Planning and Conservation League Facilitation Team • Alex Braunstein, Kearns & West • Mike Harty, Kearns & West • Kelsey Rugani, Kearns & West • Anna West, Kearns & West

I. Welcome/Introductions

There were roundtable introductions of the negotiation teams and staff attending in person and by phone. Members of the public were given the opportunity to introduce themselves.

II. Meeting Overview

Anna West, Kearns & West, reviewed the Meeting Ground Rules emphasizing respect and listening. She also reviewed the process for public comment at the end of the meeting. Anna outlined the negotiation session agenda.

III. Objectives Discussion

Carl Torgersen, California Department of Water Resources reviewed the revised Finance Committee charter and provided some context on DWR's edits, which were done with a very quick turnaround. On the first page, and throughout, the Department considered the wording of the charter, and suggested a

number of revisions. One key issue is to define the processes that are referenced in the charter; it's important to clarify what these words mean as they apply to duties of the proposed Finance Committee. DWR has also suggested that the SWP Contractors be consistently referred to as "State Water Project Contractors" throughout the Charter. DWR agrees that part of the existing work plan is to develop the Chief Financial Manager (CFM) position and align the organization with these concepts. DWR proposes that this analysis may be completed before the Contract Amendment is signed. On page 2, DWR agrees that the charter can only be modified with mutual consent. The Department is looking at the CFM as the person responsible for transmitting recommendations to the Director and back to the Committee. The Department has eliminated the language on the GOA, SSA, and SRA, and addressed it in another section.

Carl said that DWR had previously stated that the Department is open to having contractor input on non-reimbursable costs, and has reflected that here. DWR largely agrees on the Committee structure, however, they suggest identifying alternates for committee members. Because DWR is looking at this as a DWR committee by Contract, the thought is to have the Deputy Director serve as chair. The Department has suggested that a majority is not required when voting. Instead a tally of the votes can be shared with the Director. Steve Cohen, California Department of Water Resources, added that the Department does not see this as a confidential committee.

Ray Stokes, Santa Barbara County/Central Coast Water Authority, asked how the Chief Financial Manager works and what authority the CFM will have to implement processes across divisions.

Carl Torgersen replied that yes, the CFM would have that authority. This person would report to the Deputy and keep the Contractors informed. Carl added that DWR's vision is that the CFM would have the ability to go to the Division Chiefs and ask for issues to be addressed, backed by the authority of the Deputy Director. He added that an internal DWR document would define the specifics on the authority of the Chief Financial Manager position. He suggested that the approach is similar to what was done for Oroville relicensing.

Tom Glover, Dudley Ridge Water District, added that if a recommendation of the Director is carried by the CFM, the CFM has the authority of the Director.

Jeff Davis, San Gorgonio Pass Water Agency, asked if "certain financial matters" is more appropriate than "processes." Steve Cohen stated that DWR is comfortable with processes; "financial matters" refers to organizational structure.

Jeff Davis asked what the relationship is between that second paragraph and the committee .Carl Torgersen responded that the work plan being described in that paragraph is underway, currently being worked on by DWR. Later this Committee will be underway and actively engaged in the work plan process. He added that working with the Contractors to provide interim input prior to the formal establishment of the Committee is something the Department is willing to discuss with the Contractors. Jeff Davis asked if there are two work plans being referred to here? Carl Torgersen suggested that the document could be clarified to reflect this difference.

Ray Stokes asked for further clarification on the definition of processes. Steve Cohen stated that DWR is continuing to develop this, reporting and tracking financial areas are definitely a part of this. Ray asked about the meaning of financial matters. Carl Torgersen responded that is what's being referred to as part of an internal process for developing the CFM position.

Curtis Creel, Kern County Water Agency, asked for an example of the mechanics of how the Committee provides recommendations to the Director. The SWP Contractor's proposed charter stated that these recommendations would be done in writing.

Steve Cohen responded that these kinds of recommendations are usually done in writing. Carl Torgersen added that it assures that the recommendations are correct when they are in writing. Steve added that DWR tried to work off the draft charter provided by the Contractors.

Jeff Davis stated that the vision of the SWP Contractors is transparency and accountability, and said that he noticed those words have been taken out.

Steve Cohen stated that DWR edited the document for flow. Carl added that DWR assumes that a Committee like this would improve transparency and accountability.

Deven Upadhyay, Metropolitan Water District of Southern California, asked about DWR striking the language on written notice regarding moving money between the proposed accounts. Is it still DWR's intent to notify SWP Contractors?

Carl Torgersen stated that this Committee will review reports and make recommendations on how the accounts are being used; he noted this is a significant commitment by DWR to include this.
Deven responded that the SWP Contractors are interested in SWRDS funds; the Systems Revenue Account is an outstanding issue here. Deven added that the visibility issue of these accounts is linked to the Systems Revenue Account. The SWP Contractors proposal is that 51(e) revenues would go through one of the three accounts. Deven said that the proposal from the Contractors would allow for a line of sight on all SWRDS funds; however, it seems the Department has a different proposal.

Jeff Davis stated that his board of directors feels very strongly about "meaningful" input; he wondered why meaningful was deleted. Carl responded that DWR feels that the word meaningful is redundant and subjective, so they took it out.

Kathy Cortner, Mojave Water Agency, asked about approval authority and recommendations. This proposal suggests that Contractors have approval authority over the charter, but not the work plan. But in previous meetings we had committed to the Contractors having approval of the workplan. Steve Cohen stated SWP Contractors would definitely have approval over the charter. Carl Torgersen added that previous offers by DWR he believes have suggested that the Contractors have approval over the work plan and the Department has not necessarily withdrawn that offer. DWR will follow up on what the latest offer states and report back.

Ray Stokes asked if the list provided in Section III,2 (below) is meant to be exclusive and/or limiting:

From Section III: COMMITTEE RESPONISBILITIES
2. Providing recommendations to the Director or the Director's delegate regarding SWRDS financial processes and reports. These recommendations may address the financial processes and reports involving the following areas:
Operating budget
Long-range Forecasting

Assets and Capital improvements plan or program (CIP)
Debt
Revenue/Costs (to be discussed)
Reserves (i.e. GOA
Equity Funds SSA and SRA
Accounting, auditing, and financial reporting
Cash-flow

Steve Cohen suggested that DWR views this as an extensive list, and asked for examples of anything that is not addressed. Ray Stokes stated that Contractors viewed the list as examples, for the work of an ongoing Committee. Steve Cohen responded that DWR's charter leaves room for other issues to be brought to the Committee.

Ray Stokes asked about technical work group issues that need to be reviewed at a higher level. Carl has previously stated that the Business Committee should address such issues. The Contractors position is that such issues should be referred to the Finance Committee, in case they need to be elevated to the Director.

Curtis Creel gave the example of a proposed project where the business case has to be made, the Finance Committee would consider how to make the business case, which could involve procedures refined by the Finance Committee. Curtis shared that the Contractors agree that a decision of go/no-go would be in a different forum; however, the financial aspects that would support the decision he suggested would be appropriate to raise in the Finance Committee.

Carl Torgersen stated that DWR's position is that the process for developing business cases would periodically be reviewed by the Committee. However, the business case for a particular project would not be reviewed by the Committee.

Ray gave the example of a Fourth of July celebration at Oroville that is currently being discussed on whether it is reimbursable or a recreation cost. Would those types of issues go to the Finance Committee and a recommendation would be made to the Director? Carl and Steve acknowledged that it's a good question. Ray stated that these issues are perfect for the Finance Committee. The Springing Amendment is another good example of a new process for implementing the amendment which would be good to be considered by the Finance Committee and then a recommendation would be made to the Director. Carl stated that he doesn't necessarily agree. In his view, Finance Committee is not an elevated Audit-Finance committee.

DWR and SWP Contractors caucused.

Ray Stokes stated that Contractors want to request from DWR further discussions on bringing high-level discussions regarding finance issues to the Committee. Carl Torgersen responded that DWR has concerns about how the Finance Committee will be used as an avenue to the Director, especially considering that it's going into the Contract. He suggested that Contractors already have existing avenues to access the Director. He stated that topics on specific, discrete financial issues is not what DWR envisions for the Finance Committee. Instead, by establishing the Finance Committee, DWR meant to address the desire from the Contractors for improved visibility and reporting. Ray stated that Contractors envisioned that this Committee would also make high-level recommendations to the

Director. Carl stated that this is the opposite direction of what DWR is thinking. This raises the need to define "processes", DWR's vision of the intended role of the Committee .

Ray asked if Section III, 5 (below) included the Systems Revenue Account.

From Section III: COMMITTEE RESPONISBILITIES
5. Reviewing and making recommendations regarding funding and uses of the SWRDS Support Account and SWRDS Reinvestment Account.

Carl Torgersen suggested yes, DWR had previously offered sharing reports on Systems Revenue.

Deven Upadhyay asked if DWR would consider input on how to finance a facility, if that is the type of thing this Committee would consider. Carl said that if DWR wanted to use the SRA for a project, then the Finance Committee would review. Deven asked if the Committee would consider whether projects are funded by billing through the Statement of Charges or by floating debt.

Perla Netto-Brown, California Department of Water Resources, stated that DWR wouldn't change how it's currently operating or how costs are handled. Establishing the SRA will not change how we currently define costs. The SRA will be there to reinvest into SWP facilities and for the primary purpose of having its revenues fund the SSA. It is not necessarily there to provide financial relief to fund projects. Perla stated that debt financing for the Department has been very cost efficient and helps spread payments for the Contractors. She added that any proposal to change that system would probably be something that the Finance Committee would consider.

DWR and SWP Contractors took a short caucus.

Curtis Creel asked if the development of a capitalization procedure is something that would be brought before the Finance Committee. Carl suggested that a process for considering project criteria could be considered by the Committee, though not whether a particular project should be capitalized.

Curtis asked if the process or procedure for establishing the financial period of a project, the term of the bonds, would be considered by the Committee. Carl and Perla responded no. The Committee could consider the process for determining the term of bonds, but not the term of a specific set of bonds.

Ray Stokes asked if the loan terms for the SRA would be considered by the Finance Committee. Perla Netto-Brown stated that those specific details would be worked out in the Contract Extension and the subsequent processes that are developed. Ray suggested that this would need to be done well to help ensure the SSA and SRA are managed properly in the future.

Paul Gosselin clarified whether reporting will include documenting all expenditures. Will you report on variances from established processes? Carl responded that a need to deviate from or change a process would go to the Committee. On reporting, yes, we currently do that and part of the workplan effort is to review that process and understand what can be improved.

Perla Netto-Brown asked whether it was alright to eliminate revenues and costs from Committee responsibilities; the Department assumed that it was covered by the other items listed. Kathy Cortner suggested that the list was representative, not limiting, if that's still the understanding, rather than all-

inclusive? Carl Torgersen said that he thought he heard the suggestion to eliminate the list in Section III, 2 from the Charter. Ray Stokes said that he supported the idea.

Perla Netto-Brown asked for further clarification on the revenues and cost bullets and what's being referred to there. Deven Upadhyay stated that 51(e) revenues are not in the three accounts at one time, and that full picture of revenues and costs is needed to really understand what's going on in the GOA.

Carl Torgersen wanted to be clear that, in his view, the Finance Committee will review whether the level in the SRA is adequate to cover needs for the SSA; he suggested that perhaps the Department and the Contractors have differing views on the Finance Committee's role here. Deven asked if the Finance Committee would review all revenues and costs such as collections and expenditures in the GOA to know if an adjustment is warranted.
Curtis stated that a number of the listed topics involved interactions between them, including components of making financial decisions, like projections and assumptions. Sometimes assumptions are dictated by government code, sometimes policy based. Return to Perla's question regarding whether revenues and costs need to be captured, he suggested that there could be process or procedures on revenues and costs where it is appropriate for the Committee's review. Curtis suggested that revenues and cost provides needed context for decision support and are necessary inputs for considering high-level process issues.

Perla offered that forecasting is already a stated topic and that Carl already mentioned reviewing the process of the Statement of Charges.

Curtis suggested that this raises the issue of the process for bringing items to the Finance Committee; this needs to be determined. Mike Harty asked whether elements in Section IV that allows for additional topics to be considered by the Committee suffices as a way to add additional topics that may be appropriate for the Committee. Paul Gosselin asked to clarify that the committee is advisory. If that's the case, what are DWR's concerns with so carefully defining the purview of the Committee? Steve Cohen responded that DWR intends to abide by the Charter and so its important to be clear what will be discussed. Carl stated that DWR agrees to ongoing analysis, but this Committee is being formed to enhance financial processes, it does not review all things SWRDS; for instance, he doesn't see the Committee reviewing ongoing operations or water allocations.

On Section IV, Ray Stokes asked why the Committee co-chair position was eliminated. Carl Torgersen suggested that it strengthens the importance of the Committee internally within DWR by having it chaired by the Deputy Director. Steve added that the Department's proposal allows any member to add an agenda topic, or request more frequent meetings. Ray Stokes asked if a member requests an item to be reviewed by the Committee, is it the decision of the chair to determine whether it is reviewed or not? Carl Torgersen replied no, clarifying that there is not a lot authority with the chair, it's a coordinator position.

Ray Stokes stated that previous discussion of committee purview was irrelevant because any committee member could raise an issue. Carl Torgersen responded that a committee member can raise any issue as long as it is related to a process. He added that DWR will discuss internally. Steve suggested that agenda items may or may not go forward based on an assessment by the Chair.

Mike Harty clarified that the question is how DWR and SWP Contractors have the discussion about whether an issue is appropriate for Committee review or discussion according to the charter.

There was then a discussion on DWR's proposed changes on voting. Carl Torgersen suggested that their edits reflect the thinking that it is important to protect the little guy, so to speak, so recommendations, including minority reports, would all be brought forward to the Director. Therefore, no voting needs to occur. He clarified that the Department believes that the Committee considers process related items, not problems with a bill.

Steve Cohen added that as DWR has drafted it, any Contractor member could send up a recommendation.

Jeff Davis asked about the broad language on who would be on this Committee. Carl Torgersen stated that DWR wants the best people available to be on the Committee. Jeff Davis suggested that SWP Contractors would be more comfortable with assurances that this is a high-level committee, to make sure that this Committee is comprised of decision-makers. Carl Torgersen clarified that committee members would be managerial level. The Department would want to ensure all 29 Contractors are represented.

Curtis Creel suggested that the concept of five representatives on each side was tied to voting. With the Committee tied to consensus, we could just leave the membership open to all SWP Contractors.

Steve Cohen said he thought that would be unmanageable and that the ability to send up a recommendation, there should be some limitations. Ray suggested that there is precedent for assuring representation from 100 percent of the Contractors. Carl Torgersen responded that the thought was that through the five representatives, any agency could bring something to the Committee. Anna West suggested that there could be 10 committee members at the table with additional chairs on the perimeter for others who wanted to attend. Carl Torgersen stated that with the confidentiality clause eliminated this format could work; however, DWR needs to discuss this internally.

DWR and SWP Contractors adjourn for lunch and to caucus.

IV. Objectives Discussion Continued

Carl Torgersen reiterated that this document was done quickly and DWR would like to think more about how the meeting is run, the agenda, and some other things. It may be the case that these things go in a procedures document. Carl stated that DWR has proposed to fund the GOA, the SSA, and SRA, while the director maintains discretion over any additional funds. Reporting would happen across all levels, and if there were concerns with the SRA, the Committee could review and discuss.

Ray Stokes said that SWP Contractors would like to redline edit DWR's Draft charter. He also reported that the Contractors will prepare a full counter proposal for the next meeting. Ray reiterated that the SWP Contractors have proposed visibility of 100 percent of 51(e) revenues on a reconciled basis. It's beneficial to maintain a clear distinction between encumbered funds in 51(e) revenues and cash available to fund the SRA, for example, keeping cash separate from systems revenue. Cash would be funneled on an annual basis to the GOA, SSA, and SRA. It just seems easier to reconcile on an annual basis and move over money to the SRA. Carl stated that DWR believes that the Finance Committee would review financial process issues. Perla Netto-Brown stated that 51(e) revenues are adjusted on an annual basis. She added that transferring money from Systems Revenue doesn't necessarily prevent overspending, and the revenues may not be final. Carl Torgersen added that the intent is to fund the

GOA and SSA unless the Director has some other use. DWR also plans to fund the SRA to an adequate level so that it can earn interest. He clarified that these discussions were focused on the case where additional 51(e) revenues are available in some residual amount. The Finance Committee will be setup to address financial process issues. Ray Stokes suggested that if the definition and permissible uses of 51(e) revenues are expanded, there is no need for the Systems Revenue account.

Perla Netto-Brown stated that the Department is currently placing 51(e) revenues in the Systems Revenue Account and is proposing to continue that practice along with the three proposed accounts. Carl added that the Department is open to improving related processes through the Finance Committees.

Kathy Cortner suggested that the aim of the three accounts is to eliminate the need for human intervention spreadsheets. Perla Netto-Brown responded that, by design, it can't be fully automated.

Ray Stokes said that the lack of a clear delineation between unencumbered funds and restricted revenues is a perceived risk to the Contractors.

Curtis Creel offered that DWR does a good job managing the finances of the State Water Project. He acknowledged that there are multiple ways to do this. As managers of our own organizations, he said that the Contractors try to assist our boards in making decisions quickly. Setting up specific funds will afford the decision-makers the opportunity to consider whether there are sufficient revenues. That's not to say staff isn't doing their job, however, it will cause some additional consideration and discipline before spending the revenues.

Carl stated that transparency and accountability are the key issues. If DWR and SWP Contractors can setup the management and reporting processes, then those objectives will be accomplished.

DWR and SWP Contractors took a caucus.

Carl Torgersen clarified that DWR is committing to heightening the level of transparency. He said that DWR has accountability to the Director and the administration. The management of these accounts is something DWR puts a lot of emphasis on and it needs to be done properly. Post-2035 the SSA will be used for non-reimbursable costs. Prior to 2035, the Director will maintain discretion on whether to use the SSA or the System Revenue account; either way there would be reporting to the Contractors.

Ray Stokes asked why the SSA would not be used right away. He added that he doesn't understand the need for the GOA if you have funds in Systems Revenue. Steve Cohen stated that for a number of years after the amendment, 51(e) revenues will likely go towards funding the three accounts, not remaining in the Systems Revenue account. Carl added that DWR has heard the concerns that too much money will be spent out of out of Systems Revenue or too much will be transferred to the SRA. He suggested the possibility of putting mitigation measures in place to address this.

Perla Netto-Brown stated that there is a mutual interest in setting up these processes now and Carl added that there would be input from the Contractors on setting up the SRA. Deven Upadhyay suggested that there is common ground between Perla's and Ray's earlier comments. He noted that there's accountability to the Contractors as well as the Department.

Ray Stokes suggested that perhaps there is a way to distinguish between restricted revenues and cash available for 51(e) revenues.

Ray then asked about the rationale of maintaining the Capital Facilities Account alongside the other accounts. Perla Netto-Brown stated that maintaining the Capital Facilities Account provides the Director additional flexibility by maintaining and funding capital projects, often at the request of the Contractors. She added that DWR wants to maintain the funds to deal with unexpected costs. A multipurpose facility such as Thermalito is an example. A large project may require more than one funding source.

Carl Torgersen added that it's not certain that there will be 51(e) revenues available, and until it's more certain the Department proposes to maintain the Capital Facilities Account. Steve Cohen stated that the key is that the Capital Facilities Account is ahead of rate management in the flow of funds and that DWR wants to retain the priority of the Capital Facilities Account.

DWR and SWP Contractors then discussed the Department's proposal on emergency billing. Dan Flory asked about the key indicators and triggers tied to emergency billing. He suggested that this proposal represents a significant change in the contract and said he was uncertain how his agency and other SWP Contractors would be able to deal with a 10 percent adjustment mid-year. Perla Netto-Brown responded that after 2035 there will no longer be rate management credits or supplemental billing. She added that an emergency bill would occur only in the case that the GOA has been exhausted.

Carl Torgersen noted that the emergency bills would only be issued if the situation puts continued water supplies at risk. Deven Upadhyay stated that the last proposal was to eliminate supplemental billing and have revised billing with approval by the Contractors. He added that he is unsure about the driver for an emergency billing proposal. Curtis Creel stated that if the State Water Project gets to a point where it can't move water, it's incumbent on the Contractors working with the Department to inquire about additional resources. DWR and SWP Contractors have previously said that revised billing with approval by the Contractors is the appropriate approach. Steve Cohen stated that current contract language on supplemental billing is very loose; what DWR is proposing on Emergency Billing is much more limited. He noted that supplemental billing is limited to rate management. Jeff Davis said that, speaking as a smaller contractor, the only way to deal with this potential emergency bill increase is to increase taxes or increasing rates. This puts smaller agencies at risk.

Deven Upadhyay stated that he's concerned about the level of rigor going into the need for emergency billing. With the different accounts and components being established through this contract amendment, DWR is getting additional dollars and flexibility in the proposed accounts. Given this, he asked where the rigorous analysis to show the need for emergency billing in addition to what is being proposed was.

Carl Torgersen responded that projections are difficult. Perla Netto-Brown added that DWR needs prudent reserves, and the Department and SWP Contractors don't know what 51(e) revenues will be in the future. She suggested that DWR is open to other alternatives; perhaps the Contractors should have higher reserves held in place to address these potential issues.

Curtis Creel stated that he doesn't understand why the emergency billing proposal is needed when the Contractors have offered revised billing with Contractor approval. He suggested that we cease discussions on this topic at this time.

Carl Torgersen stated that it would be appropriate to discontinue this particular discussion at this time. He suggested that perhaps we can come up with a mechanism.

V. Next Steps

Anna reviewed agreed to actions listed below.

VI. Public Comment

Anna asked if anyone wanted to provide public comment. No one volunteered.

VII. Adjourn

The meeting was adjourned.

Action Items		**Responsibility | Due Date**
1.	Draft November 14 and 19 Negotiation Session Meeting Summaries.	K&W | ASAP
2.	SWP Contractors to draft a revised version of SWRDS Finance Committee charter (accept DWR edits; track changes).	SWP Contractors | 12/12
3.	SWP Contractors to draft revised Agreement in Principle language on the Finance Committee (track changes).	SWP Contractors | 12/12
4.	DWR to provide input on the GOA in the draft Finance Committee charter.	DWR| ASAP
5.	DWR to provide suggestions on the GOA caps.	DWR| ASAP
6.	SWP Contractors to suggest alternatives to the current Emergency Billing proposal.	SWP Contractors | 12/17
7.	DWR to consider alternatives to the current Emergency Billing proposal.	DWR | 12/17
8.	SWP Contractors to draft a full Counter Offer addressing all issues (word document).	SWP Contractors | 12/12
9.	DWR to clarify, define, “Procedures” considered by the Finance Committee.	DWR | 12/12
10.	Identify latest offer on Contractor’s approval of the workplan.	K&W | ASAP