



**DELTA CONVEYANCE FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

REGULAR MEETING

Thursday, January 16, 2020
11:00 a.m.

Sacramento Public Library, Tsakopoulos Library Galleria
828 I Street, Sacramento, CA 95814

AGENDA

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested person must request the accommodation at least two working days in advance of the meeting by contacting support staff at (916) 347-0486 or lindastandlee@dcfinanceauthority.org

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT

Members of the public may address the Authority on matters that are within the Authority's jurisdiction but are not on the agenda today. Speakers are limited to three minutes each. Persons wishing to speak are requested to complete speaker cards. The Board Chair will call individuals to the podium in turn. Speaker comments should be limited to three minutes or as set by the Chair. The law does not permit Board action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board may take action on any item of business appearing on the posted agenda.

5. OTHER MATTERS

a. None.

6. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Board of Directors and will be enacted by one motion and one vote. There will be no separate discussion of these items unless a director so requests, in which event the item will be removed from the Consent Calendar and considered separately.

a. Approval of the minutes from the meeting of October 17, 2019

7. SCHEDULED ACTION ITEMS

- a. Election of board officers and appointment of Treasurer/Controller
- b. Executive Committee appointments
- c. Report from Kathryn Mallon, Executive Director for the Delta Conveyance Design & Construction Authority

8. REPORTS AND ANNOUNCEMENTS

- a. Executive Director's Report
- b. General Counsel's Report
- c. Treasurer's Report

9. FUTURE AGENDA ITEMS

10. CLOSED SESSION

- a. Conference with legal counsel pursuant to Government Code section 54956.9, potential litigation: one case.

11. ADJOURNMENT

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING
Thursday, October 17, 2019
11:00 am

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Finance Authority (Finance Authority) Board of Directors was called to order by Vice President Kremen at the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA, at 11:00 a.m.

2. PLEDGE OF ALLEGIANCE

Vice President Kremen led the Pledge of Allegiance.

3. ROLL CALL

Board members in attendance were Dwayne Chisam, Kathy Cortner, Doug Headrick, Mark Krause, Gary Kremen, Valerie Pryor, Jeff Davis, Matt Stone, and Robert Cheng.

Board members absent were Randy Record, and Paul Sethy.

Staff members in attendance were Brian Thomas, Katano Kasaine, and Steve O'Neill.

4. PUBLIC COMMENT

Vice President Kremen declared public comment open, limiting speaking time to three minutes.

No members of the public requested time to speak, therefore Vice President Kremen closed public comment.

5. OTHER MATTERS

5.a. None.

6. CONSENT CALENDAR:

6.a. Approval of the minutes from the meeting of September 19, 2019.

Motion:	Approve the minutes from the meeting of September 19, 2019
Move to Approve:	Kathy Cortner
Second:	Valerie Pryor
Yeas:	Dwayne Chisam, Kathy Cortner, Doug Headrick, Mark Krause, Gary Kremen, Valerie Pryor and Robert Cheng
Nays:	None

Abstains: Matt Stone, Jeff Davis
Recusals: None
Absent: Randy Record and Paul Sethy
Summary: 7 Yeas; 0 Nays; 2 Abstains; 2 Absent. (Motion passed as MO 19-10-01)

7. SCHEDULED ITEMS

- 7.a. Approve extension of the contract with Michael Bell Management Consulting through December 31, 2020, with no increase in cost.

Mr. Thomas reported that he has been serving as the Authority's Executive Director since its inception in July 2018 via a consulting services contract with Michael Bell Management Consulting. The board most recently approved a contract with Michael Bell Management Consulting to retain Mr. Thomas' services as Executive Director of the Authority at its meeting on December 20, 2018. The terms of the existing contract include maximum compensation of \$200,000 (including expenses) and a termination date of December 31, 2019.

Mr. Thomas reported that given the change in the Delta Conveyance project scope, activity at the DCFA has been less than anticipated and, as a result, executive director activities have been significantly lower. He noted that at this level of spending, the existing contract with Michael Bell Management Consulting can be extended for another year without additional cost.

Motion: Approve extension of the contract with Michael Bell Management Consulting through December 31, 2020, with no increase in cost
Move to Approve: Jeff Davis
Second: Kathy Cortner
Yeas: Dwayne Chisam, Kathy Cortner, Doug Headrick, Mark Krause, Gary Kremen, Matt Stone, Jeff Davis, Valerie Pryor and Robert Cheng
Nays: None
Abstains: None
Recusals: None
Absent: Randy Record and Paul Sethy
Summary: 9 Yeas; 0 Nays; 0 Abstains; 2 Absent. (Motion passed as MO 19-10-02)

- 7.b. Receive and file the 2018/19 audited financial statements

Mr. Thomas noted that the DC Finance Authority had retained the services of Richardson & Company to perform an audit of the Delta Conveyance Finance Authority's financial activities for the past fiscal year. He then introduced Ingrid Shepline of Richardson & Company who provided the audit report for the Board's review. Ms. Shepline noted the statements were prepared on a cash basis given the limited activities of the Authority and there were no financial control issues.

Motion: Receive and file the 2018/19 audited financial statements
Move to Approve: Dwayne Chisam
Second: Valerie Pryor

Yeas: Dwayne Chisam, Kathy Cortner, Doug Headrick, Mark Krause, Gary Kremen, Matt Stone, Jeff Davis, Valerie Pryor and Robert Cheng
Nays: None
Abstains: None
Recusals: None
Absent: Randy Record and Paul Sethy
Summary: 9 Yeas; 0 Nays; 0 Abstains; 2 Absent. (Motion passed as MO 19-10-03)

8. REPORTS AND ANNOUNCEMENTS

8.a. Executive Director Report

Mr. Thomas discussed activities he participated in during the last few months, noting that they were primarily administrative in nature, including renewing insurance and proceeding with the external audit. Mr. Thomas met with staff from the Delta Conveyance Design and Construction Authority, Metropolitan, DWR and the State Water Contractors to discuss status of the project.

8.b. General Counsel Report

Mr. O'Neill reported on activities which occurred during the last few months. He noted his recent activity involved working on revisions to the JPA and drafting a model resolution.

8.c. Treasurer's Report

Ms. Katano Kasaine reported on the quarterly financial statements for quarter ending September 30, 2019 for the DC Finance Authority.

9. FUTURE AGENDA ITEMS

There were no future agenda items.

10. CLOSED SESSION

There being no actions to be addressed; the Board did not adjourn into closed session.

11. ADJOURNMENT:

Vice President Kremen adjourned the meeting at 11:13 a.m.

Delta Conveyance Finance Authority

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: January 16, 2020

Item No. 8.a

Subject: Executive Director's Report

Executive Summary

Activities since the last meeting in October 2019 included meetings at ACWA and ongoing discussions with the Delta Conveyance Design & Construction Authority (DCA), State Water Project Contractors, and Department of Water Resources. In addition, we completed needed administrative activities including submitting the audited financials to the State Controller's Office and acquiring insurance for the Authority. Finally, I worked with General Counsel to draft amendments to the JPA Agreement.

Detailed Report

Activities

Administration. Most importantly, we drafted a resolution and amendments to the existing JPA agreement to update the purpose of the DCFA to be consistent with whatever comes out of the governor's office regarding the Delta Conveyance Project, rather than tied to a particular project. We distributed drafts of the resolution and the amended agreement to the board in early December for review. We will be working with each of your agency's staff to get the amended agreement approved by the DCFA's eleven agencies over the first quarter of 2020.

The insurance policy was renewed for another year covering DCFA activities. The audit was completed and submitted to the State Controller's Office. I continue to work with the DCA to understand the needed cash flows to keep the project moving forward. The DCFA may be in a position to assist the DCA meet some of its operating capital needs.

We have received payments from all of the members.

Attached is a table of actions approved by the board through October 30, 2019.

Meetings. I continued to discuss the project with staff from the DCA, Metropolitan and other state water project contractors. In addition, I have been discussing additional ways the DCFA could support the DCA's activities, including treasury management. In addition, I attended ACWA and the American Water Summit, where I participated in a roundtable on large infrastructure projects in the United States.

Future Activities.

I will continue working with the members, the DCA, DWR and the state water project contractors to address the changes in the project scope and its impact on the Finance Authority's role.

Funding

N/A

Recommended Action

Informational.

DELTA CONVEYANCE FINANCE AUTHORITY

Completed Actions as of:

December 31, 2019

Action	Date
Adopted the CEQA determination for actions related to California Water Fix – that the Board has reviewed and considered the BDCP/California WaterFix environmental documentation and adopts the lead agency’s Findings of Fact, Statement of Overriding Considerations, Mitigation Monitoring and Reporting Program	7/19/2018
Approved agreement with Metropolitan to provide treasury and accounting services	7/19/2018
Approved submittal of WIFIA Letter of Interest	7/19/2018
Approved execution of agreement with Michael Bell Consulting to retain the services of Brian Thomas as Interim Executive Director	7/19/2018
Approved Fiscal Year 2018/19 Operating Budget	8/16/2018
Approved Debt Management Policy	8/16/2018
Approved Investment Policy	8/16/2018
Approved Bylaws	11/15/2018
Approved extension of contract with Michael Bell Management Consulting for the services of Brian Thomas as Executive Director through December 31, 2019	12/14/2018
Adopted Conflict of Interest Code	12/28/2018
Approved Reimbursement Policy	1/17/2019
Approved execution of agreement with Oliverez Madruga Lemieux O'Neill to serve as general counsel	1/17/2019
Approved execution of agreement with Norton Rose Fulbright to serve as bond counsel	2/21/2019
Approved execution of agreement with Stradling Yocca Carlson & Rauth to serve as disclosure counsel	2/21/2019
Approved Fiscal Year 2019/20 Operating Budget and annual membership fees	5/16/2019
Approved execution of agreement with Richardson & Co. to provide external audit services	5/16/2019
Approved updated and amended Investment Policy	7/18/2019
Approved amendments to the DCFA bylaws	7/18/2019

DELTA CONVEYANCE FINANCE AUTHORITY

Completed Actions as of:

December 31, 2019

Action	Date
Approved no-cost extension to agreement with Michael Bell Management Consulting Services to provide Executive Director Services through December 2020	10/17/2019
Received and filed audited financial statements for fiscal year 2018/19	10/17/2019



Board Memo

Contact: Katano Kasaine, Treasurer

AGENDA DATE: January 16, 2020

Item No. 8.c

Subject: Treasurer's Report, Quarter Ended December 31, 2019

Executive Summary

The beginning cash balance in the DCFA Trust at October 1, 2019 was \$680,110. Receipts for the three months ended December 2019 totaled \$53,521, consisting of contributions from member agencies and interest receipts. Disbursements totaled \$50,812 during the three months ended December 2019. The ending cash balance at December 31, 2019 was \$682,819.

Attached is a schedule of Budget versus Actual through December 31, 2019.

Detailed Report

See attached Statements

Recommended Action

For information only

ATTACHMENTS:

Attachment 1: DCFA FY 2020 Three Months Financial Statements and Budget versus Actual



DELTA CONVEYANCE FINANCE AUTHORITY

Statement of Net Position

As of December 31, 2019

Assets:		
Cash		\$ 682,819
Interest receivable		1,383
Prepays		<u>9,724</u>
Total assets		<u><u>\$ 693,926</u></u>
Net position		<u><u>\$ 693,926</u></u>



DELTA CONVEYANCE FINANCE AUTHORITY
Statement of Cash Receipts and Disbursements

	<u>Quarter Ended</u> <u>Dec '19</u>	<u>Year to Date</u> <u>Jul '19-Dec '19</u>
Receipts:		
Contributions from member agencies	\$ 50,000	\$ 550,000
Interest receipts	3,521	5,612
Total receipts	<u>53,521</u>	<u>555,612</u>
Disbursements:		
Executive director	5,171	24,599
Insurance premiums	11,943	11,943
Treasury and accounting	15,000	15,000
Meeting expenses	—	200
Professional services	18,698	47,081
Total disbursements	<u>50,812</u>	<u>98,823</u>
Net change in cash	2,709	456,789
Cash at July 1, 2019	—	226,030
Cash at October 1, 2019	<u>680,110</u>	<u>—</u>
Cash at December 31, 2019	<u><u>\$ 682,819</u></u>	<u><u>\$ 682,819</u></u>



DELTA CONVEYANCE FINANCE AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position

	Quarter Ended Dec '19	Year to Date Jul '19-Dec '19
	<u> </u>	<u> </u>
Revenues:		
Contributions from member agencies	\$ —	\$ 550,000
Interest income	3,845	6,048
Total revenues	<u>3,845</u>	<u>556,048</u>
 Expenses:		
Executive director	5,171	24,599
Insurance premiums	2,219	2,219
Treasury and accounting	15,000	15,000
Meeting expenses	—	200
Professional services	18,698	47,081
Total expenses	<u>41,088</u>	<u>89,099</u>
 Changes in net position	(37,243)	466,949
 Net position at June 30, 2019	—	226,977
 Net position at September 30, 2019	<u>731,169</u>	<u>—</u>
 Net position at December 31, 2019	<u>\$ 693,926</u>	<u>\$ 693,926</u>

* Balances may include prior quarter accruals that were not previously captured due to timing.



DELTA CONVEYANCE FINANCE AUTHORITY

Schedule of Invoices Paid
for the Six Months Ended December 31, 2019

<u>Vendor</u>	<u>Invoice #</u>	<u>Invoice Date</u>	<u>Payment Date</u>	<u>Period of Expense</u>	<u>Amount</u>	<u>Disbursement Category</u>
1 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	7489	06/30/19	07/15/19	06/01/19-06/30/19	\$ 899	Professional services
2 Norton Rose Fulbright	9495130555	07/12/19	07/22/19	02/08/19-05/16/19	20,942	Professional services
3 Michael Bell Management Consulting	459	06/18/19	08/12/19	05/01/19-05/31/19	6,222	Executive director
4 Michael Bell Management Consulting	462	07/29/19	08/12/19	06/01/19-06/30/19	4,944	Executive director
5 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	7768	07/31/19	08/16/19	07/01/19-07/31/19	3,441	Professional services
6 Sacramento Public Library Authority	3166	11/28/19	08/16/19	06/20/19	200	Meeting expenses
7 Keogh Multimedia	INV083019DCFA	08/30/19	09/09/19	05/01/19-07/31/19	138	Professional services
8 Michael Bell Management Consulting	472	08/31/19	09/16/19	07/01/19-07/31/19	5,662	Executive director
9 Michael Bell Management Consulting	473	09/07/19	09/16/19	08/01/19-08/31/19	2,600	Executive director
10 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	8086	08/31/19	09/16/19	08/01/19-08/31/19	2,963	Professional services
11 Metropolitan Water District of So. Ca	46168	10/09/19	10/14/19	03/01/19-10/31/19	15,000	Treasury and accounting
12 Richardson & Company LLP	110698	10/23/19	11/05/19	06/17/19-10/23/19	7,805	Professional services
13 Alliant Insurance Services, Inc.	1213536	11/04/19	11/12/19	10/24/19-10/24/20	11,943	Insurance premiums
14 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	8340	09/30/19	11/22/19	09/01/19-09/30/19	3,075	Professional services
15 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	8637	10/31/19	11/22/19	10/01/19-10/31/19	3,227	Professional services
16 Michael Bell Management Consulting	481	10/12/19	12/11/19	09/01/19-09/30/19	5,171	Executive director
17 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	9122	11/30/19	12/19/19	11/01/19-11/30/19	4,591	Professional services
					<u>\$ 98,823</u>	
				Executive director	\$ 24,599	
				Insurance premiums	11,943	
				Treasury and accounting	15,000	
				Meeting expenses	200	
				Professional services	47,081	
					<u>\$ 98,823</u>	

*Totals may not foot due to rounding.



Delta Conveyance Finance Authority
 Budget versus Actual
 FY 2019/20

Item	Actual Through December 31, 2019	Budget FY 2019/20	Budget Remaining	Percent of Budget Used
Executive director	\$ 24,599	\$ 200,000	\$ 175,401	12.3%
Professional services	47,081	290,000	242,919	16.2%
Treasury and accounting	15,000	30,000	15,000	50.0%
Insurance	2,219	14,000	11,781	15.9%
Travel and meeting	200	8,000	7,800	2.5%
Materials and supplies	—	5,000	5,000	0.0%
Contingency	—	50,000	50,000	0.0%
Total	<u>\$ 89,099</u>	<u>\$ 597,000</u>	<u>\$ 507,901</u>	<u>14.9%</u>

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