



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

**REGULAR MEETING**

Thursday, October 17, 2019  
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 September 19, 2019

**7. SCHEDULED ITEMS**

- a. Approve extension of the contract with Michael Bell Management Consulting through December 31, 2020, with no increase in cost.
- b. Receive and file the 2018/19 audited financial statements

**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, September 19, 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 President Record at the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA, at 11:04 a.m.

**2. PLEDGE OF ALLEGIANCE**

Director Sethy 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, Randy Record, and Paul Sethy.

Board members absent were Jeff Davis, Matt Stone, and Robert Cheng

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

**4. PUBLIC COMMENT**

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

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

**5. OTHER MATTERS**

5.a. None.

**6. CONSENT CALENDAR:**

6.a. Approval of the minutes from the meeting of July 18, 2019.

Motion:	Approve the amended minutes from the meeting of July 18, 2019
Move to Approve:	Valerie Pryor
Second:	Kathy Cortner
Yeas:	Dwayne, Chisam, Kathy Cortner, Doug Headrick, Mark Krause, Gary Kremen, Valerie Pryor, Randy Record, and Paul Sethy
Nays:	None

Abstains:	None
Recusals:	None
Absent:	Jeff Davis, Matt Stone, and Robert Cheng
Summary:	8 Yeas; 0 Nays; 0 Abstains; 3 Absent. (Motion passed as MO 19-9-01)

**7. SCHEDULED ITEMS**

7.a. Discussion of potential changes to the DC Finance Joint Powers Agreement [Informational]

Mr. O'Neill, General Counsel, described potential changes to the DC Finance Authority joint powers agreement. Mr. O'Neill presented a Powerpoint presentation that identified areas of the agreement that may need to be amended. Mr. O'Neill discussed the proposed changes to the joint powers agreement and received input from the Board.

7.b. Update on DCA activities [Informational]

Kathryn Mallon, Executive Director for the Delta Conveyance Design & Construction Authority provided an update on DCA activities to the Board. She noted the DCA is focused on the logistics in the Delta, as well as building a model to look at construction sequencing, schedule, truck traffic, work counts, and greenhouse gasses, to be able to quickly analyze data that comes out of the CEQA process. DCA is proposing to form a stakeholder committee to the DCA Board, comprised of Delta interests, and chaired by a DCA Board member, to provide a public forum to exchange information and obtain feedback from a wide variety of Delta interests on construction impacts.

7.c. DWR update [Informational]

Carrie Buckman, Environmental Program Manager for Delta Conveyance, provided an update on Delta Conveyance Environmental Planning. Ms. Buckman noted that, consistent with Governor Newsom's Executive Order, the Department of Water Resources (DWR) is pursuing a single tunnel solution to modernize Delta conveyance. She noted that the new environmental planning process under CEQA would entail a notice of preparation for CEQA planning in late 2019. She anticipates public involvement on alternatives to begin in early 2020, and that early design and engineering and EIR development would also begin in 2020.

**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.

**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:**

President Record adjourned the meeting at 11:32 a.m.

# Delta Conveyance Finance Authority

## Board Memo

Contact: Brian Thomas, Executive Director

**AGENDA DATE: October 17, 2019**

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**Item No. 7.a**

**Subject: Contract Extension for Executive Director Services**

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### Executive Summary

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The Board of Directors approved a one-year contract with Michael Bell Management Consulting to provide Executive Director services at its meeting on December 20, 2018. The contract term extended from January 1, 2019 to December 31, 2019 at a total compensation, including expenses of \$200,000. Brian Thomas, the current Executive Director, has been providing such services since the Delta Conveyance Finance Authority's (Authority or DCFA) creation. Given activity and expenditure levels, the contract can be extended for an additional year without a change to the compensation level.

### Detailed Report

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

Given the change in the Delta Conveyance project scope, activity at the DCFA has been less than anticipated – and the cost for executive director activities has been significantly lower as a result. Expenditures through September 2019 are anticipated to be about \$60,000, or about 30% of the total budget for fiscal year 2019/20.

At this level of spending, the existing contract with Michael Bell Management Consulting can be extended for another year without additional cost. If activity, including any need for financing, increases in the next calendar year, the board may amend the contract for any supplemental funds. This extension will have no impact on member agency assessments.

### Funding

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Funds are available in the 2019/20 budget and will be included in the 2020/21 fiscal year operating budget.

### Recommended Action

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Approve an amendment to the contract with Michael Bell Management Consulting to extend the term of the contract for one year.

# Delta Conveyance Finance Authority

## Board Memo

Contact: Brian Thomas, Executive Director

**AGENDA DATE: October 17, 2019**

**Item No. 7.b**

**Subject: Audited Financial Statements for Fiscal Year 2018/19**

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### Executive Summary

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The Board retained the services of Richardson & Company to perform an audit of the Delta Conveyance Finance Authority's (Authority) financial activities for the past fiscal year. The attached audit report is provided for the Board's review.

### Detailed Report

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The Authority is required to have an annual financial audit. The first audit is attached. Since the operating activity of the Authority is limited, the financial statements are presented on a cash basis, showing actual receipts and disbursements. Given the Authority has no assets other than the cash and investments in the trust fund, the cash basis of accounting is the easiest and most transparent way to present the financial activities of the Authority. It is also consistent with the Authority's budgeting process and presentation. If, and when, the Authority issues any debt, the basis of accounting would be modified to the accrual basis.

In addition to the cash basis financial statements, the auditor has issued a Governance Letter and a Management Letter. The Governance Letter includes certain disclosures to the board that auditing standards require of the external auditor. The Management Letter addresses the external auditor's review of internal controls as it pertains to their audit of the Authority's financial statements. There were no material weaknesses or recommendations reported by the external auditor.

### Funding

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NA

### Recommended Action

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Receive and file the audited financial statements for fiscal year 2018/19.

### ATTACHMENTS:

Audited Financial Statements for Fiscal Year 2018/19  
Governance Letter  
Management Letter

**Agenda Item 7.b (Attachment 1)**

**DELTA CONVEYANCE  
FINANCE AUTHORITY**

Audited Statement of Cash Receipts and Disbursements

June 30, 2019



DELTA CONVEYANCE FINANCE AUTHORITY

AUDITED FINANCIAL STATEMENT

June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Delta Conveyance Finance Authority  
Sacramento, California

We have audited the accompanying financial statement of the Delta Conveyance Finance Authority (the Authority), which comprise the statement of cash receipts and disbursements for the year ended June 30, 2019, and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and cash disbursements of the Authority for the year ended June 30, 2019, in accordance with the cash basis of accounting described in Note A.

Board of Directors  
Delta Conveyance Finance Authority

**Basis of Accounting**

We draw attention to Note A of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Richardson & Company, LLP*

September 27, 2019

DELTA CONVEYANCE FINANCE AUTHORITY

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS

Years Ended June 30, 2019

CASH RECEIPTS		
Contributions from member agencies		\$ 400,000
Interest income		<u>1,900</u>
	TOTAL CASH RECEIPTS	<u>401,900</u>
CASH DISBURSEMENTS		
Executive director		109,170
Insurance premiums		11,943
Treasury and accounting		30,000
Meeting expenses		2,100
Professional services		<u>22,657</u>
	TOTAL CASH DISBURSEMENTS	<u>175,870</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS		226,030
Cash and investments at beginning of year		<u>-</u>
	CASH AND INVESTMENTS AT END OF YEAR	<u><u>\$ 226,030</u></u>

The accompanying notes are an integral part of the financial statement.

DELTA CONVEYANCE FINANCE AUTHORITY

NOTES TO THE FINANCIAL STATEMENT

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity:** The Authority is a Joint Powers Authority organized under California Government Code Section 6505. The Authority was created July 3, 2018 to assist the Department of Water Resources (DWR) and public agency participants to finance all or a portion of the California WaterFix. The California WaterFix is a major project that will deliver water from the Sacramento River near the northern end of Sacramento-San Joaquin Delta to the existing State Water Project and Central Valley Project pumping plants in the southern end of the delta. Its members consist of water agencies that contract with DWR for the purchase of water. Its operations are supported by the collection of contributions from its members. The governing board is made up of eleven representatives from member agencies.

**Basis of Presentation and Accounting:** The accompanying statement of cash receipts and disbursements has been prepared on the cash receipts and disbursements basis of accounting. Under that basis, the only asset recognized is cash and investments and no liabilities are recognized. All transactions are recognized as either cash receipts or cash disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

NOTE B – CASH AND INVESTMENTS

At June 30, 2019, all of the Authority’s cash and investments are maintained in Metropolitan Water District of Southern California’s (MWD’s) Treasury.

**Investment policy:** California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The following table identifies the investment types that are authorized for the Authority by the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	No limit	No limit
U.S. Agency Securities	5 years	No limit	No limit
Bankers' Acceptances	180 days	40%	25%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Certificates of Time Deposit	5 years	30%	No limit
Repurchase Agreements	270 days	20%	No limit
Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	No limit
Municipal Bond Notes	5 years	40%	No limit
Metropolitan Water District Pooled Investment Fund	N/A	No limit	No limit
Local Agency Investment Fund (LAIF)	N/A	No limit	No limit
California Asset Management Program (CAMP)	N/A	10%	No limit

## DELTA CONVEYANCE FINANCE AUTHORITY

### NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

June 30, 2019

#### NOTE B – CASH AND INVESTMENTS (Continued)

The Authority complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The Authority will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investment in the MWD Investment Pool: The Authority's cash is held in the MWD's cash and investment pool which is managed by the MWD Treasurer. The Authority's cash balances invested in the MWD Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. The amount invested by all public agencies in MWD's cash and investment pool is \$1,182,641,000 at June 30, 2019. MWD does not invest in any derivative financial products. MWD's Board delegates to the treasurer the oversight responsibility for MWD's cash and investment pool. The value of pool shares in MWD that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Authority's position in the pool. Cash held in the MWD's investment pool will be disbursed within 5 days. Close-out of the cash held in the pool requires 30-day notice.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment in MWD's pool has an average maturity of 238 days as of June 30, 2019.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The external investment pool is not rated.

Concentration of Credit Risk: The investment policy of the Authority limits the amount that can be invested by any one issuer to the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total Authority investments.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities with governmental investment pools (such as MWD's investment pool).

#### NOTE C – RELATED PARTY TRANSACTIONS

The Authority contracts for treasury and accounting services with MWD, who is also a member agency. The expenses for treasury and accounting services totaled \$30,000 for the year ending June 30, 2019.

DELTA CONVEYANCE FINANCE AUTHORITY

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

June 30, 2019

NOTE D – CONDUIT DEBT

The Authority has the power to issue, sell and deliver, in accordance with the Joint Powers Act, bonds, notes, or other obligations to provide funds for the acquisition, construction and/or financing of the Conveyance Project known as the California WaterFix. The Authority Finance Program acts as a conduit of debt and as a result, the financing obligations are not recorded in the Authority's financial statement. Currently, the Authority has not issued any conduit debt as of June 30, 2019.

NOTE E - CONTINGENCY

The Authority was created to support the financing of all or a portion of the Delta Conveyance facility. On May 2, 2019, as a result of the Governor's determination that a smaller facility was appropriate, the Department of Water Resources withdrew its proposed permits for the project and initiated a renewed environmental process. This action has deferred the need to finance construction of the facility.



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## GOVERNANCE LETTER

Board of Directors  
Delta Conveyance Finance Authority  
Sacramento, California

We have audited the financial statement of the Delta Conveyance Finance Authority (Authority) for the year ended June 30, 2019, and have issued our report thereon dated September 27, 2019. Professional standards require that we provide you with the following information about our responsibility under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 17, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statement prepared by management with your oversight is fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statement does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting.

### Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statement and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We noted no material weaknesses in internal control as a result of our audit.

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated June 17, 2019.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note A to the financial statement. We noted



no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statement in a different period than when the transaction occurred.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were noted during our audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 27, 2019.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Richardson & Company, LLP*

September 27, 2019



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MANAGEMENT LETTER

Board of Directors  
Delta Conveyance Finance Authority  
Sacramento, California

In planning and performing our audit of the financial statement of Delta Conveyance Finance Authority (Authority) for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

No recommendations for improvement were noted during our audit.

\* \* \* \* \*

This communication is intended solely for the information and use of management, the Board of Directors and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Richardson & Company, LLP*

September 27, 2019

# Delta Conveyance Finance Authority

## Board Memo

Contact: Brian Thomas, Executive Director

**AGENDA DATE: October 17, 2019**

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**Item No. 8.a**

**Subject: Executive Director's Report**

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### **Executive Summary**

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Activities during the past two months were focused primarily on discussions with the Delta Conveyance Design & Construction Authority (DCA). In addition, we finalized the insurance submittal and the external audit.

### **Activities**

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**Administration.** The external audit was completed this month. The insurance renewal went smoothly, and we will renew under the same terms on October 24. We have received payments by all agencies except one (who is expected to get board approval this month).

Attached is a table of actions approved by the board through September 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. As we have noted, there will not be any financing activity over the next year or two as DWR progresses through the environmental and permitting process for the changed project. As a result, activity by the DCFA will be less than anticipated.

**Future Activities.** Work will continue 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.

### **Recommended Action**

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Informational.

**DELTA CONVEYANCE FINANCE AUTHORITY**

Completed Actions as of:

September 30, 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



## **Board Memo**

Contact: Katano Kasaine, Treasurer

**AGENDA DATE: October 17, 2019**

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**Item No. 8.c**

**Subject: Treasurer's Report, Quarter Ended September 30, 2019**

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### **Executive Summary**

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The beginning cash balance in the DCFA Trust at July 1, 2019 was \$226,030. Receipts for the three months ended September 2019 totaled \$502,091, consisting of contributions from member agencies and interest receipts. Disbursements totaled \$48,011 during the three months ended September 2019. The ending cash balance at September 30, 2019 was \$680,110.

Attached is a schedule of Budget versus Actual through September 30, 2019.

### **Detailed Report**

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See attached Statements

### **Recommended Action**

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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 September 30, 2019

Assets:		
Cash	\$	680,110
Accounts receivable		50,000
Interest receivable		1,059
		<hr/>
Total assets	\$	<u>731,169</u>
Net position	\$	<u>731,169</u>



DELTA CONVEYANCE FINANCE AUTHORITY

Statement of Cash Receipts and Disbursements

	Quarter Ended Sep '19
Receipts:	
Contributions from member agencies	\$ 500,000
Interest receipts	2,091
Total receipts	<u>502,091</u>
Disbursements:	
Executive director	19,428
Meeting expenses	200
Professional services	28,383
Total disbursements	<u>48,011</u>
Net change in cash	454,080
Cash at July 1, 2019	<u>226,030</u>
Cash at September 30, 2019	<u>\$ 680,110</u>



**DELTA CONVEYANCE FINANCE AUTHORITY**

Statement of Revenues, Expenses, and Changes in Net Position

	Quarter Ended Sep '19
Revenues:	
Contributions from member agencies	\$ 550,000
Interest income	2,203
Total revenues	552,203
Expenses:	
Executive director	19,428
Meeting expenses	200
Professional services	28,383
Total expenses	48,011
Changes in net position	504,192
Net position at June 30, 2019	226,977
Net position at September 30, 2019	\$ 731,169

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





DELTA CONVEYANCE FINANCE AUTHORITY

Schedule of Invoices Paid  
for the Three Months Ended September 30, 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
						<u>\$ 48,011</u>	
					Executive director	\$ 19,428	
					Meeting expenses	200	
					Professional services	28,383	
						<u>\$ 48,011</u>	

\*Totals may not foot due to rounding.



**Delta Conveyance Finance Authority**  
 Budget versus Actual  
 FY 2019/20

Item	Actual Through Sept 30, 2019	Budget FY 2019/20	Budget Remaining	% of Budget Used
Executive Director	\$ 19,428	\$ 200,000	\$ 180,572	9.7%
Professional Services	28,383	290,000	261,617	9.8%
Accounting/Treasury Services	—	30,000	30,000	0.0%
Insurance	—	14,000	14,000	0.0%
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%
<b>Total</b>	<b>\$ 48,011</b>	<b>\$ 597,000</b>	<b>\$ 548,989</b>	<b>8.0%</b>