DELTA CONVEYANCE FINANCE AUTHORITY

DELTA CONVEYANCE FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING

Thursday, November 19, 2026
11:00 a.m.
DCDCA Boardroom
980 9th Street, Suite 100
Sacramento, CA 95814

Teleconference Locations
Santa Clara Valley Water District, 5750 Almaden Expressway, San Jose CA 95118
San Gorgonio Pass Water Agency, 1210 Beaumont Ave., Beaumont CA 92223

Join Zoom Meeting:
https://zoom.us/j/92126073952?pwd=hghWOR95oCvb9OceksDI0XcHddDAGw.1

Meeting ID: 921 2607 3952
Passcode: 628852

One tap mobile: +16694449171,,92126073952#,,,,*628852#

AGENDA

ACCESSIBILITY**: If requested, the agenda and backup materials will be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Any person who requires a disability-related modification or accommodation, in order to observe and/or offer public comment may request such reasonable modification, accommodation, aid, or service by contacting **Linda Standlee** by telephone at **916-812-6400 or via email to lindastandlee@dcfinanceauthority.org no later than 5:00 p.m. on November 17, 2026.

1. **CALL TO ORDER**
2. **ROLL CALL**
   a. Directors, please identify your agency and title
3. **PLEDGE OF ALLEGIANCE**
4. **PUBLIC COMMENT**
5. **OTHER MATTERS**
   a. Election of President (to fill vacancy)
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 May 21, 2026.

7. SCHEDULED ACTION ITEMS

a. Receive and file audited financial statements and audit report for fiscal year 2025/26
b. Approve Investment Policy

8. REPORTS AND ANNOUNCEMENTS

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

9. FUTURE AGENDA ITEMS

a. Future agenda items to be considered.

10. CLOSED SESSION

a. Conference with legal counsel: Government Code §54956.9: potential litigation: one case.

11. ADJOURNMENT

BOARD OF DIRECTORS MEETING

MINUTES

Thursday, May 21, 2026
11:00 am

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The meeting of the Delta Conveyance Finance Authority (Finance Authority) Board of Directors was called to order by President Jacque McMillan, at 11:23 a.m. President McMillan noted that as there were Board members participating remotely, all votes would be roll call votes. President McMillan introduced two new Board Members: Ms. Jennifer Ustation, San Gorgonio Pass Water Agency; and Matt Knudson, AVEK.

2. ROLL CALL

Board members in attendance were Paul Sethy, Valerie Pryor, Jacque McMillan, Jennifer Ustation, Nai Hsueh, Matthew Stone, Adnan Anabtawi, Esther Saenz, Robert Cheng and Matt Knudson.

Directors Absent were Michael Plinski

Staff members in attendance were Brian Thomas, Steve O'Neill, and Adam Benson.

3. PLEDGE OF ALLEGIANCE

The Board recited the pledge of allegiance.

4. PUBLIC COMMENT

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

No members of the public requested time to speak and President McMillan closed public comment.

5. OTHER MATTERS

Director Stone raised the topic of wrapping up the DCFA organization; President McMillan noted the topic would be discussed later in the meeting.

6. CONSENT CALENDAR:

President McMillan queried the public for any comments; none were provided. President McMillan called for a motion to approve the minutes.

6.a. Approval of the minutes from the meeting of February 19, 2026.

Motion:	Approve the minutes of the meeting of February 19, 2026.
Move to Approve:	Valerie Pryor
Second:	Esther Saenz

Yeas:	Paul Sethy, Valerie Pryor, Jacque McMillan, Nai Hsueh, Matthew Stone, Adnan Anabtawi, Esther Saenz, Robert Cheng
Nays:	None
Abstains:	Jennifer Ustation. Matt Knudson
Recusals:	None
Absent:	Michael Plinski
Summary:	8 Yeas; 0 Nays; 2 Abstains; 1 Absent. (Motion passed as MO 26-05-1)

7. SCHEDULED ACTION ITEMS

7.a. Consideration and approval of the Fiscal Year 2026/27 Operating Budget

President McMillan queried the public for any comments; none were provided. Executive Director Brian Thomas presented this item for the Board. As background, Mr. Thomas noted that the Joint Powers Act and the DCFA bylaws require that the DCFA meet at least once a year. Mr. Thomas explained that during the upcoming year, one of the objectives will be to evaluate the potential role of the DCFA. The proposed budget provides for two meetings, including a meeting in Fall 2026 to review the audited financial statements and May 2027 to appoint officers and adopt a budget for fiscal year 2027/28. In addition, reports on the Delta Conveyance Project and ongoing financing discussions will be provided. Mr. Thomas noted the DCFA activities continue to be informational and administrative in nature. Given that, the proposed fiscal year 2026/27 expenditure budget of $83,250 contemplates a minimum of two board meetings and the usual administrative and accounting activities. The proposed budget is $16,050 or 16.1% lower than the current budget and about $6,500 (8.5%) higher than projected 2025/26 expenditures. Sufficient reserves exist to fund these activities through 2026/27 without a need for a cash call from the members. Ongoing activities beyond next fiscal year will likely require additional funding, including a cash call from members.

Motion:	Approve the Fiscal Year 2026/27 Operating Budget and CEQA determination
Move to Approve:	Esther Saenz
Second:	Robert Cheng
Yeas:	Paul Sethy, Valerie Pryor, Jacque McMillan, Jennifer Ustation, Nai Hsueh, Matthew Stone, Adnan Anabtawi, Esther Saenz, Robert Cheng and Matt Knudson
Nays:	None
Abstains:	None
Recusals:	None
Absent:	Michael Plinski
Summary:	10 Yeas; 0 Nays; 0 Abstains; 1 Absent. (Motion passed as MO 26-05-2)

8. REPORTS AND ANNOUNCEMENTS

President McMillan queried the public for any comments; none were provided.

a. Update on validation litigation

Chris Martin, DWR legal, provided an update on the validation action to the Board.

b. Treasurer's Report

Mr. Adam Benson participated on behalf of Katano Kasaine and provided the report to the Board. Mr. Benson reported that the beginning cash balance in the DCFA Trust as of January 1, 2026 was $156,422. During the third quarter ended March 31, 2026, receipts totaled $1,549, while disbursements totaled $26,337. This resulted in an ending cash balance of $131,634 as of March 31, 2026.

The year-to-date actual expenses totaled $59,482, leaving a remaining balance of $39,818 or 40% in the fiscal year budget. Expenses are expected to remain low for the remainder of the year, staying within the allocated budget.

c. General Counsel's Report

Steve O'Neill reported on recent activities, noting work focused on administrative matters.

d. Executive Director's Report

Mr. Thomas reported that activities continued to be administrative in nature and included preparing the proposed budget for fiscal year 2026/27 and agenda packets for the May 21, 2026, DCFA Board of Directors meeting, as well as reviewing and approving the various invoices to be paid by the DCFA. In addition, meetings were held with directors and various staff of the agencies at the May ACWA meetings.

e. Directors' Report

None were reported.

9. FUTURE AGENDA ITEMS

a. Discussion of plans for wrapping up the DCFA and alternatives.

10. CLOSED SESSION

a. Conference with legal counsel: Government Code §54956.9: potential litigation: one case.

No closed session was held.

11. ADJOURNMENT

President McMillan adjourned the meeting at 11:46 p.m.

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: November 19, 2026 **Item No. 7.a**

Subject: Audited Financial Statements for Fiscal Year 2025/26

Executive Summary

Richardson & Company, the Delta Conveyance Finance Authority's (DCFA) external auditor, has completed their audit of the Delta Conveyance Finance Authority's (Authority) financial activities for the past fiscal year. The attached audit report and accompanying documents are provided for the Board's review and consideration. The auditor did not identify any material weaknesses and has issued a "clean" audit report, while noting the cash basis of reporting used by the DCFA is not consistent with generally accepted accrual accounting.

Detailed Report

The Authority is required to conduct an external financial audit each year. Since the operating activity of the Authority is limited, the financial statements continue to be presented on a cash basis, showing actual receipts and disbursements. Given the Authority has no assets other than 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. Finally, given the limited number of transactions, it is consistent with the periodic reporting provided to the board during the fiscal year. If, and when, the Authority issues debt or takes on more substantial activities, the basis of accounting would be modified to the accrual basis, consistent with Generally Accepted Accounting Principles.

In addition to the audit and accompanying cash basis financial statements, the auditor has issued a Governance Letter and a Management Letter. The Governance Letter includes certain required disclosures to the board. These disclosures are required under external audit standards. 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

NA

Recommended Action

Receive and file the audited financial statements and attached reports for fiscal year 2025/26.

ATTACHMENTS:
Audit Summary

Audited Financial Statements for Fiscal Year 2025/26
Governance Letter
Management Letter

DELTA CONVEYANCE FINANCE AUTHORITY

BOARD MEETING AUDIT PRESENTATION AGENDA

November 19, 2026

Presentation by Richardson & Company, LLP of the Audited Financial Statements, including the following communications required by Generally Accepted Auditing Standards:

- Reports issued
  - Auditor's opinion on the financial statement
  - Governance (required communications) letter
  - Management letter
- Independent Auditor's Report (page 1)
  - Fairly presented on cash basis of accounting
- Discussion of financial statements
  - No contributions from members—expenditures paid out of existing cash balance
  - Disbursements consist of mostly payments to consulting firm for executive director, payments to MWD for treasury and accounting functions, insurance and legal services
  - Remaining cash balance of $129,733 maintained in MWD's cash and investment pool
  - Note A discusses current status of Delta Conveyance Project
- Governance letter
  - Discusses scope and limitations of an audit
  - No misstatements noted
  - No difficulties in performing the audit and no unusual accounting practices
- Management letter
  - No material weaknesses in internal controls--good internal controls

DELTA CONVEYANCE FINANCE AUTHORITY

Audited Statements of Cash Receipts and Disbursements

June 30, 2026 and 2025

DELTA CONVEYANCE FINANCE AUTHORITY

AUDITED STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

June 30, 2026 and 2025

TABLE OF CONTENTS

Independent Auditor's Report 1

Financial Statements

Statements of Cash Receipts and Disbursements 3

Notes to the Financial Statements 4

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delta Conveyance Finance Authority
Sacramento, California

Opinions

We have audited the accompanying financial statements of the Delta Conveyance Finance Authority (the Authority), which comprise the statements of cash receipts and disbursements for the years ended June 30, 2026 and 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and cash disbursements of the Authority for the years ended June 30, 2026 and 2025, in accordance with the cash basis of accounting described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our Audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are 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 this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note A, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements 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 statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgment, there are conditions or events, considered in the aggregate, that raises substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Richardson & Company, LLP

September 24, 2026

DELTA CONVEYANCE FINANCE AUTHORITY

STATEMENTS OF CASH RECEIPTS AND CASH DISBURSEMENTS

Years Ended June 30, 2026 and 2025

	2026	2025
CASH RECEIPTS		
Interest income	$ 6,683	$ 9,498
TOTAL CASH RECEIPTS	6,683	9,498
CASH DISBURSEMENTS		
Executive director	6,175	12,838
Insurance premiums	11,203	11,203
Treasury and accounting	30,000	30,000
Professional services	19,573	20,767
TOTAL CASH DISBURSEMENTS	66,951	74,808
EXCESS OF DISBURSEMENTS OVER RECEIPTS	(60,268)	(65,310)
Cash and investments at beginning of year	190,001	255,311
CASH AND INVESTMENTS AT END OF YEAR	$ 129,733	$ 190,001

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

DELTA CONVEYANCE FINANCE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2026 and 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Delta Conveyance Finance Authority (the Authority) is a Joint Powers Authority organized under California Government Code Section 6505. The Authority was created on 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 (CWF). The CWF was conceived as a major infrastructure project to deliver water from the Sacramento River near the northern end of the Sacramento-San Joaquin Delta to the existing State Water Project and Central Valley Project pumping plants in the southern end of the Delta. On May 2, 2019, as a result of Governor Newsom's determination that a smaller facility was appropriate, DWR withdrew its proposed permits for the CWF and initiated a renewed environmental process for a smaller project. DWR released the Final Environmental Report for the Delta Conveyance Project in December 2023, and approved the final project in May 2024. DWR has filed a change of use petition with the State Water Resources Control Board and the water rights hearing is anticipated to be concluded in 2026. Funding for planning and permitting activities has been committed by the participating State Water Contractors through 2026. The Authority may provide financing and support to DWR during the construction phase.

The Authority's members consist of water agencies that contract with DWR for the delivery of water from the State Water Project. 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 statements of cash receipts and disbursements have 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, 2026 and 2025, all of the Authority's cash and investments were maintained in Metropolitan Water District of Southern California's (MWD's) Treasury.

Investment policy: California statutes authorize agencies 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 Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

NOTE B – CASH AND INVESTMENTS (Continued)

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

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 approximated fair value. The amount invested by all public agencies in MWD's cash and investment pool is $1,917,471,859 and fair value of $1,915,368,385 at June 30, 2026 and $1,614,741,074 and fair value of $1,619,294,586 at June 30, 2025. 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 102 days as of June 30, 2026 and 76 days as of June 30, 2025.

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.

NOTE B – CASH AND INVESTMENTS (Continued)

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 both the years ended June 30, 2026 and 2025.

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 Delta Conveyance Project. 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. The Authority has not issued any conduit debt as of June 30, 2026 and 2025.

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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 (the Authority) for the year ended June 30, 2026, and have issued our report thereon dated September 24, 2026. 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 May 12, 2025, 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 Authority 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 Authority or to acts by management or employees acting on behalf of the Authority. We noted no material weaknesses in internal control as a result of our audit.

We are required by the audit standards to identify potential risks of material misstatement during the audit process. We have identified the following significant risk of material misstatement as part of our audit planning: Management override of controls and revenue recognition. These are the areas that the audit standards require at a minimum to be identified as significant risks, however, no such items were noted during our audit.

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated May 12, 2025.

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 24, 2026.

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 24, 2026

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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 the Delta Conveyance Finance Authority (the Authority) for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's system of 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 24, 2026

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: November 19, 2026 **Item No. 7.b**

Subject: Investment Policy

Executive Summary

Staff recommends that the board approve the Authority's Statement of Investment Policy (Policy) for fiscal year (FY) 2026/27. Approval of the resolution approving the Policy also includes delegating to the Treasurer the authority to invest the Authority's funds for the fiscal year, pursuant to the Government Code of the State of California (California Government Code). The Authority's funds are invested with those of the Metropolitan Water District, and this action is needed to ensure the Delta Conveyance Finance Authority's Policy is consistent with Metropolitan's Investment Policy. The Policy complies with the California Government Code.

Detailed Report

Each year the Finance Authority reviews its Investment Policy to ensure it complies with the California Government Code and meets the objectives of the Authority. Since the Authority's funds are invested by Metropolitan, it is also important that the Authority's policy is consistent with that of Metropolitan. In addition, California Government Code Section 53607 permits the board to delegate authority to invest funds to the Treasurer on an annual basis.

The Authority's Policy for FY 2026/27 (included in Attachment 1) requires the Treasurer to adhere to the following three criteria:

1. **Safety of Principal**. Investments shall first seek to ensure preservation of principal in the portfolio. The Treasurer shall evaluate each investment transaction to ensure both the quality of the issuer and the underlying security or collateral meet the credit criteria outlined in the Investment Policy. The Treasurer shall utilize a diverse portfolio of investments to reduce exposure to principal loss.
2. **Liquidity**. The Treasurer shall make investments whose maturity is compatible with cash flow requirements.
3. **Return on Investment**. Investments will be made to produce an acceptable rate of return, after first considering safety of principal and liquidity and the prudent investor standard.

The primary change to the Policy for FY 2026/27 is to permit investments in Commercial Paper for terms of up to 397 days, an increase from the 270 days in last year's Policy. All other investment objectives, limits and investment instruments remain the same as in the current policy.

Funding

n/a

Recommended Action

Environmental Impact: This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

Approve Resolution 26-01 approving the Investment Policy for FY 2026/27 and delegating authority to the Treasurer to invest the Authority's funds for FY 2026/27, pursuant to California Government Code.

ATTACHMENTS:

Attachment 1: Investment Policy for FY 2026/27

Attachment 2: Resolution 26-01 Adopting the Delta Conveyance Finance Authority Investment Policy for Fiscal Year 2026/27

Attachment 1

DELTA CONVEYANCE FINANCE AUTHORITY

Investment Policy

This Statement of Investment Policy (Policy) outlines the guidelines and practices to be used to manage the Delta Conveyance Finance Authority's (Authority) available cash and investment portfolio. Authority funds not required for immediate cash requirements will be invested in compliance with the California Government Code and this Policy.

1.0 POLICY

It is the policy of the Board of Directors of the Authority to invest public funds in a manner which conforms to the three fundamental criteria in order of importance, as listed:

- Safety of Principal
- Liquidity
- Return on Investment, or Yield

2.0 INVESTMENT AUTHORITY

In accordance with Section 53600, et seq., of the Government Code of the State of California, the authority to invest Authority public funds has been delegated to the Authority's Treasurer.

3.0 DELEGATION OF AUTHORITY

Responsibility for the investment program is specifically delegated by the Board to the Board-appointed Treasurer or, if no such appointment has been made, to the Executive Director, hereafter referred to as Treasurer who will establish procedures for the investment program, consistent with this Investment Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities, including procedures to execute investment transactions in the absence of the Treasurer. The Treasurer may delegate the day-to-day investment activities to their designee(s) but not the responsibility for the overall investment program.

The Treasurer may also delegate the day-to-day execution of investments to registered investment managers through written agreements. The investment manager(s), in coordination with the Treasurer, will manage on a daily basis the Authority's investment portfolio pursuant to the specific and stated investment objectives of the Authority. The investment manager(s) shall follow this Policy and such other written instructions provided by the Treasurer or their designee(s). The investment manager(s) may be given discretion to acquire and dispose of assets in their designated account, but the investment manager(s) shall not be permitted to have custodial control over the Authority's investment portfolio.

4.0 STATEMENT OF OBJECTIVES

Per Section 53600.5 of the California Government Code, the primary objective of the Treasurer shall be to safeguard the principal of the funds under his or her control when investing public

funds. The secondary objective will be to maintain liquidity as required by the Authority and the third objective is to obtain a return on investment of these funds.

In order of priority, the three fundamental criteria shall be followed in the investment of funds:

4.1 Safety of Principal - Investments shall be undertaken in a manner which first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered only after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio. Cash flow analysis will be conducted and utilized to avoid the need to sell securities prior to maturity. The Authority shall seek to preserve principal by mitigating both credit and market risk.

4.2 Liquidity - Every effort shall be made to ensure that the Authority's portfolio is sufficiently liquid to meet current and anticipated operating requirements. Cash flow analysis should be performed on an ongoing basis. Investments shall be made to ensure maturities are compatible with anticipated cash flow requirements.

4.3 Return on Investment, or Yield - Investments shall be undertaken to produce an investment return consistent with the primary objectives of Safety of Principal and Liquidity, and the Prudent Investor Standard.

The investment portfolio shall be managed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The Authority will employ an active management approach that allows for the sale of securities prior to their scheduled maturity dates. Securities may be sold for a variety of reasons, such as to increase yield, lengthen or shorten maturities, to take a profit, or to increase investment quality. In no instance shall an exchange be used for purely speculative purposes. This Policy recognizes that in a diversified portfolio occasional measured losses are inevitable and must be considered within the context of the overall portfolio's structure and expected investment return, with the proviso that adequate diversification and credit analysis have been implemented.

Because the composition of the portfolio fluctuates, depending on market and credit conditions, various appropriate indices selected by the Treasurer will be used to monitor performance.

5.0 SCOPE

The Investment Policy applies to all available funds of the Authority with the exception of proceeds of notes, bonds or similar external financings which would be invested pursuant to bond indentures or State of California Government Code Section 53600, et seq., as applicable.

6.0 PRUDENT INVESTOR STANDARD

All investments and evaluation of such investments shall be made with the Prudent Investor Standard as set forth in the California Government Code, Sections 53600.3 and 27000.3, which is defined as a standard of conduct whereby any person authorized to make investment decisions on behalf of the Authority acts with care, skill, prudence and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the Authority with the aim to safeguard principal and meet the liquidity needs of the Authority.

7.0 PORTFOLIO ADJUSTMENTS

Portfolio percentage limitations for each category of investment are applicable only at the date of purchase. Should an investment percentage be exceeded due to instances such as the fluctuation in overall portfolio size, or market valuation changes, the Treasurer is not required to sell the affected securities.

Should a security held in the portfolio be downgraded below the minimum rating criteria specified in this Policy, the Treasurer shall determine a course of action to be taken on a case-by-case basis considering such factors as the reason for the downgrade, prognosis for recovery or further rating downgrades, and the market price of the security. The Treasurer shall note in the monthly report any securities which have been downgraded below Policy requirements and the recommended course of action

8.0 SAFEKEEPING AND CUSTODY

All securities transactions entered into by the Authority shall be conducted on a delivery-versus- payment (DVP) basis pursuant to a custodial safekeeping agreement. All deliverable securities owned by the Authority shall be held in safekeeping by an independent custodian designated by the Treasurer. Financial institutions providing safekeeping services shall provide reports or receipts which verify securities held in safekeeping. The Treasurer shall also maintain evidence of the Authority ownership in non-deliverable securities (e.g. LAIF, CAMP, and Time CDs).

9.0 REPORTING

The Treasurer shall submit a quarterly report within 30 days following the end of the quarter covered by the report to the Authority Board of Directors pursuant to California Government Code Section 53646 (b)(l). The report shall at a minimum provide information on compliance to this policy and on the composition of the portfolio for each fund with:

- Types of investment
- Issuer
- Maturity dates
- Par and dollar amount
- Market values including source of the valuation
- Rates of Interest
- Expected yields to maturity

In addition, the quarterly report shall also include a statement denoting the ability to meet the Authority's expenditure requirements for the next six (6) months.

10.0 INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES

Section 53600, et seq., of the Government Code of the State of California prescribes the statutory requirement relating to investments by local treasurers, providing guidance on:

i) Allowable investments

ii) Portfolio diversification requirements including proportional limits on investment types, maximum maturity, and minimum credit rating criteria.

The maximum maturity of any investment in the portfolios shall not exceed five (5) years except when specifically authorized by the Authority Board of Directors through resolution. When practical, the Treasurer shall solicit more than one quotation on each trade for the purpose of awarding investment trades on a competitive basis. The Authority will conform to the legal provisions set forth in the Government Code with further and more specific requirements about allowable investments and restrictions as detailed below:

10.1 US Treasury Obligations

Bills, notes and bonds issued by the U.S. Treasury which are direct obligations of the federal government.

- Maximum limit: 100% of the portfolio
- Maximum maturity of five (5) years
- Credit Requirement: N.A.

10.2 Federal Agency Obligations

Notes and bonds of federal agencies, government-sponsored enterprises and international institutions. Not all are direct obligations of the U.S. Treasury but may involve federal sponsorship and/or guarantees, in some instances.

- Maximum limit: 100% of the portfolio
- Maximum maturity of five (5) years
- Credit Requirement: N.A.

10.3 Banker's Acceptances

Bills of exchange or time drafts drawn on and accepted by a commercial bank, typically created from a letter of credit issued in a foreign trade transaction.

- Maximum limit: Forty percent (40%) of the portfolio; five percent (5%) with any one issuer
- Issued by banks with total deposits of over one billion dollars ($1,000,000,000)
- Maximum maturity of one-hundred eighty (180) days
- Credit requirement: A-1 or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO)
- Issued by banks from offices in the USA.

10.4 Commercial Paper

Commercial paper is defined as short-term, unsecured promissory notes issued by financial and non-financial companies to raise short-term cash. Financial companies issue commercial paper to support their consumer and/or business lending; non-financial companies issue for operating funds.

- Maximum limit: Forty percent (25%) of the portfolio; ten percent (10%) with any one issuer

- Maximum maturity of three hundred ninety-seven (397) days
- Credit requirement: Highest ranking or highest letter and number rating as provided by an NRSRO
- Entity issuing the commercial paper must meet the conditions of California Government Code Section 53601(h)(1) or (2)

10.5 Medium Term Corporate Notes

Corporate Bonds, Corporate Notes and Deposit Notes. Issuers are banks and bank holding companies, thrifts, finance companies, insurance companies and industrial corporations. These are debt obligations that are generally unsecured.

- Maximum limit: Thirty percent (30%) of the portfolio; ten percent (10%) with any one issuer
- Maximum maturity of five (5) years
- Credit Requirement: AA or its equivalent or better by at least one NRSRO. If rated by any other NRSRO, eligible securities must also be rated A or its equivalent or better.

  **Effective July 1, 2025, the credit requirement was updated to, AA or its equivalent or better by at least one NRSRO. Securities purchased before July 1, 2025, meet the prior rating requirement of, A or its equivalent or better by an NRSRO. Securities purchased before July 1, 2025, do not need to be sold to meet the new rating requirement.*

- Eligibility: Limited to corporations organized and operating within the United States or depository institutions licensed by the United States or any State and operating within the United States.

10.6 Negotiable Certificates of Deposit

Issued by nationally or state-chartered banks, savings association or federal association, state or federal credit union, or federally licensed or state licensed branch of a foreign bank.

- Maximum limit: Thirty percent {30%) of the portfolio, with five percent (5%) per issuer
- Maximum maturity of five (5) years
- Credit Requirement: A (long-term) or A-1(short-term) or their equivalents or better by an NRSRO
- Issued by banks with total deposits of one billion dollars ($1,000,000,000) or more

10.7 Bank Deposit

Insured or collateralized time certificates of deposits, saving accounts, market rate accounts, or other bank deposits.

- Maximum limit: Thirty percent (30%) of the portfolio for all deposits
- Maximum maturity of five (5) years
- Credit Requirement: All deposits must be collateralized as required by California Government Code Sections 53630 et seq. The Treasurer may waive collateral for the portion of any deposits that is insured pursuant to federal law.

- Deposits are limited to a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, located in California
- Deposit must meet the conditions of California Government Code Sections 53630 et Seq.

Pursuant to Government Code 53637, the Authority is prohibited from investing in deposits of a state or federal credit union if a member of the legislative body or decision-making authority serves on the board of directors or committee.

10.8 Money Market Mutual Funds

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the SEC.

- Maximum maturity: N/A
- Maximum limit: Twenty percent (20%) of the portfolio
- Credit Requirement: Highest ranking by not less than two NRSROs or must retain an investment advisor that meets specified requirements
- The use of money market funds is limited to Government money market funds that provide daily liquidity and seek to maintain a stable Net Asset Value (NAV)
- Funds must be invested in securities and obligations permitted under the California Government Code

10.9 State of California, Local Agency Investment Fund (LAIF).

LAIF is a pooled investment fund overseen by the State Treasurer, which operates like a money market fund, but is for the exclusive benefit of governmental entities within the state. The maximum investment amount authorized by the Local Agency Investment Fund (LAIF) is set by the State Treasurer's Office. The LAIF is held in trust in the custody of the State of California Treasurer. The Authority's right to withdraw its deposited monies from LAIF is not contingent upon the State's failure to adopt a State Budget.

- Maximum limit: The current limit set by LAIF for operating accounts
- Maximum Maturity: N/A
- Credit Requirement: N/A

10.10 Municipal Bonds and Notes

Municipal obligations issued by a municipality within the State of California and any other of the states in the union. This may include bonds, notes, warrants, or other evidences of indebtedness of a local agency within the state.

- Maximum limit: Forty percent (40%) of the portfolio; five percent (5%) with any one issuer
- Maximum maturity of five (5) years
- Must be issued by State of California, any of the other 49 states, or a California local agency
- Credit Requirement: A (long-term) or A-1 (short-term) or their equivalents or better by an NRSRO

10.11 Repurchase Agreements

A repurchase agreement is a purchase of authorized securities with terms including a written agreement by the seller to repurchase the securities on a future date and price.

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum maturity of two hundred seventy (270) days
- Master Repurchase Agreement must be on file
- Limited to primary dealers or financial institutions rated A or its equivalent or higher by an NRSRO
- Fully collateralized at market value of at least one hundred two percent (102%) with US government or federal agency securities

10.12 California Asset Management Program (CAMP)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7.

- Maximum limit: Forty percent (40%) of the portfolio
- Maximum maturity: N/A
- Credit Requirement: AAAm or its equivalent or better by an NRSRO.
- Joint powers authority has retained an investment adviser that is registered or exempt from registration with the Securities and Exchange Commission, has five or more years of experience investing in the securities and obligations authorized under California Government Code Section 53601, and has assets under management in excess of five hundred million dollars ($500,000,000).

10.13 Supranationals

Securities issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) and eligible for purchase and sale within the United States.

- Maximum allocation: Thirty percent (30%) of the portfolio
- Maximum maturity: Five (5) years
- Credit requirement: AA or its equivalent or better by an NRSRO.

10.14 Asset-Backed Securities

A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivisions (1) or (2) above, the following limitations apply:

- Maximum allocation: Twenty percent (20%) of the portfolio; five percent (5%) with any one issuer
- Maximum maturity: Five (5) years
- Credit requirement: AA or its equivalent or better by an NRSRO.

11.0 CREDIT RATING

Credit rating requirements for eligible securities in this Policy specify the minimum credit rating category required at purchase without regard to +, -, or 1, 2, 3 modifiers, if any. The security, at the time of purchase, may not be rated below the minimum credit requirement by any of the NRSROs that rate the security.

12.0 MONITORING SAFETY AND LIQUIDITY

The Treasurer shall monitor on an ongoing basis investments for exposure to risk and credit deterioration to ensure primary objectives of safety of principal and liquidity are adhered to. Such matters shall be reported to the Authority Board of Directors as part of the Treasurer's quarterly and/or annual report.

13.0 ADMINISTRATION

The Treasurer may, at any time, establish more restrictive requirements for securities approved for investment as deemed appropriate in this Investment Policy. These restrictions may include, but are not limited to, higher credit ratings, lower percentage limits by security type or issuer, shorter maturities and additional collateral requirements for collateralized investments.

14.0 PURCHASING ENTITIES

For investments not purchased directly from the issuer, the Treasurer shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA) or other applicable self- regulatory organizations. Before engaging in investment transactions with a broker/dealer, the Treasurer shall obtain a signed verification form that attests the individual has reviewed the Authority's Policy, and intends to present only those investment recommendations and transactions to the Authority that is appropriate under the terms and conditions of the Policy.

The Authority's external investment manager(s) may be granted discretion to purchase and sell investment securities in accordance with this Policy. Investment managers may also use their own list of internally-approved issuers, broker-dealers and other financial firms, so long as such managers are registered under the Investment Advisers Act of 1940.

15.0 INVESTMENT SECURITY

To ensure a high degree of internal control, the Authority shall comply with the following:

- All securities purchased from dealers and brokers shall be held in safekeeping by the Authority's custodial bank, a national bank, a State chartered bank or trust company, established for this purpose as someone other than the selling party of the security. Securities purchased will be covered by a trust or safekeeping receipt in a manner that establishes the Authority's ownership. All transactions completed on a delivery versus pay basis (DVP).
- All trade confirmation shall be received directly and reviewed for conformity to the original transaction by an individual other than the person originating the transaction. All trade confirmation must be an original; copies of confirmations are not allowed. Any discrepancies will be brought to the attention of the Treasurer.

16.0 PERFORMANCE REVIEW AND INTERNAL CONTROL

The Treasurer or designee shall maintain a system of internal controls designed to ensure compliance with the Investment Policy and to prevent losses due to fraud, employee error, and misrepresentations by third parties or unanticipated changes in financial markets. The internal control includes the activities of any subordinate officials acting on behalf of the Authority. Procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. As part of the annual audit, the Authority's external auditor will perform a review of investment transactions to verify compliance with policies and procedures.

17.0 ETHICS AND CONFLICT OF INTEREST

All officers and employees involved in the investment process shall refrain from engaging in any personal business activity which could conflict with proper execution of investments subject to this Policy. Any material financial interests in financial institutions which do business with the Authority should be disclosed to the Executive Director of the Authority. All individuals involved in the investment process are required to report all gifts and income in accordance with California State Law.

EXHIBIT A GLOSSARY

ACCRETION: Adjustment of the difference between the prices of a bond bought at an original discount and the par value of the bond.

AGENCIES: Federal agency securities and/or Government-sponsored enterprises (GSEs), also known as
U.S. Government instrumentalities. Securities issued by Government National Mortgage Association (GNMA) are considered true agency securities, backed by the full faith and credit of the U.S. Government. GSEs are financial intermediaries established by the federal government to fund loans to certain groups of borrowers, for example homeowners, farmers and students and are privately owned corporations with a public purpose. The most common GSEs are Federal Farm Credit System Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Association, and Federal National Mortgage Association.

AMORTIZATION: Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income. For fixed assets, the term used is "depreciation". It is common practice to amortize any premium over par value paid in the purchase of preferred stock or bond investments.

APPRECIATION: Increase in the value of an asset such as a stock bond, commodity or real estate.

ASKED PRICE: The price a broker/dealer offers to sell securities.

ASSET BACKED: Securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. This money market instrument is used to finance international trade.

BASIS POINT: One-hundredth of one percent (i.e., 0.01%).

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investment.

BID PRICE: The price a broker/dealer offers to purchase securities.

BOND: A financial obligation for which the issuers promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

BOOK VALUE: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

BROKER: A broker acts as an intermediary between a buyer and seller for a commission and does not trade for his/her own risk and account or inventory.

CALLABLE SECURITIES: A security that can be redeemed by the issuer before the scheduled maturity date.

CASH EQUIVALENTS (CE): Highly liquid and safe instruments or investments that can be converted into cash immediately. Examples include bank accounts, money market funds, and Treasury bills.

CASH FLOW: An analysis of all changes that affect the cash account during a specified period.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large- denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATION (CMO): A type of mortgage-backed security that creates separate pools of pass-through rates for different classes of bondholders with varying maturities, called tranches. The repayments from the pool of pass-through securities are used to retire the bonds in the order specified by the bonds' prospectus.

COMMERCIAL PAPER: Short-term, unsecured, negotiable promissory notes of corporations.

CORPORATE NOTE: Debt instrument issued by a private corporation.

COUPON: The annual rate at which a bond pays interest.

CREDIT RATINGS: A grade given to a debt instrument that indicates its credit quality. Private independent rating services such as Standard & Poor's, Moody's and Fitch provide these

CREDIT RISK: The risk that an obligation will not be paid and a loss will result due to a failure of the issuer of a security.

CUSIP: Stands for Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most securities, including: stocks of all registered U.S. and Canadian companies, and U.S. government and municipal bonds. The CUSIP system-owned by the American Bankers Association and operated by Standard & Poor's-facilitates the clearing and settlement process of securities. The number consists of nine characters (including letters and numbers) that uniquely identify a company or issuer and the type of security.

CURRENT YIELD: The annual interest on an investment divided by the current market value. Since the calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own risk and account or inventory.

DEBENTURES: A bond secured only by the general credit of the issuers.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVES: A financial instrument that is based on, or derived from, some underlying asset, reference date, or index.

DIRECT ISSUER: Issuer markets its own paper directly to the investor without use of an intermediary.

DISCOUNT: The difference between the cost of a security and its value at maturity when quoted at lower than face value.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns and risk profiles.

DURATION: A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. Duration measures the price sensitivity of a bond to changes in interest rates.

EFFECTIVE RATE OF RETURN: The annualized rate of return on an investment considering the price paid for the investment, its coupon rate, and the compounding of interest paid. (Total Earnings / Average daily balance) x (365/ # of days in the reporting period)

FACE VALUE: The principal amount owed on a debt instrument. It is the amount on which interest is computed and represents the amount that the issuer promises to pay at maturity.

FAIR VALUE: The amount at which a security could be exchanged between willing parties, other than in a forced or liquidation sale. If a market price is available, the fair value is equal to the market value.

FANNIE MAE: Trade name for the Federal National Mortgage Association (FNMA), a U.S. Government sponsored enterprise.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that provides insurance on bank deposits, guaranteeing deposits to a set limit per account, currently $250,000.

FEDERAL FARM CREDIT BANK (FFCB): Government-sponsored enterprise that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks and the Banks for Cooperatives. Its securities do not carry direct U.S. government guarantees.

FEDERAL FUNDS RATE: The rate of interest at which Federal funds are traded. This rate is considered to be the most sensitive indicator of the direction of interest rates, as it is currently pegged by the Federal Reserve through open-market operations.

FEDERAL GOVERNMENT AGENCY SECURITIES: Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored enterprise (currently made up of 12 regional banks) that regulates and lends funds and provides correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. Although the banks operate under federal charter with government supervision, the securities are not guaranteed by the U.S. Government.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC): Government sponsored enterprise that helps maintain the availability of mortgage credit for residential housing. FHLMC finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. Its discount notes and bonds do not carry direct U.S. government guarantees.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): Government sponsored enterprise that is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted.

FEDERAL OPEN MARKET COMMITTEE (FOMC): A committee of the Federal Reserve Board, which establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

FEDERAL RESERVE SYSTEM: The central bank of the U.S. which consists of a seven member Board of Governors, 12 regional banks and about 5,700 commercial banks that are members.

FED WIRE: A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

FREDDIE MAC: Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. government sponsored enterprise.

GINNIE MAE: Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

GUARANTEED INVESTMENT CONTRACTS (GICS): An agreement acknowledging receipt of funds, for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

INTEREST RATE: The annual yield earned on an investment, expressed as a percentage.

INTEREST RATE RISK: The risk of gain or loss in market values of securities due to changes in interest- rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

INVESTMENT AGREEMENTS: A contract providing for the lending of issuer funds to a financial institution that agrees to repay the funds with interest under predetermined specifications.

INVESTMENT GRADE (LONG TERM RATINGS): The minimum, high-quality ratings for long-term debt such as corporate notes. Investment Grade ratings are as follows: A3 (Moody's), A- {S&P), and A- (Fitch).

INVESTMENT PORTFOLIO: A collection of securities held by a bank, individual, institution or government Authority for investment purposes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash with minimum risk of principal.

LOCAL AGENCY INVESTMENT FUND (LAIF): An investment pool sponsored by the State of California and administered/managed by the State Treasurer. Local government units, with consent of the governing body of that agency, may voluntarily deposit surplus funds for the purpose of investment. Interest earned is distributed by the State Controller to the participating governmental agencies on a quarterly basis.

LOCAL AGENCY INVESTMENT POOL: A pooled investment vehicle sponsored by a local agency or a group of local agencies for use by other local agencies.

MARKET RISK: The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates. Systematic risk of a security that is common to all securities of the same general class (stocks, bonds, notes, money market instruments) and cannot be eliminated by diversification (which may be used to eliminate non-systematic risk).

MARKET VALUE: The price at which a security is currently being sold in the market. See FAIR VALUE.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase agreements and reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer- lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date that the principal or stated value of a debt instrument becomes due and payable.

MEDIUM-TERM CORPORATE NOTES (MTNs): Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION: The percent change in price for a 100 basis point change in yields. This is a measure of a portfolio's or security's exposure to market risk.

MONEY MARKET: The market in which short-term debt instruments (Treasury Bills, Discount Notes, Commercial Paper, Banker's Acceptances and Negotiable Certificates of Deposit) are issued and traded.

MORTGAGED BACKED SECURITIES: A type of security that is secured by a mortgage or collection of mortgages. These securities typically pay principal and interest monthly.

MUNICIPAL BONDS: Debt obligations issued by states and local governments and their agencies, including cities, counties, government retirement plans, school agencies, state universities, sewer agencies, municipally owned utilities and authorities running bridges, airports and other transportation facilities.

MUTUAL FUND: An entity that pools money and can invest in a variety of securities that are specifically defined in the fund's prospectus.

NEGOTIABLE CERTIFICATE OF DEPOSIT: A large denomination certificate of deposit that can be sold in the open market prior to maturity.

NET PORTFOLIO YIELD: Calculation in which the 365-day basis equals the annualized percentage of the sum of all Net Earnings during the period divided by the sum of all Average Daily Portfolio Balances.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): is a credit rating agency that issues credit ratings that the U.S Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit: Sales have the opposite effect. Open

market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE: The amount of principal which must be paid at maturity. Also referred to as the face amount of a bond. See FACE VALUE.

PORTFOLIO: The collection of securities held by an individual or institution.

PREMIUM: The difference between the par value of a bond and the cost of the bond, when the cost is above par.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. These dealers are authorized to buy and sell government securities in direct dealing with the Federal Reserve Bank of New York in its execution of market operations to carry out U.S. monetary policy. Such dealers must be qualified in terms of reputation, capacity, and adequacy of staff and facilities.

PRIME (SHORT TERM RATING): High-quality ratings for short-term debt such as commercial paper. Prime ratings are as follows: Pl (Moody's), Al (S&P), and Fl (Fitch).
PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PRIVATE PLACEMENTS: Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

PROSPECTUS: A legal document that must be provided to any prospective purchaser of a new securities offering registered with the Securities and Exchange Commission that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements (also known as an "official statement").

PRUDENT INVESTOR STANDARD: A standard of conduct for fiduciaries. Investments shall be made with judgment and care--under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

PUBLIC DEPOSIT: A bank that is qualified under California law to accept a deposit of public funds.

PURCHASE DATE: The date in which a security is purchased for settlement on that or a later date. Also known as the "trade date".

RATE OF RETURN: 1) The yield which can be attained on a security based on its purchase price or its current market price. 2) Income earned on an investment, expressed as a percentage of the cost of the investment.

REALIZED GAIN (OR LOSS): Gain or loss resulting from the sale or disposal of a security.

REGIONAL DEALER: A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

REPURCHASE AGREEMENT (RP or REPO): A transaction in which a counterparty or the holder of securities (e.g. investment dealer) sells these securities to an investor (e.g. the Authority) with a simultaneous agreement to repurchase them at a fixed date. The security "buyer" (e.g. the Authority) in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the "buyer" for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): The opposite of a repurchase agreement. A reverse repo is a transaction in which the Authority sells securities to a counterparty (e.g. investment dealer) and agrees to repurchase the securities from the counterparty at a fixed date. The counterparty in effect lends the seller (e.g. the Authority) money for the period of the agreement with terms of the agreement structured to compensate the buyer.

RISK: Degree of uncertainty of return on an asset.

SAFEKEEPING: A service that banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As an agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or on the call date, if called.

SECURITIES AND EXCHANGE COMMISSION (SEC): Authority created by Congress to protect investors in securities transactions by administering securities legislation.

SECONDARY MARKET: A market for the repurchase and resale of outstanding issues following the initial distribution.

SECURITIES: Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness or equity.

SETTLEMENT DATE: The date on which a trade is cleared by delivery of securities against funds.

SPREAD: The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or between the amount paid when bought and the amount received when sold.

STRUCTURED NOTE: A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include "inverse floating rate" notes which have coupons that increase when other interest rates are falling, and

which fall when other interest rates are rising and "dual index floaters", which pay interest based on the relationship between two other interest rates, for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONALS: are international institutions that provide development financing, advisory services and/or financial services to their member countries to achieve the overall goal of improving living standards through sustainable economic growth. The Government Code allows local agencies to purchase the United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

TIME DEPOSIT: A deposit with a California bank or savings and loan association for a specific amount and with a specific maturity date and interest rate. Deposits of up to $250,000 are insured by FDIC. Deposits over $250,000 are collateralized above the insurance with either government securities (at 110% of par value), first trust deeds (at 150% of par value), or letters of credit (at 105% of par value).

TOTAL RATE OF RETURN: A measure of a portfolio's performance over time. It is the internal rate of return that equates the beginning value of the portfolio with the ending value, and includes interest earnings and realized and unrealized gains and losses on the portfolio. For bonds held to maturity, total return is the yield to maturity. (Net Invested Income/Time Weighted Invested Value) X (365/ # of days in the reporting period)

TRUSTEE OR TRUST COMPANY OR TRUST DEPARTMENT OF A BANK: A financial institution with trust powers that acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

UNDERWRITER: A dealer which purchases a new issue of municipal securities for resale.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

U.S. GOVERNMENT AGENCY SECURITIES: Securities issued by U.S. government agencies, most of which are secured only by the credit worthiness of the particular agency. See AGENCIES.

U.S. TREASURY OBLIGATIONS: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are the benchmark for interest rates on all other securities in the U.S. The Treasury issues both discounted securities and fixed coupon notes and bonds. The income from Treasury securities is exempt from state and local, but not federal, taxes.

TREASURY BILLS: Securities issued at a discount with initial maturities of one year or less. The Treasury currently issues three-month and six-month Treasury bills at regular weekly auctions. It also issues very short-term "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES: Intermediate-term coupon-bearing securities with initial maturities of one year to ten years.

TREASURY BOND: Long-term coupon-bearing securities with initial maturities of ten years or longer.

UNREALIZED GAIN (OR LOSS): Gain or loss that has not become actual. It becomes a realized gain (or loss) when the security in which there is a gain or loss is actually sold. See REALIZED GAIN (OR LOSS).

VOLATILITY: Characteristic of a security, commodity or market to rise or fall sharply in price within a short-term period.

WEIGHTED AVERAGE MATURITY: The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

YIELD: The annual rate of return on an investment expressed as a percentage of the investment. See CURRENT YIELD; YIELD TO MATURITY.

YIELD CURVE: Graph showing the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

YIELD TO MATURITY: Concept used to determine the rate of return if an investment is held to maturity. It takes into account purchase price, redemption value, time to maturity, coupon yield, and the time between interest payments. It is the rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

Attachment 2

DELTA CONVEYANCE FINANCE AUTHORITY

RESOLUTION NO. 26-01

RESOLUTION PURSUANT TO GOVERNMENT CODE SECTION 53607 DELEGATING INVESTMENT AUTHORITY OF THE DELTA CONVEYANCE FINANCE AUTHORITY TO THE TREASURER FOR FISCAL YEAR 2026-2027 AND ADOPTING THE DELTA CONVEYANCE FINANCE AUTHORITY INVESTMENT POLICY FOR FISCAL YEAR 2026-27

WHEREAS, pursuant to Government Code Section 53607, a legislative body of a local agency has the authority to delegate for a one-year period investment authority to the treasurer and that such delegation may be renewed each year; and

WHEREAS, it is the intent of the Delta Conveyance Finance Authority (DCFA) to delegate to the DCFA's Treasurer for Fiscal Year 2026-2027 the authority to invest or to reinvest funds of the Agency, or to sell or exchange securities so purchased pursuant to Government Code Section 53607;

WHEREAS, in compliance with the laws of the State of California and as part of best practice and sound financial management, the DCFA's Treasurer shall invest only in permitted investments pursuant to Government Code Section 53601 et. seq. and make regular reports of those transactions to the DCFA;

WHEREAS, the Delta Conveyance Finance Authority (DCFA) may annually render to the DCFA's legislative body a statement of its investment policy; and

WHEREAS, as part of best practice and sound financial management, the DCFA will continue to submit its annual investment policy to the DCFA's legislative body; and

WHEREAS, last year, the DCFA revised and adopted an Investment Policy for fiscal year 2025-2026; and·

WHEREAS, a proposed DCFA Investment Policy for fiscal year 2026-27 is presented herewith, to be in effect until a subsequent policy is adopted; now therefore be it

RESOLVED, that the DCFA hereby determines that the preceding recitals are true and correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED, that the proposed DCFA Investment Policy for fiscal year 2026-27 attached hereto is adopted

FURTHER RESOLVED, that the DCFA hereby delegates to the DCFA's Treasurer the authority to invest or to reinvest funds of the DCFA, or to sell or exchange securities so purchased for Fiscal Year 2026-27; and be it

FURTHER RESOLVED, that the DCFA's Treasurer shall assume full responsibility for these transactions until the delegation of authority is revoked or expires; and be it

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage.

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage.

DATED: November 19, 2026

_____
President

I hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of the Delta Conveyance Finance Authority at its meeting held on November 19, 2026.

ATTEST:

_____
Robert Cheng, Secretary

DELTA CONVEYANCE FINANCE AUTHORITY

Board Memo

Contact: Katano Kasaine, Treasurer

Date: November 19, 2026 **Item No. 8.a**

Subject: Treasurer's Report, Quarter Ended September 30, 2026

Executive Summary

The beginning cash balance in the DCFA Trust as of July 1, 2026, was $129,733. During the first quarter ended September 30, 2026, receipts totaled $1,226, while disbursements totaled $17,541. This resulted in an ending cash balance of $113,418 as of September 30, 2026.

Attached is the Budget vs. Actual schedule through September 30, 2026. Year-to-date actual expenses totaled $3,198, leaving a remaining balance of $80,052 or 96% in the fiscal year budget. Future expenditures are expected to be higher in upcoming quarters. However, they are anticipated to remain under budget unless activities are more robust than currently planned.

Detailed Report

See attached Statements

Recommended Action

For information only

ATTACHMENTS:

Attachment 1: DCFA Quarter Ended September 30, 2026 Financial Statements

Attachment 2: Budget versus Actual

DELTA CONVEYANCE FINANCE AUTHORITY

Statement of Net Position

As of September 30, 2026

Assets:		
Cash	$	113,418
Interest receivable		383
Prepaids		8,404
Total assets	$	122,205
Net position	$	122,205

DELTA CONVEYANCE FINANCE AUTHORITY
Statement of Cash Receipts and Disbursements

	Quarter Ended Sep '26
Receipts:	
Interest receipts	$ 1,226
Total receipts	1,226
Disbursements:	
Executive director	163
Professional services	6,175
Insurance premiums	11,203
Total disbursements	17,541
Net change in cash	(16,315)
Cash at July 1, 2026	129,733
Cash at September 30, 2026	$ 113,418

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

	Quarter Ended Sep '26
Revenues:	
Interest income	$ 1,180
Total revenues	1,180
Expenses:	
Professional services	399
Insurance premiums	2,799
Total expenses	3,198
Changes in net position	(2,018)
Net position at June 30, 2026	124,223
Net position at September 30, 2026	$ 122,205

* 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, 2026

	Vendor	Invoice #	Invoice Date	Payment Date	Period of Expense	Amount	Disbursement Category
1	Aleshire & Wynder LLP	106670	06/11/26	07/08/26	05/01/26-05/31/26	$ 4,838	Professional services
2	Alliant Insurance Services, Inc.	3576503	06/16/26	07/10/26	07/01/26-07/01/27	11,203	Insurance premiums
3	Brian G. Thomas Consulting, LLC	321	07/01/26	07/10/26	06/01/26-06/30/26	163	Executive Director
4	Aleshire & Wynder LLP	107632	07/13/26	07/24/26	06/01/26-06/30/26	938	Professional services
5	Aleshire & Wynder LLP	108643	08/27/26	09/04/26	07/01/26-07/31/26	399	Professional services
						$ 17,541	

Executive director	$ 163
Professional services	$ 6,175
Insurance premiums	$ 11,203
	$ 17,541

*Totals may not foot due to rounding.

Delta Conveyance Finance Authority
Budget versus Actual
FY 2026/27

Item	Actual Through September 30, 2026	Budget FY 2026/27	Budget Remaining	Percent of Budget Used
Executive director	$ —	$ 12,000	$ 12,000	—
Professional services	399	24,750	24,351	2%
Treasury and accounting	—	30,000	30,000	—
Insurance premiums	2,799	11,500	8,701	24%
Contingency	—	5,000	5,000	—
Total	$ 3,198	$ 83,250	$ 80,052	4%

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: November 19, 2026 | **Item No. 8.c**

Subject: Executive Director's Report

Executive Summary

The DCFA's primary activity continues to be administrative and monitoring activities regarding the Delta Conveyance Project. We continue to work with the State Water Contractors, the Department of Water Resources and the Delta Conveyance Design and Construction Authority (DCA) regarding the project.

Detailed Report

Activities

Administration. Activities included preparing the agenda packet for the November 19, 2026, DCFA Board of Directors meeting, as well as reviewing and approving the various invoices to be paid by the DCFA. The audit was concluded since the last DCFA meeting, and reviewed and commented on audit materials.

Pursuant to board direction, we have been analyzing alternatives for the future of the DCFA in the light of recent court decisions and the Department's expectations regarding future financing. As such, there is a range of future activities from continuing with two meetings a year to winding up the JPA. These alternatives will be discussed in detail at the next DCFA board meeting as part of the discussions surrounding the 2027/28 budget.

Meetings/calls. I had discussions and communication with board members and general counsel regarding the project and this month's DCFA Board meeting.

Future Activities

I will continue working with the members, the DCA, DWR and the State Water Project Contractors to identify opportunities to support funding, conduct financial analysis as needed and prepare for ongoing meetings of the DCFA.

Recommended Action

Informational.