

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

Thursday, November 15, 2018

11:30 a.m.

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

AGENDA

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

California Environmental Quality Act (CEQA) Notice: Discretionary actions taken by the Delta Conveyance Finance Authority are in furtherance of financing the design and construction of the California WaterFix project. The Board of Directors of the Finance Authority, acting as a Responsible Agency under CEQA, determined that it has reviewed and considered Lead Agency DWR's Final Environmental Impact Report and Addendum for the California Water Fix Project and adopted DWR's CEQA determinations, and filed Notices of Determination in compliance with CEQA in July 2018.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. CLOSED SESSION – OPEN SESSION TO FOLLOW AT APPROXIMATELY 12:00 P.M.

a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Gov't Code section 54956.9(d) (2):
Number of Potential Cases: Three

5. PUBLIC COMMENT

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

6. OTHER MATTERS

a. None.

DELTA CONVEYANCE FINANCE AUTHORITY
BOARD MEETING AGENDA
November 15, 2018

7. 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 August 16, 2018

8. SCHEDULED ITEMS

- a. Consider adoption of Bylaws for the Delta Conveyance Finance Authority Board of Directors
- b. Consider and Introduce Conflict of Interest Code for the Delta Conveyance Finance Authority

9. REPORTS AND ANNOUNCEMENTS

- a. Executive Director Report
- b. Treasurer's Report

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING
Thursday, August 16, 2018
11:00 am

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Finance Authority (DC Finance Authority) Board of Directors was called to order in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA, at 11:00 a.m. Vice President Kremen noted that as President Record was participating in the meeting from Los Angeles via conference call, Director Kremen would be chairing the meeting, and all votes would be held via roll call vote.

2. PLEDGE OF ALLEGIANCE

Chairperson Kremen led the Pledge of Allegiance.

3. ROLL CALL

Board members in attendance were Paul Sathy, Valerie Pryor, Jeff Davis, and Gary Kremen. President Randy Record participated via conference call.

Staff members in attendance were Brian Thomas.

4. PUBLIC COMMENT

Chairperson Kremen declared public comment open, limiting speaking time to three minutes, each. After verifying that there were no persons wishing to address the Board from the Los Angeles location, Chairperson Kremen welcomed the public to address the Board from Sacramento.

Ms. Barbara Barrigan Parrilla, Restore the Delta, requested that the WIFIA letter of interest be posted on the Authority's website and asked about the use of federal funds.

With no other persons requesting time to speak, Chairperson Kremen closed public comment.

5. OTHER MATTERS

5.a. Appointment of Treasurer/Controller

Brian Thomas, Interim Executive Director noted that the Treasurer/Controller is authorized to act as a repository for all funds as well as to pay warrants for the DC Finance Authority. Mr. Thomas noted that the Board had approved hiring Metropolitan Water District of Southern California (MWD) to provide these functions at the July meeting, and that in consideration of that fact, it seemed appropriate to appoint June

Skillman, MWD's Chief Financial Officer (CFO) as the DC Finance Authority's Treasurer/Controller.

Motion: Appoint MWD's CFO as Treasurer/Controller
Move to Approve: Valerie Pryor
Second: Paul Sethy
Yeas: Paul Sethy, Valerie Pryor, Randy Record, Jeff Davis, and Gary Kremen
Nays: None
Abstains: None
Recusals: None
Absent: None
Summary: 5 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed via roll call vote as MO 18-8-01)

5.b. Discussion of Brown Act and Board Representation

Adam Kear, Senior Deputy Counsel, MWD, provided the staff report on the Brown Act and Board representation. Mr. Kear discussed quorum requirements and weighted voting under the joint powers agreement.

6. CONSENT CALENDAR:

6.a. Approval of the minutes from the meeting of July 19, 2018

Motion: Approve minutes from the meeting of July 19, 2018, as amended
Move to Approve: Jeff Davis
Second: Valerie Pryor
Yeas: Paul Sethy, Valerie Pryor, Randy Record, Jeff Davis, and Gary Kremen
Nays: None
Abstains: None
Recusals: None
Absent: None
Summary: 5 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed via roll call vote as MO 18-8-02)

7. SCHEDULED ITEMS

7.a. Consider and approve the operating budget for fiscal year ending June 30, 2019 and approve equal assessments to each member agency to fund the 2018/19 budget.

Recommendation: That the Board adopt the Proposed Budget for fiscal year 2018/19 and authorize equal assessments for a total of \$355,000 to be paid by each member in three equal installments, with additional assessments if needed up to \$505,000, and that the Board authorize the Interim Executive Director to execute contracts and effectuate expenditures within the approved budget for up to \$30,000 per fiscal year, including the contract for accounting/treasury services with MWD.

Agenda Item 7a

Interim Executive Director Brian Thomas provided the report to the Board. Mr. Thomas noted that the budget being presented to the Board included costs for Executive Director compensation; professional services for expenditures on bond and disclosure counsel, municipal advisors and the cost of retaining general counsel; accounting and treasury services for MWD to provide accounting and treasury services; insurance (liability and directors and officers insurance); travel and meeting expenditures; materials and supplies; and a contingency allocation. Director Kremen suggested increasing the funds in the contingency category for a total of \$550,000.

Motion: Approve the operating budget for fiscal year ending June 30, 2019, as amended to total \$550,000 and approve equal assessments to each member agency to fund the 2018/19 budget.

Move to Approve: Randy Record

Second: Gary Kremen

Yeas: Paul Sethy, Valerie Pryor, Randy Record, Jeff Davis, and Gary Kremen

Nays: None

Abstains: None

Recusals: None

Absent: None

Summary: 5 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed via roll call vote as MO 18-8-03)

7.b. Approve Resolution 18-3, adopting a debt management policy

Recommendation: Approve Resolution 18-3, adopting a debt management policy

Interim Executive Director Brian Thomas provided a presentation to the Board. Mr. Thomas discussed legislation that requires all governmental entities to establish a Debt Management Policy if any form of debt is being contemplated or anticipated to be issued by the entity. He noted that the proposed debt policy provides guidelines for debt issuance, management, and post issuance related polices and procedures for DC Finance Authority operation.

Motion: Approve Resolution 18-3, adopting a debt management policy, as amended.

Move to Approve: Randy Kremen

Second: Jeff Davis

Yeas: Paul Sethy, Valerie Pryor, Randy Record, Jeff Davis, and Gary Kremen

Nays: None

Abstains: None

Recusals: None

Absent: None

Summary: 5 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed via roll call vote as MO 18-8-04)

7.c. Approve Resolution 18-4, adopting an investment policy

Recommendation: Approve Resolution 18-4, adopting an investment policy

Interim Executive Director Brian Thomas provided a presentation to the Board. Mr. Thomas noted that the proposed investment policy provides guidelines for the prudent investment of surplus cash, reserves, trust funds, bond proceeds and restricted monies held by the DC Finance Authority and that it complies with California Government Code Section 53600 et. seq., which outlines permitted investments for local agencies. Director Kremen suggested investing some portion locally in the Delta or in a local credit union up to insured limits, as well as following State guidelines on investing with companies that are in good standing with the State.

Motion: Approve Resolution 18-4, adopting an investment policy, as amended.

Move to Approve: Paul Sethy

Second: Gary Kremen

Yeas: Paul Sethy, Valerie Pryor, Randy Record, Jeff Davis, and Gary Kremen

Nays: None

Abstains: None

Recusals: None

Absent: None

Summary: 5 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed via roll call vote as MO 18-8-05)

8. REPORTS AND ANNOUNCEMENTS

8.a. Executive Director Report

Mr. Thomas discussed with the board the activities that occurred over the last month, noting that the bulk of activities over the past month were associated with administrative and ministerial actions needed to establish the DC Finance Authority, as well as significant efforts related to finalizing the Letter of Interest for a WIFIA loan, as well as meetings with State Water Project Contractors regarding the financing approach. Mr. Thomas noted that in the coming months staff would be preparing and distributing RFQs/RFPs for professional services, including general counsel, bond and disclosure counsel, municipal advisor, and auditing services. Mr. Thomas requested that Board member staff participate in the selection process to assist in bringing a recommendation to the Board for these services.

9. FUTURE AGENDA ITEMS:

Interim Executive Director Thomas requested the cancellation of the regular scheduled meeting in September 2018.. Mr. Thomas noted future agenda items would include drafts of bylaws and a conflict of interest code.

10. ADJOURNMENT:

Director Kremen adjourned the meeting at 11:57 a.m.

Approved:

Move to Approve:

Second:

Yeas:

Nays:

Abstains:

Recusals:

Absent:

Summary:

Date:

Delta Conveyance Finance Authority

Board Memo

Contact: Brian Thomas, Interim Executive Director

AGENDA DATE: November 15, 2018

Item No. 8a

Subject:

Delta Conveyance Finance Authority Bylaws

Executive Summary

The Bylaws build on and formalize governance and operations as originally set forth in the Delta Conveyance Finance Authority Joint Powers Agreement dated July 3, 2018. The Executive Committee reviewed the Bylaws at its initial meeting on October 15, 2018, and recommends approval.

Detailed Report

See attachments.

Funding

N/A

Recommended Action

Staff and the Executive Committee recommend adopting the Bylaws

ATTACHMENTS:

Attachment 1: Resolution 18-5, adopting bylaws

Attachment 2: Delta Conveyance Authority Bylaws

**RESOLUTION NO. 18-5
RESOLUTION OF THE DELTA CONVEYANCE FINANCE AUTHORITY
ADOPTING BYLAWS**

BACKGROUND

Bylaws provide rules and administrative guidance adopted by a public agency for its internal governance. The bylaws are the principal guide by which the agency conducts its business. The Delta Conveyance Finance Authority Joint Powers Agreement includes many of the provisions for governing the agency. The attached bylaws are based on that agreement.

RESOLUTION

1. The Board of Directors wishes to have Bylaws to guide its governance and how it will conduct Delta Conveyance Finance Authority business.
2. These Bylaws are provided pursuant to Section 10(a) of the Joint Powers Agreement effective on July 3, 2018, by and among Alameda County Water District, Alameda County Flood Control Zone 7 Water District, Metropolitan Water District, Santa Clara Valley Water District, San Bernardino Municipal Water District, and San Geronio Pass Water Agency, as such agreement may be amended from time to time.
3. The Secretary of the Board of Directors shall certify to the passage and adoption of this resolution.
4. This Resolution shall be effective immediately.

* * * * *

This Resolution, passed and adopted this _____ day of August, 2018, by the following vote:

Ayes: _____

Noes: _____

Absent: _____

Abstain: _____

Board President

Attest:

Secretary

**BYLAWS OF THE
DELTA CONVEYANCE FINANCE AUTHORITY**

Adopted _____, 2018

Effective _____, 2018

ARTICLE 1. THE AUTHORITY

1.1 **Name.** The name of this joint powers authority is the Delta Conveyance Finance Authority (hereinafter referred to as the “Authority”).

ARTICLE 2. DEFINITIONS

2.1 **Definitions.**

2.1.1 Agreement shall mean the “Joint Powers Agreement by and among the Alameda County Flood Control Water Conservation District, Zone 7, the Alameda County Water District, the Metropolitan Water District of Southern California, the San Geronio Pass Water Agency, and the Santa Clara Valley Water District, effective as of July 3, 2018, among the signatory parties thereto, as such agreement may be amended from time to time, to form a Joint Powers Authority to cooperate with the California Department of Water Resources (“DWR”) and the Delta Conveyance Design and Construction Joint Powers Authority (“DCA”) to support financing of the California WaterFix (“Conveyance Project”) for the purpose of conveying water from the Sacramento River north of the Sacramento-San Joaquin Delta (“Delta”) directly to the existing State Water Project (“SWP”) and Central Valley Project (“CVP”) pumping plants located south of the Delta.

2.1.2 Board or Board of Directors shall mean the governing body of the Authority as described in Section 5.1 herein.

2.1.3 Brown Act shall mean Chapter 9 of Part 1 of Division 2 of Title 5 of the California Government Code commencing with Section 54950, or with any successor provision.

2.1.4 Bylaws shall mean the bylaws of the Delta Conveyance Finance Authority, contained herein.

2.1.5 Director shall mean a member of the Board of Directors, as defined herein.

2.1.6 Joint Exercise of Powers Act shall mean Chapter 5 of Division 7 of Title 1 of the California Government Code commencing with section 6500, or with any successor provision.

2.1.7 Members shall mean all the public entities as defined in Section 2(n) of the Agreement.

2.2 **Conflict Between Bylaws and Agreement.** Unless specifically defined in these Bylaws, all defined terms shall have the same meaning ascribed to them in the Agreement. If any term of these Bylaws conflicts with any term of the Agreement, the Agreement terms shall prevail, and these Bylaws shall be amended to eliminate such conflict of terms. Unless the context or reference to the Agreement requires otherwise, the general provisions, rules of construction and applicable statutory definitions will govern the interpretation of these Bylaws.

ARTICLE 3. PURPOSE AND LIMITATIONS

3.1 **Purpose.** The Authority was formed with the purpose and intent of serving as an issuer of bonds for the benefit of a Member or Members in implementing the Conveyance Project

in the public interest and to take other actions related to the financing of the planning, development, acquisition, construction, improvement, management, maintenance or operation of the Conveyance Project.

3.2 **Forming Statute; Limitations.** The Authority is created as a joint powers authority pursuant to the provisions of the Government Code of the State of California relating to the joint exercise of powers per Government Code sections 6500, *et seq.* On or before July 3, 2018, the Members each approved the Agreement. The Authority is a public entity separate from the Members to the Agreement and has statewide jurisdiction in order to accomplish the public interest goals and benefits of the Conveyance Project. Pursuant to Government Code sections 6584 *et seq.* or as otherwise authorized by law, the Authority may exercise those common powers, and all independent, complete and/or supplementary powers necessary or appropriate to finance the Conveyance Project consistent with Section 6 of the Agreement.

ARTICLE 4. OFFICES

4.1 **Principal Office and Board Meeting Location.** The principal office for the transaction of the activities and affairs of the Authority (“Principal Office”) is located at 1121 L Street, Suite 1045, Sacramento, CA 95814. The Board meeting location shall be held within the County of Sacramento, unless otherwise changed by the Board.

4.2 **Other Offices.** The Board may at any time establish branch or subordinate offices at any place or places, within or without the Authority’s jurisdictional boundaries, where the Authority may conduct its activities.

4.3 **Amendment.** The Board may change the Principal Office, Board Meeting Location and other offices from one location to another pursuant to Article 6 of these Bylaws. This Section may be amended to state the new location.

ARTICLE 5. DIRECTORS AND OFFICERS

5.1 **Governing Board.** The Authority shall be governed by a Board of Directors. The Board shall ensure that the Board operates in a manner that is fully compliant with the Brown Act, the Joint Exercise of Powers Act, the Agreement, and all other applicable legal requirements.

5.1.1 **Directors.** Pursuant to Section 10(a) of the Agreement, the Board shall be initially composed of one director representing each Member. The governing body of each Member shall determine, in its sole discretion and pursuant to its own procedures and authorities, the person appointed to serve on the Board to represent the Member. Directors shall be appointed prior to the initial meeting or within 30 days of an entity becoming a Member and shall serve without terms and at the pleasure of the governing bodies that appointed them.

5.1.2 **Alternate Directors.** The governing board of the Member may designate an Alternate Director to act in place of its appointed Director during his or her absence. The designation of an Alternate Director shall be made in writing and shall provide such written designation to the Authority’s Secretary as soon as feasible.

5.1.3 **Policies.** The Board shall adopt procedures, rules and policies for the Authority as appropriate and necessary.

Agenda Item 8a (Attachment)

(a) The Board shall adopt a code of ethics for all Directors, Officers and employees of the Authority, whether elected or appointed, paid or unpaid.

(b) The Board shall develop and adopt a conflict of interest code for the Authority compliant with California law. Pursuant to Government Code Section 1090, Directors, Officers and employees of the Authority shall not have an interest in any contract made by the Authority.

(c) The Board shall adopt an investment policy for the Authority.

(d) The Board shall adopt a debt management policy.

(e) The Board shall establish a reimbursement policy under which a Director or others may receive actual, reasonable and necessary reimbursement for travel, meals, lodging, registration and similar expenses incurred on Authority business.

5.2 **Officers.** Pursuant to Section 13 of the Agreement, the officers of the Board shall consist of a President, Vice President, Secretary and Treasurer/Controller (each an “Officer”). The President, Vice President and Secretary must be members of the Board. The President, or if absent, the Vice President, shall preside at all Board meetings. In the absence of the President and Vice President, the Secretary shall chair the meeting. The President shall have the power to enforce meeting decorum and rules of order and to exercise such other powers and duties as may from time to time be assigned to the President. The Vice President, or in the Vice President’s absence, the Secretary shall perform the duties of the President in the absence or inability to act of the President. The President and/or Vice President shall exercise and perform such other powers and duties as may be assigned by the Board. The Vice President shall perform the Secretary’s duties if the Secretary is absent.

5.2.1 **Appointment.** The President, Vice President, Secretary and Treasurer/Controller shall be chosen at the initial meeting or as soon as practical thereafter. Each year thereafter, the Board shall elect a President, Vice President and Secretary at its first meeting of each calendar year. At each such meeting, the Board shall appoint a Treasurer/Controller, who may be a Director, an employee of a Member, or a director of a Member. Officers may serve for multiple consecutive terms.

5.2.2 **Resignation.** An Officer may resign at any time by giving written notice to the Board. Any resignation takes effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in that notice, the acceptance of the resignation is not necessary to make it effective.

5.2.3 **Vacancies.** If the office of any Officer appointed pursuant to this Article becomes vacant at any time for any reason, such vacancy shall be filled at the next regular meeting of the Board held after such vacancy occurs.

5.3 **Treasurer/Controller.** Pursuant to Section 13(b) of the Agreement and Government Code Sections 6505.5 and 6505.6, the Board shall appoint a qualified person to act as the Treasurer/Controller for the Authority. The Board may contract with a Member for provision of the services described in this Section 5.3 by a Member’s employee or to assist an

Agenda Item 8a (Attachment)

Authority Director appointed as Treasurer/Controller pursuant to an agreement between the Member and the Authority.

5.3.1 The Treasurer/Controller is designated as the treasurer and controller for the Authority and shall be the depository and shall have responsibility for the depositing and custody of all funds held by the Authority from any source.

5.3.2 The Treasurer/Controller shall possess the powers of, and shall perform those functions required by provisions of applicable law, including those duties described in the Agreement, and which may be prescribed by the Board or these Bylaws.

5.3.3 Pursuant to Section 17 of the Agreement and applicable law, all funds of the Authority shall be strictly and separately accounted for and regular reports shall be rendered of all receipts and disbursements at least quarterly during the fiscal year. The Treasurer shall provide strict accountability of said funds in accordance with Government Code sections 6505 and 6505.5 and all other applicable provisions of law, including any amendments thereto.

5.4 **Secretary.** The Board shall appoint a Secretary who shall have the following duties and powers and may perform such other duties as may be prescribed by the Board. The Secretary must be a Member of the Board; however, the Board may contract with a Member's employee or receive support from other related entity (e.g., State Water Contractors Inc.) to assist an Authority Director appointed as Secretary.

5.4.1 The Secretary shall give, or cause to be given, notice of all meetings of the Board and committees of the Authority required by the Bylaws and applicable law to be given.

5.4.2 The Secretary shall keep or cause to be kept, at the Principal Office or such other place as the Board may direct, a record of summary minutes of all meetings and actions of Directors, Alternate Directors and committees of the Authority, with the time and place of meeting, whether the meeting was regular or special, how any special meeting was authorized, the notice provided for the meeting, the names of those present at such meetings, and the votes, actions and proceedings of such meetings.

5.5 **Contracts for Services.** Any Member's employee(s) providing services for the benefit of the Authority pursuant to an agreement between the Member and the Authority, including, but not limited to, accounting and treasury management services for the Board under Section 5.3 above of these Bylaws and Section 17 of the Agreement, shall serve as an independent contractor of the Authority, shall remain a common law employee of the respective Member for all purposes, and shall act solely at the direction of the governing body of the respective Member or management employee(s) under the exclusive control of the governing body of the respective Member. The fee for services provided by the Authority to a Member for such services shall be the subject of an agreement between the applicable Member and the Authority.

5.6 **Increasing Members.** Additional proposed Members may join the Authority in accordance with Section 15 of the Agreement.

ARTICLE 6. MEETINGS AND BOARD ACTION

6.1 **Regular Meetings.** The Board shall meet at least once per year, or more frequently if the Board deems it necessary, for the purpose of conducting Authority business. Such regular meetings shall be at 11:00 a.m. on the third Thursday of the months of January through December. The Board shall adopt a schedule of regular meetings at the beginning of each fiscal year. All actions related to the issuance of debt shall take place at a regularly scheduled meeting.

6.2 **Special Meetings.** Special meetings of the Board may be called by the President or by a majority of all Directors, and shall be conducted pursuant to California Government Code section 54956. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at a special meeting.

6.3 **Emergency Meetings.** Emergency meetings of the Board shall be conducted pursuant to California Government Code section 54956.5 and may be called by the President or by a majority of Directors.

6.4 **Open Meetings.** All regular, special and emergency meetings of the Board shall comply with the Brown Act.

6.5 **Closed Sessions.** The Board shall comply in all respects with closed session requirements and procedures of the Brown Act.

6.6 **Agenda.** The Executive Director shall prepare the agenda for all meetings of the Board in accordance with the Brown Act, and regular meeting agendas shall be posted 72 hours before each meeting in compliance with said Act.

6.7 **Quorum.** A majority of the Board of Directors shall constitute a quorum in order to conduct business. Alternate Directors attending meetings shall not be counted as part of any meeting quorum unless such Alternate Director is formally representing an absent Director. In the absence of a quorum, no Board business may be transacted except the adjournment of a meeting by the remaining Directors. A Director shall be deemed present for the determination of a quorum if the Director is present at the meeting in person or if he or she participates in the meeting telephonically as provided by the Brown Act. In the absence of a quorum, those Directors present may remain after the adjournment of a meeting and receive public comment and/or informational items, but may not take any Board action or otherwise hold a Board meeting.

6.8 **Voting.** Voting shall be conducted pursuant to Section 12 of the Agreement. Each Director present at a meeting shall have one vote in any decision regarding administrative, managerial, and ministerial actions. As provided in Section 12(f) of the Agreement, for all other matters except the addition of new Members, the termination of the Agreement, and any action which would cause the breach its agreements related to the issuance of Bonds, each Director shall have the number of votes equal to 1,000 multiplied by its Financial Commitment Amount as defined in Section 2(j) of the Agreement. A unanimous vote of all directors is required to approve the addition of new Members, terminate the Agreement or approve any action that would cause the Authority to breach its obligations related to the issuance of Bonds. Less than a majority may make a motion for adjournment.

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6.9 **Action.** Action by the Board on all resolutions and ordinances shall be recorded in writing, signed by the President, and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes.

6.10 **Adjournments and Adjourned Meetings.** The Board may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified by the Board in accordance with applicable law. If less than a majority is present at a meeting, a majority of those members of the Board present may adjourn the meeting from time to time.

ARTICLE 7. ADMINISTRATION AND STAFFING

7.1 **Staffing and Administrative Principles.** The Board may hire an Executive Director and a General Counsel, as described below. By way of agreement with the subject Member and the Board, the Authority may also utilize the services of staff of one or more of the Members, as appropriate.

7.2 **Executive Director.** The Board may appoint an Executive Director under whose general supervision and control the activities of the Authority shall be conducted (the “Executive Director”) and who shall be compensated for his/her services as determined by the Board.

7.2.1 The Executive Director may be a Member entity staff member, or a contract Executive Director retained by the Board and shall serve at the pleasure of the Board and continue in his/her capacity until he/she resigns or is terminated by the Board.

7.2.2 The Executive Director shall be the chief administrative officer of the Authority and shall have overall responsibility for the day-to-day operations and administration of the Authority.

7.2.3 The Executive Director may retain other contractors or Member services, to the extent such services are approved and funded in the budget.

7.2.4 Under policy direction from the Board of Directors, the Executive Director shall be responsible for, among other duties as may be assigned by the Board, the following duties:

(a) Developing the annual operating budget and other budgets required under the Agreement and contracting for services that will allow the Authority to fulfill all of its obligations under the Agreement, including contracts for bond counsel, disclosure counsel, and municipal advisor.

(b) Retaining investment banking and other banking services.

(c) Executing contracts, deeds and other documents and instruments as authorized by the Board, subject to any Board policy on spending and signature authority.

(d) Exercising general supervision over all property belonging to the Authority.

(e) Exercising responsibility for purchases of all supplies, materials, and equipment of the Authority.

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(f) Coordinating Board and committee meetings and public participation opportunities associated therewith, and in coordination with the Authority's General Counsel, ensuring the Authority operates in a manner consistent with all legal requirements imposed by law on California public agencies.

(g) Ensuring that the requirements of the Joint Exercise of Powers Act (Cal. Gov. Code, § 6500 *et seq.*) are satisfied.

(h) Developing disclosure practices, procedures and policies.

(i) Representing the Authority at meetings with federal and state agencies, rating agencies, investor meetings, meetings with State Water Contractors and other water agencies, and other similar meetings and events.

(j) Exercising such other powers and duties as may be prescribed by the Board or these Bylaws.

(k) Carrying out the direction of the Board.

7.3 **Administration.** Authority administration may be accomplished through the appointment of the Executive Director through contract or professional services agreement, and/or through a collaborative staffing model in which the professional and technical staff of the Members shall work together to provide staff leadership, management and administration of the Authority

7.4 **General Counsel.** The Board may appoint General Counsel to provide legal counsel and representation for the Board and the Authority ("General Counsel").

7.4.1 General Counsel shall give advice or written opinions as needed, and shall prepare proposed resolutions, ordinances, rules, contracts and other legal documents as requested by the Board or Executive Director. General Counsel shall attend meetings of the Board and shall attend to all legal actions that involve the Authority or are of interest to the Authority. The Board shall set the compensation of the General Counsel.

7.4.2 General Counsel shall, when deemed appropriate or called upon, seek the advice and consultation of the legal counsels, and possibly employees, as necessary, from Members of the Authority on legal issues facing the Authority; in such an instance, the communications shall be confidential and protected to the fullest extent possible under the law and said communications shall not in any way preclude staff or legal counsels from fulfilling their duties and obligations to their Member, including representation in any dispute or action.

ARTICLE 8. COMMITTEES

8.1 **Executive Committee.** Pursuant to Section 11 of the Agreement, the Board shall establish an Executive Committee. The Executive Committee shall consist of the President, Vice President and Secretary of the Board, and shall serve at the pleasure of the Board. The Board may appoint additional Members by majority vote, provided that the Executive Committee does not exceed five members. The Executive Committee is delegated authority to manage the administration of the affairs, property and business of the Authority, and shall carry out other responsibilities as delegated by the Board. The Executive Committee shall hold at least one

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meeting quarterly. The Executive Committee shall establish the date, time and place upon which such regular meetings will take place, and will provide notice to each member of the Authority. The Executive Committee shall recommend a budget to the Board.

8.1.1 **Specific Committees.** The Board may appoint project specific committees (Specific Committees) to manage specific projects, such as bond issues or other activities. Specific committee membership and appointments shall be at the Board's sole discretion. Likewise, the Board shall have the sole discretion to remove or admonish any member, or members, of any specific committee at any time. The Board may, at its sole discretion, appoint an alternate member to any specific committee. Each specific committee shall include Directors that have voting interest in the project. The Board may delegate such powers and authority to specific committees as the Board may determine by motion, resolution or ordinance. Each committee shall be run by a committee chair that is appointed by the Board President, subject to the approval of the Board.

8.1.2 **Standing Committees.** The Board may appoint Standing committees as needed.

8.1.3 **Conduct.** All standing and specific committee meetings shall be noticed, held, and conducted in accordance with the provisions of the Brown Act. The Board shall appoint the respective committee chairs in consultation with the committee members and the Board may further establish rules of conduct for said committees. Each standing or specific committee may establish a time and place for regular meetings and may call special meetings in the same manner as the Board. Standing and specific committee meeting minutes shall be recorded and upon approval shall be distributed to the Board.

8.1.4 **Direction.** In establishing a standing or specific committee, the Board shall provide direction to the committee regarding its tasks, expected duration for completion of its tasks, and a summary of the resources, including consultant support, available to the committee in performing its tasks.

8.2 **Other Committees.** The President of the Board and the Board itself each has authority to establish ad hoc, technical or other committees, as appropriate.

ARTICLE 9. POWERS

The powers of the Authority shall be as set forth in Section 6 of the Agreement and in Government Code sections 6584 *et seq.* or as otherwise authorized by law, necessary or appropriate to accomplish the purposes of the Authority.

ARTICLE 10. FINANCES

10.1 **Fiscal Year.** The fiscal year for the Authority shall begin on July 1st and end June 30th, unless the Board decides otherwise.

10.2 **Budget.** The Authority shall operate pursuant to a general operating budget and other Authority budgets adopted in accordance with the Agreement. The Authority shall endeavor to operate each year pursuant to an annually balanced operating budget so that projected annual expenses do not exceed projected annual revenues.

10.3 **Operating Budget and Expenditures.** The Board shall adopt an annual operating budget before the beginning of a fiscal year or any other date established by the Board, as required to conduct its business in a manner consistent with the purposes of the Authority. Unless otherwise required by the Agreement or California law, the Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the approval of the Board. The Authority may invest any money in the treasury that is not required for its immediate necessities pursuant to Government Code section 6509.5 in the same manner, and upon the same conditions, as any local agency may do pursuant to Government Code section 53635.

10.4 **Funding for the Authority.** Funding for the Authority shall be in accordance with Section 14 of the Agreement.

10.5 **Alternative Funding Sources.** The Authority may, by a Board vote, seek funding from other alternative sources, including but not limited to state and federal grants or loans, including WIFIA loans, and the issuance of bonds.

ARTICLE 11. DEBTS AND LIABILITIES

Except as may be specifically provided for in the Agreement and/or California Government Code Section 895.2 as amended or supplemented, the debts, liabilities and obligations of the Authority are not and will not be the debts, liabilities or obligations of any or all of the Members. However, nothing in this Article or in the Agreement prevents, or impairs the ability of, a Member or Members, from agreeing, in a separate agreement, to be jointly and/or severally liable, in whole or in part, for any debt, obligation or liability of the Authority, including but not limited to, any bond or other debt instrument issued by the Authority.

ARTICLE 12. RECORDS

12.1 **Availability.** A copy of the Authority's Bylaws and the Agreement shall be kept at the Authority's Principal Office, as set forth in Section 4.1 above of these Bylaws, and shall be open to inspection by the public at all reasonable times during office hours.

12.2 **Inspection.** Unless otherwise restricted by law, any Member and any Director may inspect any record of the Authority, including but not limited to the accounting books and records and minutes of the proceedings of the Board and committees of the Board, at any reasonable time. A designated representative of the Member may make any inspection and copying under this Section and the right of inspection includes the right to copy. As directed and permitted by law, Authority records shall be open to inspection by the public.

ARTICLE 13. AMENDMENT AND REVIEW

13.1 **Amendment.** These Bylaws may be amended from time to time by resolution of the Board.

13.2 **Review.** The Bylaws of the Authority may be amended, added to, or repealed by a 2/3 majority vote of the Board of Directors at any meeting of the Board, provided notice of the proposed change or changes is given in the notice of regular or special meeting and such change

Agenda Item 8a (Attachment)

is allowed by the Agreement. In the event that a conflict exists between a provision in the Bylaws and a provision in the Agreement, the provision in the Agreement shall govern.

Agenda Item 8a (Attachment)

CERTIFICATE OF ADOPTION

I, the undersigned, certify that I am the duly appointed and authorized Executive Director of the DELTA CONVEYANCE FINANCE AUTHORITY, a California joint powers authority, and the above stated Bylaws, consisting of 11 pages, are the Bylaws of this Authority as approved by the Board of Directors on _____ day of _____, 2018, to be effective as of _____, 2018.

Brian Thomas
Executive Director

Delta Conveyance Finance Authority

Board Memo

Contact: Brian Thomas, Interim Executive Director

AGENDA DATE: November 15, 2018

Item No. 8b

Subject

Introduce and Consider Proposed Conflict of Interest Code

Executive Summary

A draft conflict of interest code for the Delta Conveyance Finance Authority ("Finance Authority") is being introduced here for preliminary Board and public comment and consideration. A public hearing and final local approval of the conflict of interest code by the Finance Authority is scheduled for December 2018.

The Political Reform Act, Government Code Section 81000, et seq., requires local agencies like the Finance Authority to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a standard model conflict of interest code ("Model Code"), which is set forth in California Code of Regulations Section 18730. That Model Code may be amended by the Fair Political Practices Commission from time to time and can be adopted and incorporated by reference by local agencies like the Finance Authority as their own conflict of interest code under the Political Reform Act.

Designated officials who manage public investments are not subject to a local agency's conflict of interest code. Rather, these officials must disclose financial interests pursuant to Government Code section 87200. A primary function of the Finance Authority is making decisions about public investments.

The Conflict of Interest Code that is being introduced today complies with all of these requirements and is being introduced as part of a statutorily required public comment and review period.

Detailed Report

The proposed conflict of interest code for the Finance Authority incorporates the Model Code, and also designates the positions required to file Form 700 with the FPPC and/or the Finance Authority. As shown in the attached, all board members and alternates, as well as the Executive Director and Treasurer will be required to file with the FPPC pursuant to Government Code section 87200.

The attached Conflict of Interest Code was reviewed by the Executive Committee on October 15, 2018 and recommended for further consideration by the full Board.

The Political Reform Act and the Fair Political Practice Commission regulations that implement it require a 45-day public comment period before a public agency can give local approval of a proposed conflict of interest code and then submit the proposed code to the Fair Political Practices Code for final approval.

Notice of the commencement of the 45-day comment period was issued on November 13, 2018. At this time, staff wishes only to introduce the proposed Conflict of Interest Code and receive any preliminary comments from the Board and from the public. The proposed Conflict of Interest Code will be brought back to the Board at its December 20, 2018 meeting for a public hearing and for administrative authority to make the required submittals once the comment period ends on December 28, 2018.

Funding

N/A

Recommended Action

That the Board consider and receive any preliminary comments on the proposed Conflict of Interest Code. .

ATTACHMENTS:

Conflict of Interest Code

**DELTA CONVEYANCE FINANCE AUTHORITY
CONFLICT OF INTEREST CODE**

The Political Reform Act, Government Code Section 81000, et seq., requires local agencies like the Delta Conveyance Finance Authority (“Finance Authority”) to adopt and promulgate local conflict of interest codes. The Fair Political Practices Commission has adopted a standard model conflict of interest code (“Model Code”), which is set forth in California Code of Regulations Section 18730. That Model Code may be amended by the Fair Political Practices Commission from time to time and can be adopted and incorporated by reference by local agencies like the Finance Authority as their own conflict of interest code under the Political Reform Act.

Pursuant to California Code of Regulations Section 18730(b)(3), certain designated officials who manage public investments are not subject to a local agency’s conflict of interest code. Rather, these officials must disclose financial interests pursuant to the state law of the Political Reform Act, Government Code section 87200, et seq. A primary function of the Finance Authority is making decisions about public investments.

All officials and designated positions required to submit a statement of economic interests shall file their statements with the Executive Director as the Finance Authority’s Filing Officer/Official. The Executive Director shall make and retain a copy of statements filed by such officials and designated position holders and forward the originals to the Fair Political Practices Commission. The Executive Director shall retain the original statements filed by all other officials and designated position holders and make all retained statements available for public inspection and reproduction during regular business hours. (Gov. Code, § 81008.)

APPENDIX 1

DESIGNATED PERSONS

The positions and functions listed herein are “designated positions” for purposes of the Political Reform Act. Persons holding these positions as designated public officials, employees and consultants are deemed to make or participate in the making of decisions which may foreseeably have a material effect on any financial interest.

Officials/ Position Name	Disclosure Category
Finance Authority General Counsel	1
Outside financial consultants with discretion to make securities trades	1

Disclosure Category 1: Investments, business positions, or sources of income in the following business sectors: banking, investments, financial services, financial analysis, municipal finance, or related field.

Note: The disclosure category(ies) listed above identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned. The term "investment" means a financial interest in any business entity (including a consulting business or other independent contracting business) and is reportable if it is located in, doing business in, planning to do business in, or has done business during the previous two years in the jurisdiction of the Finance Authority.

APPENDIX 2

PUBLIC OFFICIALS WHO MAKE PUBLIC INVESTMENTS

The following positions are public officials who manage public investments. As such, these positions are not covered by this conflict of interest code. Rather, they are subject to the filing procedures and disclosure criteria in Government Code section 87200.

Members of Board of Directors

Treasurer/Controller

Executive Director

Delta Conveyance Finance Authority

Board Memo

Contact: Brian Thomas, Interim Executive Director

AGENDA DATE: November 15, 2018

Item No. 9a

Subject: Executive Director's Report

Executive Summary

Since the last board meeting, activities continue to focus on drafting organizational policies and guiding documents including the bylaws and conflict of interest code presented at today's meeting, as well as meeting with state contractors and members. In addition, the Executive Committee had its initial meeting to consider the bylaws and conflict of interest code. Other activities include meetings with state water contractors and members.

Detailed Report

Administration. The bylaws and conflict of interest code were drafted and reviewed by the Executive Committee. The application for the Finance Authority's insurance policy was completed and the policy has been executed. The agreement with Metropolitan to provide accounting and treasury services is near final. We will also have audit services provided by Metropolitan's external auditor under this agreement. We drafted and distributed a Request for Proposals for general counsel services.

WIFIA Loan. Unfortunately, the EPA did not select the WaterFix project to move forward to the next round. We are scheduling a meeting to receive feedback. Given that feedback, we will restructure the Letter of Interest for the next round of funding and resubmit. This will also provide time for the other permitting processes to move forward before the next submittal.

Meetings. I participated in a number of discussions and meetings with state water contractors, financial consultants, engineering firms, and attorneys regarding the financing structure, participation in the Finance Authority, and other issues associated with financing WaterFix, including procurement methods. In addition, I participated in a panel at the American Water Summit in Philadelphia discussing alternative financing approaches and ways utilities can develop resilient financial policies in a changing economy.

Future Activities. We will be preparing and distributing RFQ/RFPs for bond and disclosure counsel, tax counsel, and municipal advisor. We are reviewing other needed policies (e.g., travel policy, purchasing policy, etc.) to determine applicability to the Finance Authority.

Recommended Action

Informational.

Delta Conveyance Finance Authority

Board Memo

Contact: June Skillman, Treasurer

AGENDA DATE: November 15, 2018

Item No. 9b

Subject: Treasurer's Quarterly Report

Summary

During the First Quarter of FY 2019 ended September 2018, receipts totaled \$80,000, consisting of contributions from three member agencies. There were no disbursements from the DCFA Trust during the First Quarter of FY 2019. The balance in the DCFA Trust at September 30, 2018 was \$80,000.

Accounts Receivable totaled \$53,333, consisting of expected contributions from the two remaining member agencies.

Detailed Report

See attached Statements

Recommended Action

Information, only.

ATTACHMENTS:

DCFA FY 2019 First Quarter Financial Statements

Agenda Item 9b (Attachment)

DELTA CONVEYANCE FINANCE AUTHORITY
Statement of Cash Receipts and Disbursements
Three Months Ended September 30, 2018

Receipts:		
Contributions from member agencies	\$	<u>80,000</u>
Net change in cash		80,000
Cash at July 1, 2018		<u>—</u>
Cash at September 30, 2018	\$	<u><u>80,000</u></u>

DELTA CONVEYANCE FINANCE AUTHORITY
Balance Sheet
As of September 30, 2018

Assets:

Cash	\$	80,000
Accounts receivable		<u>53,333</u>
Total assets	\$	<u><u>133,333</u></u>

Net position	\$	<u><u>133,333</u></u>
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DELTA CONVEYANCE FINANCE AUTHORITY

Accounts Receivable Aging Schedule
As of September 30, 2018

<u>Receivable From:</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>Total</u>
Alameda County Water District					
Invoice: Administrative Costs Share Installment 1	\$ 26,667	\$ —	\$ —	\$ —	\$ 26,667
Zone 7 Water Agency					
Invoice: Administrative Costs Share Installment 1	26,667	—	—	—	26,667
	<u>\$ 53,333</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 53,333</u>

*Totals may not foot / cross foot due to rounding.