

August 12, 2019

Delta Conveyance Design and Construction Authority
Board of Directors

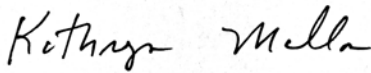
Subject: ***Materials for the August 15, 2019, Regular Board Meeting***

Members of the Board:

The next regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors is scheduled for **Thursday, August 15, 2019 at 2:00 p.m.** at the **Tsakopoulos Library Galleria, 828 I Street, East Room (1st floor), in Sacramento.**

Enclosed are the materials for the Thursday, August 15, 2019, Board meeting in a PDF file, which has been bookmarked for your convenience.

Regards,



Kathryn Mallon
DCA Executive Director

**DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY
BOARD OF DIRECTORS MEETING**

REGULAR MEETING

Thursday, August 15, 2019
2:00 p.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 the Design and Construction Authority support staff at (916) 347-0486 or info@dcdda.org.

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT

Members of the public may address the Authority on matters that are within the Authority's jurisdiction. Speakers are limited to three minutes each. Persons wishing to speak are requested to complete speaker cards.

5. APPROVAL OF MINUTES: July 18, 2019 Regular Board Meeting

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. None

7. DISCUSSION ITEMS

- a. DCA Staffing Workshop

Recommended Action: Presentation only

- b. July DCA Monthly Report

Recommended Action: Information only

- c. Consider Passing Resolution Authorizing Investment Policy and Annual Delegation

Recommended Action: Adopt Resolution

8. STAFF REPORTS AND ANNOUNCEMENTS

- a. Executive Director's Report
- b. DWR Environmental Manager's Report
- c. General Counsel's Report
- d. Treasurer's Report
- e. Verbal Reports, if any

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

* * * * *

Next scheduled meeting: September 19, 2019 Regular Board Meeting at 1:30 p.m. (2 p.m. open session) in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING

Thursday, July 18, 2019

2:00 PM

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors was called to order in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814, at 2:00 p.m.

2. ROLL CALL

Board members in attendance were Tony Estremera, Richard Atwater, Steve Blois, and Sarah Palmer constituting a quorum of the Board.

Staff members in attendance were Kathryn Mallon, Joshua Nelson, June Skillman, and Carrie Buckman.

3. PLEDGE OF ALLEGIANCE

President Estremera convened the open session at approximately 2:01 p.m. and led all present in reciting the Pledge of Allegiance.

4. PUBLIC COMMENT

President Estremera opened Public Comment, limiting speaking time to three minutes each.

There were no verbal or written comments from the public.

President Estremera closed Public Comment.

5. APPROVAL OF MINUTES: July 20, 2019 Regular Board Meeting

Recommendation: July 20, 2019 Regular Board Meeting

Ms. Sarah Palmer stated her support to approve last month's meeting minutes with the recommended amendments to paragraphs two and six on page 6.

Move to Approve Minutes from July 20, 2019: Atwater

Second: Palmer

Yeas: Atwater, Blois, Estremera, Palmer

Nays: None

Abstains: None
 Recusals: None
 Absent: None
 Summary: 4 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed as MO 19-07-01).

6. CONSENT CALENDAR

There were no items on this month's consent calendar.

7. DISCUSSION ITEMS:

a. Introduction of the new Environmental Manager

Ms. Mallon introduced the new Environmental Manager, Carolyn Buckman. Ms. Buckman presented a summary of her professional background. She has been active in Environmental compliance for 20-plus years in water resources related projects. Ms. Buckman's focus has been on the California Environmental Quality Act, National Environmental Protection Act, Endangered Species Act, California Endangered Species Act, and other environmental permitting efforts. Ms. Buckman expressed that she is looking forward to developing a collaborative and cooperative relationship with the DCA and other water contractor as we move forward with this project.

b. Presentation of the Projected Monthly Expenditures for Issued Task Orders

Ms. Kathryn Mallon presented a summary of the monthly expenditures for Fiscal Year 2019/2020, identifying a lag in the chart to account for payment processing. Ms. Mallon identified per the JEPA, that DWR had approved temporary funding of \$19.7 M. State Water Contractors (SWC), such as Santa Clarita, San Bernardino, and San Geronio are going to their boards in the fall to seek and receive approval to re-authorize funding; which would bring total funding to \$29.4 M. The remaining SWC members will seek and receive approval from their Boards towards the end of the year, contributing the remaining requested and approved budget, bringing the grand total to \$101.6M.

Mr. Richard Atwater inquired if the DCA is coordinating with the Finance Committee in which Ms. Mallon confirmed.

c. Discuss the new Monthly Board Report Template

Ms. Kathryn Mallon discussed the development of the new report template that will be included in the monthly packets as a summary of where we are in the project. Ms. Mallon opened up comment from the Board and encouraged the public to offer their feedback. Ms. Palmer asked if this report would be on the webpage with links in which Ms. Mallon confirmed that it would.

Mr. Tony Estremera voiced his agreement with Ms. Mallon with how the DCA would like to be transparent to the public regarding the project advancements. Mr. Estremera encouraged members of the public to send their suggestions for items they'd like to see incorporated in to the report.

Ms. Osha Meserve, Local Agencies of the North Delta, expresses concern of moving large amounts of fresh water from the North Delta. Ms. Meserve emphasized the importance of only taking water during high flows if the DCA proceeds with conveyance. Ms. Meserve references the format of the

new report regarding public engagement. She feels that there can be improvements to the report by adding a disposition column with a way to track comments and the responses to those comments. Ms. Mallon responded to Ms. Meserve confirming that we are developing a database that records the comments and responses which will be searchable by the public and accessible on the DCA website.

d. Consider passing Resolution to Approve the Letter of Credit for the DCA Office Lease

Recommendation: Adopt a Resolution to approve the letter of credit for the DCA office lease.

Mr. Joshua Nelson, General Counsel, presented a summary of last month's approval of the lease at 980 9th Street. Mr. Nelson confirmed that the lease has been signed, although there was an issue regarding the security deposit. Due to the landlord having a private lender, the DCA wanted to ensure their security deposit was protected in the event of foreclosure. The DCA negotiated with the landlord a letter of credit in lieu of a security deposit. Bank of America has finalized the securement of the letter of credit and has requested a resolution from the DCA Board indicating that they approve the letter of credit. Mr. Nelson presented the resolution to the Board in order for Ms. Mallon to execute the letter of credit as well as to complete the remaining outstanding items to finalize the office space lease.

Move to Approve Resolution to Approve the Letter of Credit for the DCA Office Lease,

as noted: Atwater

Second: Palmer

Yeas: Estremera, Atwater, Blois, and Palmer

Nays: None

Abstains: None

Recusals: None

Absent: None

Summary: 4 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed as Resolution 19-10).

8. STAFF REPORTS AND ANNOUNCEMENTS:

a. Executive Director's Report

A written report was provided in the Board package. Ms. Mallon gave a brief highlight of setting up the governance and policies and procedures by which the DCA governs itself. As of last week, the status of progress for this went from 93 not started, down to 57 not started. There are significant efforts to have everything completed by the 90-day target. Ms. Mallon also provided an update that the DCA is finalizing execution plans that define the scope of services that the DCA will provide to the DWR environmental planning process. The team is currently in their final stages that will soon be submitted for review. Additionally, Ms. Mallon confirms that the lease has been signed. Due to the delay in negotiations, this has extended the move in date to January 1, 2020.

b. General Counsel's Report

A written report was provided in the Board package. Mr. Nelson gave a brief update on the status of the Environmental Committee and Public Engagement Committee in which they are working on this internally and will be providing a draft to the Board by the September meeting for consideration. Best Best and Krieger (BBK) continues to assist the DCA with procurement. Currently the IT and Communication procurements are under way.

Board members have requested a copy of the draft prior to finalizing in order for them to provide feedback.

c. Treasurer's Report

A written report was provided in the Board package. Ms. Skillman highlights the Fiscal Year 2018/2019 financial statement. Accrual statements are preliminary and will be finalized once the audit is completed which is happening on August 5th at the Metropolitan. Ms. Skillman informed the Board of the 3 payments issued to the DCA totally at \$2.8 M.

Mr. Dan Whaley, Delta Resident, expresses concern about stakeholders needing to be included in the engagement plan with DWR and DCA. He does not feel that locals have been a part of the process and would like this to change before litigation has to be enforced. Mr. Whaley noted that he is still unsure what the defined project is and expresses disappointment at the amount of taxpayer money that is being spent on drill testing for an alignment that has yet to be confirmed. In addition, Mr. Whaley references a few alternative options could be considered.

d. Verbal Reports

No verbal reports were provided.

9. FUTURE AGENDA ITEMS:

No requested future agenda items.

10. ADJOURNMENT:

President Estremera adjourned the meeting at 2:24 p.m., in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento.

Board Memo

Contact: Diane Pitman, Group Manager HR, Metropolitan Water District

Date: August 15, 2019 Board Meeting

Item No. 7a

Subject:

DCA Staffing Workshop

Executive Summary:

Staff recommends the Board discuss the possibility of staffing the DCA with an optimal mix of employees and consultants; review the proposed organizational structure; and review the proposed methodology for setting compensation and benefits for DCA employees. If the Board is supportive of the proposal, input from this Workshop will be incorporated into a classification and compensation system brought back to the Board at a future meeting for adoption.

Detailed Report:

Staff recommends that the Board consider transitioning key DCA positions from independent contractors to employees. These positions will be selected based on duties and responsibilities requiring 1) significant decision-making, 2) avoidance of the appearance or potential conflict of interest, and 3) outward facing engagement.

This agenda item is a workshop to provide an overview of the proposal to the Board, receive feedback on the proposal, and discuss potential salary and benefit programs and methodologies. To help ensure potential salaries are consistent with the prevailing market for similar positions, staff collected salary data from seven comparable agencies which will be reviewed with the Board. This methodology is consistent with other California public sector special districts and utilities and helps inform the Board about potential DCA salary ranges.

Employee benefits, comprehensive liability insurance, and workers' compensation coverage may be available to DCA employees through a government agency pool of over 300 other California water agencies. The Association of California Water Agencies Joint Powers Insurance Authority, or ACWA JPIA, provides a means for health premium rate stability, broader coverage and expanded benefits, as compared to what would be obtainable for DCA in the marketplace. Staff has met with ACWA JPIA personnel and begun initial research and application preparations. If the Board decides to move forward with this proposal, the DCA Board will be required to authorize membership in ACWA as well as the ACWA JPIA, through adoption of resolutions. Based on the current schedule, this will occur at the September 19th Board meeting. Importantly, the DCA may contract directly with ACWA JPIA for benefits under Section 6(c)(4) of the DCA Procurement & Purchasing Policy. This permits a direct contract with another governmental agency.

Again, assuming the Board is supportive of this proposal, future agenda items would involve approving specific positions to be filled, and setting salary and benefit levels. Subject to Board feedback at this meeting, this is currently scheduled for October 17, 2019. The benefits program

is anticipated to be available on or after January 1, 2020. This timeline ensures that the DCA does not hire employees until additional progress on the on-going contract negotiations related to Delta Conveyance between the Department of Water Resources and affected public water agencies has occurred.

Recommended Action:

Review and provide feedback to staff on (1) whether to consider transitioning some senior positions to DCA employees and (2) if so, the proposed methodology for establishing pay and benefits for these employees.

Attachments:

Human Resources Overview Presentation



DCA

DELTA CONVEYANCE **DESIGN**
& **CONSTRUCTION AUTHORITY**

HUMAN RESOURCES OVERVIEW

Agenda Item 7a | Attachment 1

August 15, 2019

PURPOSE

- Discuss possibility of structuring DCA with employees and consultants
- Review proposed Organizational Structure
- Review salary structure approach
- Review benefits structure approach
- Receive feedback and direction

EMPLOYEE COST VS CONSULTANT IMPACT

- Benefits costs for employees estimated between 30% – 45% of salaries
- Consultant compensation includes benefits mark-up
- Consultant compensation also includes administrative mark-up
 - Combined may range between 50% - 200%
- Hiring employees of the DCA should reduce overall costs

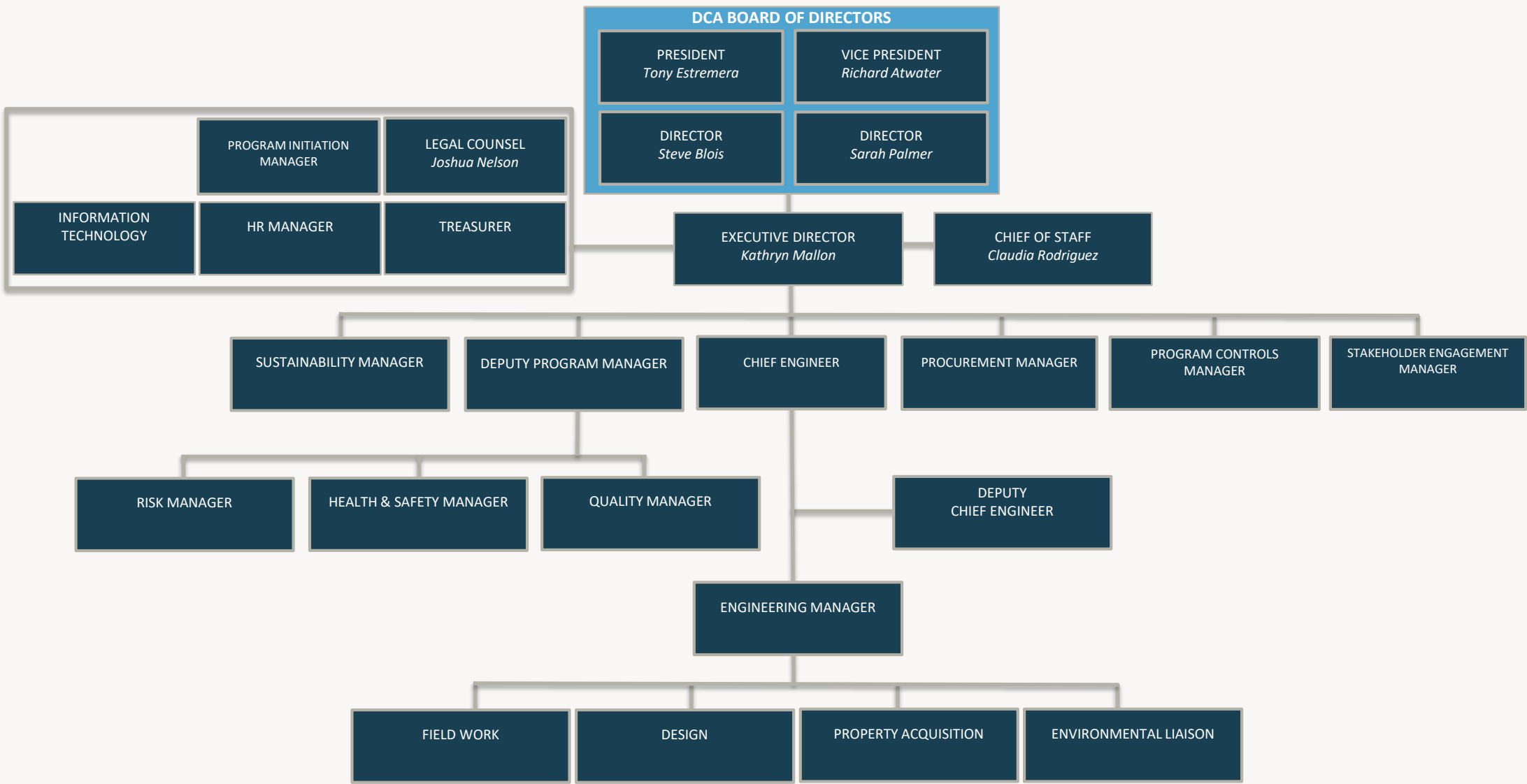
ORGANIZATIONAL STRUCTURE

- Initially employ approximately 8 positions
 - Ensure adequate oversight of critical decision-making (e.g. Chief Engineer)
 - Eliminate perceived or potential conflicts of interest (Procurement, Payments)
 - Significant external engagement
- Add approximately 12 more positions as needed over next 3 years
 - Maximum of approximately 40 positions staffing DCA
 - Upon completion of scope of work, JPA dissolves
 - Employees separate or return to previous employer



SUPPLEMENT WITH OUTSOURCED STAFF

- Serve as “Extension of DCA Staff” (e.g. Legal Counsel)
- Serve as Expert/Consultant/Support (e.g. Feature Design Consultant)



SALARY RANGES

- Broad ranges with eligibility for annual increases based on performance
- Ranges recommended based on market data and internal equity
 - Ensures transparency
- Highly competitive pay and benefits
 - Total compensation approach

SALARY COMPARATORS

- East Bay Municipal Utility District (East Bay MUD)
- Los Angeles Department of Water and Power (LADWP)
- Metropolitan Water District of Southern California (MWD)
- San Francisco Public Utilities Commission (SFPUC)
- Santa Clara Valley Water District (SCVWD)
- State Department of Water Resources (DWR)
- Zone 7 – Alameda County (Zone 7)



MARKET COMPARISON EXAMPLE

Sustainability Manager				
Comparator Agency	Comparator Title	Comparator Minimum	Comparator Midpoint	Comparator Maximum
East Bay MUD	Manager of Environmental Compliance	\$132,024	\$161,364	\$190,704
LADWP	Environmental Affairs Officer	\$128,328	\$143,884	\$159,440
MWD	Environmental Planning Unit Manager	\$158,392	\$182,832	\$207,272
SFPUC	Planner IV-Environmental Review	\$119,834	\$132,730	\$145,626
SCVWD	Environmental Mitigation and Monitoring Manager	\$154,236	\$175,606	\$196,976
DWR	Environmental Program Manager II	\$143,520	\$153,282	\$163,044
Zone 7	Sustainability Program Manager	\$111,509	\$124,239	\$136,968
Total Average		\$135,406	\$153,420	\$171,433

Note: All agencies above are PERS agencies

MARKET COMPARISON EXAMPLE

Sustainability Manager			
	Comparator Minimum	Comparator Midpoint	Comparator Maximum
25 th Percentile	\$124,081	\$138,307	\$152,533
50 th Percentile	\$132,024	\$153,282	\$163,044
75 th Percentile	\$148,878	\$168,485	\$193,840
99 th Percentile	\$158,392	\$182,832	\$207,272

Example of creating a range using 50 th percentile midpoint			
30% range	\$133,289	\$153,282	\$173,275

Example of creating a range using 50 th percentile midpoint			
40% range	\$127,735	\$153,282	\$178,829

EMPLOYEE BENEFIT PLANS

- Join benefits pool run by ACWA Joint Powers Insurance Authority (JPIA)
 - Direct Contract pursuant to Section 6 (c)(4) of DCA Procurement & Purchasing Policy
 - Health benefits
 - Includes medical, dental, vision, life, etc.
 - Workers' compensation
 - Comprehensive liability insurance
- Competitive rates based on pool of agencies covered



EMPLOYEE BENEFIT PLANS

- Retirement Options
 - PERS or other Defined Benefit option
 - 2% @ 62 Formula
 - 401(a) Defined Contribution retirement option
 - Maximum employer contribution of \$56,000 per year
 - No employee contribution permitted
 - 457 Defined Contribution retirement option
 - Allows employee contribution and employer contribution
 - Maximum of \$19,000 per year

EMPLOYEE BENEFIT PLANS

- Comparing Defined Benefit to Defined Contribution
 - PERS or other Defined Benefit Option
 - DCA or member agencies have long-term liability for benefit
 - Likely not be feasible based on eventual DCA dissolution
 - 401(a)/457 Defined Contribution Retirement option
 - Employee has responsibility for benefit
 - Investment options provided for growth based on individual risk tolerance
 - Allows retired PERS employees to join DCA
 - No retired annuitant limitations
 - Flexibility in structuring employer contribution

NEXT STEPS

- September 19 Board Meeting
 - Adoption of DCA Resolution to join ACWA
 - Adoption of DCA Resolution to join ACWA JPIA
 - Designate one DCA Board Member to serve on ACWA and ACWA JPIA Boards
 - Designate Alternate Board Member (may be DCA Board Member or Executive Director)
- November 5 ACWA JPIA Board Meeting
 - Staff will attend to confirm membership in ACWA JPIA

STAFF RECOMMENDATION

- Make a decision to staff project with an optimized mix of employees and consultants
- Return September 19 with resolutions to join ACWA and ACWA JPIA
- Return October 17 with salary and benefit plan details and costs
- All prospective hires will be brought to Board before job offer



AUG 2019 Monthly Board Report

This document is fully interactive; use menus to navigate on-screen.

1

EXECUTIVE
SUMMARY

2

ENGINEERING
& FIELD WORK

3

STAKEHOLDER
ENGAGEMENT

4

PROGRAM
MANAGEMENT

5

BUDGET

6

CONTRACTS

7

SCHEDULE



Section 1 | Executive Summary

The DCA continues to focus on standing up the organization with sound governance and comprehensive policies and procedures to guide the work. We anticipate completing this work in the next 30 days and training all staff on compliance within the next 120 days.

The engineering team continues to collect and analyze existing information and perform foundational engineering work in preparation for the upcoming Environmental Planning process.

The stakeholder engagement team has been participating in “listening” meetings with various Delta stakeholders and is preparing foundational material in support of the future engagement process.

The DCA has committed approximately \$69M of the budgeted \$82M and is forecasting completion of the work within the approved budget for FY 2019/20 without a drawdown of contingency.

We are awaiting a final schedule for the Environmental Planning work and upon receipt will be able to report on schedule status. We anticipate having this schedule in the next month.

Monthly Budget Summary (FY 2019/2020)

Category	Current Budget	Current Contingency	Current Commitments	Spent To Date	EAC	Variance
Program Management	\$ 8,800,000	\$ 1,600,000	\$ 6,479,587	\$ 527,806	\$ 8,800,000	-
Project Controls	\$ 5,250,000	\$ 700,000	\$ 4,220,982	\$ 331,286	\$ 5,250,000	-
Engineering	\$ 31,800,000	\$ 5,800,000	\$ 28,883,773	\$ 459,332	\$ 31,800,000	-
Field Work	\$ 21,460,000	\$ 4,900,000	\$ 20,697,157	\$ 194,329	\$ 21,460,000	-
Property Access and Acquisition	\$ 3,060,000	\$ 600,000	\$ 358,659	\$ 45,952	\$ 3,060,000	-
Stakeholder Engagement	\$ 4,700,000	\$ 700,000	\$ 4,265,804	\$ 103,875	\$ 4,700,000	-
Administration	\$ 6,930,000	\$ 1,500,000	\$ 4,334,882	\$ 1,098,434	\$ 6,930,000	-
	\$ 82,000,000	\$ 15,800,000	\$ 69,240,844	\$ 2,761,015	\$ 82,000,000	-

Key Milestones

Project Phase	2019			2020	
	Q1	Q2	Q3	Q3	Q4
Start of new Environmental Planning Process					
Start of Pre-Scoping					
Draft Environmental Documents Starts					
Publish Notice of Preparation/ Intent					
Close Scoping Comment Period					
Alternatives Identified					
Draft Environmental Document					

UNDER
DEVELOPMENT

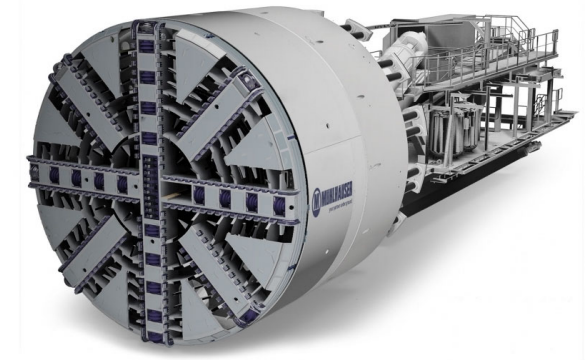
Section 2 | Engineering & Field Work

The engineering team has been focused on completing their execution plans. These plans provide a roadmap of work to be completed over the upcoming environmental documentation process.

The team has also been collecting existing data and conducting foundational engineering work that will be used as the building blocks to evaluate alternatives identified in the upcoming Scoping process.

The team has also initiated logistics studies to identify viable corridors for moving goods and services in the Delta. This will be one of the largest challenges on the program and will require significant coordination with a variety of local and state staff to assess feasibility. It will also be a significant subject for stakeholder engagement.

The field work teams have been gearing up to begin mapping and soil exploration work. The soils data will allow the team to build a map of subsurface conditions to help analyze various tunnel corridor options.



General Work

Completed	Ongoing
<ul style="list-style-type: none">• Developed preliminary project templates• Prepared Permit Index• Prepared draft Engineering Management and Execution Plans• Developed systemwide hydraulic model to study alternatives• Studied appropriate tunnel sizes for range of intake diversion flows• Developed planning phase project schedule for DCA work	<ul style="list-style-type: none">• Developing facility information sheets to support Stakeholder Engagement• Support reconnaissance alternatives configuration analysis• Collecting and studying existing information on range of tunnel corridors• Studying tunnel lining and concrete production requirements• Developing facility design criteria• Studying previous public comments regarding transportation impacts and identifying potential goods and material delivery corridors.• Finalize Work Plan for Bathymetric data collection

Section 2 | Engineering & Field Work *continued*

Field Work

Completed

- Prepared Draft Field Work Execution Plan, including 3-year geotechnical exploration plan
- Developed detailed screening protocol for historic subsurface data within the Delta
- Evaluated geoBIM platforms for project integration of subsurface model data and made selection

Ongoing

- Screen data to identify suitable information for input into GeoBIM model
- Begin compiling initial Geotechnical Data Report
- Prepare field access plans by parcel
- Incorporate available data in GeoBIM model

Section 3 | Stakeholder Engagement

The DWR and DCA team have been meeting with key stakeholders in the Delta to introduce ourselves and to solicit feedback on key areas of concern and how we might work better together through the planning process. The meetings to date have been instructive and the feedback has helped guide the program's thinking on the Communications Plan. To date, "listening" meetings have been held with representatives of the following organizations:

- California Water Research
- Delta Legacy Communities
- Solano County Supervisor Skip Thomson
- San Joaquin County Supervisor Chuck Winn
- San Joaquin County Director of Public Works
- Delta Counties Coalition
- Restore the Delta
- Contra Costa County Supervisors Karen Mitchoff and Diane Burgis
- NRDC

We are continuing to reach out to Delta Stakeholders representing a wide array of interests to better understand their most important issues and make progress on how the Delta Conveyance team and local and statewide stakeholders can work more effectively together.

Upcoming Meetings

- August 13 – SCVWD Board Meeting Presentation
- August 16 – Urban Water Institute

Engagement Summary

Software system under development to capture questions and issues identified in Stakeholder Engagement

Monday	Tuesday	Wednesday	Thursday	Friday
		July	18	19
22	23	24	25	26
29	30	31	August 1	2
5	6	7	8	9
12	14	15		

UNDER
DEVELOPMENT

Section 4 | Program Management

Program Management

Management policies, plans, procedures and guidelines are being prepared to provide a resource and reference to standardize functions across the DCA program. Policies set overall guidance and expectations for functional business areas. Plans and procedures (Standard Operating Procedures—SOPs) will provide program team members with specific business process workflows, roles, responsibilities, templates and instruction for executing work within supporting program management systems.

Areas being addressed include Safety, Environmental and Engineering Management, Quality, Program Controls, Procurement and Contract Administration, Risk Management, and Program Management Information Systems.

Key Accomplishments

- The team has drafted 66 plans, policies or procedures with 37 still under development.
- Implemented DCA meeting governance to coordinate workstreams, measure progress, and address critical action items.

Program Controls

Program Controls team is focused on building the baseline budgets and schedules that will allow tracking and reporting on progress and status and finalizing the project controls policies and procedures. The cost WBS, baseline budget and current commitments have been established and are being entered into our Project Management Information System. The baseline schedule is still under development pending input from the DWR Environmental Planning team.

Key Accomplishments

- Prepared inaugural Monthly DCA Board Report
- Completed 19 DRAFT Project Controls Policies and Procedures; 8 are in progress.
- Established Baseline Budget and coded all contracts to their corresponding budget codes for tracking and reporting.
- Developed Procurement and Contract templates for all anticipated services.

Administration

The team has focused largely on managing the move to the new office building scheduled for January of 2020 and supporting the transition of the DCA as an employer, including development of Human Resource policies and procedures.

Key Accomplishments

- The lease for 980 9th Street has been finalized, the LOC has been finalized and issued by Bank of America
- Continuing to work on the new building space design and anticipate starting the build-out process in the next month
- Continuing to facilitate onboarding of consultant and program staff, 11 people were onboarded in July

Section 5 | Budget

The 2019/2020 Budget of \$97.8M (\$82.0M + \$15.8M in contingency) was approved at the June 2019 Board Meeting. The budget has been broken down into a detailed Work Breakdown Structure (WBS) and all program commitments have been applied against the budget breakdown.

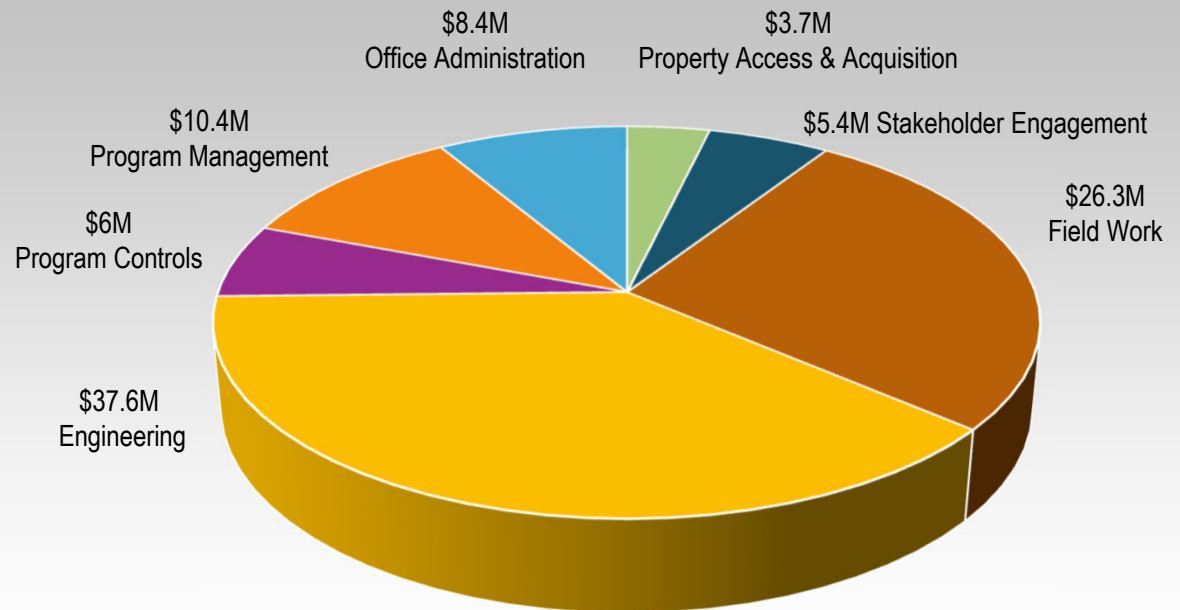
For FY 2018/19, we are finalizing closeout of all expenditures and are currently forecasting approximately \$13.3M in expenditure against the approved budget of \$14.24M; an underspend of approximately \$1M (See page 8).

For FY 2019/20, we have committed approximately \$69M of the budgeted \$82M. Our current estimate at completion is \$82M and we do not anticipate the need for contingency drawdown at this point. (See pages 8-9).

During this period, there was one approved budget change for additional architectural services for the new Building. (See page 10).

Adopted Fiscal Year Budget

Total \$97.8M



[more >](#)

Section 5 | Budget *continued*

Budget Detail

WBS	Fiscal Year	Original Budget	Current Budget	Contingency	Commitments	Pending Commitments	Incurred to Date	% Spent	Remaining Budget	% Rem	EAC	Variance
Fiscal Year 18/19 Expenditures	2018/2019	\$ 133,570,000	\$ 14,240,000	\$ -	\$ 14,351,200	\$ -	\$ 13,020,459	91%	\$ 1,219,541	9%	\$ 13,250,000	\$ (990,000)
Delta Conveyance	2019/2020	\$ 97,800,000	\$ 82,000,000	\$ 15,800,000	\$ 69,240,844	\$ 950,000	\$ 2,761,015	3%	\$ 79,238,985	97%	\$ 82,000,000	\$ -
Program Management	2019/2020	\$ 10,400,000	\$ 8,800,000	\$ 1,600,000	\$ 6,479,587	\$ -	\$ 527,806	6%	\$ 8,272,194	94%	\$ 8,800,000	\$ -
Executive Management	2019/2020	2,000,000	2,000,000	-	1,818,864	-	307,114	15%	1,692,886	85%	2,000,000	-
Legal Counsel	2019/2020	3,020,000	3,020,000	-	960,000	-	55,000	2%	2,965,000	98%	3,020,000	-
Audit	2019/2020	100,000	100,000	-	100,000	-	-	0%	100,000	100%	100,000	-
Treasury	2019/2020	160,000	160,000	-	120,000	-	6,000	4%	154,000	96%	160,000	-
Health & Safety	2019/2020	100,000	100,000	-	100,000	-	-	0%	100,000	100%	100,000	-
Quality	2019/2020	750,000	750,000	-	750,000	-	-	0%	750,000	100%	750,000	-
Program Initiation	2019/2020	2,130,000	2,130,000	-	2,106,563	-	159,692	7%	1,970,308	93%	2,130,000	-
Sustainability	2019/2020	540,000	540,000	-	524,160	-	-	0%	540,000	100%	540,000	-
Contingency	2019/2020	1,600,000		1,600,000	-	-	-	0%	-	-	-	-
Program Controls	2019/2020	\$ 5,950,000	\$ 5,250,000	\$ 700,000	\$ 4,220,982	\$ -	\$ 331,286	6%	\$ 4,918,714	94%	\$ 5,250,000	\$ -
Cost, Schedule and Document Control	2019/2020	3,950,000	3,950,000	-	3,802,425	-	248,993	6%	3,701,007	94%	3,950,000	-
Procurement	2019/2020	1,020,000	1,020,000	-	190,004	-	43,432	4%	976,568	96%	1,020,000	-
Risk Management	2019/2020	280,000	280,000	-	228,553	-	38,861	14%	241,139	86%	280,000	-
Contingency	2019/2020	700,000		700,000	-	-	-	0%	-	0%	-	-
Stakeholder Engagement	2019/2020	\$ 5,400,000	\$ 4,700,000	\$ 700,000	\$ 4,265,804	\$ -	\$ 103,875	2%	\$ 4,596,125	98%	\$ 4,700,000	\$ -
Engineering Coordination	2019/2020	1,497,000	1,497,000		1,496,457	-	-	0%	1,497,000	100%	1,497,000	-
Outreach	2019/2020	2,173,000	2,173,000	-	1,740,909	-	103,875	5%	2,069,125	95%	2,173,000	-
Economic Development	2019/2020	1,030,000	1,030,000	-	1,028,438	-	-	0%	1,030,000	100%	1,030,000	-
Contingency	2019/2020	700,000		700,000	-	-	-	0%	-	0%	-	-

continued >

Section 5 | Budget *continued*

Budget Detail *continued*

WBS	Fiscal Year	Original Budget	Current Budget	Contingency	Commitments	Pending Commitments	Incurred to Date	% Spent	Remaining Budget	% Rem	EAC	Variance
Administration	2019/2020	\$ 8,430,000	\$ 6,930,000	\$ 1,500,000	\$ 4,334,882	\$ -	\$ 1,098,434	16%	\$ 5,831,566	84%	\$ 6,930,000	\$ -
Facilities & Operations	2019/2020	3,800,000	3,800,000	-	2,627,267	-	961,168	25%	2,838,832	75%	3,800,000	-
Human Resources	2019/2020	650,000	650,000	-	150,000	-	25,000	4%	625,000	96%	650,000	-
Information Technology	2019/2020	2,480,000	2,480,000	-	1,557,615	-	112,267	5%	2,367,734	95%	2,480,000	-
Contingency	2019/2020	1,500,000		1,500,000	-	-	-	0%	-	-		-
Engineering	2019/2020	\$ 37,600,000	\$ 31,800,000	\$ 5,800,000	\$ 28,883,773	\$ -	\$ 459,332	1%	\$ 31,340,668	99%	\$ 31,800,000	\$ -
Engineering Management	2019/2020	2,900,000	2,900,000	-	500,000	-	48,000	2%	2,852,000	98%	2,900,000	-
Engineering	2019/2020	27,900,000	27,900,000	-	27,883,773	-	369,665	1%	27,530,335	99%	27,900,000	-
Environmental Coordination	2019/2020	1,000,000	1,000,000		500,000	-	41,667	4%	958,333	96%	1,000,000	-
Contingency	2019/2020	5,800,000		5,800,000	-	-	-	0%	-	0%		-
Field Work	2019/2020	\$ 26,360,000	\$ 21,460,000	\$ 4,900,000	\$ 20,697,157	\$ 200,000	\$ 194,329	1%	\$ 21,265,671	99%	\$ 21,460,000	\$ -
Geotech	2019/2020	20,440,000	20,440,000	-	20,436,957	-	194,329	1%	20,245,671	99%	20,440,000	-
Survey	2019/2020	1,020,000	1,020,000	-	260,200	200,000	-	0%	1,020,000	100%	1,020,000	-
Contingency	2019/2020	4,900,000		4,900,000	-	-	-	0%	-	0%		-
Property Access & Acquisition	2019/2020	\$ 3,660,000	\$ 3,060,000	\$ 600,000	\$ 358,659	\$ 750,000	\$ 45,952	2%	\$ 3,014,048	98%	\$ 3,060,000	\$ -
Property Access Management	2019/2020	360,000	360,000	-	358,659	-	45,952	13%	314,048	87%	360,000	-
Easements	2019/2020	1,700,000	1,700,000	-	-	-	-	0%	1,700,000	100%	1,700,000	-
Temporary Access	2019/2020	1,000,000	1,000,000	-	-	750,000	-	0%	1,000,000	100%	1,000,000	-
Land Purchases	2019/2020	-	-	-	-	-	-	0%	-	100%	-	-
Contingency	2019/2020	600,000		600,000	-	-	-	0%	-	0%		-
Power, Roads & Utilities	2019/2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	0%	\$ -	\$ -
Power	2019/2020	-	-	-	-	-	-	0%	-	0%	-	-
Civil Access Works	2019/2020	-	-	-	-	-	-	0%	-	0%	-	-

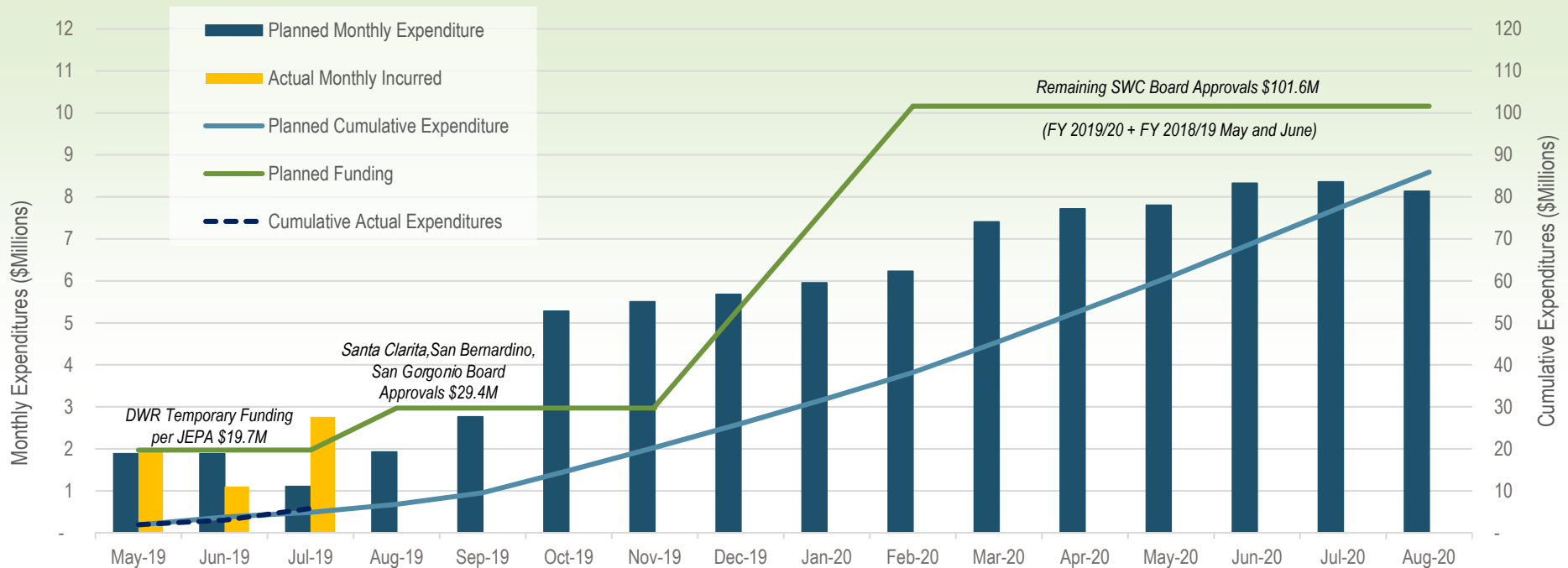
[more >](#)

Section 5 | Budget *continued*

Budget Change

WBS	Current Budget	Change Request	% Change	Current Budget	Description	Status (Pending, Approved)
Administration						
Architectural Services - RMW	\$15,125	\$12,000	79%	\$27,125	Additional DCA architectural services required to supplement Building Manager architectural drawing set to ensure quality.	Approved

2019/2020 Cash Flow & Funding



Section 6 | Contracts

The DCA has completed execution of the majority of the task orders needed for the planned work in FY 2019/20. To date, we are forecasting to remain within the executed task order commitment amounts.

New Commitments. During the reporting period, we had \$61M in new commitments. These included new task orders for engineering services, geotechnical services, architectural

services, construction management support for the new building, MWD staffing support, and expenses toward the new building. (See page 14).

Procurement. We have seven contracts in procurement for FY2019/20. These represent the remaining planned contracts in our annual budget although more may be identified as circumstances arise during the planning period.

S/DVBE Participation. This data is still under development. As soon as we have it properly coded into our PMIS, we will begin reporting on our status.

Contract Summary

Contracts	Fiscal Year	Contract Budget	Contingency	Commitments	Pending Commitments	Spent to Date	% Spent	EAC	Variance
180001 Best Best & Krieger LLP		\$ 900,000	\$ -	\$ 900,000		\$ 396,133			
TO#1	FY 18/19	-	-	346,133	-	346,133	100%	\$ 346,133	\$ -
TO#2	FY 19/20	-	-	553,867		50,000	9%	\$ 553,867	\$ -
180002 Management Partners		\$ 375,000	\$ -	\$ 375,000		\$ 192,315			
	FY 18/19			\$ 375,000		\$ 192,315	51%	\$ 192,315	\$ 182,685
180005 e-Builder		\$ 855,633	\$ -	\$ 499,927		\$ 300,340			
	FY 18/19			\$ 387,094		\$ 300,340	78%	\$ 301,000	\$ 86,094
	FY 19/20			\$ 112,833		\$ -	0%	\$ 112,833	\$ -
180006 Jacobs		\$ 93,000,000	\$ 17,000,000	\$ 43,894,580		\$ 5,062,634			
TO#1	FY 18/19			\$ 5,278,820		\$ 3,894,239	74%	\$ 4,000,000	\$ 1,278,820
TO#2	FY 19/20			\$ 38,615,760		\$ 1,168,395	3%	\$ 38,615,760	\$ -
180007 Fugro		\$ 75,000,000	\$ -	\$ 19,863,519		\$ 1,075,925			\$ -
TO#1	FY 18/19	\$ -		\$ 927,796		\$ 927,770	100%	\$ 927,796	\$ -
TO#2	FY 19/20	\$ -		\$ 148,156		\$ 148,156	100%	\$ 148,156	\$ -
TO#3	FY 19/20	\$ -		\$ 18,787,567		\$ -	0%	\$ 18,787,567	\$ -
180008 Hamner Jewell Associates		\$ 9,000,000	\$ -	\$ -		\$ -	0%		
TO#1	FY 18/19			\$ -		\$ -	0%	\$ -	\$ -
TO#2	FY 19/20			\$ -	\$ 250,000	\$ -	0%	\$ -	\$ -

Section 6 | Contracts *continued*

Contract Summary *continued*

Contracts	Fiscal Year	Contract Budget	Contingency	Commitments	Pending Commitments	Spent to Date	% Spent	EAC	Variance
180009 Bender Rosenthal		\$ 9,000,000	\$ -	\$ -		\$ -	0%		
TO#1	FY 18/19			\$ -		\$ -	0%	\$ -	\$ -
TO#2	FY 19/20			\$ -	\$ 250,000	\$ -	0%	\$ -	\$ -
180010 Associated ROW Services		\$ 9,000,000	\$ -	\$ -		\$ -	0%		
TO#1	FY 18/19			\$ -		\$ -	0%	\$ -	\$ -
TO#2	FY 19/20			\$ -	\$ 250,000	\$ -	0%	\$ -	\$ -
180011 Michael Baker		\$ 8,000,000	\$ -	\$ -		\$ -	0%		
TO#1	FY 18/19			\$ -		\$ -	0%	\$ -	\$ -
TO#2	FY 19/20			\$ -	\$ 200,000	\$ -	0%	\$ -	\$ -
180012 Hernandez Kroone		\$ 2,000,000	\$ -	\$ -		\$ -	0%		
TO#1	FY 18/19			\$ -		\$ -	0%	\$ -	\$ -
TO#2	FY 19/20			\$ -		\$ -	0%	\$ -	\$ -
180013 Psomas		\$ 15,000,000	\$ -	\$ -		\$ -	0%		
TO#1	FY 18/19			\$ -		\$ -	0%	\$ -	\$ -
TO#2	FY 19/20			\$ -	\$ -	\$ -	0%	\$ -	\$ -
180014 CDMSmith		\$ 74,999	\$ -	\$ 47,564		\$ 34,696			
TO#1	FY 18/19			\$ 47,564		\$ 34,696	73%	\$ 34,696	\$ 12,868
180015 AECOM		\$ 15,000	\$ -	\$ 15,000		\$ 12,579			
	FY 18/19			\$ 15,000		\$ 12,579	84%	\$ 12,579	\$ 2,421
180016 PlanNet		\$ 74,999	\$ -	\$ 74,999		\$ 64,677			
	FY 18/19			\$ 64,677		\$ 64,677	100%	\$ 64,677	\$ -
	FY 19/20			\$ 10,322		\$ -	0%	\$ 10,322	\$ -
180017 Sextant		\$ 74,999	\$ -	\$ 74,999		\$ 13,669			
	FY 18/19			\$ 13,669		\$ 13,669	100%	\$ 13,669	\$ -
	FY 19/20			\$ 61,330		\$ -	0%	\$ 61,330	\$ -

continued >

Section 6 | Contracts *continued*

Contract Summary *continued*

Contracts	Fiscal Year	Contract Budget	Contingency	Commitments	Pending Commitments	Spent to Date	% Spent	EAC	Variance
190001 Bentley Systems ProjectWise		\$ 140,860	\$ -	\$ 100,000		\$ 100,000			\$ -
	FY 18/19			\$ 100,000		\$ 100,000	100%	\$ 100,000	\$ -
	FY 19/20			\$ 40,860			0%	\$ 40,860	\$ -
190003 Ron Rakich Consulting		\$ 6,000	\$ -	\$ 6,000		\$ 4,593			
	FY 18/19			\$ 6,000		\$ 4,593	77%	\$ 4,593	\$ 1,407
190005 Management Partners		\$ 3,135,000	\$ -	\$ 802,655		\$ 222,905			
TO#1	FY 18/19			\$ 175,655		\$ 175,655	100%	\$ 175,655	\$ -
TO#1	FY 19/20			\$ 627,000		\$ 47,250	8%	\$ 47,250	\$ 579,750
190008 RMW Architecture & Interiors		\$ 15,125	\$ -	\$ 15,125		\$ 9,804			
	FY 19/20			\$ 15,125	\$ 12,000	\$ 9,804	65%	\$ 27,125	\$ (12,000)
190009 Parsons		\$ 36,000,000	\$ 4,000,000	\$ 6,293,000		\$ 959,168			
TO#1	FY 18/19			\$ 446,104		\$ 446,104	100%	\$ 446,104	\$ -
TO#1	FY 19/20			\$ 5,846,896		\$ 513,064	9%	\$ 5,846,896	\$ -
190010 Porter Consulting LLC		\$ 51,150	\$ -	\$ 50,150		\$ -			\$ -
	FY 19/20			\$ 50,150		\$ -	0%	\$ 50,150	\$ -
190011 GV/ HI Park Tower		\$ 8,122,584	\$ -	\$ 2,125,608		\$ 300,080			
Deposit	FY 19/20			\$ 847,073		\$ 211,000	25%	\$ 847,073	\$ -
Tenant Improvements				\$ 654,975		\$ -	0%	\$ 654,975	\$ -
Lease	FY 19/20			\$ 623,560		\$ 89,080	14%	\$ 623,560	\$ -
07252018 Hallmark Group		\$ 1,531,360	\$ -	\$ 1,517,593		\$ 1,517,593			
	FY 18/19			\$ 1,517,593		\$ 1,517,593	100%	\$ 1,517,593	\$ -
Department of Water Resources			\$ -	\$ 3,264,300		\$ 3,264,300			
	FY 18/19			\$ 3,264,300		\$ 3,264,300	100%	\$ 3,264,300	\$ -
AO5218 Metropolitan Water District			\$ -	\$ 3,486,001		\$ 161,500			
TO#1	FY 18/19			\$ 1,591,001		\$ 1,591,001	100%	\$ 1,591,001	\$ -

Section 7 | Schedule

Project/ Phase	2019		2023	Percent (%) Complete	Variance to Plan	Movement the Month	Rem Float	GAR Status
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UNDER DEVELOPMENT

Board Memo

Contacts: June Skillman, Treasurer

Date: August 15, 2019 Board Meeting

Item No. 7c

Subject:

Consider Passing Resolution Authorizing Investment Policy and Annual Delegation

Executive Summary:

Staff seeks board approval of the Delta Conveyance Design and Construction Authority's (DCA) Statement of Investment Policy (Policy). Staff also seeks board approval for the delegation of authority to the Treasurer to invest the DCA funds for FY 2019/20, pursuant to the Government Code of the state of California (California Government Code).

The policy has been edited to ensure that it complies with the requirements of the California Government Code, provides a balance between investment restrictions and investment flexibility, and expresses the DCA's investment objectives and preferences with clarity and consistency.

Detailed Report:

The DCA's Policy (Attachment 2) requires the Treasurer to adhere to the following three criteria:

1. **Safety of Principal.** Investments shall be undertaken which first seek to ensure the preservation of principal in the portfolio. The Treasurer shall ensure each investment transaction is evaluated or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral, and shall diversify the portfolio to reduce exposure to loss. Diversification of the portfolio will be used in order to reduce exposure to principal loss.
2. **Liquidity.** Investments shall be made whose maturity date is compatible with cash flow requirements and which will permit easy and rapid conversion into cash without substantial loss of value.
3. **Return on Investment.** Investments shall be undertaken to produce an acceptable rate of return after first considering safety of principal and liquidity and the prudent investor standard.

In accordance with Section 53607 of the California Government Code, the authority to invest public funds granted to the Board may be delegated to the Treasurer for a one-year period. The Board's prior delegation to the Treasurer expires on August 16, 2019. Subject to review, the Board may renew the delegation to the Treasurer annually.

The Policy has been edited. The proposed Policy is included as Attachment 2. Attachment 3 is a redlined document that compares the current Policy to the proposed Policy. Edits include the following:

1. The preamble has been updated to clarify that the policy applies to investible funds.
2. Allows for the use of investment managers.
3. Expresses the investment objective.
4. Eligible investments are updated to add Supranationals and Asset-Backed Securities to eligible investments.
5. References to specific rating agencies were deleted; the Policy's credit rating language now indicates credit rating requirements are based on the rating category without modifiers (+, -, or 1, 2, 3 modifiers) and only one rating is needed.
6. The maximum maturity of any investment in the portfolios shall not exceed five (5) years except that the portfolio may be invested in United States Treasury and Federal Agency securities with maturities in excess of five years.

Recommended Action:

Staff recommends the DCA Board adopt a Resolution to Authorize the Investment Policy and the Annual Delegation of authority to the Treasurer to invest the DCA's funds for FY 2019/20, pursuant to the Government Code of the state of California (California Government Code).

Attachments:

Attachment 1 – Draft Resolution 19-XX

Attachment 2 – Investment Policy, August 2019 (clean)

Attachment 3 – Investment Policy, August 2019 (redline from FY 2018/19)

Attachment 4 – Investment Policy Presentation

BOARD OF DIRECTORS OF THE DELTA CONVEYANCE
DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY
RESOLUTION NO. 19-XX

Introduced by Director xxxx

Seconded by Director xxxx

AUTHORIZE THE INVESTMENT POLICY AND ANNUAL DELEGATION FOR FY 2019/20

Whereas, the Delta Conveyance Design and Construction Joint Powers Authority's ("DCA") Investment Policy is intended to provide guidelines for the prudent investment of surplus cash, reserves, and restricted monies held by the DCA, if any, and

Whereas, pursuant to section 53600, *et. seq.*, of the Government Code of the State of California, the authority to invest DCA funds has been delegated to the DCA's Treasurer,

Now, therefore, be it resolved by the Board of Directors (Board) of the DCA as follows:

1. The Board authorizes this Investment Policy to safeguard the principal of the funds under the Treasurer's control when investing public funds. The Board further adopts this Investment Policy to maintain liquidity as required by the DCA. In the event that the DCA has surplus cash, reserves, and restricted monies held by the DCA, the Board authorizes this Investment Policy with the objective of receiving a return on investment of such funds.

2. The Board delegates authority to the Treasurer to invest the DCA's funds for FY 2019/20.

3. The Secretary of the Board shall certify to the passage and adoption of this Resolution.

This Resolution passed and adopted this _____ day of August, 2019, by the following vote:

Ayes: _____

Noes: _____

Absent: _____

Abstain: _____

Tony Estremera, Board President

Attest:

Sarah Palmer, Board Secretary

DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY INVESTMENT POLICY

PREAMBLE

This Statement of Investment Policy (Policy) is intended to outline the guidelines and practices to be used in effectively managing the Delta Conveyance Design and Construction Joint Powers Authority's ("DCA") available cash and investment portfolio. DCA funds not required for immediate cash requirements will be invested in compliance with the California Government Code and this Policy.

SECTION 1. POLICY

It is the policy of the Board of Directors of the DCA 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

SECTION 2. INVESTMENT AUTHORITY

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

SECTION 3. 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 DCA's investment portfolio pursuant to the specific and stated investment objectives of the DCA. 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 DCA's investment portfolio.

SECTION 4. 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 DCA 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:

- (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 DCA shall seek to preserve principal by mitigating both credit and market risk.
- (2) **Liquidity** – Every effort shall be made to ensure that the DCA'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.
- (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 DCA 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.

SECTION 5. SCOPE

The Investment Policy applies to all available funds of the DCA 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.

SECTION 6. 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 DCA 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 DCA with the aim to safeguard principal and meet the liquidity needs of the DCA.

SECTION 7. 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.

SECTION 8. SAFEKEEPING AND CUSTODY

All securities transactions entered into by the DCA shall be conducted on a delivery-versus-payment (DVP) basis pursuant to a custodial safekeeping agreement. All deliverable securities owned by the DCA 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).

SECTION 9. REPORTING

The Treasurer shall submit a quarterly report within 30 days following the end of the quarter covered by the report to the DCA Board of Directors pursuant to California Government Code Section 53646 (b)(1). 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 DCA's expenditure requirements for the next six (6) months.

SECTION 10. 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:

- Allowable investments
- 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 DCA 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 DCA 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 Bonds, Bills and Notes

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 Bonds and Notes

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
- Issued by banks with total deposits of over one billion dollars (\$1,000,000,000)
- Maximum maturity of one-hundred eighty (180) days
- Thirty percent (30%) limitation to any one issuer
- 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: Twenty-five percent (25%) of the portfolio
- Maximum Maturity of two hundred seventy (270) days
- Maximum Issuer Exposure: Ten percent (10%) limitation on outstanding commercial paper to any one issuer
- Credit requirement: Highest ranking or highest letter and number rating as provided by an NRSRO
- Limited to paper issued by corporations organized and operating in the U.S. with total assets in excess of five hundred million (\$500,000,000), and having "A" or higher ratings for the issuer's debt, other than commercial paper, if any, as provided by national recognized rating agency

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 debt obligations that are generally unsecured.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum maturity of five (5) years
- Credit Requirement: A or its equivalent or better by an NRSRO

- 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 commercial banks and thrifts, and foreign banks (Yankee CD's).

- Maximum limit: Thirty percent (30%) of the portfolio
- 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 Certificates of Time Deposit

Time deposits, which are non-negotiable, are issued most commonly by commercial banks, savings and loans and credit unions with federal deposit insurance available for amounts up to two hundred-fifty thousand (\$250,000).

- Maximum limit: Thirty percent (30%) of the portfolio for all deposits
- Maximum maturity 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
- Deposits must meet the conditions of California Government Code Sections 53630 et seq.

Pursuant to Government Code 53637, the DCA is prohibited from investing in certificate of 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 are 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 currently authorized by Local Agency Investment Fund (LAIF) is sixty-five million (\$65 million), which is subject to change. The LAIF is in trust in the custody of the State of California Treasurer. The DCA'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: Thirty percent (30%) of the portfolio
- 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 Agreement

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 "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)

- Maximum limit: Ten percent (10%) of the portfolio
- Maximum maturity: N/A
- Credit Requirement: AAAm or its equivalent or better by an NRSRO

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.

- Maximum allocation: Twenty percent (20%) of the portfolio

- Maximum maturity: Five (5) years
- Credit requirement: AA or its equivalent or better by an NRSRO

SECTION 11. CREDIT RATING

Credit rating requirements for eligible securities in this Policy refer 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.

SECTION 12. 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 DCA Board of Directors as part of the Treasurer's quarterly and/or annual report.

SECTION 13. 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.

SECTION 14. 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 DCA's Policy, and intends to present only those investment recommendations and transactions to the DCA that are appropriate under the terms and conditions of the Policy.

The DCA'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.

SECTION 15. INVESTMENT SECURITY

To ensure a high degree of internal control, the DCA shall comply with the following;

- All deliverable securities purchased from dealers and brokers shall be held in safekeeping by the DCA'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 DCA'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.

SECTION 16. FUND WIRE PROCEDURES

Payment for securities purchased from broker dealers that are ineligible for safekeeping will be made through the DCA's custodial bank. Funds will only be transferred subsequent but immediately following the custodial bank's acknowledgement that they are prepared to make settlement on the terms and conditions specified by the DCA. Payment for securities purchased from bank investment departments that will be safely kept with the trust department of the bank will be made immediately upon confirmation of the trade.

SECTION 17. 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 DCA. 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 DCA's external auditor will perform a review of investment transactions to verify compliance with policies and procedures.

SECTION 18. 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 DCA should be disclosed to the Executive Director of the DCA. All individuals involved in the investment process are required to report all gifts and income in accordance with California State Law.

SUMMARY TABLE OF INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
US Treasury Bonds, Bills and Notes	100%	N/A	5 Years ¹	<i>N/A</i>
Federal Agency Bonds & Notes	100%	N/A	5 Years ¹	<i>N/A</i>
Bankers Acceptance	40%	30% limitation to a single issuer	180 days	<i>“A-1” or its equivalent or higher by an NRSRO</i>
Commercial Paper	25%	10% limitation to single issuer	270 days	<i>Highest ranking or of the highest letter and number rating as provided for by an NRSRO</i>
Medium Term Corporate Notes	30%	Limited to US licensed and operating corporations	5 years	<i>“A” or its equivalent or higher by an NRSRO</i>
Negotiable CD	30%	National or state chartered bank, S&L, or branch of foreign bank	5 years	<i>“A-1” (short-term) or “A” (long-term) or their equivalents or higher by an NRSRO</i>
Certificates of Time Deposit	30%	See California Government Code Section 53637	5 Years	<i>Collateralized/FDIC Insured in accordance with California Government Code</i>
Money Market Mutual Funds	20%	Gov’t MMF. Stable NAV	Daily Liquidity	<i>Highest ranking by two NRSROs or advisor requirements</i>
State of California, Local Agency Investment Fund (“LAIF”)	LAIF limit for operating accounts	Subject to California Government Code Section 16429.1 limitations	N/A	<i>N/A</i>

Municipal Bonds & Notes	30%	State of California or California agencies or other 49 states	5 Years	<i>“A” or its equivalent or higher by an NRSRO</i>
Repurchase Agreements (“REPO”)	20%	Limited to primary dealers or financial institutions rated “A” or better by a NRSRO	270 days	<i>Fully collateralized (min 102% of funds borrowed with daily mark to market) with US Government or federal agency securities with maximum 5 year maturities</i>
California Asset Management Program (“CAMP”)	10%	N/A	Daily Liquidity	<i>“AAAm” or its equivalent or higher by a NRSRO</i>
Supranationals	30%	Limited to IBRD, IFC, IADB	5 Years	<i>“AA” or its equivalent or higher by an NRSRO</i>
Asset-Backed Securities	20%	N/A	5 Years	<i>“AA” or its equivalent or higher by an NRSRO</i>

¹The maximum maturity of any investment in the portfolios shall not exceed five (5) years except that the portfolio may be invested in United States Treasury and Federal Agency securities with maturities in excess of five years.

RATING DESCRIPTION TABLE

Long Term Debt Ratings			
Credit Quality	Moody's	S&P	Fitch
Strongest Quality	Aaa	AAA	AAA
Strong Quality	Aa1/Aa2/Aa3	AA+/AA/AA-	AA
Good Quality	A1/A2/A3	A+/A/A-	A
Medium Quality	Baa1/Baa2/Baa3	BBB+/BBB/BBB-	BBB
Speculative	Ba1/Ba2/Ba3	BB+/BB/BB-	BB
Low	B1/B2/B3	B+/B/B-	B
Poor	Caa	CCC+	CCC
Highly Speculative	Ca/C	CCC/CCC-/CC	CC
Short Debt Ratings			
Credit Quality	Moody's	S&P	Fitch
Strongest Quality	P-1	A-1+	F1
Strong Quality		A-1	
Good Quality	P-2	A-2	F2
Medium Quality	P-3	A-3	F3

Note: Investment Grade ratings applies to securities with at least a medium credit quality or higher by one of the nationally recognize rating organization, anything below the medium credit quality is non-investment grade.

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.

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 which 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 DCA 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 agency, 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 which are specifically defined in the fund's prospectus.

NEGOTIABLE CERTIFICATE OF DEPOSIT: A large denomination certificate of deposit which 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 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: P1 (Moody's), A1 (S&P), and F1 (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 DCA) with a simultaneous agreement to repurchase them at a fixed date. The security “buyer” (e.g. the DCA) 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 DCA 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 DCA) 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 which 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 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): DCA 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 which 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.

TRUSTEE OR TRUST COMPANY OR TRUST DEPARTMENT OF A BANK: A financial institution with trust powers which 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.

DELTA CONVEYANCE DESIGN AND CONSTRUCTION ~~DCA (DCA)~~JOINT POWERS AUTHORITY
~~BOARD POLICY ON~~ INVESTMENT POLICY

PREAMBLE

~~This policy is intended to provide guidelines for the prudent investment of surplus cash, reserves, trust funds, bond proceeds and restricted monies.~~

This Statement of Investment Policy (Policy) is intended to outline the guidelines and practices to be used in effectively managing the Delta Conveyance Design and Construction Joint Powers Authority's ("DCA") available cash and investment portfolio. DCA funds not required for immediate cash requirements will be invested in compliance with the California Government Code and this Policy.

SECTION 1. POLICY

It is the policy of the Board of Directors of the ~~Delta Conveyance Design and Construction Authority ("DCA")~~DCA 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

SECTION 2. INVESTMENT AUTHORITY

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

SECTION 3. 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 DCA's investment portfolio pursuant to the specific and stated investment objectives of the DCA. 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 DCA's investment portfolio.

SECTION 4. 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 DCA 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:

- (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 DCA shall seek to preserve principal by mitigating both credit and market risk.
- (2) **Liquidity** – Every effort shall be made to ensure that the DCA'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.
- (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 Treasurer shall have an overall investment objective of holding investments to maturity and not investing with the objective of actively trading or trading for speculative purposes. However, the Treasurer may, from time to time, swap or sell securities in order to reposition securities to current coupon issues, maintain proper asset allocation limits, or to realize profits from market value appreciation.~~

~~The Treasurer may sell securities in order to protect the overall quality of the portfolio under the following circumstances:~~

- ~~(1) To raise cash to meet unanticipated cash flow requirements~~
- ~~(2) To swap old securities for current coupon securities~~
- ~~(3) To maintain portfolio allocation limits~~
- ~~(4) To avoid further erosion and loss of investment principal due to deterioration in credit worthiness, as well as to respond to rapidly changing interest rate environments~~

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 DCA 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.

SECTION 5. SCOPE

The Investment Policy applies to all available funds of the DCA 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.

SECTION 6. 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 DCA 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 DCA with the aim to safeguard principal and meet the liquidity needs of the DCA.

SECTION 7. 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 ~~Investment Policy, the Treasurer shall sell such security in a manner designed to minimize losses. If the security is downgraded to a level that is less than investment grade, the Treasurer shall perform a credit analysis of such security to determine whether hold or sell the security. The Treasurer may elect to sell the security immediately to minimize losses in the event that an orderly disposition with minimal losses cannot be achieved. If the security matures within sixty (60) days of the rating decline, the Treasurer may choose not to sell the affected security~~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.

~~The Treasurer shall note in a quarterly report securities which have been downgraded below investment grade and the status of disposition.~~

SECTION 8. SAFEKEEPING AND CUSTODY

All securities transactions entered into by the DCA shall be conducted on a delivery-versus-payment (DVP) basis pursuant to a custodial safekeeping agreement. All deliverable securities owned by the DCA 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).

SECTION 9. REPORTING

The Treasurer shall submit a quarterly report within 30 days following the end of the quarter covered by the report to the DCA Board of Directors pursuant to California Government Code Section 53646 (b)(1).

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 DCA's expenditure requirements for the next six (6) months.

SECTION 10. 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:

- Allowable investments
- 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 DCA 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 DCA 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 Bonds, Bills and Notes

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 Bonds and Notes

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
- Issued by banks with total deposits of over one billion dollars (\$1,000,000,000)
- Maximum maturity of one-hundred eighty (180) days

- ~~Twenty-five~~Thirty percent (~~25~~30%) limitation to any one issuer
- Credit requirement: ~~Ratings of A1, P1~~A-1 or F1~~its equivalent~~ or better by ~~two of the three nationally recognized rating agencies: S&P, Moody's, or Fitch, respectively. No rating may be lower than any of the rating listed above.~~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: Twenty-five percent (25%) of the portfolio
- Maximum Maturity of two hundred seventy (270) days
- Maximum Issuer Exposure: Ten percent (10%) limitation on outstanding commercial paper to any one issuer
- Credit requirement: ~~Ratings of A1, P1~~Highest ranking or F1~~or better by two of the three nationally recognized~~highest letter and number rating agencies: ~~S&P, Moody's, or Fitch, respectively. No rating may be lower than any of the rating listed above.~~as provided by an NRSRO
- Limited to paper issued by corporations organized and operating in the U.S. with total assets in excess of five hundred million (\$500,000,000), and having "A" or higher ratings for the issuer's debt, other than commercial paper, if any, as provided by national recognized rating agency.

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 debt obligations that are generally unsecured.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum maturity of five (5) years
- ~~Maximum Issuer Exposure: No more than 5% of the portfolio shall be invested in any single issuer~~
- Credit Requirement: ~~Must be rated A3, A-~~A-3, A-~~or A-~~A-~~its equivalent~~ or better by ~~two of the three nationally recognized rating agencies: S&P, Moody's, or Fitch, respectively. No rating may be lower than any of the ratings listed above.~~an NRSRO
- 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 commercial banks and thrifts, and foreign banks (Yankee CD's).

- Maximum limit: Thirty percent (30%) of the portfolio, ~~with five percent (5%) per issuer~~
- Maximum maturity of five (5) years
- Credit Requirement: ~~Rated A-~~A-2 (long-term) or A-~~(S&P, Moody's~~1 (short-term) or ~~Fitch, respectively)~~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 Certificates of Time Deposit

Time deposits, which are non-negotiable, are issued most commonly by commercial banks, savings and loans and credit unions with federal deposit insurance available for amounts up to two hundred-fifty thousand (\$250,000).

- Maximum limit: Thirty percent (30%) of the portfolio for all deposits
- Maximum maturity five (5) years
- ~~On uncollateralized deposits, limited to FDIC insured amount of two hundred-fifty thousand (\$250,000)~~
- ~~Amounts over FDIC insured amount must be fully collateralized~~
- ~~Credit Requirement: For federally insured deposits of two hundred-fifty thousand (\$250,000) or less, no minimum credit rating required. For deposits over two hundred-fifty thousand (\$250,000): Ratings of A, A2, or A or better by two of the three nationally recognized rating agencies: S&P, Moody's, or Fitch, respectively.~~
- 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
- Deposits must meet the conditions of California Government Code Sections 53630 et seq.

Pursuant to Government Code 53637, the DCA is prohibited from investing in certificate of 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

~~Regulated by the SEC, these funds operate under strict maturity and diversification guidelines. These funds have no federal guarantee but are viewed as a very safe short-term cash investment.~~

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
- ~~Rating/Credit Requirement: Top/Highest ranking or highest letter and numerical rating provided by at least not less than two nationally recognized statistical rating organizations NRSROs or must retain an investment advisor that meets specified requirements~~
- ~~Daily~~The use of money market funds are limited to Government money market funds that provide daily liquidity and seek to maintain a stable Net Asset Value (NAV) ~~requirement: one dollar (\$1.00)~~
- 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 currently authorized by Local Agency Investment Fund (LAIF) is sixty-five million (\$65 million), which is subject to change. The LAIF is in trust in the custody of the State of California Treasurer. The DCA's right to withdraw its deposited monies from LAIF is not contingent upon the State's failure to adopt a State Budget.

- Maximum limit: ~~100% of the portfolio~~; 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~~Thirty percent (~~40~~30%) of the portfolio
- 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: ~~Prudent person standard applies~~ A (long-term) or A-1 (short-term) or their equivalents or better by an NRSRO

10.11 Repurchase Agreement

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 better by Moody's 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)

- Maximum limit: Ten percent (10%) of the portfolio
- ~~Rated highest short term rating by largest nationally recognized rating services~~
- Maximum maturity: N/A
- Credit Requirement: AA or its equivalent or better by an NRSRO

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.

- Maximum allocation: Twenty percent (20%) of the portfolio
- Maximum maturity: Five (5) years
- Credit requirement: AA or its equivalent or better by an NRSRO

SECTION 11. CREDIT RATING

Credit rating requirements for eligible securities ~~as specified in this policy shall mean alpha numeric designations assigned by Policy refer specify~~ the following minimum credit rating agencies:

- ~~Moody's Investors Service~~
- ~~Standard & Poor's Rating Services~~
- ~~Fitch IBCA, Inc.~~
- ~~Thompson Bank Watch~~

Please see Rating Description table herein 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.

SECTION 12. 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 DCA Board of Directors as part of the Treasurer's quarterly and/or annual report.

SECTION 13. 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.

SECTION 14. PURCHASING ENTITIES

~~Investments~~For investments not purchased directly from the issuer ~~will be purchased from institutions licensed by the State of California as a broker/dealer, including:~~

- ~~National or California State Chartered Banks~~
- ~~Federal or California Chartered Savings Institutions~~
- ~~Brokerage firms designated as a primary government dealer by the Federal Reserve Bank~~
- ~~Member of a federally regulated securities exchange~~
- ~~Institutions licensed by the State of California as a broker/dealer~~
- ~~Federal or state savings institutions or associations as defined in Finance Code Section 5102~~

~~The Treasurer or designee will maintain a current and eligible list of reputable primary and regional dealers, shall select only brokers and financial institutions/dealers who are licensed and in good standing with whom securities trading and placement of funds are authorized. A strong capital base credit worthiness, and, where applicable, a broker/dealer staff experienced in transactions with California local governments are the primary criteria for inclusion on the DCA's approved list.~~

~~Approved dealers and brokers shall be limited to primary dealers or regional dealers that qualify under the California Department of Securities, the Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and which provide: proof of, the Financial Industry Regulatory DCA Authority (FINRA) certification; proof of California State registration; and a completed agency broker/dealer questionnaire. In addition, prior to approval and for every two years thereafter, approved dealers and brokers must provide: an audited financial statement; certification of receipt, review of and willingness to comply with the current Investment Policy; and certification of compliance with Rule G-37 of the Municipal Securities Rulemaking Board regarding limitations on political contributions to the Board of Directors of the DCA or to any candidate for these offices.~~

~~The or other applicable self-regulatory organizations. Before engaging in investment transactions with a broker/dealer, the Treasurer may remove a firm from the approved list at any time due to: any failure to comply with any of the above criteria; any failure to successfully execute a transaction; any change in broker/dealer staff; or any other action, event or failure to act which, in the sole discretion of the Treasurer is materially adverse to the best interests of the DCA. shall obtain a signed verification form that attests the individual has reviewed the DCA's Policy, and intends to present only those investment recommendations and transactions to the DCA that are appropriate under the terms and conditions of the Policy.~~

~~The DCA'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.~~

SECTION 15. INVESTMENT SECURITY

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

- All deliverable securities purchased from dealers and brokers shall be held in safekeeping by the DCA'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 DCA'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.

SECTION 16. FUND WIRE PROCEDURES

Payment for securities purchased from broker dealers that are ineligible for safekeeping will be made through the DCA's custodial bank. Funds will only be transferred subsequent but immediately following the custodial bank's acknowledgement that they are prepared to make settlement on the terms and conditions specified by the DCA. Payment for securities purchased from bank investment departments that will be safely kept with the trust department of the bank will be made immediately upon confirmation of the trade.

SECTION 17. 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 DCA. 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 DCA's external auditor will perform a review of investment transactions to verify compliance with policies and procedures.

SECTION 18. 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 DCA should be disclosed to the Executive Director of the DCA. All individuals involved in the investment process are required to report all gifts and income in accordance with California State Law.

SUMMARY TABLE OF INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
US Treasury Bonds, Bills and Notes	100%	N/A	5 Years <u>Year</u> <u>s¹</u>	N/A
Federal Agency Bonds & Notes	100%	N/A	5 Years <u>Year</u> <u>s¹</u>	Full backing by the federal government of the United States of America <u>N/A</u>
Bankers Acceptance	40%	25 30% limitation to a single issuer	180 days	"A-1/P-1" rated by S&P and Moody's" or its equivalent for domestic banks <u>or higher by an NRSRO</u>
Commercial Paper	25%	10% limitation to single issuer	270 days	"A-1/P-1" rated by S&P and Moody's or equivalent "AA" rated by S&P or equivalent for US branch of foreign banks <u>Highest ranking or of the highest letter and number rating as provided for by an NRSRO</u>
Medium Term Corporate Notes	30%	5% limitation to a single issuer. Limited to US licensed and operating corporations	5 years	"A3" rated by at least one nationally recognized rating service <u>"A" or its equivalent or higher by an NRSRO</u>
Negotiable CD	30%	National or state chartered bank, S&L, or branch of foreign bank	5 years	"A" rated by one or more nationally rated credit rating agencies <u>"A-1" (short-term) or "A" (long-term) or their equivalents or higher by an NRSRO</u>

Certificates of Time Deposit	30%	See California Government Code Section 53637	5 Years	Limit to <u>Collateralized/FDIC Insured amount \$250,000, Fully collateralized on amounts over the insured amount</u> in accordance with California Government Code
Money Market Mutual Funds	20%	Must maintain constant Gov't MMF. Stable NAV of \$1.00	Daily Liquidity	Top ranking or highest letter and numerical by 2 of the 3 nationally recognized rating services Highest ranking by two NRSROs or advisor requirements
<u>State of California, Local Agency Investment Fund ("LAIF")</u>	<u>LAIF limit for operating accounts</u>	<u>Subject to California Government Code Section 16429.1 limitations</u>	<u>N/A</u>	<u>N/A</u>
<u>Municipal Bonds & Notes</u>	<u>30%</u>	<u>State of California or California agencies or other 49 states</u>	<u>5 Years</u>	<u>"A" or its equivalent or higher by an NRSRO</u>
<u>Repurchase Agreements ("REPO")</u>	<u>20%</u>	<u>Limited to primary dealers or financial institutions rated "A" or better by a NRSRO</u>	<u>270 days</u>	<u>Fully collateralized (min 102% of funds borrowed with daily mark to market) with US Government or federal agency securities with maximum 5 year maturities</u>
<u>California Asset Management Program ("CAMP")</u>	<u>10%</u>	<u>N/A</u>	<u>Daily Liquidity</u>	<u>"AAAm" or its equivalent or higher by a NRSRO</u>
<u>Supranationals</u>	<u>30%</u>	<u>Limited to IBRD, IFC, IADB</u>	<u>5 Years</u>	<u>"AA" or its equivalent or higher by an NRSRO</u>
<u>Asset-Backed Securities</u>	<u>20%</u>	<u>N/A</u>	<u>5 Years</u>	<u>"AA" or its equivalent or higher by an NRSRO</u>

¹The maximum maturity of any investment in the portfolios shall not exceed five (5) years except that the portfolio may be

| invested in United States Treasury and Federal Agency securities with maturities in excess of five years.

RATING DESCRIPTION TABLE

Long Term Debt Ratings			
Credit Quality	Moody's	S&P	Fitch
Strongest Quality	Aaa	AAA	AAA
Strong Quality	Aa1/Aa2/Aa3	AA+/AA/AA-	AA
Good Quality	A1/A2/A3	A+/A/A-	A
Medium Quality	Baa1/Baa2/Baa3	BBB+/BBB/BBB-	BBB
Speculative	Ba1/Ba2/Ba3	BB+/BB/BB-	BB
Low	B1/B2/B3	B+/B/B-	B
Poor	Caa	CCC+	CCC
Highly Speculative	Ca/C	CCC/CCC-/CC	CC
Short Debt Ratings			
Credit Quality	Moody's	S&P	Fitch
Strongest Quality	P-1	A-1+	F1
Strong Quality		A-1	
Good Quality	P-2	A-2	F2
Medium Quality	P-3	A-3	F3

Note: Investment Grade ratings applies to securities with at least a medium credit quality or higher by one of the nationally recognize rating organization, anything below the medium credit quality is non-investment grade.

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:** A type of security that is secured by receivables, such as credit card and auto loans. These securities typically pay principal and interest monthly.~~

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.

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 which 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 DCA for investment purposes.

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

LOCAL DCA 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 agency, 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 which are specifically defined in the fund's prospectus.

NEGOTIABLE CERTIFICATE OF DEPOSIT: A large denomination certificate of deposit which 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 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: P1 (Moody's), A1 (S&P), and F1 (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 DCA) with a simultaneous agreement to repurchase them at a fixed date. The security “buyer” (e.g. the DCA) 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 DCA 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 DCA) 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 which 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 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): DCA 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 which 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.

TRUSTEE OR TRUST COMPANY OR TRUST DEPARTMENT OF A BANK: A financial institution with trust powers which 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.



DCA

DELTA CONVEYANCE **DESIGN**
& **CONSTRUCTION AUTHORITY**

AUTHORIZE INVESTMENT POLICY AND ANNUAL DELEGATION FOR FY 2019/20

Item No. 7c | Attachment 4

August 15, 2019

INVESTMENT POLICY

- Provides guidelines for:
 - Types of investments
 - Credit quality and limits on investments
 - Institutions that can provide services
- Investment Policy is based on three principles:
 - Safety of principal
 - Liquidity
 - Yield

CONSISTENT WITH STATE GUIDELINES

- Recognize that there will be little, if any, money to invest
- Proposed changes to:
 - Preamble to clarify when applicable
 - Allow for use of investment managers
 - Express the investment objective
 - Add investments in Supranational and Asset-Backed Securities
 - Allow use of any one Nationally Recognized Statistical Rating Organization, without modifiers
 - Maximum maturity of any investment is 5 years, except for US Treasuries and Federal Agency securities
- Conforms to California Government Code

RECOMMENDATION

- That the Board approve Resolution 19-XX, authorizing an Investment Policy and delegate authority to the Treasurer to invest the DCA's funds for FY 2019/20

Executive Director's Report

Contact: Kathryn Mallon, Executive Director

Agenda Date: August 15, 2019

Item No. 8a

Subject: Executive Director's Report

Summary:

The DCA continues to ramp up our engineering, program management, and stakeholder engagement teams in preparation for the upcoming Department of Water Resources (DWR) Environmental Planning work. Our organizational structure is nearly filled out for the upcoming planning period.

Detailed Report

DCA – DCO Collaboration

The DCA and Delta Conveyance Office (DCO) teams continue to collaborate through weekly coordination meetings.

Program Management

We are at about the 45-day mark on our 90-day Program Initiation launch. As of the end of Week 8/9/19 we have drafted or completed 66 plans, policies or procedures while 15 more are in progress and 22 have not been started. We are slightly delayed in meeting our aggressive goal.

Engineering

Draft plans for Engineering Management, Engineering Execution, and Field Work are all under final review and we anticipate submitting to DWR by the end of the month.

The team continues to collect existing information including existing subsurface data and conduct foundational engineering work in preparation for the upcoming environmental planning work. Models of underground conditions, hydraulics, and cost estimating are all being built to facilitate future alternatives analyses.

We are also beginning to focus on logistics planning, mostly around the options for movement of goods and services around the Delta. This information will help support optimizing the location of facilities in future alternatives analyses.

The geotechnical team is ramping up to begin field investigations of underground conditions in the next calendar year. The plan covers a range of corridors to help build an underground model and facilitate the future alternatives analyses.

Stakeholder Engagement

The DCA Stakeholder Engagement Plan is under development and is building on the direction provided by the DWR Communications team.

The DCA and DWR teams continue to meet with key stakeholders in the Delta as well as Delta Counties officials. These conversations have served as a sound board as we finalize our engagement plans and has helped focus our attention on the most critical issues. We have appreciated both the time and the insights people have shared and we plan to keep these lines of dialogue open throughout the program.

The engineering team has begun putting together introductory presentations in “plain language” to help translate the engineering work for public consumption.

The RFQ for graphics and website development was closed and one proposal was received. We are currently evaluating our options to solicit broader interest.

Project Controls

The project controls team has been focused on drafting policies and procedures. Of the 29 Controls policies and procedures, 19 are drafted and 10 more are in progress.

The baseline budget and commitments have been aligned in the final WBS and the data is being entered into our new project management information system (PMIS). We have limited cost reporting capabilities until this effort is finalized.

The DCA has committed close to \$70M against an approved budget of \$82M for FY 2019/20. Currently, we anticipate completing services at or below budget.

The baseline schedule for the upcoming three-year planning period is still under development. Once complete, we will be able to initiate status reporting on key milestones.

The DCA continues to audit payments and submit invoices to the DCO for reimbursement.

The team finalized templates for procurement and contracts for all services anticipated over the upcoming three years.

Office Administration

The team has nearly completed all furniture selection for the new building and the IT and AV works are currently out for bid. We will be using existing state price lists for furniture purchases.

We are working collaboratively with Metropolitan Water District (MWD) HR staff to help develop job classifications, solicit benefits plans, and develop policies and procedures for the eventual hiring of staff within the DCA. An update on progress is included in the Board packet.

Environmental Manager's Report

Contact: Carolyn Buckman, DWR Environmental Manager

Agenda Date: August 15, 2019

Item No. 8b

Subject: Environmental Manager's Report

Summary:

The Department of Water Resources (DWR) is continuing to organize the work effort necessary to begin the renewed environmental planning and permitting process consistent with Governor Newsom's direction to pursue a single-tunnel solution to modernizing and rehabilitating the water distribution system in the Delta.

Detailed Report:

DWR is developing a robust public participation program, and formalizing the various work streams and teams that will be needed to conduct the environmental analyses. The department anticipates that the environmental review process will begin formally, with the release of a Notice of Preparation (NOP) under the California Environmental Quality Act, toward the end of this year. The department also initiated a public negotiation process with the State Water Contractors to develop a methodology and conceptual approach to cost allocation and the associated financial and water management matters related to Delta Conveyance. That effort is intended to result in an Agreement-in-Principal (AIP) between the department and the participating public water agencies that will then be included in the NOP. This approach is responsive to public input from previous years that called for these processes to be aligned in a single CEQA document. It is important to note that approval of the AIP is not an approval of a Delta conveyance related water supply contract amendment nor of a Delta conveyance facility itself. Neither of those approvals can occur until after the CEQA review is completed.

Recommended Action:

Information only.

General Counsel's Report

Contact: Josh Nelson, Interim General Counsel

Agenda Date: August 15, 2019

Item No. 8c

Subject: General Counsel's Report

Summary:

The General Counsel continues to assist the DCA on legal matters as necessary. This month's assistance included (1) assisting with the staffing workshop on this month's agenda, (2) overseeing on-going procurements and (3) continuing to assist with discussions related to the stakeholder engagement committee.

Detailed Report:

The DCA is developing its execution plans. These plans will outline the DCA's work for the short and intermediate terms. The DCA anticipates providing these plans for DWR review and approval by the end of this month. Our office will help review the plans.

The General Counsel helped with the staffing workshop. If the Board decides to move forward with considering to hire employees, we will assist staff with the development of an employee handbook, establishment of retirement and other benefit programs and development of other policies and procedures necessary to complete this transition.

The General Counsel continues to assist staff with procurement issues. Currently, we are helping with requests for proposals/qualifications for (1) communications services, (2) information technology (IT) managed services and (3) audio/visual (AV) systems and installation. The communications request for proposals has closed. The IT and AV requests for qualifications close later this month.

Lastly, discussions regarding the stakeholder engagement committee continue, and a formal proposal should be ready for Board consideration at its September meeting.

Recommended Action:

Information only.

Treasurer's Report

Contact: June Skillman, Treasurer

Date: August 15, 2019

Item No. 8d

Subject: Treasurer's Monthly Report, July 2019

Summary:

During July 2019, receipts totaled \$2,481,165 representing contributions from the Department of Water Resources, Delta Conveyance Office (DCO) for payment of Delta Conveyance Design and Construction Joint Powers Authority (DCA) obligations. Total disbursements for the month were \$2,304,083. The DCA cash balance at July 31, 2019 was \$972,669.

As of July 31, 2019, the DCA receivables totaled \$2,563,168, consisting of six invoices to the DCO, of which \$625,242.90 was received on August 7, 2019. As of July 31, 2019, total accounts payable were \$2,660,184 and total net position was \$875,653.

In July 2019, the DCA Letter of Credit (LOC) was established with Bank of America that serves as security for the office lease at 980 9th Street. The initial good faith deposit of \$ 211,768.18 was credited to the LOC on July 31, 2019. The balance of the security deposit of \$635,304.54 will be transferred to the LOC as soon as the second LOC application is completed and funds from Invoice #22 are received from the DCO. The first month's rent for 980 9th Street of \$89,076.60 was paid on August 1, 2019.

Attachment 1 consists of financial statements for the month ended July 2019, a schedule of Invoices Paid for July 2019, and Aging Schedules for Accounts Payable and Accounts Receivable as of July 31, 2019.

Attachment 2 consists of Budget versus Actuals by Appropriation through July 2019.

Detailed Report:

See attached statements.

Recommended Action:

Information, only.

Attachments:

Attachment 1 – July 2019 DCA Financial Statements

Attachment 2 – July 2019 Budget versus Actuals by Appropriation



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

Statements of Net Position

As of July 31, 2019

Assets:		
Cash	\$	972,669
Accounts receivable		<u>2,563,168</u>
Total assets	\$	<u><u>3,535,837</u></u>
Liabilities:		
Accounts payable	\$	<u>2,660,184</u>
Total liabilities		2,660,184
Net position		<u>875,653</u>
Total liabilities and net position	\$	<u><u>3,535,837</u></u>



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY
Statement of Cash Receipts and Disbursements

	Month Ended Jul '19
Receipts:	
Contributions	\$ 2,481,165
Disbursements:	
Environmental planning and design	
Program management	120,804
Project controls	157,284
Engineering	1,624,058
Property access & acquisition	20,720
Office administration	381,217
Total disbursements	2,304,083
Net change in cash	177,082
Cash at July 1, 2019	795,587
Cash at July 31, 2019	\$ 972,669



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position

	Month Ended Jul '19
Expenses	
Environmental planning and design	
Program management	\$ 192,453
Project controls	109,131
Engineering	649,330
Property access and acquisition	6,327
Stakeholder engagement	346
Office administration	1,704,208
Total expenses	<u>2,661,795</u>
Change in Net Position Before Contributions	(2,661,795)
Capital contributions	
Invoiced through the DCO	<u>2,960,089</u>
Changes in net position	298,294
Net position at June 30, 2019	<u>577,359</u>
Net position at July 31, 2019	<u><u>\$ 875,653</u></u>

* Totals may not foot due to rounding.

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



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

Schedule of Invoices Paid
for the Month Ended July 31, 2019

Vendor	Invoice #	Invoice Date	Payment Date	Period of Expense	Invoice Amount	Amount Paid
1 e-Builder	6869	4/26/2019	7/30/2019	4/26/2019	\$ 44,893	\$ 44,893
2 Fugro USA Land, Inc.	04.72190201-2	3/4/2019	7/11/2019	1/21/19-2/14/19	1,175	1,175
3 CDM Smith, Inc.	90071790	4/22/2019	7/30/2019	3/1/19-4/23/19	6,752	6,752
4 Jacobs	W8X97001-01EXP	3/4/2019	7/11/2019	1/21/19-2/22/19	4,852	2,532
5 Metropolitan Water District of So. Ca	501554-T-2	3/19/2019	7/11/2019	1/1/19-1/31/19	3,113	3,108
6 Metropolitan Water District of So. Ca	501554-2	3/19/2019	7/11/2019	1/1/19-1/31/19	11,255	9,539
7 Jacobs	W8X97001-02	4/25/2019	7/11/2019	2/23/19-3/29/19	894,525	894,525
8 Jacobs	W8X97001-02EXP	4/25/2019	7/11/2019	2/23/19-3/29/19	20,452	18,485
9 Jacobs	W8X97001-03	5/14/2019	7/11/2019	3/30/2019-4/26/19	633,546	633,546
10 Jacobs	W8X97001-03EXP	5/14/2019	7/11/2019	3/30/19-4/26/19	14,772	10,462
11 Metropolitan Water District of So. Ca	501562	4/29/2019	7/30/2019	2/1/19-2/28/19	116,645	116,645
12 Management Partners	7310	5/14/2019	7/30/2019	4/14/19-5/13/19	47,250	28,350
13 Best, Best, & Krieger	845711	3/31/2019	7/30/2019	2/1/19-2/28/19	9,350	9,350
14 Best, Best, & Krieger	846860	4/11/2019	7/30/2019	3/1/19-3/31/19	15,033	15,033
15 Best, Best, & Krieger	845710	3/31/2019	7/30/2019	2/1/19-2/28/19	12,760	12,760
16 Best, Best, & Krieger	840568	1/15/2019	7/30/2019	12/1/18-12/31/18	4,399	4,399
17 e-Builder	7115	5/30/2019	7/30/2019	5/30/2019	89,786	89,786
18 The Hallmark Group	180004-08	4/22/2019	7/30/2019	3/1/19-3/31/19	96,848	96,848
19 Fugro USA Land, Inc.	04.72190201-4	4/4/2019	7/11/2019	2/15/19-3/29/19	589	40
20 The Hallmark Group	180004-07-B	2/28/2019	7/1/2019	11/01/18 - 02/28/19	2,623	2,623
21 The Hallmark Group	180004-09	5/13/2019	7/30/2019	4/1/19-4/31/19	83,435	82,687
22 Metropolitan Water District of So. Ca	501562-T	4/29/2019	7/30/2019	2/1/19-2/28/19	5,731	5,731
23 Liberty Mutual Insurance	BKS58947702	7/8/2019	7/29/2019	7/25/19-7/25/20	3,046	3,046
23 GV/HL Park Tower Owner LLC	70919-3(a)	7/17/2019	7/31/2019	Good faith deposit	211,768	211,768
					<u>\$ 2,334,598</u>	<u>\$ 2,304,083</u>

* Totals may not foot due to rounding.



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

Accounts Payable Aging Schedule

As of July 31, 2019

<u>Payable To:</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>Total</u>
Metropolitan Water District of Southern California					
Invoice #501563	\$ —	\$ 121,318	\$ —	\$ —	\$ 121,318
Invoice #501563-T	—	4,645	—	—	4,645
Invoice #501565	—	83,685	—	—	83,685
Invoice #501565-T	—	2,258	—	—	2,258
Invoice #501565-T-1	2,487	—	—	—	2,487
Invoice #501562-1	25,512	—	—	—	25,512
Invoice #501565-1	14,162	—	—	—	14,162
Invoice #501562-T-1	4,579	—	—	—	4,579
Invoice #501563-1	26,150	—	—	—	26,150
Invoice #501563-T-1	1,926	—	—	—	1,926
Best, Best, & Krieger					
Invoice #850398	24,497	—	—	—	24,497
Invoice #852793	26,998	—	—	—	26,998
GV/HI Park Tower Owner LLC					
Invoice #70919-3	89,077	—	—	—	89,077
Invoice #70919-3(a)	635,305	—	—	—	635,305
Invoice #70919-3(b)	654,975	—	—	—	654,975
Management Partners					
Invoice #INV07363	—	48,905	—	—	48,905
Invoice #INV07363	47,250	—	—	—	47,250
Invoice #INV07310A	18,900	—	—	—	18,900
Bentley					
Invoice #48005881	20,000	5,696	—	—	25,696 ⁽¹⁾
The Hallmark Group					
Invoice #180004-10	83,775	—	—	—	83,775
Invoice #180004-11	59,542	—	—	—	59,542
Invoice #180004-09A	749	—	—	—	749
Spark Street Digital					
Invoice #1938	3,510	—	—	—	3,510
Invoice #1938	2,880	—	—	—	2,880
Jacobs					
Invoice #W8X970001-04	625,243	—	—	—	625,243
CDM Smith, Inc.					
Invoice #90073863	—	—	6,028	—	6,028
e-Builder					
Invoice #7298	719	—	—	—	719
PlanNet					
Invoice #164856	6,818	—	—	—	6,818
Invoice #164976	12,595	—	—	—	12,595
	<u>\$ 2,387,648</u>	<u>\$ 266,507</u>	<u>\$ 6,028</u>	<u>\$ —</u>	<u>\$ 2,660,184</u>

*Totals may not foot due to rounding.

(1) Invoice #48005881 totaled \$100,000 for professional services for the period March 2019 through March 2024.

The portion that relates to future periods is \$74,304.



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

Accounts Receivable Aging Schedule
As of July 31, 2019

<u>Receivable From:</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>≥ 90</u>	<u>Total</u>
Department of Water Resources					
Invoice #DCA-1920-017	\$ 625,243	\$ —	\$ —	\$ —	\$ 625,243
Invoice #DCA-1920-018	30,092	—	—	—	30,092
Invoice #DCA-1920-019	16,649	—	—	—	16,649
Invoice #DCA-1920-020	27,956	—	—	—	27,956
Invoice #DCA-1920-021	272,104	—	—	—	272,104
Invoice #DCA-1920-022	1,591,124	—	—	—	1,591,124
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,563,168	\$ —	\$ —	\$ —	\$ 2,563,168
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

*Totals may not foot due to rounding.

**DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY**Statement of Cash Receipts and Disbursements

	<u>Month Ended Jul '19</u>
Receipts:	
Contributions	<u>\$ 2,481,165</u>
Disbursements:	
Environmental planning and design	
Program management	120,804
Project controls	157,284
Engineering	1,624,058
Property access & acquisition	20,720
Office administration	381,217
Total disbursements	<u>2,304,083</u>
Net change in cash	177,082
Cash at July 1, 2019	795,587
Cash at July 31, 2019	<u><u>\$ 972,669</u></u>

Statements of Revenues, Expenses and Changes in Net Position

	<u>Month Ended Jul '19</u>
Expenses	
Environmental planning and design	
Program management	\$ 192,453
Project controls	109,131
Engineering	649,330
Property access and acquisition	6,327
Stakeholder engagement	346
Office administration	1,704,208
Total expenses	<u>2,661,795</u>
Change in Net Position Before Contributions	(2,661,795)
Capital contributions	
Invoiced through the DCO	<u>2,960,089</u>
Changes in net position	298,294
Net position at June 30, 2019	<u>577,359</u>
Net position at July 31, 2019	<u><u>\$ 875,653</u></u>

* Totals may not foot due to rounding

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

**DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY**

	Statement of Cash Receipts and Disbursements	Statements of Revenues, Expenses and Changes in Net Position
	Month Ended Jul '19	Month Ended Jul '19
Receipts/Revenues:		
Contributions	\$ 2,481,165	
Disbursements/Expenses:		
Environmental planning and design		
Program management	120,804	\$ 192,453
Project controls	157,284	109,131
Engineering	1,624,058	649,330
Property access & acquisition	20,720	6,327
Stakeholders engagement	—	346
Office administration	381,217	1,704,208
Total disbursements/expenses	2,304,083	2,661,795
Net change in cash	177,082	
Cash at July 1, 2019	795,587	
Cash at July 31, 2019	\$ 972,669	
Change in Net Position Before Contributions		(2,661,795)
Capital contributions		
Invoiced through the DCO		2,960,089
Changes in net position		298,294
Net position at June 30, 2019		577,359
Net position at July 31, 2019		\$ 875,653

* Totals may not foot due to rounding

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

Delta Conveyance Design and Construction Joint Powers Authority
Budget vs Cost by Appropriation - PTD, YTD
Current Period: JUL-19

<u>Appropriation</u>	←----- Period-to-Date -----→				←----- Year-to-Date -----→				←----- Fiscal Year -----→		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Variance %</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Variance %</u>	<u>Budget</u>	<u>Contingency</u>	<u>Total Budget</u>
Program Management	192,453	800,000	607,547	75.9%	192,453	800,000	607,547	75.9%	7,500,000	1,600,000	9,100,000
Project Controls	109,131	500,000	390,869	78.2%	109,131	500,000	390,869	78.2%	5,200,000	700,000	5,900,000
Engineering	649,330	2,800,000	2,150,670	76.8%	649,330	2,800,000	2,150,670	76.8%	35,000,000	5,800,000	40,800,000
Field Work	-	1,650,000	1,650,000	100.0%	-	1,650,000	1,650,000	100.0%	20,000,000	4,900,000	24,900,000
Property Access & Acquisition	6,327	2,100,000	2,093,673	99.7%	6,327	2,100,000	2,093,673	99.7%	4,300,000	600,000	4,900,000
Stakeholder Engagement	346	300,000	299,654	99.9%	346	300,000	299,654	99.9%	4,000,000	700,000	4,700,000
Office Administration	1,704,208	900,000	(804,208)	-89.4%	1,704,208	900,000	(804,208)	-89.4%	6,000,000	1,500,000	7,500,000
Total	2,661,795	9,050,000	6,388,205	70.6%	2,661,795	9,050,000	6,388,205	70.6%	82,000,000	15,800,000	97,800,000

Delta Conveyance Design and Construction Joint Powers Authority
Appropriation - Trend
Current Period: JUL-19

	←----- Period To Date ----->												
<u>Appropriation</u>	<u>JUL-19</u>	<u>AUG-19</u>	<u>SEP-19</u>	<u>OCT-19</u>	<u>NOV-19</u>	<u>DEC-19</u>	<u>JAN-20</u>	<u>FEB-20</u>	<u>MAR-20</u>	<u>APR-20</u>	<u>MAY-20</u>	<u>JUN-20</u>	<u>Total</u>
Program Management	192,453	-	-	-	-	-	-	-	-	-	-	-	192,453
Project Controls	109,131	-	-	-	-	-	-	-	-	-	-	-	109,131
Engineering	649,330	-	-	-	-	-	-	-	-	-	-	-	649,330
Field Work	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Access & Acquisition	6,327	-	-	-	-	-	-	-	-	-	-	-	6,327
Stakeholder Engagement	346	-	-	-	-	-	-	-	-	-	-	-	346
Office Administration	<u>1,704,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,704,208</u>
 Total	 2,661,795	 -	 -	 -	 -	 -	 -	 -	 -	 -	 -	 -	 2,661,795