



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

REGULAR MEETING

Thursday, September 19, 2019
11:00 a.m.

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

AGENDA

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

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT

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

5. OTHER MATTERS

a. None.

6. CONSENT CALENDAR

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

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

7. SCHEDULED ITEMS

- a. Discussion of potential changes to the DC Finance Joint Powers Agreement
- b. Update on DCA activities
- c. DWR update

8. REPORTS AND ANNOUNCEMENTS

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

9. FUTURE AGENDA ITEMS

10. CLOSED SESSION

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

11. ADJOURNMENT

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING
Thursday, July 18, 2019
11:00 am

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Finance Authority (Finance Authority) Board of Directors was called to order by President Record at the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA, at 11:06 a.m.

2. PLEDGE OF ALLEGIANCE

Director Cheng led the Pledge of Allegiance.

3. ROLL CALL

Board members in attendance were Robert Cheng, Kathy Cortner, Doug Headrick, Mark Krause, Valerie Pryor, Randy Record, Paul Sethy, and Matt Stone.

Board members absent were Dwayne Chisam, and Jeff Davis; Director Gary Kremen arrived late.

Staff members in attendance were Brian Thomas, June Skillman, and Steve O'Neill.

4. PUBLIC COMMENT

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

Ms. Osha Meserve, Local Agencies of the North Delta, commented on Agenda Item 7.c [Update on DCA activities], expressing concern related to permitting disputes between DWR and Sacramento County on well permits.

With no additional persons requesting time to speak, President Record closed public comment.

5. OTHER MATTERS

5.a. None.

6. CONSENT CALENDAR:

6.a. Approval of the minutes from the meeting of May 16, 2019.

Motion:	Approve minutes from the meeting of May 16, 2019
Move to Approve:	Kathy Cortner
Second:	Valerie Pryor

Yeas: Robert Cheng, Kathy Cortner, Doug Headrick, Mark Krause, Valerie Pryor, Randy Record, Paul Sethy, and Matt Stone
Nays: None
Abstains: None
Recusals: None
Absent: Dwayne Chisam, Jeff Davis, Gary Kremen
Summary: 8 Yeas; 0 Nays; 0 Abstains; 3 Absent. (Motion passed as MO 19-7-01)

7. SCHEDULED ITEMS

7.a. Approve investment policy and delegate authority to the treasurer to invest funds

Recommendation: Approve the Investment Policy for FY 2019/20 and the delegation of authority to the Treasurer to invest the Authority's funds for FY 2019/20, pursuant to the Government Code of the state of California (California Government Code).

Executive Director Brian Thomas provided the staff report to the Board. Mr. Thomas noted that staff are seeking board approval of the Authority's Statement of Investment Policy (Policy) for fiscal year (FY) 2019/20 as well as approval for the delegation of authority to the Treasurer to invest the Authority's funds for FY 2019/20, pursuant to the Government Code of the State of California (California Government Code).

Mr. Thomas noted that the policy had been updated to ensure compliance with the requirements of the California Government Code, provides a balance between investment restrictions and investment flexibility, and expresses the Authority's investment objectives and preferences with clarity and consistency. He noted that Authority's funds are currently invested with the funds of the Metropolitan Water District of Southern California.

Director Kremen expressed an interest in investing a small amount of funds in local delta banking institutions.

Move to Approve: Matt Stone
Second: Doug Headrick
Yeas: Robert Cheng, Kathy Cortner, Doug Headrick, Mark Krause, Gary Kremen, Valerie Pryor, Randy Record, Paul Sethy, and Matt Stone
Nays: None
Abstains: None
Recusals: None
Absent: Dwayne Chisam, Jeff Davis
Summary: 9 Yeas; 0 Nays; 0 Abstains; 2 Absent. (Motion passed as MO 19-7-02)

7.b. Review and approve amendments to the bylaws

Recommendation: Approve the amendments to the Bylaws for the Authority to include certain procedural guidelines in the conducting of the Authority's public meetings.

General Counsel Steve O'Neill provided the staff report to the Board. Mr. O'Neill noted that the Staff recommends amendments to the Bylaws for the Delta Conveyance Finance Authority (Authority) to include certain procedural guidelines in the conducting of the Authority's public meetings. The proposed amendments are intended to provide a distillation of the most commonly used principles and procedures derived from Robert's Rules of Order and to document the procedures to be used by the board during its meetings.

Move to Approve: Valerie Pryor
Second: Kathy Cortner
Yeas: Robert Cheng, Kathy Cortner, Doug Headrick, Mark Krause, Gary Kremen, Valerie Pryor, Randy Record, Paul Sethy, and Matt Stone
Nays: None
Abstains: None
Recusals: None
Absent: Dwayne Chisam, Jeff Davis
Summary: 9 Yeas; 0 Nays; 0 Abstains; 2 Absent. (Motion passed as MO 19-7-03)

7.c. Update on DCA activities [Informational]

Kathryn Mallon, Executive Director for the Delta Conveyance Design & Construction Authority provided an update on DCA activities to the Board.

8. REPORTS AND ANNOUNCEMENTS

8.a. Executive Director Report

Mr. Thomas discussed activities he participated in during the last few months, including meetings with staff from the Delta Conveyance Design and Construction Authority, Metropolitan, DWR and the State Water Contractors. In addition, the DCFA retained Richardson and Company to conduct the annual audit.

8.b. General Counsel Report

Mr. O'Neill reported on activities which occurred during the last few months. He noted his most recent activity involved revisions to the bylaws and a review of the audit agreement.

8.c. Treasurer's Report

Ms. Skillman reported to the board on the twelve months ended June 30, 2019, noting that receipts totaled \$401,900, consisting of contributions from eleven member agencies and interest receipts. Ms. Skillman noted that disbursements totaled

\$175,870 during the twelve months ended June 30, 2019 and that the cash balance in the DCFA Trust at June 30, 2019 was \$226,030.

9. FUTURE AGENDA ITEMS

There were no future agenda items.

10. CLOSED SESSION

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

11. ADJOURNMENT:

President Record adjourned the meeting at 11:48 a.m.

**POTENTIAL CHANGES IN THE DCFA'S
JOINT POWERS AGENCY AGREEMENT**

Change in Project

- The JPA agreement may need to be amended to reflect the changed purpose of the DCFA
- Due to the change in project definition
- The JPA agreement refers to the project description in the JEPA between DWR and the Delta Conveyance Design & Construction Authority
 - *Original JPAA (at sec 2(f)) defines “Conveyance Facility” as “the project described in sec 2(a) of the JEPA....”*
 - *JEPA is defined as the Joint Exercise of Powers Agreement between DWR and DCA. Sec 2(a) of that agreement identifies conveyance facility as that defined in certain specifications which set forth a twin tunnel design.*

Potential Change to Project Description

- More general description of project to reflect current efforts
- DCFA financing activities would support
 - *Facilities and projects designed to support the conveyance and delivery of water from the Delta for public or private uses and all rights, properties and improvements necessary therefore, including fuel and energy facilities and resources, and buildings, structures, improvements and facilities appurtenant thereto or provided therefore together with land necessary therefore.”*

Other Amendments to JPA Agreement for Efficiency

- Creation and need described in recitals
- Term – state at 50 years or until all obligations are paid off (whichever is later)
- Exercise of powers – consistent with the powers of Metropolitan and the Metropolitan Water District Act
- Executive Committee Meetings – changed from quarterly to as needed

Next Steps

- Receive input from board
- Finalize/draft changes
- Meet with member agency counsel/staff
- Review with member agency boards for action

Delta Conveyance Finance Authority

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: September 19, 2019

Item No. 8.a

Subject: Executive Director's Report

Executive Summary

Activities during the past two months were focused primarily on administrative activities including renewing insurance and proceeding with the external audit. In addition, I met with staff from the Delta Conveyance Design and Construction Authority, Metropolitan, DWR and the State Water Contractors to discuss status of the project.

Detailed Report

Administration. The external audit is ongoing, and I participated in calls with Metropolitan and Richardson and Co. In addition, I worked with Linda Standlee to supply requested materials associated with the audit. We anticipate a report from Richardson and Co. at the Board's regularly scheduled October meeting. It is the time of the year to renew the DCFA's insurance policy and I worked with MWD's risk manager to supply updated information to the broker. I also worked with General Counsel on potential changes to the Joint Powers Agreement and the need for such amendments.

Attached is a table of actions approved by the board through August 31, 2019.

Meetings. I continued to discuss the project with staff from DWR, the DCA, Metropolitan and other state water project contractors. As we have noted, there will not be any financing activity over the next year or two as DWR progresses through the environmental and permitting process for the changed project.

Future Activities.

Work will continue with the members, the DCA, DWR and the state water project contractors to address the changes in the project scope and its impact on the Finance Authority's role. In addition, I will be scheduling meetings with all the DCFA board members to discuss the ongoing role of the DCFA.

Recommended Action

Information only.

DELTA CONVEYANCE FINANCE AUTHORITY

Completed Actions as of:

August 31, 2019

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