

June 16, 2021

Delta Conveyance Design and Construction Authority
Board of Directors

Subject: ***Final Materials for the June 17, 2021 Regular Board Meeting***

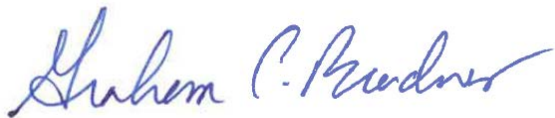
Members of the Board:

The next regular meeting of the Delta Conveyance Design and Construction Authority (DCA) Board of Directors is scheduled for **Tomorrow, June 17, 2021 at 1:30 p.m. (Closed Session)** and will be held completely online via conference line and video through Ring Central (Zoom). The call-in and video information is provided in the attached agenda and a link will also be posted on the dcdca.org website.

Please note that given the current COVID-19 outbreak, the DCA will comply with public health recommendations regarding public meetings and social distancing efforts. Any meeting changes or cancellation will be communicated.

Enclosed are the final materials for the Board meeting in a PDF file, which has been bookmarked for your convenience.

Regards,



Graham Bradner
DCA Interim Executive Director



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

REGULAR MEETING

Thursday, June 17, 2021

1:30 p.m.

Teleconference Meeting Only; No Physical Meeting Location
(Authorized by and in furtherance of Executive Orders N-29-20 and N-33-20)

Additional information about participating by telephone or via the remote meeting solution is available here: <https://www.dcdca.org>

Conference Access Information:

Phone Number: (916)262-7278 Access Code: 1489963619#

Electronic Meeting Link:

Please join my meeting from your computer, tablet, or smartphone

<https://meetings.ringcentral.com/j/1489963619>

AGENDA

In compliance with the Governor's Executive Orders and based on the Sacramento County health order and similar orders statewide, the meeting will be held electronically only through the listed meeting link and telephone number. Assistance to those wishing to participate in the meeting in person or remotely 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 as soon as possible in advance of the meeting by contacting the DCA support staff at (888) 853-8486 or info@dcdca.org. Members of the public may speak regarding items on the agenda when recognized by the Chair as set forth below. Speakers are limited to three minutes each; however, the Chair may limit this time when reasonable based on the circumstances. Persons wishing to provide public comment remotely on Agenda Items should complete a public comment request form at: <https://tinyurl.com/dcapubliccomment> by 2:15 pm. Additional information will be provided at the commencement of the meeting.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **CLOSED SESSION – OPEN SESSION TO FOLLOW AT APPROXIMATELY 2:00 P.M.**
 - a. **PUBLIC EMPLOYMENT**
Title: Executive Director
4. **PLEDGE OF ALLEGIANCE**
5. **PUBLIC COMMENT**

Members of the public may address the Authority on matters that are within the Authority's jurisdiction whether they are on or off the agenda. Speakers are limited to three minutes each; however, the Chair

may limit this time when reasonable based on the circumstances. Persons wishing to speak may do so remotely through the electronic meeting link or teleconference number when recognized by the Chair. Parties wishing to provide remote public comment on Agenda Items should complete a public comment request form at: <https://tinyurl.com/dcapubliccomment> by 2:15 p.m.

6. APPROVAL OF MINUTES:

- (a) May 20, 2021 Regular Board Meeting

7. CONSENT CALENDAR

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

- (a) None.

8. DISCUSSION ITEMS

- (a) June DCA Monthly Report
Recommended Action: Information Only
- (b) Adopt DCA FY 21/22 Budget
Recommended Action: Adopt by Minute Order
- (c) Pass Resolution to Adopt Updated Investment Policy
Recommended Action: Adopt Resolution
- (d) Pass Resolution to Adopt Updated Ethics Policy and Protest Policy
Recommended Action: Adopt Resolution
- (e) DCA Board of Directors Meeting Cadence
Recommended Action: Provide Direction

9. STAFF REPORTS AND ANNOUNCEMENTS

- (a) General Counsel's Report
- (b) Treasurer's Report
- (c) DWR Environmental Manager's Report
- (d) Verbal Reports, if any

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

* * * * *

Next scheduled meeting: July 15, 2021 Regular Board Meeting at 2:00 p.m. (1:30 p.m. if there is a closed session) and will be held on-line through videoconference (the DCA Board Room, Park Tower, 980 9th Street, Suite 100, Sacramento, CA 95814 is temporarily closed)

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING

Thursday, May 20th, 2021

1:30 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 remotely - Conference Access Information: Phone Number: (916)262-7278 1461125493# <https://meetings.ringcentral.com/j/1461125493> at 1:30pm.

2. ROLL CALL

Board members in attendance were Richard Atwater, Martin Milobar, Tony Estremera, Sarah Palmer, Gary Martin, Robert Cheng, and Adnan Anabtawi constituting a quorum of the Board.

DCA staff members in attendance were Graham Bradner, Joshua Nelson, Nazli Parvizi, and Katano Kasaine.

Department of Water Resources (DWR) staff member in attendance was Carrie Buckman.

3. CLOSES SESSION

(a) Conference with Legal Counsel – Anticipated Litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: 1 case

Mr. Nelson reported that there were no reportable actions taken in closed session.

4. PLEDGE OF ALLEGIANCE

President Richard Atwater convened the open session at approximately 2:00 p.m. and led all present in reciting the Pledge of Allegiance.

5. PUBLIC COMMENT

No public comment requests were received for non-agendized items, President Atwater closed Public Comment.

6. APPROVAL OF MINUTES: April 15, 2021 Regular Board Meeting

Recommendation: Approve the April 15, 2021 Regular Board Meeting

Motion to Approve Minutes from April 15, 2021 as

Noted: Palmer

Second: Cheng
 Yeas: Atwater, Milobar, Estremera, Palmer, Blois, Martin, Cheng, Anabtawi
 Nays: None
 Abstains: None
 Recusals: None
 Absent: None
 Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed as MO 20-5-01).

7. CONSENT CALENDAR

None.

8. DISCUSSION ITEMS:

a) May DCA Monthly Report

Mr. Bradner highlighted the engineering work performed recently. The spring subsurface investigation program is underway. The DCA is projecting under budget by approximately 1.8M for FY 2020/2021. Mr. Bradner referenced the program schedule, noting a slight delay with the temporary entry permits due to the courts being significantly behind on their court ordered entries.

Mr. Cheng inquired about the field work that was deferred. Mr. Bradner confirmed any field work pushed will be rolled into FY 21/22 budget.

Mr. Martin inquired about eminent domain and court ordered permits, which Mr. Bradner mentioned that we would follow up on this item.

b) DCA FY 21/22 Draft Budget Discussion

Mr. Bradner noted the FY 21/22 draft budget was reviewed with DWR, incorporating modifications from these discussions. There were no significant changes in the proposed budget from the previous Board meeting.

c) SEC Update

Ms. Parvizi highlighted the April SEC meeting, including an introduction to Interim Executive Director Graham Bradner and DWR Director Karla Nemeth. The future timeline of Stakeholder Engagement Committee (SEC) meetings was discussed as well as recent outreach efforts. Ms. Parvizi spoke about the upcoming repackaged materials for the public, focusing on reaching audiences that we have not been successful in reaching before. Genevieve Taylor from AG Innovations gave a presentation on the Environmental Justice (EJ) survey results that many were very interested in discussing. A Community Benefits Program update was given by DWR. Ms. Parvizi said the next SEC meeting is scheduled for June 23rd, with a break in meetings for summer.

Ms. Palmer asked what the frequency of SEC meetings will be in the future. Ms. Parvizi responded that we expect to have quarterly meetings with an option to call special meetings as needed.

d) **Discuss Current SEC Vacancies and Consider Passing Resolution to Modify the Size of the SEC**

Recommended Action: Adopt Resolution to Modify the Size of the SEC

Ms. Parvizi discussed the potential quorum issue the DCA encountered at the April SEC meeting. For portions of the meeting, there was only 11 members, the minimum necessary for a quorum. There have been three (3) recent retirements from the SEC contributing to this issue as many members will occasionally miss meetings or leave early due to other commitments. Ms. Parvizi proposed the Board allow the DCA to right size the SEC by removing the three (3) vacant seats.

Ms. Palmer confirmed that SEC members can be added as needed. Ms. Parvizi noted that we have done this previously and can do it again as we feel there are areas we could use additional expertise on.

Mr. Nelson recommended removing the three (3) vacant seats from the SEC so there would now be 17 members, not including the three (3) ex-officio seats.

Mr. Estremera expressed his support in rightsizing the SEC.

Mr. Cheng appreciated staff's recommendation on the resolution to mitigate quorum issues.

Mr. Martin spoke to the amount of work that goes into these SEC meetings and the inconvenience it would cause to have to cancel due to quorum issues.

Move to Pass Resolution Adopting to Modify the Size of the SEC

as Noted: Martin

Second: Estremera

Yeas: Atwater, Milobar, Estremera, Blois, Martin, Cheng, Anabtawi

Nays: None

Abstains: None

Recusals: None

Absent: Palmer

Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent. (Motion passed as Resolution 21-04).

Ms. Palmer was absent for the vote on this item due to technical difficulties.

9. STAFF REPORTS AND ANNOUNCEMENTS:

a. General Counsel's Report

A written report was provided in the Board package. Mr. Nelson highlighted the changes to the Brown Act being proposed in the Legislature that staff will continue to monitor. With the state reopening on June 15 at the direction of the Governor, this will potentially affect the Executive Order permitting remote only meetings and further information on whether we will need to go back to existing rules for teleconference meetings will be forthcoming.

Mr. Atwater asked if it is known when we would go back to in person meetings. Mr. Nelson said that if the Governor relaxes all social distancing and the Executive Order goes away, we will need to return to in person meetings in June, although we will continue to be able to have remote participation under the existing Brown Act rules.

b. Treasurer's Report

A written report was provided in the Board package. Ms. Kasaine noted as of May 12, the DCA has a cash balance of approximately \$554K. Ms. Kasaine thanked Mr. Bradner and DCA staff for working to align the budget to actuals.

c. DWR Environmental Manager's Report

A written report was provided in the Board package. Ms. Buckman reported on the community benefits framework that would be implemented in the DCA project to protect and enhance the cultural, recreational, natural resource and agricultural values of the Delta. DWR has had a series of meetings in the Delta to gain more information on the process. The final community benefits framework meeting is scheduled for May 25th.

d. Verbal Reports

None.

10. FUTURE AGENDA ITEMS:

None.

11. ADJOURNMENT:

President Atwater adjourned the meeting at 2:40p.m., remotely - Conference Access Information:
Phone Number: (916)262-7278 Access Code: 1461125493#
<https://meetings.ringcentral.com/j/1461125493>



DCA

DELTA CONVEYANCE DESIGN
& CONSTRUCTION AUTHORITY

Monthly Board Report

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

1

SUMMARY OF
WORK

2

STAKEHOLDER
ENGAGEMENT

3

BUDGET

4

CONTRACTS

5

SCHEDULE



Agenda Item 8a

JUNE 2021

(ACTIVITIES IN MAY)

Section 1 | Work Performed

Program Management. Continued to update Management Plans to reflect changes in Program Management policies and procedures as our workflows evolve

- Continued to update Standard Operating Procedures providing step by step guidance to activities described in Management Plans
- Continued to work on consolidating all previous fiscal year financials into new e-Builder account
- Work with Senior Management to develop FY21/22 Budget and create new budget in e-Builder
- Support development of Task Orders and Purchase Orders for FY21/22

Administration. The team continued to support Administrative functions including IT support, virtual meetings, COVID response/preparedness.

- Planned and hosted May Board of Directors Meetings
- DCA Website updates
- Planning activities for future hybrid public meetings
- FY21/22 Budget/Task Order activities
- SOP Development

focused on addressing updates and revisions to new and revised Final Draft technical memoranda (TMs) for the Central and Eastern Corridors and the Bethany Reservoir Alternative and reviewing Environmental Impact Report (EIR) chapters.

- Reviewed draft EIR chapters, as requested
- Progressed Permit Index
- Hosted second workshop to provide overview of engineering facilities to EIR team
- Continued work on updates to Central and Eastern Corridors and the Bethany Reservoir Alternative Engineering Project Report (EPR) and TMs
- Continued revising conceptual design drawings and documentation to reduce effects to environmentally sensitive areas, as requested
- Continued updating construction equipment summaries for air quality analyses per ongoing revisions to conceptual designs
- Continued hydraulic modeling and documentation for intakes and Twin Cities Complex
- Continued development of information related to anticipated electrical loads for construction and project operations



Field Work. Continued the spring exploration program

- Continued support of right of way negotiations and property access documentation
- Conducted pre-construction site clearance surveys and nesting bird surveys based on drilling schedule
- Continued completion of geotechnical borings and Cone Penetration Tests based on drilling schedule
- Continued performing laboratory testing on samples collected from geotechnical borings
- Continued collection of existing subsurface data from other local projects for consideration in subsurface conditions

Engineering. The engineering team was primarily

Section 1 | One Month Look-Ahead (June 2021 Activities)



Program Management

- Continuing development of Standard Operating Procedures to provide step by step guidance to activities described in Management Plans
- Continuing to work on consolidating all previous fiscal year financials into new e-Builder account
- Work with Senior Management to develop FY21/22 Budget and create new budget in e-Builder
- Finalize Task Orders and Purchase Orders for FY21/22
- Begin close-out activities for FY20/21 Task Orders and Purchase Orders

Administration

- Completion of FY21/22 Task Order preparation/budget activities
- Continuing support to DCA office including all Administrative, Facility and IT functions.
- Continuing support for DCA Board of Directors meetings, monthly report generation, SEC Meeting
- Continuing coordination of DCA Change Control Board meetings/actions

Engineering

- Update EPR, conceptual drawings, and TMs as requested and deliver to DCO
- Continue work on any additional requested engineering studies, as requested
- Continue to review draft EIR chapters and participate in briefings with environmental team, as requested
- Continue to support community engagement and outreach activities

Field Work

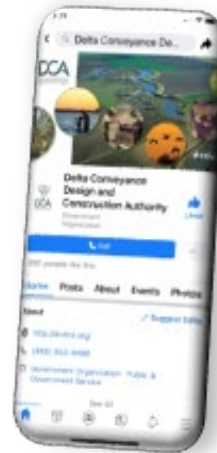
- Conduct pre-construction site clearance surveys, nesting bird surveys, and biological monitoring based on drilling schedule
- Continue the spring exploration program which will extend through August 2021

Section 2 | Stakeholder Engagement



DCA Social Media Updates

- The increased “likes” on Facebook have surpassed the 1,000 threshold, increasing by 35% since February
- “What is DCA” video garnered more than 11,000 plays on Facebook
- Virtual Tour videos on YouTube have more than 300 views
- DCA posts reached 299,288 Facebook users in the past 4 months



Upcoming SEC Meeting

Date: Wednesday, June 23, 2021

Time: 3 to 6 PM

Location: Online via Ring Central

Topics:

- DCA Design Changes Update
- DWR Community Benefits Program Update
- DWR EJ Survey Results
- Ongoing Outreach Efforts

SEC Meeting Calendar

- Future meetings are TBD

SEC Meeting Materials & Updates

<https://www.dcdca.org/>

**Dates are subject to change, please continue to check the dcdca.org website for updates*

Note: DCA will comply with public health recommendations regarding public meetings and COVID-19 response. Any meeting changes or cancellation will be communicated to members.

Section 3 | Budget

Budget. The current DCA budget is \$27M. The team conducted a “deep dive” contract forecast exercise and we are now currently forecasting an Estimate at Completion budget of about \$24.55Mil, \$2.45Mil below budget (Table 1). The DCA has committed approximately \$26.37M (details in Table 2) and has incurred

\$20.8M in expenditures through May(details in Table 2). Actual and planned cash flow curves are shown in Figure 1.

Table 1 | Monthly Budget Summary (FY 2020/2021)

Category	Original Budget	Current Budget	Current Commitments	Incurred to Date	EAC	Variance
Program Management Office						
Executive Office	\$ 2,697,409	\$ 2,796,854	\$ 2,301,270	\$ 1,756,771	\$ 1,923,201	\$ (873,653)
Community Engagement	\$ 1,301,880	\$ 1,223,223	\$ 1,218,871	\$ 745,961	\$ 845,194	\$ (378,029)
Program Controls	\$ 2,527,124	\$ 1,714,329	\$ 1,714,329	\$ 1,547,397	\$ 1,690,652	\$ (23,677)
Administration	\$ 3,244,410	\$ 2,746,813	\$ 2,991,398	\$ 2,432,260	\$ 2,634,877	\$ (111,936)
Procurement and Contract Administration	\$ 210,000	\$ 109,447	\$ 109,447	\$ 56,118	\$ 61,347	\$ (48,100)
Property	\$ 1,648,758	\$ 1,388,687	\$ 1,338,687	\$ 681,439	\$ 1,154,954	\$ (233,733)
Permitting Management	\$ 1,123,893	\$ 1,123,893	\$ 1,023,893	\$ 846,417	\$ 969,424	\$ (154,469)
Health and Safety	\$ 45,000	\$ 20,000	\$ 20,000	\$ 11,700	\$ 12,711	\$ (7,289)
Quality Management	\$ 45,000	\$ 10,000	\$ 10,000	\$ 5,621	\$ 6,621	\$ (3,379)
Sustainability	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -
Program Initiation Office						
Engineering	\$ 12,451,950	\$ 10,327,688	\$ 10,376,049	\$ 8,693,905	\$ 10,207,036	\$ (120,652)
Fieldwork	\$ 8,659,576	\$ 5,539,066	\$ 5,269,929	\$ 3,994,086	\$ 5,041,910	\$ (497,156)
	\$ 34,000,000	\$ 27,000,000	\$ 26,373,873	\$ 20,771,675	\$ 24,547,928	\$ (2,452,072)

Section 3 | Budget *continued*

Table 2 | Budget Detail

Work Breakdown Structure	Original Budget	Current Budget	Commitments	Pending Commitments	Invoiced to Date	Remaining Budget	% of Budget Remaining	Estimate At Completion	Variance (Surplus)/Deficit
Delta Conveyance	\$ 34,000,000	\$ 27,000,000	\$ 26,373,873	\$ -	\$ 20,771,675	\$ 6,228,325	23%	\$ 24,547,928	\$ (2,452,072)
Executive Office	\$ 2,697,409	\$ 2,796,854	\$ 2,301,270	\$ -	\$ 1,756,771	\$ 1,040,083	37%	\$ 1,923,201	\$ (873,653)
Management	\$ 1,692,409	\$ 1,833,787	\$ 1,311,784	\$ -	\$ 1,127,375	\$ 706,412	39%	\$ 1,201,595	\$ (632,192)
Legal	\$ 620,000	\$ 620,000	\$ 620,000	\$ -	\$ 346,819	\$ 273,181	44%	\$ 427,000	\$ (193,000)
Audit	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -	0%	\$ 25,000	\$ -
Treasury	\$ 196,000	\$ 196,000	\$ 222,419	\$ -	\$ 191,743	\$ 4,257	2%	\$ 197,419	\$ 1,419
Human Resources	\$ 164,000	\$ 122,067	\$ 122,067	\$ -	\$ 65,835	\$ 56,232	46%	\$ 72,187	\$ (49,880)
Community Engagement	\$ 1,301,880	\$ 1,223,223	\$ 1,218,871	\$ -	\$ 745,961	\$ 477,262	39%	\$ 845,194	\$ (378,029)
Management	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ 128,901	\$ 171,099	57%	\$ 146,469	\$ (153,531)
Community Coordination	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000	100%	\$ 50,000	\$ -
Outreach	\$ 951,880	\$ 873,223	\$ 918,871	\$ -	\$ 617,060	\$ 256,163	29%	\$ 648,725	\$ (224,498)
Program Controls	\$ 2,527,124	\$ 1,714,329	\$ 1,714,329	\$ -	\$ 1,547,397	\$ 166,932	10%	\$ 1,690,652	\$ (23,677)
Management	\$ 621,646	\$ 446,246	\$ 446,246	\$ -	\$ 361,166	\$ 85,080	19%	\$ 403,221	\$ (43,025)
Risk Mgt	\$ 379,725	\$ 17,170	\$ 17,170	\$ -	\$ 17,170	\$ -	0%	\$ 17,170	\$ -
Cost Mgt	\$ 736,013	\$ 736,013	\$ 736,013	\$ -	\$ 707,440	\$ 28,573	4%	\$ 778,280	\$ 42,267
Schedule Mgt	\$ 373,286	\$ 148,286	\$ 148,286	\$ -	\$ 119,140	\$ 29,146	20%	\$ 119,140	\$ (29,146)
Document Mgt	\$ 316,454	\$ 316,454	\$ 316,454	\$ -	\$ 292,545	\$ 23,909	8%	\$ 322,905	\$ 6,451
Governance	\$ 100,000	\$ 50,160	\$ 50,160	\$ -	\$ 49,936	\$ 224	0%	\$ 49,936	\$ (224)
Administration	\$ 3,244,410	\$ 2,746,813	\$ 2,991,398	\$ -	\$ 2,432,260	\$ 314,553	11%	\$ 2,634,877	\$ (111,936)
Management	\$ 645,000	\$ 645,000	\$ 644,947	\$ -	\$ 564,565	\$ 80,435	12%	\$ 624,365	\$ (20,635)
Facilities	\$ 1,153,300	\$ 1,130,412	\$ 1,360,245	\$ -	\$ 990,223	\$ 140,189	12%	\$ 1,054,088	\$ (76,324)
Information Technology	\$ 1,446,110	\$ 971,401	\$ 986,206	\$ -	\$ 877,471	\$ 93,930	10%	\$ 956,425	\$ (14,976)
Procurement and Contract Administration	\$ 210,000	\$ 109,447	\$ 109,447	\$ -	\$ 56,118	\$ 53,329	49%	\$ 61,347	\$ (48,100)
Procurement Management	\$ 210,000	\$ 109,447	\$ 109,447	\$ -	\$ 56,118	\$ 53,329	49%	\$ 61,347	\$ (48,100)

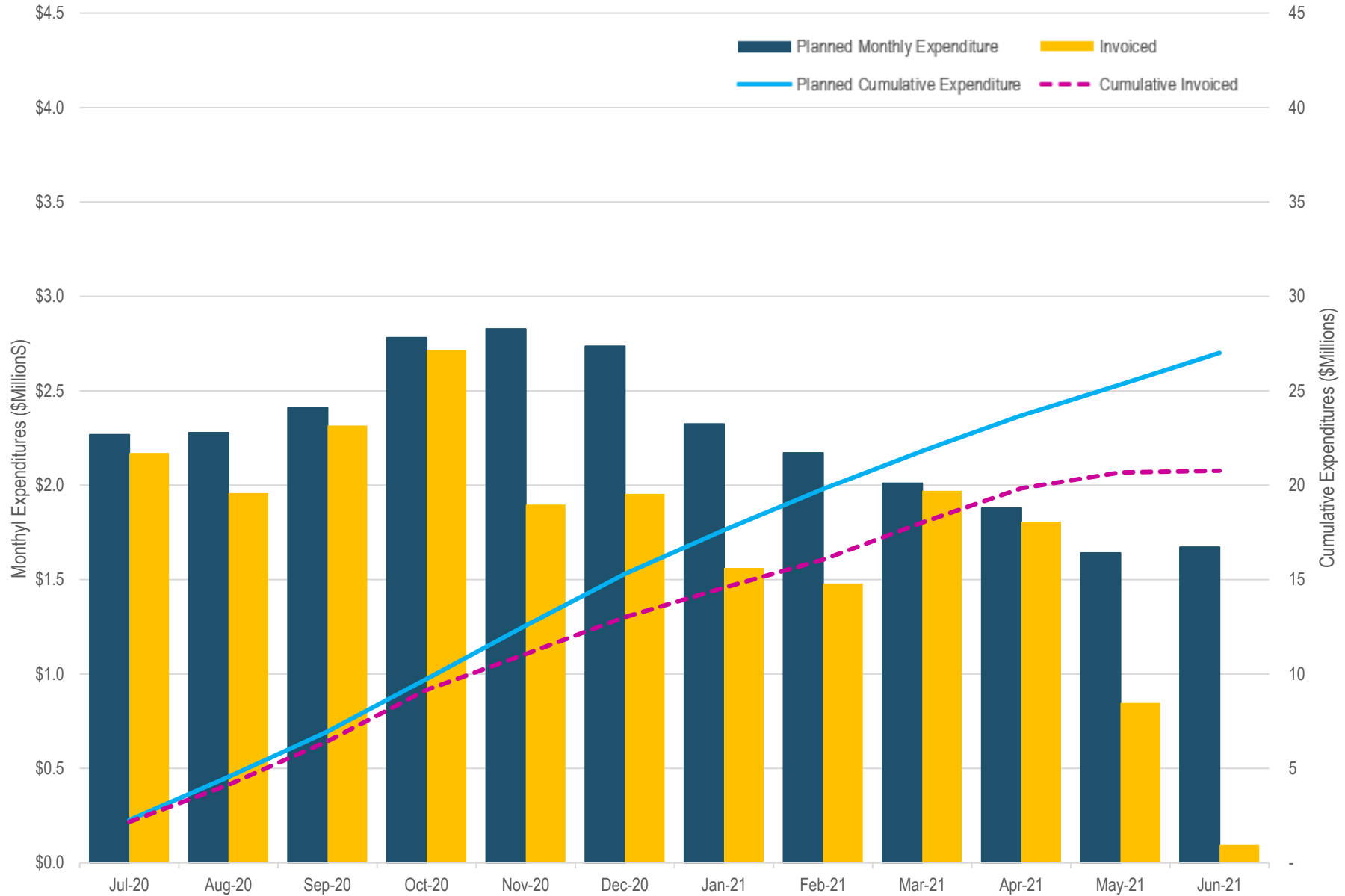
Section 3 | Budget *continued*

Table 2 | Budget Detail

Work Breakdown Structure	Original Budget	Current Budget	Commitments	Pending Commitments	Invoiced to Date	Remaining Budget	% of Budget Remaining	Estimate At Completion	Variance (Surplus)/Deficit
Property	\$ 1,648,758	\$ 1,388,687	\$ 1,338,687	\$ -	\$ 681,439	\$ 707,248	51%	\$ 1,154,954	\$ (233,733)
Management	\$ 373,758	\$ 350,771	\$ 350,771	\$ -	\$ 255,001	\$ 95,770	27%	\$ 314,954	\$ (35,817)
Property Agents	\$ 900,000	\$ 662,916	\$ 612,916	\$ -	\$ 373,959	\$ 288,957	44%	\$ 465,000	\$ (197,916)
Temporary Entrance Permits	\$ 375,000	\$ 375,000	\$ 375,000	\$ -	\$ 52,480	\$ 322,520	86%	\$ 375,000	\$ -
Permitting Management	\$ 1,123,893	\$ 1,123,893	\$ 1,023,893	\$ -	\$ 846,417	\$ 277,476	25%	\$ 969,424	\$ (154,469)
Management	\$ 1,123,893	\$ 1,123,893	\$ 1,023,893	\$ -	\$ 846,417	\$ 277,476	25%	\$ 969,424	\$ (154,469)
Health and Safety	\$ 45,000	\$ 20,000	\$ 20,000	\$ -	\$ 11,700	\$ 8,300	42%	\$ 12,711	\$ (7,289)
Management	\$ 45,000	\$ 20,000	\$ 20,000	\$ -	\$ 11,700	\$ 8,300	42%	\$ 12,711	\$ (7,289)
Quality Management	\$ 45,000	\$ 10,000	\$ 10,000	\$ -	\$ 5,621	\$ 4,379	44%	\$ 6,621	\$ (3,379)
Management & Auditing	\$ 45,000	\$ 10,000	\$ 10,000	\$ -	\$ 5,621	\$ 4,379	44%	\$ 6,621	\$ (3,379)
Sustainability	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Management	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Engineering	\$ 12,451,950	\$ 10,327,688	\$ 10,376,049	\$ -	\$ 8,693,905	\$ 1,633,783	16%	\$ 10,207,036	\$ (120,652)
Management & Administration	\$ 2,341,133	\$ 2,204,948	\$ 2,079,948	\$ -	\$ 1,633,848	\$ 571,100	26%	\$ 2,018,796	\$ (186,152)
CEQA Engineering Support	\$ 2,293,256	\$ 4,401,761	\$ 3,525,122	\$ -	\$ 3,016,428	\$ 1,385,333	31%	\$ 3,462,411	\$ (939,350)
Facility Studies	\$ 3,314,202	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Shared Support Services	\$ 4,503,359	\$ 3,720,979	\$ 4,770,979	\$ -	\$ 4,043,628	\$ (322,649)	-9%	\$ 4,725,829	\$ 1,004,850
Fieldwork	\$ 8,659,576	\$ 5,539,066	\$ 5,269,929	\$ -	\$ 3,994,086	\$ 1,544,980	28%	\$ 5,041,910	\$ (497,156)
Management	\$ 413,255	\$ 413,255	\$ 413,255	\$ -	\$ 317,544	\$ 95,711	23%	\$ 413,255	\$ -
Geotechnical Work	\$ 8,140,500	\$ 4,590,500	\$ 4,281,363	\$ -	\$ 3,379,394	\$ 1,211,106	26%	\$ 4,281,363	\$ (309,137)
Surveying	\$ 105,821	\$ 50,000	\$ 90,000	\$ -	\$ 84,432	\$ (34,432)	-69%	\$ 90,000	\$ 40,000
Environmental Monitoring	\$ -	\$ 485,311	\$ 485,311	\$ -	\$ 212,716	\$ 272,595	56%	\$ 257,292	\$ (228,019)

Section 3 | Budget *continued*

Figure 1 | Fiscal Year 20/21 Cash Flow



Section 4 | Contracts

Contracts. Table 3 summarizes the status of all active commitments within the DCA for the current fiscal year. Commitment changes are summarized in Table

4. There are no active procurements at this time. S/DVBE participation in major contracts is summarized in Table 5.

Table 3 | Contract Summary

Contract Description	Commitment Amount	Pending Commitments	Invoiced to Date	Percent Invoiced
180005 - e-Builder, Inc.	\$ 167,102	-	\$ 167,102	100%
180006 - Jacobs Engineering Group	\$ 13,273,528	-	\$ 10,709,004	74%
180007 - Fugro USA Land, Inc	\$ 4,279,863	-	\$ 3,377,894	79%
180008 - Hamner, Jewell & Associates	\$ 200,000	-	\$ 141,980	71%
180009 - Bender Rosenthal, Inc.	\$ 262,916	-	\$ 166,368	63%
180010 - Associated Right of Way Services, Inc.	\$ 150,000	-	\$ 65,611	44%
180013 - Psomas	\$ 90,000	-	\$ 84,432	94%
190005 - Management Partners	\$ 567,750	-	\$ 537,875	99%
190009 - Parsons	\$ 3,796,645	-	\$ 3,281,617	86%
190011 - GV/HI Park Tower Owner, LLC	\$ 995,414	-	\$ 872,426	88%
190014 - Direct Technology	\$ 224,924	-	\$ 212,563	95%
190016 - Consolidated Communications, Inc.	\$ 79,707	-	\$ 24,658	31%
190017 - AT&T	\$ 56,450	-	\$ 19,019	34%
190018 - AP42, LLC	\$ 20,142	-	\$ 20,142	100%
190019 - VMACommunications, Inc.	\$ 375,230	-	\$ 249,930	67%
190021 - RingCentral	\$ 189,391	-	\$ 41,040	22%

Section 4 | Contracts *continued*

Table 3 | Contract Summary

Contract Description	Commitment Amount	Pending Commitments	Invoiced to Date	Percent Invoiced
190022 - Caltronics Government Services	\$ 85,768	-	\$ 32,117	37%
190023 - JAMBO-Silvacom LTD	\$ 34,920	-	\$ 34,920	100%
190024 - Stakeholder Engagement Committee Stipened	\$ 51,000	-	\$ 27,500	54%
200003 - Best Best & Krieger	\$ 620,000	-	\$ 346,819	56%
200006 - KPMG LLP	\$ 25,000	-	\$ 25,000	100%
200013 - Metropolitan Water District of S. California	\$ 310,321	-	\$ 209,410	84%
200014 - Dept of Water Resources	\$ 375,000	-	\$ 52,480	14%
200022 - Alliant Insurance	\$ 26,212	-	\$ 26,212	100%
210004 - Gwen Buchholz, Permit Engineer Inc	\$ 50,000	-	\$ 2,500	5%
- Agreements <\$15K	\$ 68,393,724	-	\$ 54,231,340	79%

Section 4 | Contracts *continued*

Table 4 | Commitment Changes

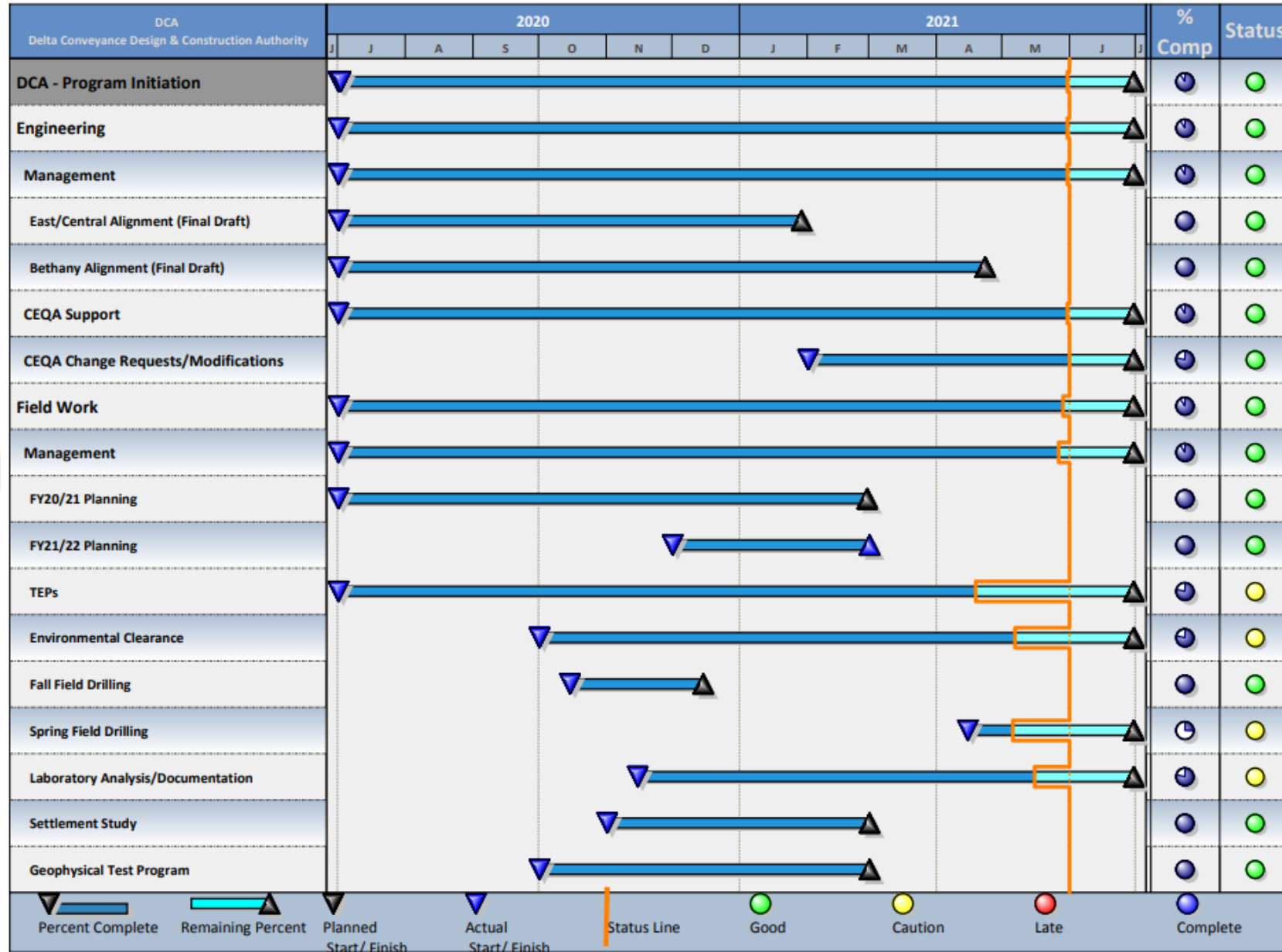
Vendor	Current Commitment	Change Request Amount	% Change	Revised Commitment	Description of Change	Funding Source	Status (Pending, Approved)
Fugro USA Land, Inc.	\$ 4,279,863	\$ -	0%	\$ 4,279,863	Additional scope to add lawn mowing across access routes and around drilling pads, Specialized Geotechnical Laboratory testing, and an electric fence. This is a no-cost item that will add 63 days to the schedule.	Existing Field Coordination and Permitting Budget	Approved

Section 4 | Contracts *continued*

Table 5 | S/DVBE Status FY 2020/21

	Commitment Amount	Invoiced to Date	Percent Committed	Percent Invoiced	
Delta Conveyance	\$ 26,373,873.00	\$ 20,771,675.00			
SBE Participation	\$ 3,008,021.00	\$ 2,313,270.00	11%	11%	
DVBE Participation	\$ 600,197.00	\$ 484,674.00	2%	2%	
	Percent of Total				
Consultant	Current Commitment	Commitment	Invoiced to Date	Percent Invoiced	SBE/DVBE Status
Fugro USA Land, Inc	\$ 4,279,863		\$ 2,948,306		
Confluence Technical Services, Inc.	\$ 3,675	0.1%	\$ 3,675	0.1%	SBE
Dillard Environmental Services, Inc.	\$ 98,710	2.3%	\$ 88,400	2.1%	SBE
GeoTech Utility Locating, LLC	\$ 36,350	0.8%	\$ 18,715	0.4%	SBE
Hutgren-Tillis Engineers, Inc.	\$ 108,383	2.5%	\$ 58,882	1.4%	SBE
Torrent Laboratories, Inc.	\$ 55,405	1.3%	\$ 49,185	1.1%	SBE
Jacobs Engineering Group	\$ 13,273,528		\$ 9,733,526		
Anchor	\$ 600,197	4.5%	\$ 484,674	3.7%	SBE/DVBE
EETS	\$ 30,120	0.2%	\$ 7,170	0.1%	SBE
JMA	\$ 40,000	0.3%	\$ 23,443	0.2%	SBE
LCI	\$ 29,000	0.2%	\$ 18,453	0.1%	SBE
Nazli Parvizi	\$ 150,000	1.1%	\$ 127,368	1.0%	SBE
Parsons	\$ 3,796,645		\$ 3,045,825		
Chaves	\$ 1,045,163	27.5%	\$ 974,609	25.7%	SBE
VMA Communications	\$ 375,250	100.0%	\$ 218,659	58.3%	SBE
Associated Right of Way	\$ 150,000	100.0%	\$ 65,611	43.7%	SBE
Caltronics Government Services	\$ 85,768	100.0%	\$ 32,117	37.4%	SBE
Hamner, Jewell & Associates	\$ 200,000	100.0%	\$ 142,309	71.2%	SBE

Section 5 | Program Schedule



Schedule.

The overall program remains on schedule. The engineering deliverables are all tracking as planned and on schedule. The field work activities continue to run behind due to on-going delays with the Court Ordered Entry process do to COVID, which are beyond the control of the DCA. No schedule mitigation is therefore required at this time.

Board Memo

Contacts: Graham Bradner, Interim Executive Director

Date: June 17, 2021 Board Meeting

Item No. 8b

Subject: Proposed Budget for Fiscal Year 2021/22

Summary:

Attached to this memo is the DCA proposed budget of \$21.5M for Fiscal Year 2021/22 including both a summary table as well as a more detailed itemized list. The proposed budget reflects refinements or modifications requested by the Board or DWR, as well as resulting from renegotiations of current contracts. There is currently an underspend of approximately \$2M for this fiscal year which we anticipate rolling over into next year's budget following the closeout of the current fiscal year in August. This will increase the overall projected budget of \$21.5M to approximately \$23.5M.

In April and May we presented a summary and detailed roll-up for the different activities planned. In this next year planned technical work will largely be focused on studies to support preparation of the Draft CEQA documents, continued execution of our geotechnical program, and consideration of a range of concepts to be further evaluated during final design. The field data will help define or support current assumptions on surface and underground conditions. This data is critical to validating the conceptual design of many of the program components and providing additional information to the Department of Water Resources as it moves through its environmental review of the potential project.

Recommended Action:

Staff recommendation for the Board is to adopt the \$21.5M FY 21/22 Budget by minute order.

Attachments:

Attachment 1 - FY 2021/22 Proposed Budget Presentation

Attachment 2 - FY 2021/22 Proposed Budget Summary Table

Attachment 3 – FY 2021/22 Proposed Budget Detail



DCA

DELTA CONVEYANCE DESIGN & CONSTRUCTION AUTHORITY

DCA FY 2021/22 PROPOSED ANNUAL BUDGET

AGENDA ITEM 8B | Att. 1

June 17th, 2021

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PROPOSED FY 2021/22 BUDGET REVIEW

- 1. Overview of DCA Work Breakdown Structure**
- 2. Review proposed FY 2021/22 budget by functional area**
- 3. Review proposed budget summary by major vendors**
- 4. Review proposed FY 2021/22 budget summary roll-up**

WBS

The Program Management team developed a programmatic **Work Breakdown Structure (WBS)** to organize all budgeted activities of the DCA for implementation of the Delta Conveyance program. The WBS was developed to for all phases of program delivery from initiation to program closeout. Work activities of the DCA at the highest level of the WBS are described below:

All Phases:

Program Management Office – All cross-organizational support functions throughout all phases of program delivery.

Current Phase:

Program Initiation – Engineering work to support the Environmental Planning Phase. The Phase ends with finalization of the Program Implementation Plan that identifies the individual projects that comprise the program.

Future Phases:

Program Execution – Delivery of individual capital projects.

Program Closeout – Closeout of all financial, record document, legal actions, etc. for the dissolution of the DCA.

PROGRAM MANAGEMENT OFFICE (PMO)

PMO-Executive Office

EO-Management

- EO-Executive Office
- EO-Chief Engineer
- EO-DCA Board Meetings

EO-General Counsel

- EO-General Counsel

EO-Audit

- EO-Audit

EO-Treasury

- EO-Treasury

EO-Human Resources

- EO-Human Resources

EO-Undefined Allowance

- EO-Undefined Allowance

PMO-Community Engagement

CE-Management

- CE-Management

CE-Community Coordination

- CE-Community Support

CE-Outreach

- CE-SEC Meetings
- CE-Social Media

PMO-Program Controls

PCTRL-Management

- PCTRL-Management

PCTRL-Risk Mgt

- PCTRL-Risk Mgt

PCTRL-Cost Mgt

- PCTRL-Cost Mgt

PCTRL-Schedule Mgt

- PCTRL-Schedule Mgt

PCTRL-Documents Mgt

- PCTRL-Documents Mgt

PCTRL-Program Governance

- PCTRL-Program Governance

PMO-Administration

AD-Management

- AD-Management

AD-Facilities

- AD-Office Rent
- AD-Office Furniture
- AD-Office Supplies
- AD-Other Direct Costs
- AD-Office Utilities

PROGRAM MANAGEMENT OFFICE (Cont.)

PMO-Administration (Cont.)

AD-Information Technology

- AD-IT Services
- AD-IT Software
- AD-IT Hardware

PMO-Procurement

PCA-Management

- PCA-Management

PMO-Property

PY-Management

- PY-Management

PY-Property Agents

- PY-Property Agents

PY-Temporary Entrance Permits

- PY-Temporary Entrance Permits

PMO-Permitting Management

PM-Management

- PM-Management

PMO-Health and Safety

HS-Management

- HS-Management

PMO-Quality Management

QM-Management & Auditing

- QM-Management & Auditing

PMO-Sustainability

ST-Management

- ST-Management

PROGRAM INITIATION PHASE (PI)

PI-Engineering

PIE-Management & Administration

- PIE-Management & Admin.
- PIE-Quality Review

PIE-CEQA Engineering Support

- PIE-CEQA Engineering Support

PIE-Facility Studies

- PIE-Facility Studies

PIE-Shared Support Services

- PIE-Shared Support Services

PI-Fieldwork

PIF-Management

- PIF-Management

PIF-Geotechnical

- PIF-Geotechnical Work

PIF-Surveying

- PIF-Surveying

PROGRAM MANAGEMENT OFFICE

The WBS for the current phase of program delivery includes the Program Management Office and the Program Initiation work activities.

The PMO include ten (10) budget categories that represent the functions which provide support across the entire organization.

WBS LEVEL 1 AND 2
PROGRAM MANGEMENT OFFICE
PMO-Executive Office
PMO-Community Engagement
PMO-Program Controls
PMO-Administration
PMO-Procurement and Contract Admin.
PMO-Property
PMO-Permitting Management
PMO-Health and Safety
PMO-Quality Management
PMO-Sustainability

EXECUTIVE OFFICE

- The Executive Office (EO) includes all activities of the Executive Director Office and the Chief Engineer as well as support for the DCA Board meetings. It also includes activities that provide financial, legal and human resource oversight to the DCA organization.
- Available contingency for the fiscal year budget are included in the Executive Office budget as an Undefined Allowance (Undefined Allowance will be established pending FY20/21 closeout).

PMO-Executive Office	\$ 2,202,245
EO-Management	
EO-Executive Office	\$ 573,804
EO-Chief Engineer	\$ 672,480
EO-DCA Board Meetings	\$ 26,600
EO-General Counsel	
EO-General Counsel	\$ 556,915
EO-Audit	
EO-Audit	\$ 30,000
EO-Treasury	
EO-Treasury	\$ 254,726
EO-Human Resources	
EO-Human Resources	\$ 87,720
EO-Undefined Allowance	
EO-Undefined Allowance	

COMMUNITY ENGAGEMENT

- Community Engagement (CE) includes all activities related to the DCA's outreach with interested stakeholders. This includes hosting DCA Stakeholder Engagement Committee meetings as well as our managing content on our website and social media outlets.

PMO-Community Engagement	\$ 775,305
CE-Management	
CE-Management	\$ 118,877
CE-Community Coordination	
CE-Community Liaison	\$ 250,000
CE-Outreach	
CE-SEC Meetings	\$ 283,428
CE-Social Media	\$ 123,000

PROGRAM CONTROLS

- The Program Controls (PCTRL) group provides management support across the entire organization for budget, cost, schedule, risk and document controls. The group is also responsible for maintenance of our policies and procedures that document our business processes.

PMO-Program Controls	\$ 1,472,640
PCTRL-Management	
PCTRL-Management	\$ 387,840
PCTRL-Cost Mgt	
PCTRL-Cost Mgt	\$ 754,560
PCTRL-Document Mgt	
PCTRL-Document Mgt	\$ 330,240

ADMINISTRATION

- The Administration (AD) group is responsible for managing the DCA's physical facilities and IT requirements. IT services include personnel PC support, hardware maintenance and software implementations.

PMO-Administration	\$ 2,568,238
AD-Management	
AD-Management	\$ 641,280
AD-Facilities	
AD-Office Rent	\$ 1,156,123
AD-Office Supplies	\$ 12,800
AD-Other Direct Costs	\$ 1,610
AD-Office Utilities	\$ 112,764
AD-Information Technology	
AD-IT Services	\$ 324,740
AD-IT Software	\$ 253,806
AD-IT Hardware	\$ 65,115

PROPERTY AND PERMITTING MANAGEMENT

- The Property group is responsible for securing all property-related permissions and acquisitions including temporary entrance permits for field work activities, temporary and permanent easements, and property acquisition for construction site requirements.
- The Permitting Management group is responsible for supporting the engineering teams in identifying and securing all permits required for construction of the project as well as compliance with all permit requirements.

PMO-Property	\$ 516,280
PY-Management	
PY-Management	\$ 245,280
PY-Property Agents	
PY-Property Agents	\$ 150,000
PY-Temporary Entrance Permits	
PY-Temporary Entrance Permits	\$ 121,000
PMO-Permitting Management	\$ 560,534
PM-Management	
PM-Management	\$ 560,534

ADDITIONAL PMO FUNCTIONS

- Although we do not anticipate any procurements this next FY, we have allocated some budget in the event other services are needed within this function. The Procurement group is responsible for managing the procurement of all goods and services for the organization including RFPs, bids, contract negotiation, insurance, contract amendments and closeout.
- The Health and Safety and Quality groups are responsible for preparing their respective Program Management Plans and overseeing implementation of the plans across all DCA activities.

PMO-Procurement and Contract Administration	\$ 74,112
PCA-Management	
PCA-Management	\$ 74,112
PMO-Health and Safety	\$ 21,600
HS-Management	
HS-Management	\$ 21,600
PMO-Quality Management	\$ 14,016
QM-Management & Auditing	
QM-Management & Auditing	\$ 14,016

PROGRAM INITIATION

Program Initiation includes the engineering and fieldwork functional areas that support the DWR Environmental Planning efforts.

WBS LEVEL 1 AND 2	
PROGRAM INITIATION	
PI-Engineering	
PI-Fieldwork	

ENGINEERING

- The Engineering group is responsible for conducting technical studies and alternatives analyses to support development of conceptual level design reports. Design reports will be developed for all alternatives identified by DWR as part of the Environmental Planning process.
- Note: Once the Environmental Planning work is complete, the DCA engineering activities will transition into the Program Execution Phase with a new budget code structure reflective of delivery of individual capital projects.

PI-Engineering	\$ 7,617,456
PIE-Management & Administration	
PIE-Management & Administration	\$ 900,316
PIE-CEQA Engineering Support	
PIE-CEQA Engineering Support	\$ 4,436,666
PIE-Facility Studies	
PIE-Facility Studies	\$ 2,280,474

FIELDWORK

- The Fieldwork group is responsible for the management and execution of all field investigatory activities including the geotechnical program, field surveying, and other exploratory work (e.g. gas well surveys, etc.) to support conceptual engineering work.

PI-Fieldwork	\$ 5,677,574
PIF-Management	
PIF-Management	\$ 544,675
PIF-Geotechnical Work	
PIF-Geotechnical Work	\$ 4,548,000
PIF-Environmental Monitoring	
PIF-Environmental Monitoring & Surveying	\$ 584,899

BUDGET BY VENDOR (\geq \$250,000; 95% OF BUDGET)

Consultant/Vendor	Proposed Budget	Services
Jacobs	9,266,844	Engineering
Fugro	4,548,000	Geotechnical Exploration
Parsons	3,394,236	Program Management Support; Software Implementation; Chief Engineer
GV/Hi Park Tower	1,156,123	Office Lease
Management Partners	567,810	Executive Director
Best, Best & Krieger	556,915	General Counsel
Metropolitan	312,512	Treasury; Contract Administration Support, Human Resources
VMA	282,400	Stakeholder Engagement Support; Communications

BUDGET SUMMARY

- **Work activities for FY 2021/22 will focus on providing support to the DWR Environmental Planning efforts and the Draft EIS and launch of field investigatory program**
- **Total Proposed Budget = \$21.5M**
 - There is an underrun of approximately \$2M for FY2020/21 that will be rolled over to the upcoming FY, which will increase the overall budget.
 - The actual amount will be calculated at close-out of FY2020/21 and brought to the Board for final approval.

CODE	Description	Proposed FY 21/22 Budget \$
		\$ 21,500,000
10	PROGRAM MANGEMENT OFFICE	\$ 8,204,970
100	PMO-Executive Office	\$ 2,202,245
110	PMO-Community Engagement	\$ 775,305
120	PMO-Program Controls	\$ 1,472,640
130	PMO-Administration	\$ 2,568,238
140	PMO-Procurement and Contract Administration	\$ 74,112
150	PMO-Property	\$ 516,280
160	PMO-Permitting Management	\$ 560,534
170	PMO-Health and Safety	\$ 21,600
180	PMO-Quality Management	\$ 14,016
30	PROGRAM INITIATION	\$ 13,295,030
300	PI-Engineering	\$ 7,617,456
310	PI-Fieldwork	\$ 5,677,574

Note: Numbers are rounded to the nearest dollar

Questions?

RECOMMENDATION

Staff recommends the Board adopt the FY 2021/22 budget by minute order.

CODE	Description	Proposed FY 21/22 Budget \$
		\$ 21,500,000
10	PROGRAM MANGEMENT OFFICE	\$ 8,204,970
100	PMO-Executive Office	\$ 2,202,245
110	PMO-Community Engagement	\$ 775,305
120	PMO-Program Controls	\$ 1,472,640
130	PMO-Administration	\$ 2,568,238
140	PMO-Procurement and Contract Administration	\$ 74,112
150	PMO-Property	\$ 516,280
160	PMO-Permitting Management	\$ 560,534
170	PMO-Health and Safety	\$ 21,600
180	PMO-Quality Management	\$ 14,016
30	PROGRAM INITIATION	\$ 13,295,030
300	PI-Engineering	\$ 7,617,456
310	PI-Fieldwork	\$ 5,677,574

Note: Numbers are rounded to the nearest dollar

CODE	Description	Proposed FY 21/22 Budget \$
		\$ 21,500,000
10	PROGRAM MANGEMENT OFFICE	\$ 8,204,970
100	PMO-Executive Office	\$ 2,202,245
1000	EO-Management	
10001	EO-Executive Office	\$ 573,804
10002	EO-Chief Engineer	\$ 672,480
10003	EO-DCA Board Meetings	\$ 26,600
1005	EO-General Counsel	
10050	EO-General Counsel	\$ 556,915
1015	EO-Audit	
10150	EO-Audit	\$ 30,000
1020	EO-Treasury	
10200	EO-Treasury	\$ 254,726
1025	EO-Human Resources	
10250	EO-Human Resources	\$ 87,720
1090	EO-Undefined Allowance	
10900	EO-Undefined Allowance	
UDA-10000	EO-Undefined Allowance	\$ -
110	PMO-Community Engagement	\$ 775,305
1100	CE-Management	
11000	CE-Management	\$ 118,877
1110	CE-Community Coordination	
11001	CE-Community Liaison	\$ 250,000
1115	CE-Outreach	
11002	CE-SEC Meetings	\$ 283,428
11003	CE-Social Media	\$ 123,000
120	PMO-Program Controls	\$ 1,472,640
1200	PCTRL-Management	
12000	PCTRL-Management	\$ 387,840
1210	PCTRL-Cost Mgt	
12002	PCTRL-Cost Mgt	\$ 754,560
1220	PCTRL-Document Mgt	
12004	PCTRL-Document Mgt	\$ 330,240
130	PMO-Administration	\$ 2,568,238
1300	AD-Management	
13000	AD-Management	\$ 641,280
1305	AD-Facilities	
13001	AD-Office Rent	\$ 1,156,123
13003	AD-Office Supplies	\$ 12,800
13004	AD-Other Direct Costs	\$ 1,610
13005	AD-Office Utilities	\$ 112,764
1310	AD-Information Technology	
13006	AD-IT Services	\$ 324,740

CODE	Description	Proposed FY 21/22 Budget \$
13007	AD-IT Software	\$ 253,806
13008	AD-IT Hardware	\$ 65,115
140	PMO-Procurement and Contract Administration	\$ 74,112
1405	PCA-Management	
14000	PCA-Management	\$ 74,112
150	PMO-Property	\$ 516,280
1500	PY-Management	
15000	PY-Management	\$ 245,280
1505	PY-Property Agents	
15001	PY-Property Agents	\$ 150,000
1510	PY-Temporary Entrance Permits	
15002	PY-Temporary Entrance Permits	\$ 121,000
160	PMO-Permitting Management	\$ 560,534
1600	PM-Management	
16000	PM-Management	\$ 560,534
170	PMO-Health and Safety	\$ 21,600
1700	HS-Management	
17000	HS-Management	\$ 21,600
180	PMO-Quality Management	\$ 14,016
1800	QM-Management & Auditing	
18000	QM-Management & Auditing	\$ 14,016
30	PROGRAM INITIATION	\$ 13,295,030
300	PI-Engineering	\$ 7,617,456
3000	PIE-Management & Administration	
30000	PIE-Management & Administration	\$ 900,316
3005	PIE-CEQA Engineering Support	
30001	PIE-CEQA Engineering Support	\$ 4,436,666
3010	PIE-Facility Studies	
30002	PIE-Facility Studies	\$ 2,280,474
310	PI-Fieldwork	\$ 5,677,574
3100	PIF-Management	
31000	PIF-Management	\$ 544,675
3105	PIF-Geotechnical Work	
31001	PIF-Geotechnical Work	\$ 4,548,000
3110	PIF-Surveying	
31002	PIF-Surveying	
3115	PIF-Environmental Monitoring	
31003	PIF-Environmental Monitoring & Surveying	\$ 584,899

Note: Numbers are rounded to the nearest dollar



DCA

DELTA CONVEYANCE DESIGN & CONSTRUCTION AUTHORITY

Statement of Investment Policy and Authority to Invest

Agenda Item 8c | Katano Kasaine, Treasurer

June 17, 2020

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Investment Policy and Authority to Invest

- **Sections 53600 et seq. of the California Government Code expressly grants the authority to the Board of Directors to invest public funds and that authority may be delegated to the Treasurer for a one-year period.**

Statement of Investment Policy – Key Changes

§ 10	FY2020/21	FY2021/22	Rationale
#4 & #5	10% limit on outstanding CP per issuer	5% limit per issuer & Combined 10% limit per issuer for CP & medium-term notes	Clarify the per issuer limit according to the current Code
#6	Issued by commercial banks and thrifts, and foreign banks (Yankee CD's)	Issued by nationally or state-chartered banks, savings association or federal association, state or federal credit union, or federally licensed or state licensed branch of a foreign bank	Clarify issuers permitted by Code
#12	Max allocation to CAMP 30%	Max allocation to CAMP 40%	Provide additional flexibility for short-term funds investment

Recommendation

- Approve the Statement of Investment Policy for fiscal year 2021/22; and
- Delegate authority to the Treasurer to invest DCA's funds for fiscal year 2021/22.

BOARD OF DIRECTORS OF THE DELTA CONVEYANCE
DESIGN AND CONSTRUCTION AUTHORITY

RESOLUTION NO. 21-xx

Introduced by Director: XXXX

Seconded by Director: XXXX

RESOLUTION TO AUTHORIZE THE INVESTMENT POLICY AND ANNUAL DELEGATION
TO THE DCA TREASURER
FOR FISCAL YEAR 2021-2022

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

WHEREAS, as part of best practice and sound financial management, the Delta Conveyance Design and Construction Authority (DCA) adopts an annual Investment Policy outlining the permitted investments of DCA funds; and

WHEREAS, the DCA Board of Directors wishes to delegate investment authority to the Treasurer for Fiscal Year 2021-22 and to adopt the Investment Policy for such fiscal year.

Now, therefore, the DCA Board of Directors resolves as follows:

1. The Board of Directors hereby determines that the preceding recitals are true and correct and hereby adopts and incorporates them into this Resolution.
2. The Board of Directors adopts the DCA Investment Policy for fiscal year 2021-22 as attached hereto as Exhibit A and incorporated by this reference.
3. The Board of Directors hereby delegates to the DCA's Treasurer the authority to invest or to reinvest funds of the DCA, or to sell or exchange securities so purchased for Fiscal Year 2021-22 in compliance with the Investment Policy and applicable law.
4. The DCA's Treasurer shall assume full responsibility for these transactions until the delegation of authority is revoked or expires
5. This Resolution shall take effect immediately upon its adoption.

* * * * *

This Resolution was passed and adopted this 17th day of June 2021, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Richard Atwater, Board President

Attest:

Martin Milobar, Secretary

EXHIBIT A

INVESTMENT POLICY AND ANNUAL DELEGATION

TO THE DCA TREASURER

FOR FISCAL YEAR 2021-2022

[attached behind this page]

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY (DCA)

BOARD POLICY ON INVESTMENT

PREAMBLE

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

SECTION 1. POLICY

It is the policy of the Board of Directors of the Delta Conveyance Design and Construction Authority (“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.

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; and
- (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.

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.

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 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.

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

10.4 Commercial Paper

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

- Maximum limit: Twenty-five percent (25%) of the portfolio; ten percent (10%) with any one issuer
- Maximum Maturity of two hundred seventy (270) days
- Credit requirement: Highest ranking or highest letter and number rating as provided by an NRSRO.
- Entity issuing the commercial paper must meet the conditions of California Government Code Section 53601(h)(1) or (2).

10.5 Medium Term Corporate Notes

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

- Maximum limit: Thirty percent (30%) of the portfolio; ten percent (10%) with any one issuer
- Maximum maturity of five (5) years
- Credit Requirement: 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 nationally or state-chartered banks, savings association or federal association, state or federal credit union, or federally licensed or state licensed branch of a foreign bank.

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

10.7 Bank Deposit

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

- Maximum limit: Thirty percent (30%) of the portfolio for all deposits
- Maximum maturity five (5) years
- Credit Requirement: All deposits must be collateralized as required by California Government Code Section 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 Section 53630 *et seq.*

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

10.8 Money Market Mutual Funds

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

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

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

LAIF is a pooled investment fund overseen by the State Treasurer, which operates like a money market fund, but is for the exclusive benefit of governmental entities within the state. The maximum investment amount authorized by the Local Agency Investment Fund (LAIF) is set by the State Treasurer's Office. The LAIF is held in trust in the custody of the State of California Treasurer. The 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
- Maximum Maturity: N/A
- Credit requirement: N/A

10.10 Municipal Bonds and Notes

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

- Maximum limit: Forty percent (40%) of the portfolio; five percent (5%) with any one issuer
- Maximum maturity of five (5) years
- Must be issued by State of California, any of the other 49 states, or 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 rated “A” or its equivalent or higher by an NRSRO.
- Fully collateralized at market value of at least one hundred two percent (102%) with US government or federal agency securities

10.12 California Asset Management Program (CAMP)

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

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

10.13 Supranationals

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

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

10.14 Asset-Backed Securities

A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond.

- Maximum allocation: Twenty percent (20%) of the portfolio, five percent (5%) with any one

issuer

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

SECTION 11. CREDIT RATING

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

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 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, brokers and financial institutions 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 Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and which provide: proof of Financial Industry Regulatory DCA (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 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.

SECTION 15. INVESTMENT SECURITY

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

- All 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. 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 monitoring 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 17. 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	<i>N/A</i>
Federal Agency Bonds & Notes	100%	N/A	5 Years	<i>N/A</i>
Bankers' Acceptance	40%	5% per issuer ¹	180 days	<i>"A-1" or its equivalent or higher by an NRSRO</i>
Commercial Paper	25%	10% per issuer ¹	270 days	<i>Highest ranking or of the highest letter and number rating as provided by an NRSRO</i>
Medium Term Corporate Notes	30%	10% per issuer ¹ , US licensed and operating corporations	5 years	<i>A or its equivalent or higher by an NRSRO</i>
Negotiable CD	30%	5% per issuer ¹ , 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>
Bank 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>

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
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	40%	State of California, other 49 states, or California agencies	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 an NRSRO	270 days	<i>Collateralized (min 102% of funds invested) with US Government or federal agency securities with maximum 5 year maturities</i>
California Asset Management Program (“CAMP”)	40%	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 a NRSRO</i>
Asset-Backed Securities	20%	5% per issuer ¹	5 Years	<i>“AA” or its equivalent or higher by an NRSRO</i>

Notes:

1. Per issuer limits, when listed, are calculated across investment types at the parent company level.

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 Term 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.

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

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

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

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

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

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

PRIME (SHORT TERM RATING): High quality ratings for short term debt such as commercial paper. Prime ratings are as follows: 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.

WATERFIX BONDS: Those bonds issued by the California Department of Water Resources to fund the California WaterFix, a conveyance project to further the co-equal goals of the State Legislature, pursuant to Section 85054 of the California Water Code.

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.

Agenda Item 8c | Attachment 2
Red-line Copy - Investment Policy

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY (DCA)

BOARD POLICY ON INVESTMENT

PREAMBLE

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

SECTION 1. POLICY

It is the policy of the Board of Directors of the Delta Conveyance Design and Construction Authority (“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.

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; and
- (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.

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.

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 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.

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

10.4 Commercial Paper

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

- Maximum limit: Twenty-five percent (25%) of the portfolio; ~~five~~ten percent (~~5~~10%) with any one issuer
- Maximum Maturity of two hundred seventy (270) days
- ~~Limited to 10 percent of the outstanding commercial paper of any single issuer.~~
- Credit requirement: Highest ranking or highest letter and number rating as provided by an NRSRO.
- Entity issuing the commercial paper must meet the conditions of California Government Code Section 53601(h)(1) or (2).

10.5 Medium Term Corporate Notes

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

- Maximum limit: Thirty percent (30%) of the portfolio; ~~five~~ten percent (~~5~~10%) with any one issuer
- 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 nationally or state-chartered banks, savings association or federal association, state or federal credit union, or federally licensed or state licensed branch of a foreign bank~~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: A (long-term) or A-1 (short-term) or their equivalents or better by an NRSRO
- Issued by banks with total deposits of one billion dollars (\$1,000,000,000) or more

10.7 Bank Deposit

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

- Maximum limit: Thirty percent (30%) of the portfolio for all deposits
- Maximum maturity five (5) years
- Credit Requirement: All deposits must be collateralized as required by California Government Code Section 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 Section 53630 *et seq.*

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

10.8 Money Market Mutual Funds

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

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

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

LAIF is a pooled investment fund overseen by the State Treasurer, which operates like a money market fund, but is for the exclusive benefit of governmental entities within the state. The maximum investment amount authorized by the Local Agency Investment Fund (LAIF) is set by the State Treasurer's Office. The LAIF is held in trust in the custody of the State of California Treasurer. The 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

- Maximum Maturity: N/A
- Credit requirement: N/A

10.10 Municipal Bonds and Notes

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

- Maximum limit: Forty percent (40%) of the portfolio; five percent (5%) with any one issuer
- Maximum maturity of five (5) years
- Must be issued by State of California, any of the other 49 states, or 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 rated “A” or its equivalent or higher by an NRSRO.
- Fully collateralized at market value of at least one hundred two percent (102%) with US government or federal agency securities

10.12 California Asset Management Program (CAMP)

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

- Maximum limit: ~~Thirty~~ Forty percent (~~30~~40%) of the portfolio
- Maximum maturity: N/A
- Credit requirement: AAAM or its equivalent or better by an NRSRO
- Joint powers authority has retained an investment adviser that is registered or exempt from registration with the Securities and Exchange Commission, has five or more years of experience investing in the securities and obligations authorized under California Government Code Section 53601, and has assets under management in excess of five hundred million dollars (\$500,000,000).

10.13 Supranationals

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

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

10.14 Asset-Backed Securities

A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond.

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

SECTION 11. CREDIT RATING

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

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 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, brokers and financial institutions 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 Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and which provide: proof of Financial Industry Regulatory DCA (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 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.

SECTION 15. INVESTMENT SECURITY

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

- All 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. 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; monitoring 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 17. 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	<i>N/A</i>
Federal Agency Bonds & Notes	100%	N/A	5 Years	<i>N/A</i>
Bankers' Acceptance	40%	5% per issuer ¹	180 days	<i>"A-1" or its equivalent or higher by an NRSRO</i>
Commercial Paper	25%	5 10% per issuer ¹	270 days	<i>Highest ranking or of the highest letter and number rating as provided by an NRSRO</i>
Medium Term Corporate Notes	30%	5 10% per issuer ¹ , US licensed and operating corporations	5 years	<i>A or its equivalent or higher by an NRSRO</i>
Negotiable CD	30%	5% per issuer ¹ , 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>
Bank 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>

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
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	40%	State of California, other 49 states, or California agencies	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 an NRSRO	270 days	<i>Collateralized (min 102% of funds invested) with US Government or federal agency securities with maximum 5 year maturities</i>
California Asset Management Program (“CAMP”)	34 0%	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 a NRSRO</i>
Asset-Backed Securities	20%	5% per issuer ¹	5 Years	<i>“AA” or its equivalent or higher by an NRSRO</i>

Notes:

1. Per issuer limits, when listed, are calculated across investment types at the parent company level.

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 Term 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.

BANKERS' ACCEPTANCE (BA): A draft or bill of 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 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 STATISTICAL RATING ORGANIZATION (NRSRO): is a credit rating agency that issues credit ratings that the U.S Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

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

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

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

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

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

PRIME (SHORT TERM RATING): High quality ratings for short term debt such as commercial paper. Prime ratings are as follows: 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.

WATERFIX BONDS: Those bonds issued by the California Department of Water Resources to fund the California WaterFix, a conveyance project to further the co-equal goals of the State Legislature, pursuant to Section 85054 of the California Water Code.

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.

Board Memo

Contact: Graham Bradner, Interim Executive Director and Josh Nelson, General Counsel

Date: June 17, 2021 Board Meeting

Item No. 8d

Subject:

Consider Adopting a Resolution to Amend the DCA Ethics Policy and Protest Policy.

Summary:

Staff recommends that the Board adopt the enclosed Resolution to Amend the DCA Ethics Policy and Protest Policy.

Detailed Report:

In August 2018 and as part of the initial formation of the DCA, the Board of Directors adopted the Board Policy on Ethics in Conducting DCA Business (Ethics Policy) and Protest Policy. Since that time, the program has undergone a number of changes, including the recent adoption of the Amended and Restated Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority (Amended JPA). The Board adopted updated bylaws (Bylaws) earlier this year to ensure consistency with the Amended JPA.

Staff has reviewed the DCA's remaining Board policies to ensure they remain up-to-date and consistent with the Amended JPA and Bylaws. This item recommends that the Board consider updating the Ethics and Protest Policies. A redline of the proposed changes is enclosed, and below a summary of the most noteworthy changes to the Ethics Policy. The only proposed change to the Protest Policy is to update the DCA's address.

- Update non-discrimination language to include gender identity.
- Revise conflict of interest language to align with applicable law.
- Delete sections of the policy related to Board officers and meetings that duplicate the Bylaws.
- Make other formatting and language changes.

Recommended Action:

By motion, the Board of Directors adopt the enclosed Resolution to Amend the DCA Ethics Policy and Protest Policy.

Attachments:

Attachment 1 - Draft Resolution 21-xx

Exhibit A - DCA Ethics Policy Clean Copy

Exhibit B - DCA Protest Policy Clean Copy

Attachment 2 – Redline of Proposed Edits to Ethics Policy

Attachment 3 - Redline of Proposed Edits to Protest Policy

**BOARD OF DIRECTORS OF THE DELTA CONVEYANCE
DESIGN AND CONSTRUCTION AUTHORITY
RESOLUTION NO. 21-XX**

**Introduced by Director xxxx
Seconded by Director xxxx**

AMENDING THE ETHICS POLICY AND PROTEST POLICY

WHEREAS, the Delta Conveyance Design and Construction Authority (DCA) previously adopted the Board Policy on Ethics in Conducting DCA Business (Ethics Policy) and Protest Policy; and

WHEREAS, the DCA recently updated its bylaws ("Bylaws") to align with the Amended and Restated Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority; and

WHEREAS, the DCA wishes to update the Ethics and Protest Policies to ensure consistency with the Bylaws and other DCA policies, to update addresses, to incorporate best practices, and to align with applicable law;

Now, therefore, the Board of Directors hereby resolves as follows:

1. RECITALS

The above recitals are incorporated into this Resolution by reference.

2. ETHICS POLICY

The Board Policy on Ethics in Conducting DCA Business is hereby amended to read in full as set forth in the attached Exhibit A, incorporated by this reference.

3. PROTEST POLICY

The Protest Policy is hereby amended to read in full as set forth in the attached Exhibit B, incorporated by this reference.

4. EFFECTIVE DATE

This Resolution is effective upon its adoption.

* * * * *

This Resolution was passed and adopted this ____th day of _____ 2021, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Richard Atwater, Board President

Attest:

Martin Milobar, Secretary

EXHIBIT A

Board Policy on Ethics in Conducting DCA Business

[attached behind this page]

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY (DCA)

BOARD POLICY ON ETHICS IN CONDUCTING DCA BUSINESS

PREAMBLE

The most fundamental principle of public service ethics was stated by Henry Clay in 1829: "Government is a trust, and the officers of government are the trustees; and both the trust and the trustees are created for the benefit of the people."

SECTIONS:

1. PURPOSE AND SCOPE
2. RESPONSIBILITIES OF PUBLIC OFFICE
3. FAIR AND EQUAL TREATMENT
4. PROPER USE AND SAFEGUARDING OF DCA PROPERTY AND RESOURCES
5. USE OF CONFIDENTIAL INFORMATION
6. CONFLICT OF INTEREST
7. SOLICITING POLITICAL CONTRIBUTIONS
8. INCOMPATIBLE OFFICES
- 8A. POTENTIALLY INCOMPATIBLE POSITIONS
9. DIRECTORS' COMPENSATION & EXPENSE REIMBURSEMENT
10. VIOLATION OF ETHICS POLICY
11. IMPROPER ACTIVITIES AND THE REPORTING OF SUCH ACTIVITIES; PROTECTION OF "WHISTLE BLOWERS"
12. COMPLIANCE WITH THE BROWN ACT
13. BOARD OF DIRECTORS' ROLES AND DUTIES; EXECUTIVE DIRECTOR'S ROLE AND DUTIES
14. BOARD-EXECUTIVE DIRECTOR RELATIONSHIP
15. BOARD MEETINGS; QUORUM; VOTING
16. BOARD MEETING AGENDA
17. BOARD DECORUM

SECTION 1. PURPOSE AND SCOPE

The policy of the Delta Conveyance Design and Construction Authority (DCA) is to maintain the highest standards of ethics by its Directors in carrying out their duties to achieve the DCA's mission. The proper operation of the DCA requires decisions and policies to be made in the proper channels of governmental structure, that public office not be used for personal gain, and that all individuals associated with the DCA remain impartial and responsible toward the public. Accordingly, it is the policy of the DCA that Directors and DCA employees maintain the highest standard of personal honesty and fairness in carrying out their duties and to do so in conformity with these DCA Guidelines for operations and procedure. This policy sets forth the minimum ethical standards to be followed by the Board of Directors of the Delta Conveyance Design and Construction

Authority and the manner in which the DCA and the DCA Board of Directors shall operate. The objectives of this policy are:

- (1) to establish uniform guidelines and operating procedures for the Board of Directors;
- (2) to heighten awareness of ethics, values and critical elements in Directors' conduct;
- (3) to provide guidance for dealing with ethical conflict issues; and
- (4) to improve ethical decision-making and values-based management.

SECTION 2. RESPONSIBILITIES OF PUBLIC OFFICE

Directors are public officers, sworn to uphold the Constitution of the United States and the Constitution of the State of California. Directors will comply with applicable laws regulating their conduct, including conflict of interest, financial disclosure and open government laws. Directors will work in cooperation with other public officials unless prohibited from so doing by law or officially-recognized confidentiality of their work.

SECTION 3. FAIR AND EQUAL TREATMENT

Directors will not, in the performance of their official functions, discriminate against or harass any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, sex, sexual orientation, gender identity, medical condition or disability. A Director will not grant any special consideration, treatment or advantage to any person or group beyond that which is available to every other person or group in similar circumstances.

SECTION 4. PROPER USE AND SAFEGUARDING OF DCA PROPERTY AND RESOURCES

Except as specifically authorized, a Director will not use or permit the use of DCA owned vehicles, equipment, telephones, materials or property for personal convenience or profit. A Director will not ask or require an DCA employee to perform services for the personal convenience or profit of a Director or employee. Each Director must protect and properly use any DCA asset within his or her control, including information recorded on paper or in electronic form. Directors will safeguard DCA property, equipment, moneys and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

SECTION 5. USE OF CONFIDENTIAL INFORMATION

A. A Director is not authorized, without approval of the Board of Directors, to disclose information that qualifies as “confidential information” under applicable provisions of law to a person not authorized to receive it, that

- (1) has been received for, or during, a closed session meeting of the Board;

- (2) is protected from disclosure under the attorney/client or other evidentiary privilege; or
- (3) is not required to be disclosed under the California Public Records Act.

B. This section does not prohibit any of the following:

- (1) making a confidential inquiry or complaint to the DCA's General Counsel, district attorney, or Grand Jury concerning a perceived violation of law, including disclosing facts to the DCA's General Counsel, district attorney, or Grand Jury that are necessary to establish the alleged illegality of an action taken by the DCA;
- (2) expressing an opinion concerning the propriety or legality of actions taken by the DCA in closed session, including disclosure of the nature and extent of the allegedly illegal action; or
- (3) disclosing information acquired by being present in a closed session that is not confidential information. Prior to disclosing confidential information pursuant to (1) or (2), above, however, a Director is encouraged to first bring the matter to the attention of either the President of the Board or the Board, in a lawful and appropriate manner, to provide the Board an opportunity to cure an alleged violation.

C. A Director who willfully and knowingly discloses for pecuniary gain confidential information received by him or her in the course of his or her official duties may be guilty of a misdemeanor under Government Code section 1098.

SECTION 6. CONFLICT OF INTEREST

A. A Director will not have a financial interest in a contract with the DCA, or be a purchaser at a sale by the DCA or a vendor at a purchase made by the DCA as prohibited by Government Code section 1090 or other applicable law. A Director will not participate in the discussion, deliberation or vote on a matter before the Board of Directors, or in any way attempt to use his or her official position to influence a decision of the Board, if he or she has a prohibited interest with respect to the matter, as defined in the Political Reform Act, Government Code sections 81000, and following, relating to financial conflicts of interest.

Generally, a Director has a financial interest in a matter if it is reasonably foreseeable that the Board's decision would have a material financial effect:

- (1) on a business entity in which the Director has a direct or indirect investment in an amount as established by the Fair Political Practices Commission (FPPC);
- (2) involving real property in which the Director has a direct or indirect investment interest, in an amount as established by the FPPC;
- (3) involving a source of income of the Director in an amount as established by the FPPC within twelve months before the Board decision;

- (4) involving a source of gifts to the Director in an amount as set or adjusted January 1 of each odd-numbered year by the FPPC, within twelve months before the Board decision; or
- (5) on a business entity in which the Director holds a position as a director, trustee, officer, partner, manager or employee.

The above circumstances would constitute a material financial effect if distinguishable from the effect on the public generally. For additional information or questions, see www.FPPC.ca.gov or contact the FPPC at 1-866-ASK-FPPC, or consult with the DCA General Counsel.

An "indirect interest" means any investment or interest owned by the spouse or dependent child of the Director, by an agent on behalf of the Director, or by a business entity or trust in which the Director, or the Director's spouse, dependent child or agent, owns directly, indirectly or beneficially, a ten percent or greater interest. A Director will not accept gifts that exceed the annual limitations set by the FPPC or honoraria unless an exception applies. Directors will report all gifts, honoraria, campaign contributions, income and financial information as required under the DCA's Conflict of Interest Code and the provisions of the Fair Political Practices Act and the FPPC Regulations.

B. If a Director believes that he or she may be disqualified from participation in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedure will be followed:

- (1) if the Director becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Director will notify the DCA's Executive Director or General Counsel of the potential conflict of interest, so that a determination can be made whether it is a disqualifying conflict of interest;
- (2) if it is not possible for the Director to discuss the potential conflict with either the Executive Director or the General Counsel before the meeting, or if the Director does not become aware of the potential conflict until during the meeting, the Director will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest; and
- (3) upon a determination that there is a disqualifying conflict of interest, the Director:
 - a. will not participate in the discussion, deliberation or vote on the matter for which a conflict of interest exist, which will be so noted in the Board minutes; and
 - b. will leave the room until after the discussion, vote and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters, except

that the Director may speak on the issue during the time that the general public speaks on the issue.

C. A Director will not recommend the employment of a relative by the DCA. In addition, a Director will not recommend the employment of a relative to any person known by the Director to be bidding for or negotiating a contract with the DCA.

D. A Director who knowingly asks for, accepts or agrees to receive any gift, reward or promise thereof for doing an official act, except as may be authorized by law, may be guilty of a misdemeanor under Penal Code section 70.

SECTION 7. SOLICITING POLITICAL CONTRIBUTIONS

Directors are prohibited from soliciting political funds or contributions at DCA facilities or from DCA employees. A Director will not accept, solicit or direct a political contribution from DCA vendors or consultants who have a material financial interest in a contract or other matter while that contract or other matter is pending before the DCA. A Director will not use the DCA's seal, trademark, stationery or other indicia of the DCA's identity, or facsimile thereof, in any solicitation for political contributions as per state or federal law.

SECTION 8. INCOMPATIBLE OFFICES

Pursuant to California Government Code Section 1099, it shall be prohibited for any Director appointed or elected to the DCA Board of Directors to simultaneously hold two public offices that are incompatible. Offices are incompatible when any of the following circumstances are present, unless simultaneous holding of the particular offices is compelled or expressly authorized by law:

- (1) Either of the offices may audit, overrule, remove members of, dismiss employees of, or exercise supervisory powers over the other office or body.
- (2) Based on the powers and jurisdiction of the offices, there is a possibility of a significant clash of duties or loyalties between the offices.
- (3) Public policy considerations make it improper for one person to hold both offices.

When two public offices are incompatible, the Director shall be deemed to have forfeited his/her Directorship on the DCA Board upon acceding to the second.

SECTION 8A: POTENTIALLY INCOMPATIBLE POSITIONS

Pursuant to California Government Code Section 53227, active DCA employees may not be sworn into office as a member of the DCA Board of Directors unless he/she resigns as an employee.

Failure to resign shall result in his/her employment automatically terminating upon his/her being sworn into office.

Section 8A, above, generally does not apply to employees of other local agencies whose public offices may be deemed incompatible. However, in the event that the scope and nature of the employment and associated authority is such that any of the factors set forth above are present, then such employment may be deemed incompatible with that of the office of DCA Director.

SECTION 9. DIRECTORS' COMPENSATION AND EXPENSE REIMBURSEMENT

Members of the Board of Directors are subject to the provisions of any DCA Board of Directors' Compensation and Expense Reimbursement Policy, if any.

SECTION 10. VIOLATION OF ETHICS POLICY

Any actual or perceived ethical violation by a Director should be referred to the President of the Board or the Board of Directors for investigation, and consideration of any appropriate action warranted. A violation of this policy may be addressed by the use of such remedies as are available by law to the DCA, including but not limited to:

- (1) adoption of a resolution expressing disapproval of the conduct of the Director who has violated this policy;
- (2) injunctive relief; or
- (3) referral of the violation to the General Counsel or appropriate regulatory authorities.

SECTION 11. IMPROPER ACTIVITIES AND THE REPORTING OF SUCH ACTIVITIES; PROTECTION OF "WHISTLE BLOWERS"

A. The Executive Director has primary responsibility for:

- (1) ensuring compliance with the DCA's policies and procedures and ensuring that DCA staff, assistants, consultants and contractors do not engage in improper activities;
- (2) investigating allegations of improper activities; and
- (3) taking appropriate corrective and disciplinary actions.

B. The Board has a duty to ensure that the Executive Director is managing the DCA according to the law and to the policies approved by the Board. Directors are encouraged to fulfill their obligation to the public and the DCA by disclosing to the Executive Director to the extent not expressly prohibited by law, improper activities within their knowledge.

C. Directors will not interfere with the Executive Director's responsibilities in identifying, investigating and correcting improper activities, unless the Board determines that the Executive Director is not properly carrying out these responsibilities. Nothing in this section affects the responsibility of the Board to oversee the performance of the Executive Director.

D. A Director will not directly or indirectly use or attempt to use the authority or influence of his or her position for the purpose of intimidating, threatening, coercing, commanding or influencing any other person for the purpose of preventing such person from acting in good faith to report or otherwise bring to the attention of the Executive Director or the Board any information that, if true, would constitute: a work-related violation by a Director or a DCA employee or contractor of any law or regulation, gross waste of DCA funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of an DCA official or employee, use of an DCA office or position or of DCA resources for personal gain, or a conflict of interest of an DCA Director or DCA employee.

E. A Director will not use or threaten to use any official authority or influence to affect any action as a reprisal against a DCA Director or DCA employee who reports or otherwise brings to the attention of the Executive Director, General Counsel, Board President, Assistant Executive Director, or other legal authority any information regarding the subjects described in this section.

SECTION 12. COMPLIANCE WITH THE BROWN ACT

The members of the Board of Directors will fully comply with the provisions of the State's open and public meeting law applicable to public agencies and public officials (the Ralph M. Brown Act; Government Code sections 54950, *et seq.*).

Interpretation of Brown Act provisions shall be within the purview of the DCA's General Counsel.

SECTION 13. BOARD OF DIRECTORS' ROLES AND DUTIES; EXECUTIVE DIRECTOR'S ROLE AND DUTIES

A. The Board of Directors holds governing authority for the DCA. Its role and responsibilities are:

- (1) Establish policies, procedures and regulations for DCA operations;
- (2) Establish policies for and oversee the DCA's finances and approve budgets;
- (3) Provide the resources needed by management and staff to carry out DCA policies;
- (4) Define the mission of the DCA to be consistent with the Joint Powers Agreement (JPA) and Joint Exercise of Powers Agreement with the Department of Water Resources (JEPA);
- (5) Approve and ensure the development and implementation of the DCA's Strategic Plan to be consistent with the JPA and JEPA; and
- (6) Appoint and evaluate the Executive Director.

B. Directors Individually: Apart from his/her normal function as a part of the Board of Directors, each individual Director's role and responsibilities are as follows:

- (1) Functions only as one member of the Board;
- (2) Has no individual authority unless authorized by the Board;
- (3) Not commit, nor represent that he/she can commit the DCA to any policy, act, or expenditure; and
- (4) Is encouraged to support decisions made by the Board

C. The DCA's Executive Director:

- (1) Has full charge and control of the day-to-day management, operation and administration of the DCA, consistent with DCA policy and other provisions of law;
- (2) Has full power and authority to employ and discharge consultants, contractors, employees and assistants, consistent with DCA policy and other provisions of law;
- (3) Prescribes the tasks and duties of employees, assistants, consultants and contractors, consistent with DCA policy; and
- (4) Fixes and alters the compensation of employees, assistants, contractors and consultants, subject to approval by the Board.

SECTION 14. BOARD-EXECUTIVE DIRECTOR RELATIONSHIP

The Board sets the policy for the DCA under the terms of the JPA. The DCA's Executive Director serves by appointment of the Board. The Board provides policy direction and general instructions to the Executive Director on matters within the authority of the Board by the requisite vote of the Board during duly-convened Board meetings. Members of the Board will address matters within the authority of the Executive Director through the Executive Director and not through other DCA staff. Members of the Board will refrain from making requests directly to DCA employees, contractors or consultants (rather than to the Executive Director) to undertake analyses, perform other work assignments or change the priority of work assignments. A Director's requests for non-confidential, factual information regarding DCA operations should be made through the Executive Director, Treasurer or General Counsel so that the appropriate DCA staff may be assigned to provide the information for the Director(s) in the most efficient and effective manner.

SECTION 15. BOARD MEETING PARLIAMENTARY PROCEDURES

The DCA's Board meetings shall be conducted following the general guidelines of "Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21st Century," League of California Cities, or any updated version thereof.

SECTION 16. BOARD MEETING AGENDAS

Any Director may request items be placed onto the board agenda of upcoming Board meetings by submitting a request to the President of the Board and Executive Director no later than ten (10) business days prior to the scheduled Board meeting at which the item is requested to be considered, a written document explaining the item and offering

recommendations. The Board President and/or the Executive Director shall determine whether such request shall be granted.

Alternatively, Directors may request that items be calendared for future Board agendas during the “Items for Future Agendas” portion of the agenda at a regular meeting of the Board.

DCA staff shall send regular Board meeting agendas and supporting documents to each member of the Board in accordance with the Brown Act. Directors should thoroughly review the agenda and accompanying materials and be prepared to discuss same at the scheduled Board meeting. Any questions regarding the agenda, items contained therein and/or supporting documents and materials, shall be directed to the Executive Director, the Treasurer or the General Counsel at the earliest opportunity.

SECTION 17. BOARD DECORUM AND COMMUNICATIONS WITH THE PUBLIC

Directors shall at all times conduct themselves with the utmost decorum. Members shall afford due respect to one another, DCA staff and the public. Members shall be courteous and shall not engage in personal attacks or make malicious or offensive statements or comments during the conduct of DCA business. In carrying out their duties, Directors shall bear in mind the Board’s role, the DCA’s mission and the interests of the constituency the Board serves. Director participation shall be relevant to the subject matter at hand and should be expressed in a thoughtful, clear, succinct and articulate manner.

When communicating with members of the public or other public DCA representatives, individual Directors shall refrain from making personal commitments or promises on behalf of the DCA. In addition, when expressing personal views and opinions orally or via social media to third parties concerning matters within the jurisdiction of or affecting the DCA, Directors shall duly qualify them as such to avoid misinterpretation of those views and opinions as those of the DCA or the Board of Directors.

Conversely, when specifically authorized by the Board of Directors to speak on behalf of the DCA at other public agencies’ meetings, clearly state that what is said has been approved by the Board or that the Board has no position on an issue.

Directors are encouraged to support DCA policy and avoid personal statements that conflict with Board-adopted policy and decisions. Members shall afford due respect for other Member’s differing opinions and viewpoints. When expressing a dissenting view to members of the public, other public agencies, other public officials and/or to the media, to avoid stimulating or inflaming controversy.

EXHIBIT B

Protest Policy

[attached behind this page]

**DELTA CONVEYANCE
DESIGN AND CONSTRUCTION AUTHORITY
PROTEST POLICY**

- A. **Applicability.** This Policy applies to the procurement of competitively solicited goods, materials, and services. Protests shall be handled in accordance with the following.
- B. **Timeliness.** Any protest of a solicitation (e.g., Request for Bid, Request for Proposal, Request for Qualification) must be made in writing and received by the Delta Conveyance Design and Construction Authority (“DCA”) at 980 9th Street, Suite 2400, Sacramento, CA 95814 Sacramento, CA 95814 and to protests@dcdca.org.
1. Protests of award/selection must be received no later than five (5) working days after notification of protestor’s selection status.
 2. The protest must be made in writing (e.g., letter and e-mail) and must contain the following information:
 - a) Name, address and phone number of the protestor
 - b) The title and solicitation number and title of the solicitation being protested
 - c) A detailed statement providing the basis for the protest and all supporting documentation
 3. The DCA will respond after an investigation of the facts citing any actions that will or will not be taken regarding the solicitation.
 4. Late protests shall be dismissed.
- C. **Exclusive Remedy.** The procedure and time limits set forth in this section are mandatory and are the sole and exclusive remedy in the event of a protest. A protestor’s failure to comply with these procedures will constitute a waiver of any right to further pursue a protest, including filing a Government Code Claim or initiation of legal proceedings.
- D. **Right to Award.** The DCA reserves the right to award a contract to the respondent it has determined to be the respondent submitting the lowest responsive bid, in the case of a Request for Bid, or to the respondent submitting the best value proposal or the respondent that is the most qualified, in the case of a Request for Proposal or Statement of Qualifications, and to issue a notice to proceed with the work notwithstanding any pending or continuing challenge to its determination.

Agenda Item 8d | Attachments 2 and 3
Red-line Copies - Ethics and Protest Policies

DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY (DCA)

BOARD POLICY ON ETHICS IN CONDUCTING DCA BUSINESS

PREAMBLE

The most fundamental principle of public service ethics was stated by Henry Clay in 1829: "Government is a trust, and the officers of government are the trustees; and both the trust and the trustees are created for the benefit of the people."

SECTIONS:

1. PURPOSE AND SCOPE
2. RESPONSIBILITIES OF PUBLIC OFFICE
3. FAIR AND EQUAL TREATMENT
4. PROPER USE AND SAFEGUARDING OF DCA PROPERTY AND RESOURCES
5. USE OF CONFIDENTIAL INFORMATION
6. CONFLICT OF INTEREST
7. SOLICITING POLITICAL CONTRIBUTIONS
8. INCOMPATIBLE OFFICES
- 8A. POTENTIALLY INCOMPATIBLE POSITIONS
9. DIRECTORS' COMPENSATION & EXPENSE REIMBURSEMENT
10. VIOLATION OF ETHICS POLICY
11. IMPROPER ACTIVITIES AND THE REPORTING OF SUCH ACTIVITIES; PROTECTION OF "WHISTLE BLOWERS"
12. COMPLIANCE WITH THE BROWN ACT
13. BOARD OF DIRECTORS' ROLES AND DUTIES; EXECUTIVE DIRECTOR'S ROLE AND DUTIES
14. BOARD-EXECUTIVE DIRECTOR RELATIONSHIP
- ~~15. BOARD OFFICERS AND BOARD COMMITTEES~~
- ~~16~~15. BOARD MEETINGS; QUORUM; VOTING
- ~~17~~16. BOARD MEETING AGENDA
- ~~18~~17. BOARD DECORUM

SECTION 1. PURPOSE AND SCOPE

The policy of the Delta Conveyance Design and Construction Authority (DCA) is to maintain the highest standards of ethics by its Directors in carrying out their duties to achieve the DCA's mission. The proper operation of the DCA requires decisions and policies to be made in the proper channels of governmental structure, that public office not be used for personal gain, and that all individuals associated with the DCA remain impartial and responsible toward the public. Accordingly, it is the policy of the DCA that Directors and DCA employees maintain the highest standard of personal honesty and fairness in carrying out their duties and to do so in conformity with these DCA Guidelines for operations and procedure. This policy sets forth the minimum ethical standards to be followed by the Board of Directors of the Delta Conveyance

Design and Construction Authority and the manner in which the DCA and the DCA Board of Directors shall operate. The objectives of this policy are:

- (1) to establish uniform guidelines and operating procedures for the Board of Directors;
- (2) to heighten awareness of ethics, values and critical elements in Directors' conduct;
- (3) to provide guidance for dealing with ethical conflict issues; and
- (4) to improve ethical decision-making and values-based management.

SECTION 2. RESPONSIBILITIES OF PUBLIC OFFICE

Directors are public officers, sworn to uphold the Constitution of the United States and the Constitution of the State of California. Directors will comply with applicable laws regulating their conduct, including conflict of interest, financial disclosure and open government laws. Directors will work in cooperation with other public officials unless prohibited from so doing by law or officially-recognized confidentiality of their work.

SECTION 3. FAIR AND EQUAL TREATMENT

Directors will not, in the performance of their official functions, discriminate against or harass any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, sex, sexual ~~preference~~[orientation](#), [gender identity](#), medical condition or disability. A Director will not grant any special consideration, treatment or advantage to any person or group beyond that which is available to every other person or group in similar circumstances.

SECTION 4. PROPER USE AND SAFEGUARDING OF DCA PROPERTY AND RESOURCES

Except as specifically authorized, a Director will not use or permit the use of DCA owned vehicles, equipment, telephones, materials or property for personal convenience or profit. A Director will not ask or require an DCA employee to perform services for the personal convenience or profit of a Director or employee. Each Director must protect and properly use any DCA asset within his or her control, including information recorded on paper or in electronic form. Directors will safeguard DCA property, equipment, moneys and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

SECTION 5. USE OF CONFIDENTIAL INFORMATION

A. A Director is not authorized, without approval of the Board of Directors, to disclose information that qualifies as "confidential information" under applicable provisions of law to a person not authorized to receive it, that

- (1) has been received for, or during, a closed session meeting of the Board;

- (2) is protected from disclosure under the attorney/client or other evidentiary privilege; or
- (3) is not required to be disclosed under the California Public Records Act.

B. This section does not prohibit any of the following:

- (1) making a confidential inquiry or complaint to the DCA's General Counsel, [district attorney](#), or Grand Jury concerning a perceived violation of law, including disclosing facts to the DCA's General Counsel, [district attorney](#), or Grand Jury that are necessary to establish the alleged illegality of an action taken by the DCA;
- (2) expressing an opinion concerning the propriety or legality of actions taken by the DCA in closed session, including disclosure of the nature and extent of the allegedly illegal action; or
- (3) disclosing information acquired by being present in a closed session that is not confidential information. Prior to disclosing confidential information pursuant to (1) or (2), above, however, a Director is encouraged to first bring the matter to the attention of either the President of the Board or the Board, in a lawful and appropriate manner, to provide the Board an opportunity to cure an alleged violation.

C. A Director who willfully and knowingly discloses for pecuniary gain confidential information received by him or her in the course of his or her official duties may be guilty of a misdemeanor under Government Code section 1098.

SECTION 6. CONFLICT OF INTEREST

A. A Director will not have a financial interest in a contract with the DCA, or be a purchaser at a sale by the DCA or a vendor at a purchase made by the DCA, ~~unless the Director's participation was authorized under~~ [as prohibited by](#) Government Code section ~~1091~~ [1090 or other applicable law](#). A Director will not participate in the discussion, deliberation or vote on a matter before the Board of Directors, or in any way attempt to use his or her official position to influence a decision of the Board, if he or she has a prohibited interest with respect to the matter, as defined in the Political Reform Act, Government Code sections 81000, and following, relating to financial conflicts of interest.

Generally, a Director has a financial interest in a matter if it is reasonably foreseeable that the Board's decision would have a material financial effect:

- (1) on a business entity in which the Director has a direct or indirect investment in an amount as established by the Fair Political Practices Commission (FPPC);
- (2) involving real property in which the Director has a direct or indirect investment interest, in an amount as established by the FPPC;
- (3) involving a source of income of the Director in an amount as established by the FPPC within twelve months before the Board decision;

- (4) involving a source of gifts to the Director in an amount as set or adjusted January 1 of each odd-numbered year by the FPPC, within twelve months before the Board decision; or
- (5) on a business entity in which the Director holds a position as a director, trustee, officer, partner, manager or employee.

The above circumstances would constitute a material financial effect if distinguishable from the effect on the public generally. For additional information or questions, see www.FPPC.ca.gov or contact the FPPC at 1-866-ASK-FPPC, or consult with the DCA General Counsel.

An "indirect interest" means any investment or interest owned by the spouse or dependent child of the Director, by an agent on behalf of the Director, or by a business entity or trust in which the Director, or the Director's spouse, dependent child or agent, owns directly, indirectly or beneficially, a ten percent or greater interest. A Director will not accept gifts that exceed the annual limitations set ~~forth above in subsection (4)~~ by the FPPC or honoraria unless an exception applies. Directors will report all gifts, honoraria, campaign contributions, income and financial information as required under the DCA's Conflict of Interest Code and the provisions of the Fair Political Practices Act and the FPPC Regulations.

B. If a Director believes that he or she may be disqualified from participation in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedure will be followed:

- (1) if the Director becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Director will notify the DCA's Executive Director or General Counsel of the potential conflict of interest, so that a determination can be made whether it is a disqualifying conflict of interest;
- (2) if it is not possible for the Director to discuss the potential conflict with either the Executive Director or the General Counsel before the meeting, or if the Director does not become aware of the potential conflict until during the meeting, the Director will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest; and
- (3) upon a determination that there is a disqualifying conflict of interest, the Director:
 - a. will not participate in the discussion, deliberation or vote on the matter for which a conflict of interest exist, which will be so noted in the Board minutes; and
 - b. will leave the room until after the discussion, vote and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters, except that the Director may speak on the issue during the time that the general public speaks on the issue.

C. A Director will not recommend the employment of a relative by the DCA. In addition, a Director will not recommend the employment of a relative to any person known by the Director to be bidding for or negotiating a contract with the DCA.

D. A Director who knowingly asks for, accepts or agrees to receive any gift, reward or promise thereof for doing an official act, except as may be authorized by law, may be guilty of a misdemeanor under Penal Code section 70.

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- (1) Either of the offices may audit, overrule, remove members of, dismiss employees of, or exercise supervisory powers over the other office or body.
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scope and nature of the employment and associated authority is such that any of the factors set forth above are present, then such employment may be deemed incompatible with that of the ~~Office~~[office](#) of DCA Director.

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~~A~~ Any actual or perceived ethical violation by a Director should be referred to the President of the Board or the Board of Directors for investigation, and consideration of any appropriate action warranted. A violation of this policy may be addressed by the use of such remedies as are available by law to the DCA, including but not limited to:

- (1) adoption of a resolution expressing disapproval of the conduct of the Director who has violated this policy;
- (2) injunctive relief; or
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- (2) investigating allegations of improper activities; and
- (3) taking appropriate corrective and disciplinary actions.

B. The Board has a duty to ensure that the Executive Director is managing the DCA according to the law and to the policies approved by the Board. Directors are encouraged to fulfill their obligation to the public and the DCA by disclosing to the Executive Director to the extent not expressly prohibited by law, improper activities within their knowledge.

C. Directors will not interfere with the Executive Director's responsibilities in identifying, investigating and correcting improper activities, unless the Board determines that the Executive Director is not properly carrying out these responsibilities. Nothing in this section affects the responsibility of the Board to oversee the performance of the Executive Director.

D. A Director will not directly or indirectly use or attempt to use the authority or influence of his or her position for the purpose of intimidating, threatening, coercing, commanding or influencing any other person for the purpose of preventing such person from acting in good faith to report or otherwise bring to the attention of the Executive Director or the Board any information that, if true, would constitute: a work-related violation by a Director or a DCA employee or contractor of any law or regulation, gross waste of DCA funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of an DCA official or employee, use of an DCA office or position or of DCA resources for personal gain, or a conflict of interest of an DCA Director or DCA employee.

E. A Director will not use or threaten to use any official authority or influence to affect any action as a reprisal against a DCA Director or DCA employee who reports or otherwise brings to the attention of the Executive Director, General Counsel, Board President, Assistant Executive Director, or other legal authority any information regarding the subjects described in this section.

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Interpretation of Brown Act provisions shall be within the purview of the DCA's General Counsel.

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- (2) Establish policies for and oversee the DCA's finances and approve budgets;
- (3) Provide the resources needed by management and staff to carry out DCA policies;
- (4) Define the mission of the DCA to be consistent with the [Joint Powers Agreement \(JPA\)](#) and [Joint Exercise of Powers Agreement with the Department of Water Resources \(JEPAR\)](#);
- (5) Approve and ensure the development and implementation of the DCA's Strategic Plan to be consistent with the [JPA and JEPAR](#); and
- (6) Appoint and evaluate the Executive Director.

B. Directors Individually: Apart from his/her normal function as a part of the Board of Directors, each individual Director's role and responsibilities are as follows:

- (1) Functions only as one member of the Board;

- (2) Has no individual authority unless authorized by the Board;
- (3) Not commit, nor represent that he/she can commit the DCA to any policy, act, or expenditure; and
- (4) Is encouraged to support decisions made by the Board

C. The DCA's Executive Director:

- ~~(1) Has full operational and management charge and control of the design and construction of the California WaterFix as approved by the DCA Board and DWR;~~
- ~~(1)~~ (2) Has full charge and control of the day-to-day management, operation and administration of the DCA, consistent with DCA policy and other provisions of law;
- ~~(2)~~ (3) Has full power and authority to employ and discharge consultants, contractors, employees and assistants, consistent with DCA policy and other provisions of law;
- ~~(3)~~ (4) Prescribes the tasks and duties of employees, assistants, consultants and contractors, consistent with DCA policy; and
- ~~(4)~~ (5) Fixes and alters the compensation of employees, assistants, contractors and ~~consultanats~~ consultants, subject to approval by the Board.

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The Board sets the policy for the DCA under the terms of the ~~JEPA~~ JPA. The DCA's Executive Director serves by appointment of the Board. The Board provides policy direction and general instructions to the Executive Director on matters within the authority of the Board by the requisite vote of the Board during duly-convened Board meetings. Members of the Board will address matters within the authority of the Executive Director through the Executive Director and not through other DCA ~~employees~~ staff. Members of the Board will refrain from making requests directly to DCA employees, contractors or consultants (rather than to the Executive Director) to undertake analyses, perform other work assignments or change the priority of work assignments. A ~~director's~~ Director's requests for non-confidential, factual information regarding DCA operations should be made through the Executive Director, Treasurer or General Counsel so that the appropriate DCA staff may be assigned to provide the information for the Director(s) in the most efficient and effective manner.

SECTION 15. BOARD ~~OFFICERS AND BOARD COMMITTEES~~ MEETING PARLIAMENTARY PROCEDURES

~~The Board President and Board Vice President shall assume office on July 1 of even number years in accordance with the DCA Agreement. Not later than the first regularly scheduled Board meeting of each July of even years, the Board shall select its Secretary to serve for the following twenty four month period. Nominations shall be made by Director(s) and if the nomination is seconded, it shall be submitted to a~~

~~vote of the Board. A majority vote of members present shall be required to ratify the election of the nominated Member.~~

~~The Board President shall be responsible for the orderly and timely conduct of Board meetings and shall have the discretion to impose reasonable time limits for statements or discussion by members of the public and members of the Board.~~

~~The Vice President of the Board shall preside over any Board meeting at which the Board President is absent and shall assume the responsibilities of the Board President for the conduct of that meeting.~~

~~SECTION 16. BOARD MEETINGS; QUORUM; VOTING~~

~~A) The DCA's Board meetings shall be conducted following the general guidelines of "Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21st Century," League of California Cities, or any updated version thereof.~~

~~B) Regular meetings of the Board shall be held on the third Thursday of each month, beginning at 2:00 pm in the Sacramento Public Library, Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814. The agenda for regular Board meetings shall be posted in a public place at least 72 hours prior to the meeting. Any changes to that schedule must be determined at a regularly scheduled board meeting at least two months earlier than the scheduled meeting.~~

~~C) Special meetings of the Board shall be held for the purpose of discussing DCA matters that:~~

- ~~(1) require prompt Board consideration and action which cannot be delayed until the next regularly scheduled Board meeting;~~
- ~~(2) concern matter(s) of a specialized topic/nature which would benefit from focused Board consideration and deliberation;~~
- ~~(3) matters continued from the last regular Board meeting; or~~
- ~~(4) simply at the discretion of the President of the Board of Directors.~~

~~Notice and posting of Special Meetings shall be in conformity with the provisions of the Brown Act.~~

~~D) The DCA and the Executive Director will respond to emergency situations and take necessary actions to protect public health or safety. The Board hereby delegates all necessary authority to respond to such urgent circumstances to the Executive Director, who shall consult with either the President of the Board or, if unavailable, one of the other Directors, prior to taking any such action. The Executive Director shall then report his/her actions to the full Board of Directors during its next meeting.~~

~~In non-emergency situations where action is required prior to the time when the Board is able to convene a Special Meeting (i.e., those times when it is critical from a business standpoint to take immediate action), the Board also hereby delegates all~~

~~necessary authority to respond to such circumstances requiring immediate action to the Executive Director, who shall consult with either the President of the Board or, if unavailable, one of the other Directors, prior to taking any such action. The Executive Director shall then report his/her actions to the full Board of Directors during its next meeting.~~

~~E) A quorum of the members of the Board of Directors shall be present in order to convene an official regular or special meeting of the Board for the transaction of business. A quorum is established by the presence of no less than three (3) Directors. In the event a quorum of the Board is not present at a noticed and agendized regular or special meeting, no actions shall be taken and the meeting shall be adjourned to a future date pursuant to the provisions of Government Code sections 54955 or 54954.2(b)(3).~~

~~F) Directors shall, at the earliest opportunity, advise the Executive Director in the event that he/she is unable to attend a scheduled meeting of the Board.~~

~~G) A majority vote of the members of the Board present at a regular or special meeting shall be required to constitute an official act of the Board unless a greater number of votes is otherwise required by law. Abstentions are to be considered neutral and do not count as affirmative or negative votes.~~

SECTION ~~17~~16. BOARD MEETING AGENDAS

Any Director may request items be placed onto the board agenda of upcoming Board meetings by submitting a request to the President of the Board and Executive Director no later than ten (10) business days prior to the scheduled Board meeting at which the item is requested to be considered, a written document explaining the item and offering recommendations. The Board President and/or the Executive Director shall determine whether such request shall be granted.

Alternatively, Directors may request that items be calendared for future Board agendas during the "Items for Future Agendas" portion of the agenda at a regular meeting of the Board.

DCA staff shall send regular Board meeting agendas and supporting documents to each member of the Board ~~no later than the Friday immediately preceding the regularly scheduled Board meeting~~in accordance with the Brown Act. Directors should thoroughly review the agenda and accompanying materials and be prepared to discuss same at the scheduled Board meeting. Any questions regarding the agenda, items contained therein and/or supporting documents and materials, shall be directed to the Executive Director, the Treasurer or the General Counsel at the earliest opportunity.

SECTION ~~18~~17. BOARD DECORUM AND COMMUNICATIONS WITH THE PUBLIC

Directors shall at all times conduct themselves with the utmost decorum. Members shall afford due respect to one another, DCA staff and the public. Members shall be courteous and shall not engage in personal attacks or make malicious or offensive statements or comments during the conduct of DCA business. In carrying out their duties, Directors shall bear in mind the Board's role, the DCA's mission and the interests of the constituency the Board serves. Director participation shall be relevant to the subject matter at hand and should be expressed in a thoughtful, clear, succinct and articulate manner.

When communicating with members of the public or other public DCA representatives, individual Directors shall refrain from making personal commitments or promises on behalf of the DCA. In addition, when expressing personal views and opinions orally or via social media to third parties concerning matters within the jurisdiction of or affecting the DCA, Directors shall duly qualify them as such to avoid misinterpretation of those views and opinions as those of the DCA or the Board of Directors.

Conversely, when specifically authorized by the Board of Directors to speak on behalf of the DCA at other public agencies' meetings, clearly state that what is said has been approved by the Board or that the Board has no position on an issue.

Directors are encouraged to support DCA policy and avoid personal statements that conflict with Board-adopted policy and decisions. Members shall afford due respect for other Member's differing opinions and viewpoints. When expressing a dissenting view to members of the public, other public agencies, other public officials and/or to the media, to avoid stimulating or inflaming controversy.

**DELTA CONVEYANCE
DESIGN AND CONSTRUCTION AUTHORITY
PROTEST POLICY**

- A. **Applicability.** This Policy applies to the procurement of competitively solicited goods, materials, and services. Protests shall be handled in accordance with the following.
- B. **Timeliness.** Any protest of a solicitation (e.g., Request for Bid, Request for Proposal, Request for Qualification) must be made in writing and received by the Delta Conveyance Design and Construction Authority (“DCA”) at ~~1121 L~~980 9th Street, Suite ~~1045~~2400, Sacramento, CA 95814 Sacramento, CA 95814 and to protests@dcdca.org.
1. Protests of award/selection must be received no later than five (5) working days after notification of protestor’s selection status.
 2. The protest must be made in writing (e.g., letter and e-mail) and must contain the following information:
 - a) Name, address and phone number of the protestor
 - b) The title and solicitation number and title of the solicitation being protested
 - c) A detailed statement providing the basis for the protest and all supporting documentation
 3. The DCA will respond after an investigation of the facts citing any actions that will or will not be taken regarding the solicitation.
 4. Late protests shall be dismissed.
- C. **Exclusive Remedy.** The procedure and time limits set forth in this section are mandatory and are the sole and exclusive remedy in the event of a ~~Protest~~protest. A ~~Protestor’s~~protestor’s failure to comply with these procedures will constitute a waiver of any right to further pursue a ~~Protest~~protest, including filing a Government Code Claim or initiation of legal proceedings.
- D. **Right to Award.** The DCA reserves the right to award ~~the Contract~~a contract to the ~~Respondent~~respondent it has determined to be the ~~Respondent~~respondent submitting the lowest responsive bid, in the case of a Request for Bid, or to the ~~Respondent~~respondent submitting the best value proposal or the ~~Respondent~~respondent that is the most qualified, in the case of a Request for Proposal or Statement of Qualifications, and to issue a notice to proceed with the ~~Work~~work notwithstanding any pending or continuing challenge to its determination.

Fiscal Year 2021/22 Board Meeting Schedule

Monthly

Continue to meet monthly and cancel meetings as needed.

Bi-Monthly

Meet every other month, starting in August after the June Meeting. Schedule or cancel special meetings as needed.

Quarterly

Meet quarterly, starting in September and take the summer off. Schedule special meetings as needed.

Twice Yearly

Per the JPA, the Board must meet at least twice yearly. The next meeting would be in December.

General Counsel's Report

Contact: Josh Nelson, General Counsel

Agenda Date: June 17, 2021

Item No. 9a

Subject: Status Update

Summary:

The General Counsel continues to assist the DCA on legal matters as requested.

Detailed Report:

The General Counsel continues to provide assistance as necessary. This has included reviewing agreements related to information sharing for the on-going geotechnical work. In addition, we have worked closely with staff on the State's anticipated June 15th re-opening, especially how it may affect remote meetings and CalOSHA requirements. The Governor's Office has confirmed that Executive Order N-29-20, which provides greater flexibility for remote meetings, will remain in place until September 30, 2021. This will allow the DCA to meet remotely in our current format going forward. That being said, staff continues to explore potential hybrid meeting arrangements that would allow a public meeting location in Sacramento with remote attendance by interested Directors once N-29-20 is rescinded. Even under the Brown Act, remote attendance by Directors is permitted as long as the remote locations are publicly accessible and included on the agenda.

For CalOSHA, the California Occupational Safety and Health Standards Board recently withdrew revisions to the COVID-19 Emergency Temporary Standards (ETS) and indicated it would be considering revised ETS that more closely aligned with recent guidance changes from the Centers for Disease Control and Prevention and the California Department of Public Health. These revised standards are expected to be considered by the Board at its June 17th meeting. Staff will continue to monitor and ensure the DCA remains in compliance.

Lastly and as noted in prior reports, we continue to assist with other legal matters as necessary. These matters are confidential and not appropriate for discussion in a public report.

Recommended Action:

Information only.

Treasurer's Report

Contact: Katano Kasaine, Treasurer

Date: June 11, 2021

Item No. 9b

Subject: Treasurer's Monthly Report, May 2021

Summary:

The beginning cash balance for the Delta Conveyance Design and Construction Joint Powers Authority (Authority) at May 1, 2021 was \$674,540. During May 2021, receipts totaled \$2,928,228 representing contributions from the Department of Water Resources, Delta Conveyance Office (DCO) for payment of the Authority's obligations. Total disbursements for the month were \$1,393,778. The ending cash balance at May 31, 2021 was \$2,208,990.

As of May 31, 2021, the Authority's receivables totaled \$1,567,504 consisting of 6 invoices to the DCO. Various invoices in the amount of \$1,514,763 were paid out through June 9, 2021, leaving a cash balance of approximately \$694,227.

As of May 31, 2021, prepaid expenses were \$142,588 total accounts payable were \$2,972,774 and total net position was \$946,308.

Attachment 1 consists of financial statements for the month ended May 2021, a schedule of Invoices Paid through May 2021, Aging Schedules for Accounts Payable and Accounts Receivable as of May 31, 2021.

Attachment 2 consists of Budget versus Actuals by Appropriation through May 2021. Year-to-date actual expenses were \$1.7 million lower than budget.

Detailed Report:

See attached statements.

Recommended Action:

Information, only.

Attachments:

Attachment 1 – May 2021 Authority Financial Statements

Attachment 2 – May 2021 Budget versus Actuals by Appropriation

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

Statement of Net Position

As of May 31, 2021

Assets:

Cash	\$	2,208,990
Accounts receivable		1,567,504
Prepays		<u>142,588</u>
Total assets	\$	<u><u>3,919,082</u></u>

Liabilities:

Accounts payable	\$	<u>2,972,774</u>
Total liabilities		2,972,774

Net position:⁽¹⁾

		<u>946,308</u>
Total liabilities and net position	\$	<u><u>3,919,082</u></u>

⁽¹⁾ Capital contributions received and costs incurred that were previously reported as capital contributions and construction in progress (CIP), respectively, through June 30, 2020 have been reclassified or expensed, respectively, as the current state of the Delta Conveyance Project does not meet the capitalization criteria of U.S. Generally Accepted Accounting Principles (U.S. GAAP).

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

Statements of Cash Receipts and Disbursements

	Month Ended May '21	Year to Date Jul '20-May '21
Receipts:		
Contributions ⁽¹⁾	\$ 2,928,228	\$ 31,859,061
Disbursements:		
Environmental planning and design		
Program management	183,769	2,305,308 ⁽²⁾
Stakeholder engagement	51,017	1,123,585 ⁽²⁾
Project controls	119,755	2,564,272
Office administration	203,385	3,561,320 ⁽²⁾
Property access and acquisition	153,406	539,349 ⁽²⁾
Permitting management	—	714,551 ⁽²⁾
Health and safety	—	11,700 ⁽²⁾
Quality management	—	5,621 ⁽²⁾
Engineering	678,606	16,769,939 ⁽²⁾
Fieldwork	3,840	2,777,666 ⁽²⁾
Total disbursements	1,393,778	30,373,311
Net changes in cash	1,534,450	1,485,750
Cash at July 1, 2020	—	723,240
Cash at May 1, 2021	674,540	—
Cash at May 31, 2021	\$ 2,208,990	\$ 2,208,990

⁽¹⁾ California Department of Water Resources (DWR) contributions invoiced through the Delta Conveyance Office (DCO).

⁽²⁾ Certain prior month expenses were reclassified in May 2021.

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

Statements of Revenues, Expenses and Changes in Net Position

	Month Ended May '21	Year to Date Jul '20-May '21
Revenues:		
Contributions ⁽¹⁾	\$ 2,251,190	\$ 23,699,373
Expenses:		
Environmental planning and design		
Program management	47,999	1,881,905 ⁽²⁾
Stakeholder engagement	67,740	944,205 ⁽²⁾
Project controls	126,858	1,768,219
Office administration	239,580	3,097,575 ⁽²⁾
Property access and acquisition	61,615	607,434 ⁽²⁾
Permitting management	47,710	843,917 ⁽²⁾
Health and safety	—	11,700 ⁽²⁾
Quality management	—	5,621 ⁽²⁾
Engineering	804,527	10,904,023 ⁽²⁾
Fieldwork	855,882	3,609,976 ⁽²⁾
Total expenses	2,251,911	23,674,575
Changes in net position	(721)	24,798
Net position at June 30, 2020 ⁽³⁾	—	921,510
Net position at April 30, 2021	947,029	—
Net position at May 31, 2021	\$ 946,308	\$ 946,308

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

⁽¹⁾ DWR contributions invoiced through the DCO.

⁽²⁾ Certain prior month expenses were reclassified in May 2021.

⁽³⁾ Capital contributions received and costs incurred that were previously reported as capital contributions and CIP, respectively, through June 30, 2020 have been reclassified or expensed, respectively, as the current state of the Delta Conveyance Project does not meet the capitalization criteria of U.S. GAAP.



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

Schedule of Invoices Paid
for the Month Ended May 31, 2021

Vendor	Invoice #	Invoice Date	Payment Date	Period of Expense	Invoice Amount	Amount Paid
1 Consolidated Communications	MAY0052021	04/15/21	05/07/21	04/15/21-05/14/21	\$ 3,097	\$ 3,097
2 AT&T	0172081607	04/19/21	05/07/21	04/19/21-05/18/21	1,979	1,979
3 Ring Central	CD_000239524	04/21/21	05/07/21	03/28/21-04/27/21	3,809	3,809
4 Caltronics Business Systems	3240947	04/28/21	05/07/21	03/21/21-04/20/21	1,997	1,997
5 Prime US-Park Tower LLC	2021-05	04/29/21	05/07/21	05/01/21-05/31/21	94,283	94,283
6 DirectApps Inc. (Direct Technology)	185610	02/28/21	05/12/21	02/01/21-02/28/21	14,411	14,411
7 Stakeholder Committee Member	016	05/03/21	05/19/21	04/28/21	3,000	3,000
8 Best, Best, & Krieger	900850	03/22/21	05/21/21	02/01/21-02/28/21	31,374	31,374
9 Hamner, Jewell & Associates	200867	04/08/21	05/21/21	03/01/21-03/31/21	14,885	14,885
10 Parsons	2104A387	04/09/21	05/21/21	02/27/21-03/26/21	260,540	260,540
11 Hamner, Jewell & Associates	200788	03/08/21	05/21/21	02/01/21-02/28/21	8,297	8,297
12 Bender Rosenthal, Inc.	18250.03-8	03/31/21	05/21/21	02/27/21-03/26/21	22,053	22,053
13 Metropolitan Water District of So. Ca	501752	04/09/21	05/21/21	03/01/21-03/31/21	23,385	23,385
14 Commuter Industries, Inc.	210026	03/16/21	05/21/21	03/16/21	498	498
15 Management Partners	INV09263	03/15/21	05/21/21	02/14/21-03/13/21	47,250	47,250
16 Jacobs	W8X97003-08	03/17/21	05/21/21	01/30/21-02/26/21	823,047	821,596
17 VMA Communications	DCA21Mar	04/06/21	05/21/21	03/01/21-03/31/21	10,346	10,346
18 Management Partners	INV09293	04/01/21	05/21/21	03/14/21-03/31/21	23,625	23,625
19 ARWS (Associated Right of Way Services, Inc.)	19150	04/02/21	05/21/21	03/01/21-03/31/21	6,693	6,693
20 JWF Consulting, LLC	21-1032	03/22/21	05/26/21	03/01/21-03/31/21	660	660
Total					<u>\$ 1,395,229</u>	<u>\$ 1,393,778</u>

*Totals may not foot due to rounding.

**DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY**Accounts Payable Aging Schedule
As of May 31, 2021

<u>Payable To:</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>≥ 90</u>	<u>Total</u>
ARWS					
Invoice #19283	\$ 6,329	\$ —	\$ —	\$ —	\$ 6,329
AT&T					
Invoice #2632832603	1,979	—	—	—	1,979
Bender Rosenthal, Inc.					
Invoice #18250.03-9	21,210	—	—	—	21,210
Consolidated Communications					
Invoice #JUN062021	1,549	—	—	—	1,549
DirectApps Inc. (Direct Technology)					
Invoice #185932A	12,891	—	—	—	12,891
Fugro USA Land, Inc.					
Invoice #04.00172510-10	554,317	—	—	—	554,317
Invoice #04.00172510-11	244,943	—	—	—	244,943
Jacobs					
Invoice #W8X97003-09	—	842,611	—	—	842,611
Invoice #W8X97003-10	975,478	—	—	—	975,478
Keogh Multimedia					
Invoice #MK-2021-02A	925	—	—	—	925
Parsons					
Invoice #2105A863	275,442	—	—	—	275,442
Ring Central					
Invoice #CD_000250640	3,829	—	—	—	3,829
VMA Communications					
Invoice #DCA21Apr	31,271	—	—	—	31,271
	\$ 2,130,163	\$ 842,611	\$ —	\$ —	\$ 2,972,774

*Totals may not foot due to rounding.



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

Accounts Receivable Aging Schedule ⁽¹⁾
As of May 31, 2021

<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-219	\$ 3,925	\$ —	\$ —	\$ —	3,925
Invoice #DCA-220	58,810	—	—	—	58,810
Invoice #DCA-221	275,442	—	—	—	275,442
Invoice #DCA-222	244,943	—	—	—	244,943
Invoice #DCA-223	8,906	—	—	—	8,906
Invoice #DCA-224	975,478	—	—	—	975,478
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,567,504	\$ —	\$ —	\$ —	1,567,504
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

*Totals may not foot due to rounding.

⁽¹⁾ Approval date by the DCO determines aging classification.



DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

Statements of Cash Receipts and Disbursements

	Month Ended May '21	Year to Date Jul '20-May '21
Receipts:		
Contributions ⁽¹⁾	\$ 2,928,228	\$ 31,859,061
Disbursements:		
Environmental planning and design		
Program management	183,769	2,305,308 ⁽²⁾
Stakeholder engagement	51,017	1,123,585 ⁽²⁾
Project controls	119,755	2,564,272 ⁽²⁾
Office administration	203,385	3,561,320 ⁽²⁾
Property access and acquisition	153,406	539,349 ⁽²⁾
Permitting management	—	714,551 ⁽²⁾
Health and safety	—	11,700 ⁽²⁾
Quality management	—	5,621 ⁽²⁾
Engineering	678,606	16,769,939 ⁽²⁾
Fieldwork	3,840	2,777,666 ⁽²⁾
Total disbursements	1,393,778	30,373,311
Net changes in cash	1,534,450	1,485,750
Cash at July 1, 2020	—	723,240
Cash at May 1, 2021	674,540	—
Cash at May 31, 2021	\$ 2,208,990	\$ 2,208,990

Statements of Revenues, Expenses and Changes in Net Position

	Month Ended May '21	Year to Date Jul '20-May '21
Revenues:		
Contributions ⁽¹⁾	\$ 2,251,190	\$ 23,699,373
Expenses:		
Environmental planning and design		
Program management	47,999	1,881,905 ⁽²⁾
Stakeholder engagement	67,740	944,205 ⁽²⁾
Project controls	126,858	1,768,219 ⁽²⁾
Office administration	239,580	3,097,575 ⁽²⁾
Property access and acquisition	61,615	607,434 ⁽²⁾
Permitting management	47,710	843,917 ⁽²⁾
Health and safety	—	11,700 ⁽²⁾
Quality management	—	5,621 ⁽²⁾
Engineering	804,527	10,904,023 ⁽²⁾
Fieldwork	855,882	3,609,976 ⁽²⁾
Total expenses	2,251,911	23,674,575
Changes in net position	(721)	24,798
Net position at June 30, 2020 ⁽³⁾	—	921,510
Net position at April 30, 2021	947,029	—
Net position at May 31, 2021	\$ 946,308	\$ 946,308

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

⁽¹⁾ DWR contributions invoiced through the DCO.

⁽²⁾ Certain prior month expenses were reclassified in May 2021.

⁽³⁾ Capital contributions received and costs incurred that were previously reported as capital contributions and CIP, respectively, through June 30, 2020 have been reclassified or expensed, respectively, as the current state of the Delta Conveyance Project does not meet the capitalization criteria of U.S. GAAP.

DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

	Statements of Cash Receipts and Disbursements		Statements of Revenues, Expenses and Changes in Net Position	
	Month Ended May '21	Year to Date Jul '20-May '21	Month Ended May '21	Year to Date Jul '20-May '21
Receipts/Revenues:				
Contributions ⁽¹⁾	\$ 2,928,228	\$ 31,859,061	\$ 2,251,190	\$ 23,699,373
Disbursements/Expenses:				
Environmental planning and design				
Program management	183,769	2,305,308 ⁽²⁾	47,999	1,881,905 ⁽²⁾
Stakeholder engagement	51,017	1,123,585 ⁽²⁾	67,740	944,205 ⁽²⁾
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Property access and acquisition	153,406	539,349 ⁽²⁾	61,615	607,434 ⁽²⁾
Permitting management	—	714,551 ⁽²⁾	47,710	843,917 ⁽²⁾
Health and safety	—	11,700 ⁽²⁾	—	11,700 ⁽²⁾
Quality management	—	5,621 ⁽²⁾	—	5,621 ⁽²⁾
Engineering	678,606	16,769,939 ⁽²⁾	804,527	10,904,023 ⁽²⁾
Fieldwork	3,840	2,777,666 ⁽²⁾	855,882	3,609,976 ⁽²⁾
Total disbursements/expenses	1,393,778	30,373,311	2,251,911	23,674,575
Net changes in cash	1,534,450	1,485,750		
Cash at July 1, 2020	—	723,240		
Cash at May 1, 2021	674,540	—		
Cash at May 31, 2021	\$ 2,208,990	\$ 2,208,990		
Changes in net position			(721)	24,798
Net position at June 30, 2020 ⁽³⁾			—	921,510
Net position at April 30, 2021			947,029	—
Net position at May 31, 2021			\$ 946,308	\$ 946,308

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Delta Conveyance Design and Construction Joint Powers Authority

Budget vs Cost by Appropriation - PTD, YTD

Current Period: MAY-21

Appropriation	Period-to-Date				Year-to-Date				Fiscal Year
	Actual	Budget	Variance	Variance %	Actual	Budget	Variance	Variance %	Amended Budget
Program management	\$ 47,999	\$ 170,005	\$ 122,006	71.8%	\$ 1,881,905	\$ 2,623,661	\$ 741,756	28.3%	\$ 2,796,854
Stakeholder engagement	67,740	\$ 74,353	6,613	8.9%	944,205	1,147,476	203,271	17.7%	1,223,223
Project controls	126,858	\$ 104,205	(22,653)	-21.7%	1,768,219	1,608,170	(160,049)	-10.0%	1,714,329
Office administration	239,580	\$ 166,964	(72,616)	-43.5%	3,097,575	2,576,718	(520,857)	-20.2%	2,746,813
Procurement and contract administration	—	\$ 6,653	6,653	100.0%	—	102,670	102,670	100.0%	109,447
Property access and acquisition	61,615	\$ 84,411	22,796	27.0%	607,434	1,302,693	695,259	53.4%	1,388,687
Permitting management	47,710	\$ 68,315	20,605	30.2%	843,917	1,054,297	210,380	20.0%	1,123,893
Health and safety	—	\$ 1,216	1,216	100.0%	11,700	18,762	7,062	37.6%	20,000
Quality management	—	\$ 608	608	100.0%	5,621	9,381	3,760	40.1%	10,000
Engineering	804,527	\$ 627,764	(176,763)	-28.2%	10,904,023	9,688,153	(1,215,870)	-12.6%	10,327,688
Fieldwork	855,882	\$ 336,690	(519,192)	-154.2%	3,609,976	5,196,063	1,586,087	30.5%	5,539,066
Total	\$ 2,251,911	\$ 1,641,184	\$ (610,727)	-37.2%	\$ 23,674,575	\$ 25,328,043	\$ 1,653,468	6.5%	\$ 27,000,000



Delta Conveyance Design and Construction Joint Powers Authority
Appropriation - Trend
Current Period: MAY-21

Appropriation	JUL-20		AUG-20		SEP-20		OCT-20		NOV-20		DEC-20		JAN-21		FEB-21		MAR-21		APR-21		MAY-21		JUN-21		Total	
Program management	\$	109,732	\$	108,820	\$	143,442	\$	303,030	\$	136,663	\$	360,825	\$	147,030	\$	161,292	\$	177,848	\$	185,224	\$	47,999	\$	—	\$	1,881,905
Stakeholder engagement		67,487		120,439		6,870		215,287		7,677		52,231		190,542		44,336		75,201		96,395		67,740		—		944,205
Project controls		4,529		4,146		203,737		200,951		5,078		549,641		253,867		173,970		125,687		119,755		126,858		—		1,768,219
Office administration		93,910		838,340		139,139		380,687		90,315		423,942		261,386		188,570		206,634		235,072		239,580		—		3,097,575
Procurement and contract administration		—		—		—		—		—		—		—		—		—		—		—		—		—
Property access and acquisition		23,100		—		—		86,881		14,178		30,127		49,439		124,778		122,307		95,009		61,615		—		607,434
Permitting management		—		—		—		190,141		—		—		447,468		—		—		158,598		47,710		—		843,917
Health and safety		—		8,775		1,575		1,125		225		—		—		—		—		—		—		—		11,700
Quality management		—		5,621		—		—		—		—		—		—		—		—		—		—		5,621
Engineering		4,247		2,047,383		44,508		1,989,832		25,451		—		3,039,503		794,668		830,273		1,323,631		804,527		—		10,904,023
Fieldwork		—		95,493		44,281		370,680		253,908		311,595		828,067		640,110		157,113		52,847		855,882		—		3,609,976
Total	\$	303,005	\$	3,229,017	\$	583,552	\$	3,738,614	\$	533,495	\$	1,728,361	\$	5,217,302	\$	2,127,724	\$	1,695,063	\$	2,266,531	\$	2,251,911	\$	—	\$	23,674,575

Environmental Manager's Report

Contact: Carolyn Buckman, DWR Environmental Manager

Date: June 17, 2021, Board Meeting

Item No. 9c

Subject: Environmental Manager's Report

Summary:

The Department of Water Resources (DWR) is working through the California Environmental Quality Act (CEQA) process to analyze a single-tunnel solution to modernizing and rehabilitating the State Water Project infrastructure in the Delta.

Detailed Report:

DWR is continuing to develop an Environmental Impact Report (EIR) under CEQA. DWR has identified a range of reasonable alternatives to analyze in the EIR, and current efforts are focused on assessing the alternatives' potential impacts on environmental resources and identifying mitigation measures, if needed. The U.S. Army Corps of Engineers (USACE), as part of its permitting review under the Clean Water Act and Rivers and Harbors Act, has started preparation of an Environmental Impact Statement to comply with the National Environmental Policy Act (NEPA).

Field activities under the Initial Study/Mitigated Negative Declaration for Soil Investigations in the Delta (including cone penetration tests, soil borings, and geophysical surveys) are proceeding. DWR has added a link to our public information website to help provide information to interested members of the public and are updating a map weekly of the near-term planned explorations (<https://water.ca.gov/Programs/State-Water-Project/Delta-Conveyance/Public-Information>).

Investigations have been underway since March and are scheduled through the end of June. At that point, there will be a short break in activities until a group of properties are ready to be scheduled together (either later in July or August). Additionally, DWR and the DCA are continuing work to obtain temporary entry for additional soil surveys on private lands. DWR is continuing to pursue permits for soil survey sites that fall under the jurisdiction of the Rivers and Harbors Act (Section 408). Investigations at any given site will not occur until property owners have been notified and required permits and approvals for that site have been obtained.

DWR is working (through discussions with the local communities) to develop a Community Benefits Program as part of the Delta Conveyance Project to help protect and enhance the cultural, recreational, natural resource and agricultural values of the Delta. DWR has conducted interviews, one tribal workshop, and three public workshops to have discussions and obtain feedback. The DCA participated in the third public workshop to share information about economic development and integrated infrastructure options for local communities.

DWR is planning four technical webinars to inform the public and interested stakeholders about the current progress related to preparation of the Draft EIR. Each webinar will feature presentations from technical staff about the approaches, methodologies and assumptions to be used in conducting impact analyses in the Draft EIR. Information about impact findings and specific mitigation measures is not

expected to be available but will be included in future outreach efforts following publication of the Draft EIR.

DWR conducted a survey in November and December 2020 to collect information on how low-income, minority, and other underserved communities rely on resources in the Delta. This information will help assess potential impacts and benefits to these communities. The report documenting the survey results has been posted on DWR's website: https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Delta-Conveyance/Public-Information/DCP_EJ-Survey-Report-5-28-2021_Final_508.pdf

Recommended Action:

Information only.