



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

Thursday, May 19, 2022
11:30 a.m.
Via Teleconference: +1 (408) 650-3123
Access Code: 929-601-717

AGENDA

PUBLIC PARTICIPATION: Pursuant to Government Code 54593(e) and given the current health concerns, members of the public can access meetings via conference call at **United States: +1 (408) 650-3123, Access Code: 929-601-717.** In addition, members of the public can submit comments electronically for consideration by **9:00 a.m. on May 18, 2022** by sending them to **lindastandlee@dcfinanceauthority.org**. To ensure distribution to the members of the DC Finance Authority Board of Directors prior to consideration of the agenda, **please submit comments prior to 9:00 a.m. on May 19, 2022.** Those comments will be distributed to the members of the DC Finance Authority Board and will be made part of the official public record of the meeting. Contact Linda Standlee at 916-812-6400 with any questions.

ACCESSIBILITY: If requested, the agenda and backup materials will be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Any person who requires a disability-related modification or accommodation, in order to observe and/or offer public comment may request such reasonable modification, accommodation, aid, or service by contacting **Linda Standlee** by telephone at **916-812-6400** or via email to **lindastandlee@dcfinanceauthority.org** no later than **5:00 p.m. on May 18, 2022.**

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENT
5. OTHER MATTERS
 - a. None.
6. CONSENT CALENDAR

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

- a. Approval of the minutes from the meeting of February 17, 2022.
- b. Adopt a resolution to continue remote teleconference meetings pursuant to the Brown Act Section 54953(e) for meetings of the Delta Conveyance Finance Authority.

7. SCHEDULED ACTION ITEMS

- a. Approval of professional services agreement with Aleshire & Wynder, LLP for legal services to DCFA
- b. Consider and adopt proposed FY 2022/23 budget

8. REPORTS AND ANNOUNCEMENTS

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

9. FUTURE AGENDA ITEMS

- a. Future agenda items to be considered.

10. ADJOURNMENT

BOARD OF DIRECTORS MEETING

MINUTES

REGULAR MEETING
Thursday, February 17, 2022
12:15 pm

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The regular meeting of the Delta Conveyance Finance Authority (Finance Authority) Board of Directors was called to order by President Kremen via teleconference at 12:15 p.m. Linda Standlee reviewed the process the Board and public would follow for the meeting, noting that all voting would be via roll call vote.

2. ROLL CALL

Board members in attendance were Robert Cheng, Kathy Cortner, Jeff Davis, Mark Krause, Gary Kremen, Cindy Saks, and Paul Sethy.

Directors Dwayne Chisam, Valerie Pryor, Randy Record, and Matthew Stone were absent.

Staff members in attendance were Brian Thomas, Katano Kasaine, and Steve O'Neill.

3. PLEDGE OF ALLEGIANCE

Cindy Saks led the Pledge of Allegiance.

4. PUBLIC COMMENT

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

No members of the public requested time to speak, therefore President Kremen closed public comment.

5. OTHER MATTERS

5.a. None

6. CONSENT CALENDAR:

6.a. Adopt a resolution to continue remote teleconference meetings pursuant to the Brown Act Section 54953(e) for meetings of the Delta Conveyance Finance Authority.

6.b. Approval of the minutes from the meeting of January 20, 2022.

Motion:	Approve the Consent Calendar
Move to Approve:	Paul Sethy
Second:	Robert Cheng

Agenda Item 6.a

Yeas:	Robert Cheng, Kathy Cortner, Jeff Davis, Mark Krause, Gary Kremen, Cindy Saks, and Paul Sethy
Nays:	None
Abstains:	None
Recusals:	None
Absent:	Dwayne Chisam, Valerie Pryor, Randy Record, and Matthew Stone
Summary:	7 Yeas; 0 Nays; 0 Abstains; 4 Absent. (Motion passed as MO 22-2-01)

7. ADJOURNMENT:

President Kremen adjourned the meeting at 12:21 p.m.

DATE: May 12, 2022

SUBJECT: **Receive and Adopt Resolution for use of AB-361 proposed exemptions to Brown Act teleconferencing requirements**

SUMMARY

In response to the Covid - 19 pandemic, the California Governor signed a new bill on 9/16/21 that would temporarily exempt certain requirements of the Brown Act and add additional requirements for public meetings held by teleconference. This staff report provides an analysis of the changes to the Brown Act per the proposed bill and recommends the Board's adoption of a Resolution that would put the temporary exemptions and changes into place.

BACKGROUND

In March of 2020, the Governor of California issued Executive Order N-29-20, which waived Brown Act requirements found in Gov. Code § 54953(b)(3) for teleconference participation in public meetings. In particular, this Order waived:

- a) The requirement that state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
- b) The requirement that each teleconference location be accessible to the public;
- c) The requirement that members of the public may address the body at each teleconference location;
- d) The requirement that state and local bodies post agendas at all teleconference locations; and
- e) The requirement that, during teleconference meetings, at least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction.

Executive Order N-29-20 expired on September 30, 2021. However, AB 361 was signed by the Governor to extend the provisions of N-29-20, subject to certain conditions to be met by the local legislative body utilizing its exemptions. AB 361 also imposes certain new requirements, detailed below.

ANALYSIS

AB 361 exempts local legislative bodies from certain Brown Act requirements currently governing teleconferencing. These exemptions may be used only in one of the following circumstances:

- a) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.
- b) The legislative body holds a meeting during a proclaimed state of emergency for purposes of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health and safety of attendees.
- c) The legislative body holds a meeting during a proclaimed state of emergency and has determined by majority vote pursuant to b) above that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

Currently, the Governor's state of emergency regarding COVID-19 is still in effect, and the Sacramento County Health Officer has recommended that legislative bodies in the County continue to follow social distancing measures to prevent the spread of COVID.

Further, AB 361 requires the District to reconsider the state of emergency and make such determination every 30 days after commencing use of its exemptions. However, if during the 30-day period the District wishes to meet in person, they may choose to do so despite adopting the proposed Resolution. The intent of the Resolution is merely to allow the Board to avail themselves of the AB 361 teleconferencing conveniences if they so choose.

Finally, in addition to allowing for the above exemptions, AB 361 adds the following requirements:

- a) The legislative body must give notice of the meeting and post agendas as otherwise required by the Brown Act.
- b) The legislative body must allow members of the public to access the meeting, and the agenda must provide an opportunity for members of the public to address the legislative body directly pursuant to Brown Act requirements. In each instance where notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body must also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda must identify and include an opportunity for all persons to attend via call-in option or an internet-based service option. The legislative body need not provide a physical location from which the public may attend or comment.
- c) The legislative body must conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties and the public appearing before the legislative body.

- d) In the event of a disruption that prevents the public agency from broadcasting the meeting to members of the public using the call-in or internet-based service options, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in or internet-based service options, the legislative body must take no further action on items appearing on the meeting agenda until public access to the meeting is restored. Actions taken on agenda items during a disruption preventing the broadcast of the meeting may be challenged as provided in the Brown Act.
- e) The legislative body may not require public comments to be submitted in advance of the meeting, and it must provide an opportunity for the public to address the legislative body and offer comment in real time.
- f) The legislative body may use an online third-party system for individuals to provide public comment that requires an individual to register with the system prior to providing comment.
- g) If a legislative body provides a timed public comment period, it may not close the comment period or the time to register to provide comment under f) until the timed period has elapsed. If the legislative body does not provide a time-limited comment period, it must allow a reasonable time for the public to comment on each agenda item and to register as necessary under f).

RECOMMENDATION

As noted above, AB 361 requires an agency to reconsider the state of emergency and make the required determinations every 30 days after commencing use of its exemptions. The DCFA board approved such a resolution at its last regularly scheduled meeting in December, and staff recommends that this Board adopt the attached resolution to enable use of AB 361's exemptions to Brown Act teleconferencing requirements for the next 30 days, while allowing the Board to hold in person meetings at its discretion.

RESOLUTION NO. 22-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE DELTA CONVEYANCE FINANCE AUTHORITY
AUTHORIZING THE REVISED USE OF TELECONFERENCING FOR PUBLIC MEETINGS**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DELTA CONVEYANCE FINANCE AUTHORITY AGENCY as follows:

WHEREAS, the Governor of the State of California (“Governor”) proclaimed a State of Emergency to exist as a result of the threat of COVID-19. (Governor’s Proclamation of a State of Emergency (Mar. 4, 2020).)

WHEREAS, the Governor’s Exec. Order No. N-25-20 (Mar. 12, 2020); Governor’s Exec. Order No. N-29-20 (Mar. 17, 2020); and Governor’s Exec. Order No. N-08-21 (Jun. 11, 2021) provided that local legislative bodies may hold public meetings via teleconferencing and make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body and waived the Brown Act provisions found in Govt. Code section 54953(b)(3) which require the physical presence of the members, the clerk, or other personnel of the body, or the public, as a condition of participation in, or quorum for, a public meeting, including:

- a) The requirement that state and local bodies notice each teleconference location from which a member will be participating in a public meeting.
- b) The requirement that each teleconference location be accessible to the public.
- c) The requirement that members of the public may address the body at each teleconference location.
- d) The requirement that state and local bodies post agendas at all teleconference locations.
- e) The requirement that, during teleconference meetings, at least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction.

WHEREAS, the provisions of Governor’s Exec. Order No. N-25-20 (Mar. 12, 2020); Governor’s Exec. Order No. N-29-20 (Mar. 17, 2020); and Governor’s Exec. Order No. N-08-21 (Jun. 11, 2021) expired on September 30, 2021 and are no longer in effect thereafter;

WHEREAS, the Center for Disease Control is currently contending with the the Omicron Variant of the COVID-19 virus and anticipates the development of potential other strains which may further impede public agency operations and prolong the need for social distancing requirements; and

WHEREAS, recent legislation (A.B. 361) authorizes a local legislative body to use teleconferencing for a public meeting without complying with the Brown Act’s teleconferencing quorum, meeting notice, and agenda requirements set forth in Government Code section 54953(b)(3), in any of the following circumstances:

- a) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.
- b) The legislative body holds a meeting during a proclaimed state of emergency for purposes of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health and safety of attendees.

- c) The legislative body holds a meeting during a proclaimed state of emergency and has determined by majority vote pursuant to b) above that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

WHEREAS, on November 18, 2021 the Board of Directors of the Delta Conveyance Finance Authority (DCFA) made a finding that, as a result of the above-described emergency, meeting in person would present imminent risks to the health or safety of attendees.

WHEREAS, the Board of Directors of the Delta Conveyance Finance Authority has determined that an imminent risk to the health and safety of the attendees at DCFA meetings continues to exist.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Delta Conveyance Finance Authority as follows:

Section 1. Incorporation of Recitals. All of the foregoing Recitals are true and correct, and the Board so finds and determines. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

Section 2. Adoption of AB 361. The Board has determined by majority vote that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

Section 3. Continued Implementation of AB-361. If the state of emergency remains active, and state or local officials have imposed measures to promote social distancing, the Board of Directors of the Delta Conveyance Finance Authority shall, in order to continue meeting subject to this exemption to the Brown Act, no later than 30 days after it commences using the exemption, and every 30 days thereafter, make the following findings by majority vote:

- a) The legislative body has reconsidered the circumstances of the state of emergency; *and*
- b) Either (1) the state of emergency continues to directly impact the ability of the members to meet safely in person; or (2) state or local officials continue to impose or recommend measures to promote social distancing.

Section 4. Applicability. The health and safety findings and determination that teleconference meetings are appropriate applies to all District committees and legislative bodies subject to the Brown Act.

PASSED, APPROVED AND ADOPTED on May __, 2022.

President

ATTEST:

Secretary

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: May 19, 2022

Item No. 7.a

Subject

Agreement with Aleshire & Wynder for General Counsel Services

Executive Summary

Steven O'Neill has been serving as General Counsel for the Delta Conveyance Finance Authority since 2019. Mr. O'Neill, recently transferred his practice to the law firm of Aleshire & Wynder, LLP. On April 1, the Executive Director executed an agreement with Aleshire & Wynder to continue working with Mr. O'Neill. It is recommended the board approve and ratify this action.

Detailed Report

Steven O'Neill has served as the DCFA's primary general counsel since its creation. Effective 4/1/22, Mr. O'Neill took his practice group to the firm of Aleshire & Wynder, LLP. Aleshire & Wynder has represented public agencies for more than 35 years. Its client base consists of more than 50 governmental entities including cities, water districts, special service districts, joint powers authorities and others. Aleshire & Wynder is a full-service public law firm covering the majority of legal issues affecting municipalities. At this time, and in order to ensure consistent legal representation and general counsel support, staff recommends contracting with Aleshire & Wynder to retain the services of Mr. O'Neill as the DCFA's primary general counsel. Aleshire & Wynder has submitted the Hourly Billing Rates for services shown in Table 1. below, which are comparable to those fees previously charged by Olivarez Madruga Law Organization LLP (OMLO), O'Neill's prior firm. The other terms and conditions are also comparable to the prior agreement with OMLO, with one exception. The new agreement provides for an adjustment in fees each year based on the Consumer Price Index, beginning on July 1, 2023. The term of the recommended agreement is ongoing and will remain in effect until modified by mutual agreement or otherwise terminated by written notice.

Classification	Billing Rate
Partner/Shareholder	\$350/hour
Attorney	\$250/hour
Paralegal/Law Clerk	\$100/hour

Table 1. Billing Rates

Given the need to ensure a smooth transition and consistent legal support, the Executive Director executed a new agreement with Aleshire & Wynder, effective on April 1, 2022. Since the board did not meet in March and April, the May board meeting is the first opportunity for the Board to take action on the agreement.

Recommended Action

That the Board approve and ratify the attached agreement with Aleshire & Wynder, LLP for general counsel services.

Attachment: Agreement with Aleshire & Wynder

PROFESSIONAL SERVICES AGREEMENT

This agreement ("Agreement") is written to set out and confirm the retention of Aleshire & Wynder, LLP, a California limited liability partnership ("Law Firm"), to provide legal representation to the Delta Conveyance Finance Authority ("Client") in connection with certain legal services requested by Client as specified herein.

1. PURPOSE.

This Agreement sets forth the terms and conditions under which the Law Firm will provide legal services to Client, effective April 1, 2022 ("Effective Date"). In this regard, please know that California Business and Professions Code §6148 requires a written fee contract between attorneys and their clients to set forth the scope of the legal services which the attorneys have been retained to perform, and the fees which the attorneys will charge to perform those services. When executed by Law Firm and Client, this Agreement will satisfy the requirements of §6148.

2. CONSIDERATION AND BILLING.

(a) Transactional Services

Law Firm shall advise Client on all transactional matters affecting the Client, including attending all regular meetings of the Board of Directors of the Client ("Board"); attending special meetings of the Board as requested; providing legal advice by telephone or in writing; preparing documents and attending other meetings as requested by the Board, Executive Director, or other authorized representative of the Client. Law Office shall submit a monthly invoice to Client for transactional work. Client shall pay Law Office for such services at the rates set forth on attached Exhibit A

(b) Litigation Services:

Client shall pay for litigation and formal administrative or other adjudicatory matters at the following hourly rates: \$375.00 for Partners; \$300.00 for Associate attorneys. Client acknowledges these litigation rates may change from time-to-time to reflect staff changes and professional advancement.

(c) Cost of Living Adjustment and Duty to Cooperate

The rates for the Transactional Services described above will be adjusted annually as measured by the Consumer Price Index for All Urban Consumers ("CPI-U") for the geographic region known as the Sacramento Area. At the start of the Client's fiscal year in July, 2023 and every July thereafter during the term of this Agreement, rates and amounts shall be increased for the change in the CPI-U rounded up to the nearest dollar for the twelve (12) month period published for the most recent month of May and counting backwards as shown by the U.S. Department of Labor provided, however, that such adjustment shall not be lower than zero percent (0%) nor more than five percent (5%). In addition to the automatic increase, either Law Firm or Client can initiate consideration of a rate increase at any time.

seek waivers from each client with regards to such representation. Should an actual conflict occur between Law Firm's clients and Client, Law Firm will attempt to resolve the conflict in a manner that protects its ability to continue concurrent representation of all Law Firm clients. However, that may not be possible or practical under the applicable ethical rules. By signing below, Client represents that it is fully informed regarding the potential conflict of interests between it and existing and future clients of Law Firm, and it waives all rights regarding such conflicts and consents to the Client's representation in this regard. However, if actual conflicts exist that are not waived or are unwaivable, Law Firm would withdraw from representing Client and assist Client in obtaining outside special counsel.

4. TERMINATION.

Client may discharge Law Firm by written notice effective when received by Law Firm. Unless specifically agreed, Law Firm will provide no further services and advance no further costs on Client's behalf after receipt of the written notice. Notwithstanding the discharge, Client will pay Law Firm reasonable fees for services provided and reimburse Law Firm for costs advanced prior to discharge.

Law Firm may withdraw as permitted under the Rules of Professional Conduct of the State Bar of California. The circumstances under which the Rules permit such withdrawal include with Client's consent, or when Client's conduct renders it unreasonably difficult for Law Firm to carry out the employment effectively. Notwithstanding Law Firm's withdrawal, Client will pay Law Firm all reasonable fees for services provided, and reimburse Law Firm for costs advanced, before the withdrawal.

5. DISCLAIMER OF GUARANTEE.

During the course of providing these services, Law Firm may express opinions or beliefs about the effectiveness of various courses of actions, but such expressions shall not be construed as promises or guarantees of any result or outcome. Client acknowledges Law Firm has made no promises about the result or outcome, and opinions offered by Law Firm do not constitute a guarantee of any result or outcome.

6. DISPUTES.

If a dispute between Client and Law Firm arises over fees or other amounts charged to Client for services, the controversy will be submitted to binding arbitration in accordance with the rules of the California State Bar Fee Arbitration Program, set forth in California Business and Professions Code sections 6200 through 6206. The arbitrator or arbitration panel will have the authority to award to the prevailing party in such arbitration attorney's fees, costs and interest incurred. Any arbitration award may be served by mail upon either side and personal service will not be required. Law Firm is entitled to represent itself on all legal matters and the actual time incurred by members of Law Firm at Law Firm's then current hourly rates as charged to Client for providing services under this Agreement, which rates are mutually deemed reasonable for collection or other purposes.

12. INTEGRATION

By signing below, Client acknowledges that no oral representations, statements, or inducements, apart from this Agreement, have been made. This Agreement sets forth the entire understanding of the parties and will be governed by the laws of the State of California. The terms of this Agreement are not set by law but are the result of negotiation between the parties. Client has the right to consult with another attorney regarding this Agreement before signing it.

13. OWNERSHIP AND INSPECTION OF FILES

All files, pleadings, reports, exhibits, evidence, and other items generated or gathered in the course of providing services to Client under this Agreement are and shall remain the sole property of Client, and shall be returned to Client upon termination of this Agreement or when the matter is concluded, except that Client shall have no right to obtain Attorney work product (as defined by CCP Sec. 2018.010-2018.080) from Law Firm except as otherwise provided by law or to internal accounting records and other documents not reasonably necessary to Client's representation, subject to Law Firm's right to make copies of any files withdrawn by Client. Once Client's matter is concluded, Law Firm will close the file. The physical files may be sent to storage offsite, and thereafter there may be an administrative cost for retrieving them from storage, which will be charged to Client. Thus, Law Firm recommends that Client request the return of the file at the conclusion of the matter. Law Firm will otherwise retain and destroy the file consistent with the Client's records retention schedule. Law Firm will work with Client to provide or preserve any documents that may be subject to the California Public Records Act. The provisions of this paragraph shall continue to survive after termination of this Agreement.

14. NEGATION OF PARTNERSHIP / STATUS AS INDEPENDENT CONTRACTOR

In the performance of legal services under this Agreement, Law Firm shall be, and acknowledges that Law Firm is, in fact and under law, an independent contractor and not an agent or employee of the Client. Law Firm has and retains the right to exercise full supervision and control of the manner and methods of providing services to Client under this Agreement.

Law Firm retains full supervision and control over the employment, direction, compensation, and discharge of all persons assisting Law Firm in the provision of services under this Agreement. With respect to Law Firm's employees, Law Firm shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employee taxes (whether federal, state, or local), and compliance with any and all other laws regulating employment.

15. LAW FIRM REPRESENTATIONS / PERFORMANCE / CONFIDENTIALITY

Law Firm makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement:

(a) Law Firm has the expertise, support staff, and facilities necessary to provide the services described in this Agreement.

Service of notice by personal service is deemed to be given as of the date of service. Notices by mail are deemed to have been given two (2) consecutive business days after deposit into the U.S. Postal Service. Either party may, from time to time, by written notice to the other, designate a different address or person to be substituted for that specified above.

20. INDEMNIFICATION

To the fullest extent permitted by law, Law Firm shall indemnify, defend, protect and hold harmless Client, its officials, officers, agents, employees and volunteers (collectively "Indemnities") from and against any loss, injury, damage, claim, lawsuit, judgment, expense, attorneys' fees, or any other cost arising out of or in any way related to the performance of services under this Agreement, to the extent caused in whole or in part by the negligent act or omission, recklessness or willful misconduct of Law Firm, any subcontractor of Law Firm, anyone directly or indirectly employed by Law Firm or subcontractor of Law Firm except where such liability is caused by the sole negligence and willful misconduct of Client.

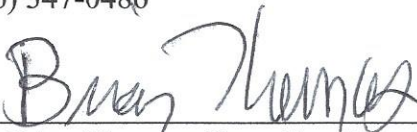
ALESHIRE & WYNDER, LLP

Dated: March 28, 2022

By: 
Fred Galante, Partner

Delta Conveyance Finance Authority
1121 L. Street, Suite 1045
Sacramento, CA 95814
(916) 347-0486

Dated: 3-28, 2022

By: 
Brian Thomas, Executive Director

Attachment “A”

HOURLY RATES

The Law Firm’s current hourly billing rates are as follows:

- | | |
|---------------------------------|-------|
| • Work by Partners | \$350 |
| • Work by Associates | \$250 |
| • Work by Paralegals/Law Clerks | \$100 |

These rates may change from time-to-time to reflect staff changes and professional advancement.

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: May 19, 2022

Item No. 7.b

Subject

2022/23 Proposed Budget

Executive Summary

Each year, the Board of Directors is required to adopt an operating budget. The operating budget for fiscal year 2022/23 reflects an increase in activities as the Delta Conveyance Project planning and environmental process draws to completion and additional funding may be required. As a result, the attached budget includes total expenditures of \$435,750. Given the strong reserve position of the Authority, no additional member payments are expected to be needed to fund the 2022/23 budget. Should financing activities accelerate, a supplemental call for funds from the members may be required during the fiscal year.

Detailed Report

Expenditures. As shown in Table 1, fiscal year 2022/23 expenditures are expected to be \$435,750, about double the fiscal year 2021/22 budget. Projected actual expenditures for fiscal year 2021/22 are running about half of budget, but that is due primarily to lower activity and travel for the Executive Director and General Counsel. The proposed expenditure budget reflects the fact that many of the planning and permitting activities associated with the Delta Conveyance Project are expected to be completed over the next two years, and the Project will enter into the design, land acquisition and other pre-construction activities. As such, there will likely be a need for additional financing support from the Delta Conveyance Finance Authority. As such, the professional services budget includes amounts for bond and disclosure counsel and financial advisory services. In addition, the professional services budget for 2022/23 reflects the need for audit and general counsel services, as well as additional funding for website design and maintenance.

As described more fully in the attached Fiscal Year 2022/23 Proposed Budget, the majority of anticipated expenditures are associated with preparing for a potential financing, managing the Finance Authority's activities, legal expenses associated with general counsel support, auditing, accounting and treasury activities, and insurance. This budget also includes funding virtual meetings as well as the potential for in-person meetings during the second half of the fiscal year.

Revenues. Revenues for the Authority in fiscal year 2022/23 will be limited to interest earnings, estimated at \$1,000. Payments from Members are not expected in fiscal year 2022/23 since sufficient reserves are available to fund the proposed budget. The reserve balance at June 30, 2022, is estimated to be just over \$479,000, which would leave about

\$44,000 in reserves at the end of the budget year. Should financing activities accelerate, a supplemental call for funds during the year may be required during the fiscal year.

	Actual 2020/21	Budget 2021/22	Projected 2021/22	Proposed 2022/23
Receipts				
Member Agency Payments	-	-	-	-
Interest Earnings	7,181	1,500	700	1,000
Total	7,181	1,500	700	1,000
Disbursements	69,407	206,600	80,507	435,750
Receipts Less Disbursements	(62,226)	(205,100)	(79,807)	(434,750)
Fund Balance	559,245	360,391	479,438	44,688

Table 1. Budget Summary – Receipts and Expenditures

Recommended Action

That the Board approve the following CEQA finding:

The approval of the 2022/23 Proposed Budget is exempt from CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378 (b)(2) of the State CEQA Guidelines), and as such does not constitute a project; and

Approve the Proposed 2022/23 Budget of \$435,750 to be funded with \$434,750 of reserves and \$1,000 in interest earnings.

ATTACHMENTS: 2022/23 Proposed Budget

**FISCAL YEAR 2022/23
PROPOSED BUDGET**



DELTA CONVEYANCE FINANCE AUTHORITY

EXECUTIVE SUMMARY

Background. The Delta Conveyance Finance Authority (Authority or DCFA) was created in July 2018. Its eleven members are all State Water Project Contractors, and include the Alameda County Water District, Alameda Flood Control & Water Conservation District - Zone 7, Antelope Valley-East Kern Water Agency, Coachella Valley Water District, Desert Water Agency, Metropolitan Water District of Southern California, Mojave Water Agency, San Bernardino Valley Municipal Water District, San Geronimo Pass Water Agency, Santa Clara Valley Water District, and Santa Clarita Valley Water Agency. The primary purpose of the Authority is to assist the Department of Water Resources finance conveyance improvements for the State Water Project to support a more reliable and resilient water delivery system, while meeting California's environmental objectives. The State of California, through the Department of Water Resources (DWR), owns and operates the State Water Project. The DCFA could support DWR by accessing capital markets and issuing municipal debt, the proceeds of which would be contributed to DWR to fund conveyance improvements. If necessary, the DCFA could also issue Authority debt to secure the funding necessary to purchase the DWR's bonds. The Authority debt would be secured by revenues from the sale of installment purchase agreements (or similar agreements) to some or all of the Authority members, and could include agreements with other State Water Project Contractors who are not members of the Authority. To date, the Authority has not approved the issuance of debt and has not issued any debt.

Budget Summary. The DCFA is a conduit financing authority whose revenue comes from member payments and investment earnings. Operating expenditures are primarily for administration, legal, accounting, insurance and auditing services. The largest expenditure category in the fiscal year 2022/23 budget is for legal and consulting services related to preparing for the issuance of debt, such as developing necessary financing documents. The balance of the budget supports funding for the Executive Director and General Counsel, accounting and treasury services, insurance and the external financial audit. The DCFA has no employees.

As shown in Table 1, there have been no member contributions since fiscal year 2020/21. Given reserve balances, sufficient funds are available to cover the proposed budget without additional member contributions. If financing activities are accelerated and spending increased, a supplemental call for member contributions could be needed. Interest earnings are projected to be \$700 in fiscal year 2021/22, which is lower than budgeted due to lower investment rates than forecast. Interest earnings for fiscal year 2022/23 are expected to be about the same as fund balances will be lower through the year, but interest rates are continuing to rise. Proposed 2022/23 expenditures of \$435,750 are just over twice the 2021/22 budget and substantially higher than projected expenditures in 2021/22. As noted above, the primary purpose of the DCFA is to assist with financing for conveyance facilities for the State Water Project. DWR and the Delta Conveyance Design and Construction Authority (DCA) have been working on the environmental documentation and permitting for a single tunnel project for the past two years. This facility, the Delta Conveyance Project, would be constructed by the DCA under the direction of DWR. As the environmental and permitting work comes to a close, the DCA and DWR will initiate pre-construction

activities such as land and right of way acquisition, utility relocations, and engineering and design work. The proposed budget for 2022/23 expenditures anticipates the need for the DCFA to prepare for financing some of these activities, if needed. As a result, the budget includes significant funding for bond and disclosure counsel and municipal advisory services. The budget for fiscal year 2022/23 anticipates continued coordination and work with DWR and the DCA.

Table 1. Budget Summary – Receipts and Expenditures

	Actual 2020/21	Budget 2021/22	Projected 2021/22	Proposed 2022/23
Receipts				
Member Agency Payments	-	-	-	-
Interest Earnings	7,181	1,500	700	1,000
Total	7,181	1,500	700	1,000
Disbursements	69,407	206,600	80,507	435,750
Receipts Less Disbursements	(62,226)	(205,100)	(79,807)	(434,750)
Fund Balance	559,245	360,391	479,438	44,688

Receipts. As a result of lower expenditures than budgeted in fiscal year 2021/22, the proposed fiscal year 2022/23 budget will not require member agency payments since reserve levels are sufficient to meet all anticipated expenditure needs, even though expenditures are expected to be significantly higher than projected for fiscal year 2021/22.

FISCAL YEAR 2022/23 PROPOSED OPERATING BUDGET

The proposed operating budget is shown in Table 2, and totals \$435,750. The Authority will continue to receive administrative support (e.g., meetings, minutes, agendas, etc.) from the State Water Contractors, which helps contain expenses. In addition, given that activities surrounding the Delta Conveyance Project are expected to continue to be focused on environmental, geotechnical, and preliminary engineering work, capital financing in excess of the funds contributed by DWR and the State Water Project Contractors is not anticipated in the coming year, but as that work comes to closure and more cost intensive work such as design and right-of-way acquisition starts, additional funds will be needed. The proposed 2022/23 budget includes funds to prepare for financing these costs. The DCFA will be working with Contractors and DWR to identify financing solutions as work progresses. The proposed budget recognizes this level of activity.

Executive Director Compensation. This includes professional fees and expenses for the executive director to perform all services related to managing the activities of the Authority. The budget is \$35,000, reflecting anticipated work, including administration, coordination, working with bond and disclosure counsel, outreach with DWR and the

State Water Project Contractors, and support of the board. Travel expenditures are expected to be similar to those in 2021/22 as most work will be done virtually. The budget is slightly lower than in the fiscal year 2021/22 budget, and can be covered by previously approved contract amounts.

Professional Services. This includes expenditures for professional services such as general counsel, bond and disclosure counsel, municipal advisors, outreach (including website design and maintenance). The proposed budget includes funding for preparing for a DCFA financing or financings. The budget includes \$290,000 for specialty services, including bond and disclosure counsel and municipal advisor. In addition, this category includes General Counsel fees based on the existing contract and anticipated level of effort. Similar to Executive Director services, General Counsel activity is higher than projected 2021/22 costs due to additional anticipated work. An annual audit is also included as part of the Professional Services line item, which at \$5,500 is about \$900 higher than the 2021/22 actual cost. The 2022/23 budget includes \$10,000 for outreach to maintain and update the Authority's website.

Accounting/Treasury Services. This line item captures the cost for services from the Metropolitan Water District to provide accounting and treasury services (e.g., accounting, financial reporting, banking, check processing, etc.) The 2022/23 budget of \$30,000 is equal to the expenses in the prior two fiscal years, and is consistent with the existing contract with Metropolitan.

Item	Object	Actual 2020/21	Budget 2021/22	Projected 2021/22	Proposed 2022/23
1	Executive Director Compensation	\$ 15,764	\$ 50,000	\$ 22,000	\$ 35,000
2	Professional Services				
	General Counsel	10,420	50,000	12,400	35,000
	Bond Counsel	-	-	-	200,000
	Disclosure Counsel	-	-	-	50,000
	Municipal Advisor	-	-	-	40,000
	Audit	4,475	5,500	4,670	5,500
	Outreach	113	25,000	-	10,000
3	Accounting/Treasury Services	30,000	30,000	30,000	30,000
4	Insurance	8,635	9,100	11,237	13,250
5	Travel and Meeting	-	1,000	-	1,000
6	Materials and Supplies	-	1,000	200	1,000
7	Contingency	-	35,000	-	15,000
	Total	\$ 69,407	\$ 206,600	\$ 80,507	\$ 435,750

Table 2. Proposed Operating Budget

Insurance. This is an estimate of the premium for liability and directors and officers insurance. The proposed budget of \$11,237 accommodates an increase in premiums above that paid in fiscal year 2021/22 of about 18%. Although, the Authority's risk exposure remains low, changes in insurance premiums in the coming year are likely to be affected by world events and inflation.

Travel and Meeting. This expenditure reflects the cost of meeting rooms, travel (if any) for board members, and other similar expenses. The budget of \$1,000 is the same as the fiscal year 2021/22 budget. This assumes that most, if not all, board and committee meetings will be held remotely.

Materials and Supplies. Materials and supplies include basic office materials and supplies. Many of these expenditures were covered by the State Water Contractors on behalf of the Authority in fiscal year 2021/22. Expenditures in this category are expected to remain small.

Contingency. A contingency of \$15,000 has been included in the proposed budget to account for activities that may arise during the course of the fiscal year. There is a significant amount of uncertainty concerning economic activity, the need for financing, the pace at which the Delta Conveyance Project proceeds, and needed support activity by the Authority. While the Authority has sufficient reserves that budget augmentations (should they be needed) through the year should be manageable, additional funds could be provided through a supplemental assessment to members. This would require board action.

2022/23 Budget

Delta Conveyance Finance Authority

Board Meeting

May 19, 2022

Proposed 2022/23 Expenditures

Item	Object	Actual 2020/21	Budget 2021/22	Projected 2021/22	Proposed 2022/23
1	Executive Director Compensation	\$ 15,764	\$ 50,000	\$ 22,000	\$ 35,000
2	Professional Services				
	General Counsel	10,420	50,000	12,400	35,000
	Bond Counsel	-	-	-	200,000
	Disclosure Counsel	-	-	-	50,000
	Municipal Advisor	-	-	-	40,000
	Audit	4,475	5,500	4,670	5,500
	Outreach	113	25,000	-	10,000
3	Accounting/Treasury Services	30,000	30,000	30,000	30,000
4	Insurance	8,635	9,100	11,237	13,250
5	Travel and Meeting	-	1,000	-	1,000
6	Materials and Supplies	-	1,000	200	1,000
7	Contingency	-	35,000	-	15,000
	Total	\$ 69,407	\$ 206,600	\$ 80,507	\$ 435,750

Receipts and Disbursements

	Actual 2020/21	Budget 2021/22	Projected 2021/22	Proposed 2022/23
Receipts				
Member Agency Payments	-	-	-	-
Interest Earnings	7,181	1,500	700	1,000
Total	7,181	1,500	700	1,000
Disbursements	69,407	206,600	80,507	435,750
Receipts Less Disbursements	(62,226)	(205,100)	(79,807)	(434,750)
Fund Balance	559,245	360,391	479,438	44,688

Summary

- Proposed 2022/23 Budget of \$435,750 is sufficient to administer the Authority's activities, including bond and disclosure counsel and municipal advisory services
- No additional payments from Members will be required
- Sufficient reserves are available to fund activities
- If additional work is needed, the Board can approve supplemental appropriations

Recommendation

That the Board approve the CEQA determination, approve the expenditure budget for Fiscal Year ending June 30, 2023 in the amount of \$435,750 and approve use of reserves to fund expenditures



Board Memo

Contact: Katano Kasaine, Treasurer

AGENDA DATE: May 19, 2022

Item No. 8.b

Subject: Treasurer's Report, Quarter Ended March 31, 2022

Executive Summary

The beginning cash balance in the DCFA Trust at January 1, 2022 was \$513,454. Receipts for the three months ended March 2022 totaled \$494, consisting of interest receipts. Disbursements totaled \$23,293 during the three months ended March 2022. The ending cash balance at March 31, 2022 was \$490,655.

Attached is a schedule of Budget versus Actual through March 31, 2022. Year-to-date actual expenses were \$146,005 lower than budget due to limited opportunities to assist in financing, as well as the impacts of the pandemic on travel and meetings, the activities of the DCFA have been limited.

Detailed Report

See attached Statements

Recommended Action

For information only

ATTACHMENTS:

Attachment 1: DCFA Quarter Ended March 31, 2022 Financial Statements

Attachment 2: Budget versus Actual



DELTA CONVEYANCE FINANCE AUTHORITY
Statement of Net Position
As of March 31, 2022

Assets:	
Cash	\$ 490,655
Interest receivable	197
Prepays	<u>2,832</u>
Total assets	<u>\$ 493,684</u>
Net position	<u>\$ 493,684</u>



DELTA CONVEYANCE FINANCE AUTHORITY
Statement of Cash Receipts and Disbursements

	Quarter Ended Mar '22	Year to Date Jul '21-Mar '22
Receipts:		
Interest receipts	\$ 494	\$ 2,040
Total receipts	<u>494</u>	<u>2,040</u>
Disbursements:		
Executive director	3,413	17,113
Insurance premiums	—	11,237
Treasury and accounting	15,000	30,000
Professional services	4,880	12,280
Total disbursements	<u>23,293</u>	<u>70,630</u>
Net change in cash	(22,799)	(68,590)
Cash at July 1, 2021	—	559,245
Cash at January 1, 2022	<u>513,454</u>	<u>—</u>
Cash at March 31, 2022	<u>\$ 490,655</u>	<u>\$ 490,655</u>



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

	Quarter Ended Mar '22	Year to Date Jul '21-Mar '22
Revenues:		
Interest income	\$ 541	\$ 2,058
Total revenues	<u>541</u>	<u>2,058</u>
Expenses:		
Executive director	3,413	11,100
Insurance premiums	2,771	8,405
Treasury and accounting	15,000	30,000
Professional services	4,880	11,090
Total expenses	<u>26,064</u>	<u>60,595</u>
Changes in net position	(25,523)	(58,537)
Net position at June 30, 2021	—	552,221
Net position at December 31, 2021	<u>519,207</u>	<u>—</u>
Net position at March 31, 2022	<u><u>\$ 493,684</u></u>	<u><u>\$ 493,684</u></u>

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



DELTA CONVEYANCE FINANCE AUTHORITY

Schedule of Invoices Paid
for the Nine Months Ended March 31, 2022

Vendor	Invoice #	Invoice Date	Payment Date	Period of Expense	Amount	Disbursement Category
1 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	14671	04/30/21	07/01/21	04/01/21-04/31/21	\$ 1,015	Professional services
2 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	15310	05/31/21	07/01/21	05/01/21-05/31/21	35	Professional services
3 Alliant Insurance Services, Inc.	1682779	07/01/21	07/07/21	07/01/21-07/01/22	11,237	Insurance premiums
4 Michael Bell Management Consulting	527	07/31/20	08/02/21	07/01/20-07/31/20	2,600	Executive director
5 Michael Bell Management Consulting	536	11/25/20	08/02/21	10/01/20-10/31/20	2,275	Executive director
6 Michael Bell Management Consulting	568	07/13/21	08/27/21	05/01/21-06/30/21	1,138	Executive director
7 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	15589	06/30/21	08/09/21	06/01/21-06/30/21	140	Professional services
8 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	15819	07/31/21	09/01/21	07/01/21-07/31/21	70	Professional services
9 Michael Bell Management Consulting	573	09/04/21	09/15/21	08/01/21-08/31/21	1,462	Executive director
10 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	16393	08/31/21	09/24/21	08/01/21-08/31/21	700	Professional services
11 Michael Bell Management Consulting	575	10/05/21	10/18/21	09/01/21-09/30/21	1,300	Executive director
12 Richardson & Company LLP	111848	10/28/21	11/05/21	06/15/21-10/28/21	4,670	Professional services
13 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	16624	09/30/21	11/19/21	09/01/21-09/30/21	560	Professional services
14 Metropolitan Water District of So. Ca	47776	11/18/21	12/08/21	03/01/21-10/31/21	15,000	Treasury and accounting
15 Michael Bell Management Consulting	580	11/04/21	12/08/21	10/01/21-10/31/21	650	Executive director
16 Michael Bell Management Consulting	581	12/04/21	12/13/21	11/01/21-11/30/21	4,275	Executive director
17 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	17002	10/31/21	12/13/21	10/01/21-10/31/21	210	Professional services
18 Metropolitan Water District of So. Ca	47993	01/28/22	02/09/22	11/01/21-02/28/22	15,000	Treasury and accounting
19 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	17407	11/30/21	02/09/22	11/01/21-11/30/21	1,470	Professional services
20 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	17723	12/31/21	02/09/22	12/01/21-12/31/21	455	Professional services
21 Bell Burnett & Associates	1074	02/11/22	02/22/22	01/07/22-01/26/22	3,413	Executive director
22 Olivarez Madruga Lemieux O'Neill, LLP (OMLO)	18052	01/31/22	03/25/22	01/01/22-01/31/22	2,955	Professional services
					<u>\$ 70,630</u>	

Executive director	\$ 17,113
Insurance premiums	11,237
Treasury and accounting	30,000
Professional services	12,280
	<u>\$ 70,630</u>

*Totals may not foot due to rounding.



Delta Conveyance Finance Authority

Budget versus Actual

FY 2021/22

Item	Actual Through March 31, 2022	Budget FY 2021/22	Budget Remaining	Percent of Budget Used
Executive director	\$ 11,100	\$ 50,000	\$ 38,900	22.2%
Insurance premiums	8,405	9,100	695	92.4%
Treasury and accounting	30,000	30,000	—	100.0%
Professional services	11,090	80,500	69,410	13.8%
Travel and meeting	—	1,000	1,000	0.0%
Materials and supplies	—	1,000	1,000	0.0%
Contingency	—	35,000	35,000	0.0%
Total	<u>\$ 60,595</u>	<u>\$ 206,600</u>	<u>\$ 146,005</u>	<u>29.3%</u>

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: May 19, 2022

Item No. 8.c

Subject

Executive Director's Report

Executive Summary

The DCFA's primary activity continues to be administrative in nature, while monitoring activities regarding the Delta Conveyance Project. We continue to communicate and coordinate with the State Water Contractors, including the Metropolitan Water District, the Department of Water Resources and the Delta Conveyance Design and Construction Authority (DCA) to keep current with activities on the project.

Detailed Report

Activities

Administration. Activities included preparing agendas for February and March, filing form 700s and processing payments for legal and other services.

Meetings/calls. DWR and the DCA continue to make progress on the environmental documents.

We continue to work with DWR and SWP contractors to evaluate potential financing paths, including the idea of financing planning costs and design costs upon completion of the environmental process. There were discussions with bond and disclosure counsel to begin preparing for a potential financing to support the DCA and DWR once the environmental work is concluded.

In addition, I participated in a "partnering session" with the DCA staff, DWR and a number of participating State Water Contractors. The purpose of the meeting was to bring together the various participants in the project to address permitting, funding and construction of the project. Given the long-term nature of this effort, the DCA and DWR suggested the session to identify activities in a general sense and the parties to help guide the efforts and continue to move forward.

Future Activities

I will continue working with the members, the DCA, DWR and the state water project contractors to identify opportunities to support funding, financial analysis and identify additional funding sources, including federal and state grants or contributions.

Recommended Action

Informational.

DELTA CONVEYANCE FINANCE AUTHORITY

Completed Actions as of:

April 30, 2022

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

DELTA CONVEYANCE FINANCE AUTHORITY

Completed Actions as of:

April 30, 2022

Action	Date
Approved no-cost extension to agreement with Michael Bell Management Consulting Services to provide Executive Director Services through December 2020	10/17/2019
Received and filed audited financial statements for fiscal year 2018/19	10/17/2019
Appointed Board Officers and Executive Committee	1/16/2020
Appointed MWD CFO as the Treasurer for the Authority	1/16/2020
Approved Fiscal Year 2020/21 Budget	5/21/2020
Approved Updated Investment Policy and Delegated authority to the Treasurer to invest funds	7/16/2020
Approved no-cost extension to agreement with Michael Bell Management Consulting Services to provide Executive Director Services through December 2021	10/15/2020
Received and filed audited financial statements for fiscal year 2019/20	10/15/2020
Appointed Board Officers and Executive Committee	1/21/2021
Approved Fiscal Year 2021/22 Budget	4/15/2021
Approved Investment Policy for 2021/22 and delegated investment authority to MWD Treasurer	8/19/2021
Approved agreement with Bell, Burnett & Associates to provide Executive Director services through December 21, 2022	11/18/2021
Appointed board Officers, including Treasurer	1/20/2022