



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

REGULAR MEETING

Thursday, April 18, 2024
11:00 a.m.
DCDCA Boardroom
980 9th Street, Suite 100
Sacramento, CA 95814

Teleconference Locations

1210 Beaumont Ave., Beaumont, CA 92223 [SGPWA]
5750 Almaden Expressway, San Jose, CA 95118 [Valley Water]

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Via Teleconference: +1 669 900 6833

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Passcode: 891731

One Tap Mobile: +16699006833,,95683101047#,,,,*891731#

AGENDA

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 April 17, 2024.***

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PLEDGE OF ALLEGIANCE**
- 4. PUBLIC COMMENT**
- 5. OTHER MATTERS**
- 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 15, 2024.

7. SCHEDULED ACTION ITEMS

- a. Consideration and possible action on the proposed fiscal year 2024/25 DCFA budget

8. REPORTS AND ANNOUNCEMENTS

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

9. FUTURE AGENDA ITEMS

- a. Future agenda items to be considered.

10. CLOSED SESSION

- a. Conference with legal counsel: Government Code §54956.9: potential litigation: one case.

11. ADJOURNMENT

BOARD OF DIRECTORS MEETING

MINUTES

Thursday, February 15, 2024
11:00 am

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER

The meeting of the Delta Conveyance Finance Authority (Finance Authority) Board of Directors was called to order by President Paul Sethy, at 11:10 a.m.

2. ROLL CALL

Board members in attendance were Paul Sethy, Valerie Pryor, Russell Lefevre, Thomas Todd, Nai Hsueh, Robert Tincher, Matthew Stone, Adnan Anabtawi, Steve Johnson, Robert Cheng and Peter Thompson.

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

3. PLEDGE OF ALLEGIANCE

The Board recited the pledge of allegiance.

4. PUBLIC COMMENT

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

No members of the public requested time to speak and President Sethy closed public comment.

5. OTHER MATTERS

No Other Matters were discussed by the Board.

6. CONSENT CALENDAR:

Director Sethy queried the public for any comments; none were provided. Director Sethy called for a motion to approve the minutes.

6.a. Approval of the minutes from the meeting of November 16, 2023.

- Motion: Approve the minutes from the meeting of November 16, 2023
Move to Approve: Valerie Pryor
Second: Matthew Stone
Yeas: Paul Sethy, Valerie Pryor, Russell Lefevre, Thomas Todd, Nai Hsueh, Robert Tincher, Matthew Stone, Steve Johnson, Robert Cheng and Peter Thompson
Nays: None
Abstains: Adnan Anabtawi
Recusals: None

Absent: None
Summary: 10 Yeas; 0 Nays; 1 Abstains; 0 Absent. (Motion passed as MO 24-2-1)

7. SCHEDULED ACTION ITEMS

a. Election of Board Officers and Appointment of Treasurer

Director Sethy introduced this item, noting that the DCFA’s joint powers agreement and bylaws require that the Board take action at the first meeting of the year to elect Board Officers, including a President, Vice President and Secretary, and appoint a Treasurer. Director Sethy requested that the Executive Director, Brian Thomas, provide a brief report on this item. Mr. Thomas discussed the process for this item. He noted that he had spoken with all of the current officers (e.g., President Sethy, Vice President Lefevre, and Secretary Cheng) and they have agreed to continue serving for the coming year. In addition, Mr. Thomas proposed reappointing Ms. Katano Kasaine as Treasurer for the coming year.

Mr. Sethy queried the Board on objections of re-nomination of current officers; none were provided. Mr. Sethy then queried for a motion.

Mr. Sethy queried for public comment; none was provided.

Motion: Elect Paul Sethy as President, Russ Lefevre as Vice President, Robert Cheng as Secretary, and Appoint Katano Kasaine as Treasurer/Controller, consistent with the terms of the JPA Agreement and the DCFA’s bylaws.
Move to Approve: Robert Tincher
Second: Adnan Anabtawi
Yeas: Paul Sethy, Valerie Pryor, Russell Lefevre, Thomas Todd, Nai Hsueh, Robert Tincher, Matthew Stone, Steve Johnson, Robert Cheng, Adnan Anabtawi, and Peter Thompson
Nays: None
Abstains: None
Recusals: None
Absent: None
Summary: 11 Yeas; 0 Nays; 0 Abstains; 0 Absent. (Motion passed as MO 24-2-2)

8. REPORTS AND ANNOUNCEMENTS

Director Sethy requested public comment; none was provided.

a. Update on DCA and Schedule (G. Bradner)

Graham Bradner, DCA Executive Director provided the report for the Board. Director Sethy noted that the presentation was informational, with no action being taken and queried the Board for questions for Mr. Bradner. The Board expressed its appreciation for the presentation.

Director Sethy queried for public comment; none were provided.

b. Future activities for the DCFA

Brian Thomas presented this report to the Board. He noted that the request for this item came out of the November 2023 Board meeting. The presentation provided background, purpose, challenges, and future opportunities for the DC Finance Authority.

Director Sethy queried for Board questions/comments. The Board discussed the presentation with Mr. Thomas.

Director Sethy queried for public comment; none were provided.

c. Treasurer's Report

Ms. Katano Kasaine provided the Treasurer's report to the Board. The beginning cash balance in the DCFA Trust at October 1, 2023 was \$325,355. Receipts and disbursements for the second quarter ended December 2023 totaled \$3,357 and \$35,757, respectively, resulting in an ending cash balance of \$292,955 at December 31, 2023. Year-to-date actual expenses were \$44,471, resulting in \$143,879 remaining in the fiscal year budget.

Director Stone queried what the cost would be to keep DCFA running at a minimal level; Brian reported that it cost approximately \$60-\$100k/year. Meeting less than quarterly would decrease those costs.

Director Sethy queried for public comment; none were provided.

d. General Counsel's Report

Steve O'Neill reported on recent activities, noting work focused on administrative matters.

e. Executive Director's Report

Mr. Thomas reported that the primary activity continued to be administrative in nature.

9. FUTURE AGENDA ITEMS

- a. Director Tincher requested a look at different operating options for the next FY to keep DCFA active.
- b. Mr. Sethy requested that Brian and Steve compile a list of agencies that have approved the amended JPA and share it with the Board.

10. CLOSED SESSION

- a. Conference with legal counsel: Government Code §54956.9: potential litigation: one case.

No closed session was held.

11. ADJOURNMENT

President Sethy adjourned the meeting at 12:48 p.m.

Board Memo

Contact: Brian Thomas, Executive Director

AGENDA DATE: April 18, 2024

Item No. 7.a

Subject

Fiscal Year 2024/25 Operating Budget Options

Executive Summary

At the Board of Directors meeting of February 15, 2024, the board discussed potential activities for the Delta Conveyance Finance Authority (DCFA) over the next few years. As a result of that discussion, members of the board requested that staff provide a budget that would maintain the DCFA as an entity but with minimal activity (e.g., meeting once a year rather than quarterly). This budget could then be compared to a budget more representative of the past year, in which the board meets quarterly and receives updates and informational reports. Given that the primary variable cost for the DCFA are the hours expended by the Executive Director and General Counsel, meeting 3-4 times a year would add about \$40,000 a year to the expenditure budget.

Detailed Report

The Joint Powers Act and the DCFA bylaws require that the DCFA meet at least once a year. At a minimum, the DCFA needs to adopt a budget, approve the audit and appoint board officers each year. As demonstrated over the past several years, the DCFA can meet more frequently to discuss ongoing progress with the Delta Conveyance Project, consider financing options/activities, and provide support for the Delta Conveyance Design and Construction Authority (DCA). The two options presented are designed to enable the DCFA to continue as a viable organization to be fully activated as circumstances dictate.

Expenditures. Two options for expenditures are shown in *Table 1. Proposed FY 2024/25 Budget Options Summary* and *Table 2. Proposed FY Operations Budget Options Detail* (attached). Option 1 is the minimal operations scenario, assuming a single meeting next year. Option 2 represents a more active DCFA calendar, including up to four meetings during the year. Neither option includes activities associated with a financing or application for a WIFIA loan.

Costs common to both scenarios include:

- a. Accounting and Treasury Services. These services are provided by the Metropolitan Water District and cost \$30,000 per year. This cost has been the same since the creation of the DCFA.
- b. Insurance. The DCFA provides Directors and Officers insurance. This insurance is relatively inexpensive as the DCFA has no employees and has not yet issued any debt. While insurance is not a requirement, it is prudent to maintain coverage at these rates.

- c. Audit Services. The Joint Powers Act requires the DCFA file an audited report of activities with the State Controller's Office each year. The annual audit has ranged from about \$5,000 to \$7,000 a year and can be expected to be at the lower end of the range given the level of DCFA transactions.
- d. Website Maintenance. The DCFA maintains a website and posts agendas and reports. This is a low cost service, estimated at about \$1,000 per year.

Additionally, the DCFA expends funds for the Executive Director and General Counsel. Both of these individuals help prepare agendas, answer Board members' questions, respond to public inquiries and coordinate work with the Delta Conveyance Design and Construction Authority (DCA), State Water Project Contractors and the Department of Water Resources. The primary driver of cost of these services is the number of DCFA meetings. As shown in *Table 2. 2024/25 Proposed Operating Budget*, adding 2-3 meetings would require an additional \$40,000 for these professional services.

Each budget option contains a \$5,000 contingency.

Receipts. Given the level of reserves expected at June 30, 2024, no call for funds from members will be required to fund next fiscal year's activities, regardless of the option selected. The only receipts budgeted are interest earnings in the amount of \$6,500, reflecting today's level of interest rates and the lower anticipated cash balances throughout the year.

Fund Balances. As shown in Table 1, fund balances (estimated to be about \$250,000 at the end of the current fiscal year) are expected to be sufficient to cover expenditures in fiscal year 2024/25 under either scenario. But maintaining the meeting schedule contemplated in Option 2 could require additional cash calls in fiscal year 2025/26 and beyond. Further, should the Board determine it is appropriate for the DCFA to engage in a financing activity (e.g., WIFIA loan, short-term financing, etc.), additional funding would be required to secure needed services such as bond and disclosure counsel.

Recommended Action:

That the Board approve the following CEQA finding:

The approval of the 2023/24 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 Fiscal Year 2024/25 Operating Budget to be funded with reserves and interest earnings.

Attachment

Proposed FY 2024/25 Budget Options Summary Table

Proposed FY 2024/25 Operating Budget Detail

Attachment

**Delta Conveyance Finance Authority
2024/25 Proposed Budget Options Summary
Receipts and Expenditures**

	Actual 2022/23	Budget 2023/24	Projected 2023/24	Proposed 2024/25 Option 1	Proposed 2024/25 Option 2
Receipts					
Member Agency Payments	-	-	-	-	-
Interest Earnings	9,401	6,000	9,000	7,500	7,500
Total	9,401	6,000	9,000	7,500	7,500
Disbursements	152,344	188,350	96,290	73,750	113,750
Receipts Less Disbursements	(142,943)	(182,350)	(87,290)	(66,250)	(106,250)
Cash & Investments at Beg. Year	479,077	333,976	336,134	248,844	248,844
Ending Cash & Investments	\$ 336,134	\$ 151,626	\$ 248,844	\$ 182,594	\$ 76,344

Table 1. Proposed FY 2024/25 Budget Options Summary

**Delta Conveyance Finance Authority
2024/25 Proposed Operating Budget Options Detail**

Item	Object	Actual 2022/23	Budget 2023/24	Projected 2023/24	Proposed 2024/25 Option 1	Proposed 2024/25 Option 2
1	Executive Director Compensation	\$ 19,176	\$ 30,000	\$ 21,000	\$ 10,000	\$ 30,000
2	Professional Services					
	General Counsel	22,967	30,000	27,500	10,000	30,000
	Bond Counsel	61,064	50,000	-	-	-
	Disclosure Counsel	-	-	-	-	-
	Municipal Advisor	-	-	-	-	-
	Audit	7,900	8,100	6,320	6,500	6,500
	Outreach (website maintenance)	-	10,000	1,200	1,000	1,000
3	Accounting/Treasury Services	30,000	30,000	30,000	30,000	30,000
4	Insurance	11,237	13,250	10,270	11,250	11,250
5	Travel and Meeting	-	1,000	-	-	-
6	Materials and Supplies	-	1,000	-	-	-
7	Contingency	-	15,000	-	5,000	5,000
	Total	\$ 152,344	\$ 188,350	\$ 96,290	\$ 73,750	\$113,750

Table 2. Proposed FY Operations Budget Options Detail



DELTA CONVEYANCE FINANCE AUTHORITY

Board Memo

Contact: Katano Kasaine, Treasurer

AGENDA DATE: April 18, 2024

Item No. 8.a

Subject: Treasurer's Report, Quarter Ended March 31, 2024

Executive Summary

The beginning cash balance in the DCFA Trust at January 1, 2024 was \$292,955. Receipts and disbursements for the third quarter ended March 2024 totaled \$3,148 and \$35,565, respectively, resulting in an ending cash balance of \$260,538 at March 31, 2024.

Attached is a schedule of Budget versus Actual through March 31, 2024. Year-to-date actual expenses were \$82,604, resulting in \$105,746 remaining in the fiscal year budget. The DCFA activities have been limited and primarily administrative in nature. There have been fewer board meetings than planned, limiting travel and meeting expenses. Future expenditures are expected to be at or below budget with primary activities consisting of communications and administration of the DCFA.

Detailed Report

See attached Statements

Recommended Action

For information only

ATTACHMENTS:

Attachment 1: DCFA Quarter Ended March 31, 2024 Financial Statements

Attachment 2: Budget versus Actual



DELTA CONVEYANCE FINANCE AUTHORITY
Statement of Net Position
As of March 31, 2024

Assets:		
Cash	\$	260,538
Interest receivable		971
Prepays		<u>2,568</u>
Total assets	\$	<u><u>264,077</u></u>
Net position	\$	<u><u>264,077</u></u>



DELTA CONVEYANCE FINANCE AUTHORITY
Statement of Cash Receipts and Disbursements

	Quarter Ended Mar '24	Year to Date Jul '23-Mar '24
Receipts:		
Interest receipts	\$ 3,148	\$ 9,954
Total receipts	<u>3,148</u>	<u>9,954</u>
Disbursements:		
Executive director	4,226	14,789
Professional services	16,339	30,492
Treasury and accounting	15,000	30,000
Insurance premiums	—	10,269
Total disbursements	<u>35,565</u>	<u>85,550</u>
Net change in cash	(32,417)	(75,596)
Cash at July 1, 2023	—	336,134
Cash at January 1, 2024	<u>292,955</u>	<u>—</u>
Cash at March 31, 2024	<u>\$ 260,538</u>	<u>\$ 260,538</u>



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

	Quarter Ended Mar '24	Year to Date Jul '23-Mar '24
	<u> </u>	<u> </u>
Revenues:		
Interest income	\$ 3,038	\$ 9,775
Total revenues	<u>3,038</u>	<u>9,775</u>
Expenses:		
Executive director	4,226	14,789
Professional services	16,339	30,084
Treasury and accounting	15,000	30,000
Insurance premiums	<u>2,568</u>	<u>7,731</u>
Total expenses	<u>38,133</u>	<u>82,604</u>
Changes in net position	(35,095)	(72,829)
Net position at June 30, 2023	—	336,906
Net position at December 31, 2023	<u>299,172</u>	<u>—</u>
Net position at March 31, 2024	<u>\$ 264,077</u>	<u>\$ 264,077</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, 2024

Vendor	Invoice #	Invoice Date	Payment Date	Period of Expense	Amount	Disbursement Category
1 Alliant Insurance Services, Inc.	2336266	06/20/23	07/14/23	07/01/23-07/01/24	\$ 10,269	Insurance premiums
2 Aleshire & Wynder LLP	76813	07/10/23	07/19/23	06/01/23-06/30/23	408	Professional services
3 Aleshire & Wynder LLP	78532	08/04/23	08/23/23	07/01/23-07/31/23	438	Professional services
4 Aleshire & Wynder LLP	79849	09/12/23	09/27/23	08/01/23-08/31/23	438	Professional services
5 Brian G. Thomas Consulting, LLC	179	09/01/23	09/27/23	07/01/23-08/31/23	2,113	Executive director
6 Matthew Ian Keogh	INV091823DCFA	09/18/23	09/27/23	01/01/21-09/18/23	562	Professional services
7 Metropolitan Water District of So. Ca	49206	10/02/23	10/20/23	03/01/23-10/31/23	15,000	Treasury and accounting
8 Brian G. Thomas Consulting, LLC	181	10/02/23	10/20/23	09/01/23-09/30/23	2,763	Executive director
9 Aleshire & Wynder LLP	80621	10/06/23	10/20/23	10/01/23-10/31/23	4,927	Professional services
10 Brian G. Thomas Consulting, LLC	188	11/03/23	11/29/23	10/01/23-10/31/23	1,137	Executive director
11 Aleshire & Wynder LLP	81852	11/08/23	11/29/23	10/01/23-10/31/23	2,353	Professional services
12 Brian G. Thomas Consulting, LLC	193	12/02/23	12/13/23	11/01/23-11/30/23	4,550	Executive director
13 Aleshire & Wynder LLP	82502	12/01/23	12/13/23	11/01/23-11/16/23	5,027	Professional services
14 Brian G. Thomas Consulting, LLC	197	01/04/24	01/22/24	12/01/23-12/31/23	488	Executive director
15 Richardson & Company LLP	113019	12/18/23	01/22/24	07/01/22-06/30/23	6,320	Professional services
16 Aleshire & Wynder LLP	83388	01/11/24	01/22/24	11/17/23-12/31/23	1,890	Professional services
17 Brian G. Thomas Consulting, LLC	200	02/05/24	02/23/24	01/01/24-01/31/24	1,300	Executive director
18 Aleshire & Wynder LLP	84187	02/08/24	02/23/24	01/01/24-01/31/24	2,372	Professional services
19 Metropolitan Water District of So. Ca	49498	10/02/23	02/23/24	11/01/23-02/29/24	15,000	Treasury and accounting
20 Brian G. Thomas Consulting, LLC	206	03/01/24	03/22/24	02/01/24-02/29/24	2,438	Executive director
21 Aleshire & Wynder LLP	84926	03/07/24	03/22/24	02/01/24-02/29/24	5,757	Professional services
					<u>\$ 85,550</u>	

Executive director	\$ 14,789
Insurance premiums	10,269
Treasury and accounting	30,000
Professional services	30,492
	<u>\$ 85,550</u>

*Totals may not foot due to rounding.



Delta Conveyance Finance Authority
Budget versus Actual
FY 2023/24

Item	Actual Through March 31, 2024	Budget FY 2023/24	Budget Remaining	Percent of Budget Used
Executive director	\$ 14,789	\$ 30,000	\$ 15,211	49%
Professional services	30,084	98,100	68,016	31%
Treasury and accounting	30,000	30,000	—	100%
Insurance premiums	7,731	13,250	5,519	58%
Travel and meeting expenses	—	1,000	1,000	—
Materials and supplies	—	1,000	1,000	—
Contingency	—	15,000	15,000	—
Total	\$ 82,604	\$ 188,350	\$ 105,746	44%