



22 E. Weber Avenue, Room 301 | Stockton, CA 95202 | (209) 937-7900 | www.sjafca.com

BOARD OF DIRECTORS

Katherine M. Miller, Director
Tom Patti, Director
Miguel Villapudua, Alternate

**EXECUTIVE
DIRECTOR**

James B. Giottonini

BOARD OF DIRECTORS

Elbert Holman, Director
Jesús Andrade, Director
Susan Lofthus, Alternate

BOARD MEETING

SAN JOAQUIN AREA FLOOD CONTROL AGENCY AGENDA

THURSDAY, MARCH 16, 2017

9:00 A.M.

425 N. El Dorado Street, City Hall, Second Floor, Council Chambers

- 1. CALL TO ORDER / ROLL CALL**
- 2. PLEDGE TO FLAG**
- 3. PROCLAMATION**

Proclamation commending Thane Young for his years of service to SJAFCA

4. CONSENT AGENDA

- 4.1) Approve minutes of the Board meeting of February 2, 2017
- 4.2) Approve a contract with Del Rio Advisors, LLC as Municipal Advisor for the financing phase of the Smith Canal Gate project and approve the use of City of Stockton staff, policies, vendor pools and contracts in bringing an issuance to market
- 4.3) Approve reimbursement to the City of Stockton for fiscal year 2016-17 first and second quarter operating expenses

5. **ORAL REPORT FROM EXECUTIVE DIRECTOR**
 6. **PUBLIC COMMENTS**
 7. **BOARD QUESTIONS, COMMENTS, ACTIONS**
 8. **CLOSED SESSION Conference with Legal Counsel – Two existing cases (Gov't Code Section 54956.9(d)(1))**
 - 8.1) Dominick Gulli v. San Joaquin Area Flood Control Agency; ICF International, Inc.; Peterson and Brustad, Inc; Moffat and Nichol. Case No. STK-CV-UWM-2015-0011880
 - 8.2) Atherton Cove Property Owners Association v. San Joaquin Flood Control Agency. Case No. STK-CV-UWM-2015-0011847
 - 8.3) Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of section 54956.9 (1 case)
 9. **ADJOURNMENT**
- ATTACHMENTS – WRITTEN COMMUNICATIONS (Information Only)**
- (1) Letter from Van Scoyoc Associates dated February 1, 2017

TENTATIVE BOARD MEETING DATES AT 9:00 A.M.:

**May 18, 2017
July 6, 2017
September 14, 2017
November 16, 2017
January 18, 2018**

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Board's office at (209) 937-7900 or (209) 937-7115 (fax). Requests must be made one full business day before the start of the meeting.

Agenda Item 4.1

**MINUTES
SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MEETING OF FEBRUARY 2, 2017**

CITY COUNCIL CHAMBERS, STOCKTON, CALIFORNIA

1. CALL TO ORDER / ROLL CALL 9:04 AM

Roll Call

Present:

Director Andrade

Director Holman

Director Miller

Director Patti

2. PLEDGE TO FLAG 9:04 AM

3. NOMINATION OF OFFICERS 9:05 AM

3.1) Elect a Chair and Vice-Chair for the SJAFCA Board of Directors

Motion: Elect Director Miller as Chair for the SJAFCA Board of Directors

Moved by: Director Andrade, seconded by Director Patti

Vote: Motion carried 4-0

Yes: Director Andrade, Director Holman, Director Miller,
and Director Patti

Motion: Elect Director Andrade as Vice-Chair for the SJAFCA Board of
Directors

Moved by: Director Holman, seconded by Director Patti

Vote: Motion carried 4-0

Yes: Director Andrade, Director Holman, Director Miller,
and Director Patti

4. CONSENT AGENDA 9:07 AM

4.1) Approve minutes of the Board meeting of November 17, 2016

4.2) Approve 2017-2018 SJAFCA Board Meeting Schedule

4.3) Authorize the request for statements of qualifications and proposals to select an engineering firm to provide construction management and inspection services for the Smith Canal Gate project

4.4) Authorize the Executive Director to sign an Urban Flood Risk Reduction Agreement for the Smith Canal Gate project with the California Department of Water Resources

Dominick Gulli of Green Mountain Engineering provided written comments to address the Board regarding Consent Agenda items

SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MEETING OF FEBRUARY 2, 2017

Motion: Approve Consent Agenda
Moved by: Director Holman, seconded by Director Andrade
Vote: Motion carried 4-0
Yes: Director Andrade, Director Holman, Director Miller,
and Director Patti

5. ORAL REPORT FROM EXECUTIVE DIRECTOR 9:09 AM

Executive Director Giottonini gave an oral report on the following:

President Trump and USACE

- Doug Lamont has been named the Acting Assistant Secretary to the Army for Civil Works replacing Jo-Ellen Darcy

Congressional Appropriations

- Before the last Congress adjourned at the end of December, they passed another Continuing Resolution to fund the government until April 28
- Congressional leaders have yet to indicate how they plan to finish work on the FY17 appropriations bills

WRDA 2016

- The final bill passed by the last Congress was the Water Resources Development Act
- In addition to providing direction to the Corps of Engineers regarding projects and policy, the Act also included California drought legislation that was negotiated between Rep. McCarthy and Sen. Feinstein

Feasibility Study

- The Corps Headquarters held a meeting in mid-December to discuss all pending 3x3x3 waiver requests, including the second waiver for our Feasibility Study
- The Corps District indicated that our waiver had been approved and that Headquarters is supportive of the Study and wants it to move towards completion
- The District is seeking the necessary funding to complete the Study

DC Visit

- We were trying to coordinate our next DC trip with the Civil Works Review Board meeting, but it keeps getting pushed out. Now it is scheduled for next August depending on securing the necessary funding
- Since our last trip was in April, and we have 2 new Board members and a new Administration, we are proposing a trip this Spring
- Two possible weeks: April 24 (week before One Voice) or May 22. Probably fly out on Wednesday with meetings on Thursday/Friday
- If any Board members are interested/available, let staff know. The trip would be especially useful and informative for new Board members.

6. PUBLIC COMMENTS 9:17 AM

**SAN JOAQUIN AREA FLOOD CONTROL AGENCY
MEETING OF FEBRUARY 2, 2017**

No public comments.

7. BOARD QUESTIONS, COMMENTS, ACTIONS 9:18 AM

Chair Miller welcomed the new board members and encouraged participation in the upcoming DC trip.

Vice-Chair Andrade stated Water and Flood Control is very important to the region and he is looking forward to serving together

8. CLOSED SESSION Conference with Legal Counsel – Two existing cases (Gov't Code Section 54956.9(d)(1)) 9:19 AM

- 8.1) Dominick Gulli v. San Joaquin Area Flood Control Agency; ICF International, Inc.; Peterson and Brustad, Inc; Moffat and Nichol. Case No. STK-CV-UWM-2015-0011880
- 8.2) Atherton Cove Property Owners Association v. San Joaquin Flood Control Agency. Case No. STK-CV-UWM-2015-0011847
- 8.3) Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of section 54956.9 (1 case)

Chair Miller called for a recess for closed session. The meeting resumed at 10:20 AM. Legal Counsel Scott Shapiro stated there was nothing to report.

9. ADJOURNMENT 10:20 AM

The meeting adjourned at 10:20 AM. The next meeting is scheduled for Thursday, March 16, 2017, at 9:00 AM.



JAMES B. GIOTTONINI
EXECUTIVE DIRECTOR
SAN JOAQUIN AREA FLOOD
CONTROL AGENCY

Agenda Item 4.2

March 16, 2017

TO: San Joaquin Area Flood Control Agency

FROM: James B. Giottonini, Executive Director

SUBJECT: **CONTRACT WITH DEL RIO ADVISORS, LLC AS MUNICIPAL ADVISOR FOR THE FINANCING PHASE OF THE SMITH CANAL GATE PROJECT AND THE USE OF CITY OF STOCKTON STAFF, POLICIES, VENDOR POOLS AND CONTRACTS IN BRINGING AN ISSUANCE TO MARKET**

RECOMMENDATION

It is recommended that the Board of Directors of the San Joaquin Area Flood Control Agency approve a contract with Del Rio Advisors, LLC for the proposed upcoming financing related to the Smith Canal Gate project and approve the use of City of Stockton staff, policies, vendor pools and contracts in overseeing this financing.

DISCUSSION

Background

In July 2012, the Agency was awarded a \$2,412,500 grant from the State of California Department of Water Resources (DWR) for 50% of project design for the Smith Canal Gate project. One year later, voters within the affected area passed a Proposition 218 property assessment to fund the local share, 50% of design and construction, of this \$36 million project.

In February 2015, the Board authorized the submittal of an Urban Flood Risk Reduction (UFRR) concept proposal application to seek State funding for construction. SJAFCA submitted its UFRR concept proposal in March 2015 seeking 67% of project construction costs. DWR conditionally committed up to \$22,309,666 to complete construction of the project pending receipt and subsequent approval of a full grant application.

The full UFRR application was submitted in August 2015 and is conditionally approved pending the inclusion of the project in the State Plan of Flood Control (SPFC). Inclusion in the SPFC can be accomplished by including the project in a U.S. Army Corps of Engineers Chief's Report and obtaining Congressional Authorization. DWR is willing to allow UFRR funding to complete project design, but funding is not committed for construction activities until a conditional Congressional Authorization is granted.

The Lower San Joaquin River Feasibility Study, which includes the Smith Canal Gate project, is scheduled for completion in December 2017. Once completed, a Chief's Report will be delivered to Congress for authorization to be included in a future Water Resources Development Act bill.

On February 2, 2017, the Board authorized the Executive Director to sign the UFRR Agreement with DWR for the Smith Canal Gate project. The agreement is still being finalized by the State. The agreement is needed because allocated design funding for the project has been spent. Project design is expected to be complete by the end of this year, and construction is scheduled to begin in early 2018 and completed by the end of 2019.

CONTRACT WITH DEL RIO ADVISORS LLC, AS MUNICIPAL ADVISOR FOR THE FINANCING PHASE OF THE SMITH CANAL GATE PROJECT AND THE USE OF CITY OF STOCKTON STAFF, POLICIES, VENDOR POOLS AND CONTRACTS IN BRINGING AN ISSUANCE TO MARKET

(Page 2)

Present Situation

As design is nearing completion, it is necessary to prepare for the financing phase of the project. In 2009 the Municipal Securities Rulemaking Board adopted Rule G-17 which requires that underwriters "shall deal fairly with all persons and shall not engage in any deceptive, dishonest or unfair practice".

Underwriting firms, by the very nature of their role, must not only work with the issuer on a financing but must also provide an attractive product for their investors. Because of these dual priorities, they are unable to provide services in a fiduciary capacity, meaning that they are unable to act solely in the best interests of the Agency.

Engaging an Independent Registered Municipal Advisor (IRMA) like Del Rio Advisors, LLC, provides the Agency a firm with an official fiduciary capacity to act on the behalf of the Agency. This allows the Agency to obtain an expert looking out for its interests solely.

The City of Stockton has enlisted Del Rio Advisors, LLC for many years as a member of its Municipal Advisor pool. More recently Del Rio was specifically engaged by the City in an advisory role and as the City's IRMA during bankruptcy. The firm helped negotiate many agreements with creditors during the City's bankruptcy. The Agency also enlisted its services in the 2002 refunding of prior bonds. Given these facts and due to its experience and expertise in this area as professional consultants, Del Rio is recommended to be enlisted in this project's financing based on the terms outlined in its proposal attached as Exhibit 1.

It is further recommended that the Board approve the use of the City of Stockton's staff, debt policies, vendor pools, and contracts in bringing a bond issuance to market. This will be more efficient and cost effective than the Agency developing its own policies and hiring extensive consultants and is consistent with existing agreements between the Agency and the City. Services to be provided by the City will include the drafting of staff reports, sending out Request For Proposals to vendor pool participants (underwriter, bond counsel and disclosure counsel), working with the Municipal Advisor in reviewing responses and engaging their services for the Agency, working with legal counsel in drafting issuance documents and resolutions and bringing them back to the Board for approval. Services will include working with County personnel and the prospective bond trustee to ensure the setup of all accounts. It will also involve working with Agency staff to ensure that issuance compliance mechanisms are in place to comply with ongoing post issuance requirements.

Staff at the City have been involved in successfully bringing multiple bond issuances to market and have worked well with multiple firms in these financings. In addition, there are a few items that need to be accomplished prior to assembling a full financing team. The following list presents a rough timetable of activities to commence once the project nears construction:

- | | |
|---------------------------|--|
| March to May 2017 | • Send out RFPs to legal and underwriting firms from City of Stockton vendor pools |
| June to August 2017 | • Compile a Preliminary Official Statement (POS) and draft legal documents |
| September to October 2017 | • Complete draft POS and distribute to Rating Agency and bond insurers |

CONTRACT WITH DEL RIO ADVISORS LLC, AS MUNICIPAL ADVISOR FOR THE FINANCING PHASE OF THE SMITH CANAL GATE PROJECT AND THE USE OF CITY OF STOCKTON STAFF, POLICIES, VENDOR POOLS AND CONTRACTS IN BRINGING AN ISSUANCE TO MARKET (Page 3)

- | | |
|-----------------------------------|--|
| Early November 2017 | • Rating Agency Presentation |
| Mid-November 2017 | • Authority Meeting (approve transaction and documents) |
| Early December 2017 | • Rating Released |
| Mid-December 2017 | • Bond Insurance Commitment; print and post POS |
| Early to Mid-January 2018 | • Investor Presentation |
| Early to Mid-February 2018 | • Pre-price Bonds |
| Mid-February 2018 | • Price Bonds |
| Late February or Early March 2018 | • Final Official Statement distributed, printed and posted; documents finalized and executed |
| Mid-March 2018 | • Pre-closing; closing and transfer of funds |

FINANCIAL SUMMARY

There is no immediate financial impact related to the actions being recommended. The services to be provided by Del Rio Advisors, LLC and the City of Stockton in bringing an issuance to market are contingent upon a successful marketing of the bonds. The costs of these services, should the issue be brought to market, will be paid from proceeds of the bond sale. The costs for Del Rio Advisors, LLC services, based upon initial issuance estimates, are estimated to be \$55,000. Costs for City staff time in preparation, review, and oversight, based upon initial issuance estimates, are estimated at \$65,000.

City work will carry through to the deposit of proceeds with the trustee and the setup of ongoing post issuance compliance processes (annual and ongoing continuing disclosure and reporting), including recently enacted Senate Bill 1029 reporting, which still has processes being finalized by the State. Should City assistance be required beyond this point, quarterly billing for actual hours worked can be billed through existing channels used for current Agency staff via the City's payroll system. Estimated costs of issuance, including legal and underwriting costs, as well as other minor costs will be presented to the Board for consideration and approval when the issuance of bonds is sought.

The recommended action is to approve a contract with Del Rio Advisors, LLC, an Independent Registered Municipal Advisor, and to approve the use of City of Stockton staff, policies, vendor pools and contracts to oversee the financing of the Smith Canal Gate project.

PREPARED BY: Kevin Beltz, City of Stockton Debt and Treasury Program Manager



APPROVED:
JAMES B. GIOTTONINI
EXECUTIVE DIRECTOR

JBG:KB:md

Attachment



EXHIBIT 1

Del Rio Advisors, LLC

"Independent Municipal Advisor"

February 17, 2017

Mr. James B. Giottonini
Executive Director
San Joaquin Area Flood Control Agency
22 East Weber Avenue, Suite 301
Stockton, CA 95202

RE: Fee Engagement / Disclosures

Dear Mr. Giottonini:

This letter specifies a proposed Fee Engagement ("Engagement") between Del Rio Advisors, LLC ("MA") and the San Joaquin Area Flood Control Agency ("Agency"). This letter also provides certain written policies and disclosures that must be provided by the Municipal Advisor to the Municipal Entity, as required by both the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB") based on rules which became effective July 1, 2014.

Scope of Municipal Advisory Activities to be Performed

Under the new regulations, Municipal Advisors are required to provide a specific list of services to be performed. This list can be amended at any time upon written agreement between the parties.

- Review all underwriter and placement agent proposals for specific transactions and make recommendations
- Either create or actively participate in the development of a sound financial plan
- Determine the most cost effective way to carry out the plan that is being considered including recommending innovative alternatives
- If requested, take primary responsibility for all quantitative analysis related to the project including: sources and uses of funds, debt service schedules, yield calculations, savings calculations, etc.
- Develop a detailed financing schedule and interested parties list

Del Rio Advisors, LLC

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Modesto, CA 95356
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EXHIBIT 1

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"Independent Municipal Advisor"

- Coordinate the efforts of bond counsel, disclosure counsel, underwriter(s), placement agent(s), trustee and consultants with respect to the preparation and approval of the financing documents
- Review and comment on all documents ⁽¹⁾
- Attend all meetings and present materials as needed
- If needed, prepare and coordinate comprehensive presentations to the rating agencies and bond insurers
- Prepare detailed costs of issuance and, if public sale, recommend a gross spread level
- Undertake pre-pricing analysis prior to sale; advise the issuer and help in the negotiation with respect to pricing on the day of sale
- Coordinate the approval, delivery and printing of all legal documents, closing certificates and the final official statement ⁽¹⁾
- Perform any other tasks or projects, as required, and amend this list as necessary to describe any new projects or tasks.
- If acting in the capacity of an Independent Registered Municipal Advisor ("IRMA") with regard to the IRMA exemption of the SEC Rule, MA will review all third party recommendations submitted to the MA in writing by the Agency.

Note:

⁽¹⁾ MA will review and comment on all documents and assist in preparing any documents necessary for the sale of a new issue or reoffering of municipal securities, including the official statement, offering memorandum or similar disclosure documents. However, besides tables or charts specifically prepared by MA and footnoted as such, MA takes no responsibility for the accuracy or completeness of any of the data provided by others, including the Agency, contained therein. MA may rely upon data provided by others in the preparation of tables and charts and takes no responsibility for the accuracy or completeness of the data provided.

Del Rio Advisors, LLC

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Term of Fee Engagement

The commencement date of the Engagement is the execution date as indicated on the signature page of this letter and the end date is the earlier of successful completion of the contemplated project, termination by either party or December 31, 2018.

Termination of Fee Engagement

This Engagement may be terminated by either party with 30-days written notice delivered by registered mail to the other party. If terminated, Agency will pay any standard reimbursable expenses accrued to date.

Compensation and Out-of-Pocket Expenses

Del Rio Advisors, LLC proposes to act as Municipal Advisor on the following issuance of municipal securities:

San Joaquin Area Flood Control Agency
Assessment Revenue Bonds, Series 2016

The size of the transaction is not yet determined. Del Rio Advisors, LLC proposes a fee schedule for two issuance options (Public Offering or Private Placement to Institutional Investors) and (Direct Placement to Commercial Banks or to Other Direct Lenders). The proposed fees are based on a range of issue sizes and are contingent upon successful closing of the transaction.

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Option One - Public Offering or Private Placement to Institutional Investors

Public Offering / Private Placement

Low	High	Fee ^(1, 2)
0	5,000,000	\$32,500
5,000,001	10,000,000	\$45,000
10,000,001	20,000,000	\$55,000
20,000,001	50,000,000	\$62,500
>50,000,000		\$67,500

- (1) Add to this figure up to a "not-to-exceed" \$2,500 for normal reimbursable expenses.
- (2) All fees assume negotiated bond sale; add \$5,000.00 for competitive sale.

Option Two – Direct Placement to Commercial Banks or to Other Direct Lenders

Direct Placement

Low	High	Fee ⁽¹⁾
0	5,000,000	\$22,500
5,000,001	10,000,000	\$32,500
10,000,001	20,000,000	\$40,000
20,000,001	20,000,000	\$45,000
>50,000,000		\$47,500

- (1) Add to this figure up to a "not-to-exceed" \$2,500 for normal reimbursable expenses.

Reimbursable expenses would include normal items such as mileage, hotels, conference calls, photocopying, etc.

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Fiduciary Duty

MA is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board (MSRB). As such, MA has a Fiduciary duty to the Agency and must provide both a Duty of Care and Loyalty that entail the following:

Duty of Care

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the Agency with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the City's / Authority's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Agency; and
- d) undertake a reasonable investigation to determine that MA is not forming any recommendation on materially inaccurate or incomplete information; MA must have a reasonable basis for:
 - i. any advice provided to or on behalf of the Agency;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Agency, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Agency securities; and
 - iii. any information provided to the Agency or other parties involved in the municipal securities transaction when participating in the preparation of an official statement.

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Duty of Loyalty

MA must deal honestly and with the utmost good faith with Agency and act in Agency's best interests without regard to the financial or other interests of MA. MA will eliminate or provide full and fair disclosure (included herein) to Agency about each material conflict of interest (as applicable). MA will not engage in municipal advisory activities with Agency as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in Agency's best interests.

Conflicts of Interest and Other Matters Requiring Disclosures:

- As of the date of the Engagement, there are no actual or potential conflicts of interest that MA is aware of, other than listed below, that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If MA becomes aware of any other potential conflict of interest that arises after this disclosure, MA will disclose the detailed information in writing to Agency in a timely manner.
 - Del Rio Advisors currently serves as the Independent Registered Municipal Advisor to the City of Stockton. While Del Rio Advisors does not consider there to be a conflict, the San Joaquin Area Flood Control Agency has as a member of its' Board two members of the City Council of the City of Stockton.
- The fee paid to MA increases the cost of investment to Agency. The increased cost occurs from compensating MA for municipal advisory services provided.
- MA does not act as principal in any of the transaction(s) related to this Engagement.
- During the term of the municipal advisory relationship, this Engagement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this Engagement and the revised writing will be promptly delivered to Agency.
- MA does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by MA;

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- MA has not made any payments directly or indirectly to obtain or retain the Agency's municipal advisory business;
- MA has not received any payments from third parties to enlist MA's recommendation to Agency of its services, any municipal securities transaction or any municipal finance product;
- MA has not engaged in any fee-splitting arrangements involving MA and any provider of investments or services to Agency;
- MA has a conflict of interest from compensation for municipal advisory activities to be performed, that is contingent on the size or closing of any transactions as to which MA is providing advice;
- MA does not have any other Engagements or relationships that might impair MA's ability either to render unbiased and competent advice to or on behalf of Agency or to fulfill its fiduciary duty to the Agency, as applicable; and
- MA does not have any legal or disciplinary events that are material to Agency's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Legal Events and Disciplinary History

MA does not have any legal events and disciplinary history on their Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. Agency may electronically access MA's most recent Forms MA and each most recent Forms MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

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Recommendations

If MA makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by Agency and is within the scope of the Engagement, MA will determine, based on the information obtained through reasonable diligence of MA whether a municipal securities transaction or municipal financial product is suitable for the Agency. In addition, MA will inform Agency of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which MA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for Agency; and
- whether MA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Agency's objectives.

If Agency elects a course of action that is independent of or contrary to the advice provided by MA, MA is not required on that basis to disengage from Agency.

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, MA is required to maintain in writing, all communication and created documents between MA and Agency for five (5) years.

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EXHIBIT 1

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"Independent Municipal Advisor"

Various Matters

Based upon the date of execution below, MA may begin work immediately on the understanding that the Agency will make every effort to formalize the Engagement with a Board action.

Once approval is granted by the Board, this letter can act as either an exhibit to any standard form of Agency contract or if one is not available may become the Engagement between the parties.

If there are any questions regarding the above, please do not hesitate to contact Kenneth L. Dieker of Del Rio Advisors, LLC. If the foregoing terms meet with your approval, please **acknowledge receipt** by executing this letter, scan and email a copy.

Sincerely,

Del Rio Advisors, LLC

By: 
Kenneth L. Dieker, Principal

Agency

By: _____
James B. Giottonini, Executive Director

Dated as of: _____, 2017

Del Rio Advisors, LLC

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Agenda Item 4.3

March 16, 2017

TO: San Joaquin Area Flood Control Agency

FROM: James B. Giottonini, Executive Director

SUBJECT: **REIMBURSEMENT TO THE CITY OF STOCKTON FOR FISCAL YEAR 2016-17 FIRST AND SECOND QUARTER OPERATING EXPENSES**

RECOMMENDATION

It is recommended the Board of Directors of the San Joaquin Area Flood Control Agency adopt a resolution to approve payment of the City of Stockton's invoice for SJAFCA's first and second quarter operating expenses for fiscal year 2016-17.

DISCUSSION

Background

Each year the Agency reimburses the City of Stockton for expenses incurred in accordance with a cost sharing agreement executed on March 21, 1995, between the City of Stockton, San Joaquin County, and San Joaquin County Flood Control and Water Conservation District. It should be noted that the City of Stockton does not charge the Agency interest for carrying the Agency's operating expenses throughout the fiscal year.

The Board adopted SJAFCA Resolution Nos. 16-04 and 16-10 authorizing payment of operating expenses incurred during fiscal year (FY) 2015-16 totaling \$696,373.73 (\$663,043.73 for direct costs + \$33,330 for indirect costs).

Present Situation

The City of Stockton issued an invoice containing the direct and indirect costs incurred by SJAFCA for the first and second quarter of FY 2016-17 (Exhibit A). Below is a description of the direct and indirect costs:

Direct Costs

- i) Employee Services total \$297,407.86 (\$144,789.96 for the first quarter and \$152,617.90 for the second quarter). Employee services contain expenses related to salary and benefits for SJAFCA staff and City of Stockton staff who provide direct support services to the Agency. City staff services include general accounting and administrative support. Direct support services from City of Stockton staff totaled \$4,651.62 (roughly 1.5% of Employee Services).

**REIMBURSEMENT TO THE CITY OF STOCKTON FOR FISCAL YEAR 2016-17
FIRST AND SECOND QUARTER OPERATING EXPENSES**

(Page 2)

- ii) Other Services in the amount of \$28,347.16 covers expenses related to office equipment rental, computer technical support and maintenance, liability insurance, and costs for duplication, postage, and mailing.
- iii) Materials and Supplies in the amount of \$4,357.80 covers expenses related to general office supplies including maintenance fees for SJAFCA's copier.

Total Direct Costs for 1st and 2nd Quarters: \$330,112.82

Indirect Costs

Indirect costs are developed by an independent consultant hired by the City of Stockton to identify and calculate the rates to be charged to various City departments and divisions for the internal services that are required to support direct services. Indirect costs include support services such as accounting, human resources, and payroll processing, as well as expenses related to the use of City facilities such as rent, utilities, and maintenance. The identification of these costs is performed in accordance with the Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. Indirect costs are expressed as rates that are charged to the different City departments and divisions.

The annual indirect cost allocation for the Agency for FY 2016-17 is \$33,330. This is the same rate as the previous five fiscal years.

Total Indirect Costs for the 1st and 2nd Quarters: \$16,665

The City issued an invoice for the direct and indirect operating costs for the first and second quarter of the fiscal year totaling \$346,777.82 (\$168,051.57 for the first quarter and \$178,726.25 for the second quarter). Staff reviewed the invoice and determined these costs are consistent with the Agency's activities and are within the fiscal year 2016-17 budget for operating expenses.

PREPARED BY: Marlo Duncan



APPROVED:
JAMES B. GIOTTONINI
EXECUTIVE DIRECTOR

JBG:MD

Attachment

EXHIBIT A



CITY OF STOCKTON

PUBLIC WORKS DEPARTMENT

22 East Weber Avenue, Room 301 • Stockton, CA 95202-2317 • 209 / 937-8411 • Fax 209 / 937-8277
www.stocktonca.gov

INVOICE

February 24, 2017

San Joaquin Area Flood Control Agency
c/o Marlo Duncan, Public Works Department
22 E. Weber Ave, Suite 301
Stockton, CA 95202

SUBJECT: RECOVERY OF EXPENSES FOR SJAFCA CHARGES TO ACCOUNT 020-0137

Enclosed is the summary of City of Stockton expenditures in support of the San Joaquin Area Flood Control Agency, in accordance with the Pre-construction Cost-Sharing Agreement between the City of Stockton and the County of San Joaquin and the San Joaquin County Flood Control and Water Conservation District, dated March 21, 1995.

First quarter of FY 2016-2017 (July through September) total expenses are **\$168,051.57** and second quarter of FY 2016-2017 (October through December) total expenses are **\$178,726.25**. Total amount due is **\$346,777.82**.

Please remit payment to:

City of Stockton Public Works Department
Attn: Fiscal Division
22 E. Weber Ave, Room 301
Stockton, CA 95202

If you have any questions, please contact Grace B. Petines, Program Manager II at 209-937-7902.

GORDON MACKAY
PUBLIC WORKS DIRECTOR

ROBIN BORRE
PROGRAM MANAGER III

GAM:RB:gbp

Enclosures

EXHIBIT A

SAN JOAQUIN AREA FLOOD CONTROL AGENCY QUARTER RE-CAP FY 16/17

FUND 020-0137		FY 16-17 Quarter 1 Jul - Sep	FY 16-17 Quarter 2 Oct - Dec	FY 16-17 Quarter 3 Jan - Mar	FY 16-17 Quarter 4 Apr - Jun	Reimbursable Total
510.10-**	Employee Services	\$ 144,789.96	\$ 152,617.90			\$ 297,407.86
510.20-**	Other Services	13,778.05	14,569.11			\$ 28,347.16
510.30-**	Material & Supplies	1,151.06	3,206.74			\$ 4,357.80
510.40-14; 40-xx	Other Expenses	-	-			\$ -
510.40-25	Indirect Cost Allocation	8,332.50	8,332.50			16,665.00
020-0137-***.***.*** Total Quarter Expenses		\$ 168,051.57	\$ 178,726.25	\$ -	\$ -	\$ 346,777.82
ACCUMULATIVE EXPENDITURE		\$ 168,051.57	\$ 346,777.82			

Attachments



February 1, 2017

Mr. Jim Giottonini
Executive Director
San Joaquin Area Flood Control Agency
22 East Weber Avenue, Suite 301
Stockton, CA 95202-2317

Dear Jim:

I am reaching out to you regarding the current contract between Van Scoyoc Associates (VSA) and the San Joaquin Area Flood Control Agency (SJAFCA) for federal lobbying services. Let me first express what a privilege it has been to represent SJAFCA Washington, D.C., since 2005. I am pleased that our relationship has resulted in many legislative, regulatory, and funding successes for SJAFCA over the years.

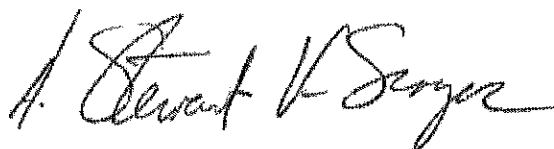
As you are aware, last summer Thane Young experienced an unexpected and significant medical event. While Thane has made considerable progress in his recovery, at this time, he does not feel as if he has made enough of an improvement to return to work. Thane has served as the lead on the VSA team for SJAFCA since our contract began, and even before Thane joined us at VSA in 2005. As Thane's longest serving client, I know how much he enjoyed working on your behalf, and how he valued the relationships that he has developed with you all over the years.

As a result of Thane's situation, I wanted to reassure you that I have made the necessary internal changes to provide SJAFCA with the level and quality of service you have come to expect. Pete Evich, a Vice President who has been with VSA since 2003, will be stepping into the lead role for your VSA team. Pete is a strategic thinker, Capitol Hill veteran, and has almost fifteen years of experience lobbying on behalf of local governments and water districts. I am confident Pete will meet and exceed all of your expectations.

Both Laura Morgan-Kessler, Director of Government Relations, and Max Perkins, Manager of Government Relations, will continue to work for SJAFCA as well. Laura and Max did an exceptional job during Thane's absence and will maintain that high level of service going forward. In addition to Pete, Laura, and Max, I have tasked VSA Vice President John Anderson, who served as the former Republican Staff Director for the House Water Resources and Environment Subcommittee and has an extensive background in the Army Corps of Engineers, to assist SJAFCA going forward. As has always been the case, Pete will be able to reach out to John and other VSA Vice Presidents for assistance as issues may arise in their areas of expertise.

I appreciate the trust you have placed in Van Scoyoc Associates over the years, and know that this dedicated team will continue to help advance SJAFCA's federal agenda. To that end, as our current contract is set to expire at the end of the February, 2017, I would respectfully request that the contract be renewed for a one-year period under the current terms. Please do not hesitate to contact me if you have any questions at (202) 638-1950. Thank you again for allowing Van Scoyoc Associates the honor of representing SJAFCA in Washington.

Sincerely,

A handwritten signature in black ink, reading "H. Stewart Van Scoyoc". The signature is written in a cursive, flowing style with a large initial "H" and a long, sweeping underline.

H. Stewart Van Scoyoc
President & CEO

End of Agenda Packet