RECLAMATION DISTRICT NO. 2035

BOARD OF TRUSTEES

MINUTES OF REGULAR MEETING

June 14, 2022

1. Call to Order

Pursuant to notice of a Regular meeting, which was posted and served on the members of the Board of Trustees of Reclamation District No. 2035 more than 72 hours prior to June 14, 2022, the Board of Trustees of Reclamation District No. 2035 held a regular meeting. The meeting was held in person and via teleconference due to the COVID-19 pandemic. The meeting was called to order at 9:37 a.m. by Trustee Baker since President Tsakopoulos was not present.

1. Roll Call

Trustee Robert Baker and Trustee Angelo Christie (via phone) were present. President Tsakopoulos was absent. Trustee Baker noted that there was a quorum was present for conducting business. Mike Hall, District General Manager, Scott Morris, General Counsel, Eric Robinson with KMTG, Denise Costa, Will Vasilopoulos, Marti Holland, Brian Manning with the Desmond Law firm (part time) were present at the meeting. Ingrid Sheipline, CPA from Richardson & Company was present for the discussion of the District's audit.

1. Public Comment

There was no public comment.

1. Approve Minutes

The Board consider approval of the November 16, 2021, Regular Board meeting minutes. After reviewing the minutes, Trustee Christie moved approval of the minutes and Trustee Baker seconded the motion. The minutes were approved by a 2-0-1 (President Tsakopoulos absent) vote.

1. FY20/21 Annual Audit Presentation

Marti Holland and Ingrid Sheipline from Richardson & Company, LLP, the District's Accounting firm, presented the results of the FY20/21 Audit of the District's finances. The presentation included a summary of reports issued including the Audited Financial Statements, the Governance Letter, and the Management Letter.

Regarding the Audited Financial Statements, Ms. Sheipline stated that the results were a Clean Audit for the District, the addition to Reserves of $50,000 to the Water Delivery account and $50,000 to the Flood Protection account. While the District shows a loss, this continues to only be a paper loss due to the Pumping Plant depreciation amounts and is not a cash loss.

The Audit concludes there are no weaknesses, problems with internal controls, and all prior deficiencies have been corrected. The Management Letter did note that grant revenue recognition did have to be corrected by the District to be recognized to the same year as expenses. Also, the Management Letter recommended the District change its Depreciation Policy from 5-years to 7, which is the practice actually used by the District.

After additional discussion and questions by the Trustees, Trustee Christie moved to accept the FY 20/21 Audit Report and Trustee Baker seconded the motion. The motion was approved by a 2-0-1 (President Tsakopoulos absent) vote.

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| 1. Budget to Actual Status to May 31, 2022   Marti Holland provided a handout for information only that summarized the FY 2021-22 Budget v. Actual through the end of May 2022. Marti stated that although the County records currently show a loss in the Water Delivery account of $175,000 it does not account for income due and expected to be collected of $475,000, and an additional $126,000 from the Woodland Davis Clean Water Agency for power cost reimbursement. She noted the District is within budget except for power and diesel expenses.  In the O&M budget, two $45,000 pump repairs are anticipated, but said she expects the District to end the year in positive territory and can add to the reserve funds.  The report was received by the Board and no action was taken.   1. Consider Approval of Proposed 2022/2023 Budget   Marti Holland presented the proposed FY 2022/2023 District Budget and summarized the handout containing the proposed budgeted amounts for the Water Delivery and Operations and Maintenance Budgets. She said the budget contains significant amounts for the maintenance of the Joint Pumping Plant and Mr. Hall reminded the Board that the District is responsible for 80% of the joint maintenance costs. Marti stated that she expects that funds can be added to increase both reserve accounts, and with those, the District can seek more grant funding as most now require some level of District contributions.  After additional discussion and questions by the Trustees, Trustee Christie moved to approve the FY 22/23 District Budget. Trustee Baker seconded the motion. The motion was approved by a 2-0-1 (President Tsakopoulos absent) vote.   1. Update on Sierra Northern Railway Lawsuit   Brian Manning from the Desmond, Nolan, Liviach & Cunningham firm updated the Board in open session regarding the lawsuit filed by the Sierra Northern Railway against numerous agencies, including the District, The Railway asserts that the various agencies have no right to flood its trestle located within the Yolo Bypass. Mr. Manning stated the action is for declaratory relief, and that no monetary damages are currently sought. He also said there is no evidence that the District has had any impact on the trestle. He is continuing to discuss the issues with opposing counsel.  No action was taken on this item.   1. Update between Central Valley Flood Protection Board and RD 2035 for remaining PL84-99 Site Repair   Mike Hall reported that the U.S. Army Corps of engineers spent $14M repairing the District's levees from the recent storm damage so far, and the last levee repair site will cost an additional $5M to repair, paid for by the Corps. Mr. Hall reported that the final repair should be completed by October.  No action was taken on this item.   1. Resolution #2022-001 Consider Authorizing the General Manager, RD 2035, Mike Hall to execute Local Maintaining Agency Agreement for Flood Management Assistance Program (FMAP)   Mike Hall presented this item to the Board and stated this was the standard FMAP annual resolution with the District to enter into an Agreement with DWR for reimbursement of O&M costs for the District's flood control work. This is the 4rd year of an Agreement with DWR, and this year it should result in funds expended on O&M to be reimbursed to the District.  After additional discussion and questions by the Trustees, Trustee Christie moved to approve Resolution #2022-001. Trustee Baker seconded the motion. The motion was approved by a 2-0-1 (President Tsakopoulos absent) vote.   1. Resolution #2022-002 Consider approving the resolution for accepting funds from the Department of Water Resources for the 2023 Flood Maintenance Assistance Program (FMAP) and authorizing the General Manager to sign the funding agreement and disbursement requests.   Mike Hall stated that this Resolution is the companion to the one just approved and is needed to complete the FMAP funding application process. In addition, the resolution authorizes Mr. Hall to sign requests for reimbursement from DWR when the District completes eligible O&M work.  Trustee Christie moved to approve Resolution #2022-002. Trustee Baker seconded the motion. The motion was approved by a 2-0-1 (President Tsakopoulos absent) vote. |

The meeting was adjourned at 10:10 am.

ATTEST:

Secretary, Reclamation District 2035