

RECLAMATION DISTRICT NO. 2035
BOARD OF TRUSTEES
MINUTES OF SPECIAL MEETING
August 8, 2023

1. Call to Order

Pursuant to notice of a Special Meeting, which was posted and served on the members of the Board of Trustees of Reclamation District No. 2035 more than 24 hours prior to August 8, 2023, the Board of Trustees of Reclamation District No. 2035 held a special meeting at Conway Ranch, 45332 County Road 25, Woodland, CA. The meeting was held in person and via teleconference. The meeting was called to order at 9:45 a.m. by President Tsakopoulos.

2. Roll Call

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

3. Public Comment

There was no public comment.

4. Approve Minutes

The Board consider approval of the March 8, 2023 Special Board meeting minutes. After reviewing the minutes, Trustee Baker moved approval of the minutes and President Tsakopoulos seconded the motion. The minutes were approved by a 2-0-1 (Trustee Christie absent) vote.

5. FY21/22 Annual Audit Presentation

Marti Holland and Ingrid Sheipline from Richardson & Company, LLP, the District's Accounting firm, presented the results of the FY21/22 Audit of the District's finances. The presentation included a summary of reports issued including the Audited Financial Statement, the Governance Letter, and the Management Letter.

Regarding the Audited Financial Statement, Ms. Sheipline stated that the results were a Clean Audit for the District and at the end of the fiscal year, the District's cash balance had a slight increase over the previous year. This is mainly due to the grant reimbursements from the Deferred Maintenance Program (DMP) and Flood Maintenance Assistance Program (FMAP). This allowed the District to increase and maintain the reserves designated by the Board to \$100,000 in both the General Fund and Water

Delivery Fund as well as the reserve designated for the intake of \$262,800. At the end of the fiscal year the net position decreased slightly to \$39,664,618 as compared with \$39,819,494 in 2021 primarily due to continuing depreciation of the pumping plant. The net position amount is comprised of investment in capital assets and unrestricted net position. In 2022 the total amount of \$848,144 is considered unrestricted and available to meet the District's ongoing obligations. However, as mentioned above, \$462,800 is designated as reserves by the Board of Directors. The total amount of unrestricted net position was \$657,568 in 2021, which included \$231,400 designated as reserves by the Board of Directors.

The Audit concludes there are no weaknesses, problems with internal controls, and all prior deficiencies have been corrected. This year the Management Letter did not contain any recommendations.

After additional discussion and questions by the Trustees, President Tsakopoulos moved to accept the FY 21/22 Audit Report and Trustee Baker seconded the motion. The motion was approved by a 2-0-1 (Trustee Christie absent) vote.

6. Consider Approval of Proposed 2023/2024 Budget

Marti Holland began this item with a presentation of the Budget v. Actual though June 30, 2023. She provided a handout that summarized the FY 2022-23 Budget v. Actual through the end of the fiscal year (6/30/23). Marti stated that both the Water Delivery and M&O budgets ended the year in positive territory. Although expenses slightly exceeded budget, income over budget made up for the expense increases resulting in positive net income in both categories.

The report was received by the Board and no action was taken.

Marti Holland next presented the proposed FY 2023/2024 District Budget, and summarized the handout containing the proposed budgeted amounts for the Water Delivery and Operations and Maintenance Budgets. She said both the Water Delivery and M&O proposed budgets end the year slightly in positive territory and maintains the reserves. After additional discussion and questions by the Trustees, Trustee Baker moved to approve the FY 23/24 District Budget. President Tsakopoulos seconded the motion. The motion was approved by a 2-0-1 (Trustee Christie absent) vote.

7. Signature of Authority for the County

Marti Holland presented this item to the Board, explaining that the General Manager's and each Board member's execution of the form provided in the meeting agenda packet would authorize President Tsakopoulos and the District employees named on the form to undertake the transactions specified on the form.

She explained the County needs new authorization forms for the District's financial accounts with the County. The Board reviewed and discussed the draft form provided.

Thereafter, Trustee Baker moved to approve the County Authorization Form. President

Tsakopoulos seconded the motion. The motion was approved by a 2-0-1 (Trustee Christie absent) vote.

8. **Resolution 2023-004 Adopting Assessment Rate For the 2023-2024 Fiscal Year**

Marti Holland and General Counsel Scott Morris presented this item. The Board adopted the existing M&O rate by Resolution on July 24, 2018. That rate allowed the Board to increase the O&M Assessment Rate by up to 2% or the CPI (CPI-W3 for West – Size Class B/C, all Items), whichever is lower, but only if the District does an analysis demonstrating the need for an increase. Marti Holland provided background showing the analysis supporting the increased costs to the District and the need for the increase in the O&M Rate. An examination of the appropriate CPI show an increase of 3.5%. Since 3.5% is greater than 2%, the maximum increase in the O&M rate the Board can approve is 2%.

The Board discussed the increased rate, reviewed the pending Resolution approving a 2% increase and asked additional questions.

Trustee Baker moved to approve Resolution 2023-004 adopting a 2% increase in the O&M Assessment Rate for the 2023-2024 fiscal year assessment and thereafter, until changed by the Board. President Tsakopoulos seconded the motion. The motion was approved by a 2-0-1 (Trustee Christie absent) vote.

9. **Resolution 2023-005 – Authorizing District Counsel and Board Secretary to Conduct the Election By Mail-In Ballot in Accordance With California Law**

District Counsel Scott Morris explained the Election Resolution pending before the Board. He stated that the District's elections are every other odd year and that election law requires the District to set election dates and establish election conductors since the District does not use the County's election system due to cost.

After additional discussion, regarding the Election Resolution, Trustee Baker moved approval of the District Fall 2023 Election Resolution and President Tsakopoulos seconded the motion. The District Fall 2021 Election Resolution was approved was approved by a 2-0-1 (Trustee Christie absent) vote.

10. **FMAP Update for 2023.**

Marti Holland and Mike Hall updated the Board on the District's work plan, project schedule, and budget for the FMAP, or Flood Management Assistance Program, which implements the Local Maintaining Agency Agreement with the California Department of Water Resources that was approved by the Board. Marti Holland updated the Board on the status of reimbursement and the workplan for the upcoming year and that much of the District's cost for flood protection work can be reimbursed under the FMAP.

No action was taken on this item.

11. **FEMA/OES Storm Damage Reimbursement**

Mike Hall provided an update to the Board regarding the status of reimbursement for work performed as a result of storm damage. Mr. Hall expected reimbursement to be made in the near future.

No action was taken on this item.

12. **West Levee/Intake Levee**

Mike Hall provided an update to the Board regarding the need in the future for work on the West Levee/Intake Levee to prevent erosion. Information was provided in a handout and the Board held a brief discussion regarding this potential future work.

No action was taken on this item.

13. **CLOSED SESSION – Existing Litigation Sierra Northern Railway Lawsuit**

The Board entered into Closed Session at 10:50 am to discuss the above lawsuit with Counsel on the case -- Brian Manning from the Desmond, Nolan, Liviach & Cunningham.

The Board reentered Open Session at 11:04 am. President Tsakopoulos reported out that no action was taken on this item.

The meeting was adjourned at 11:05 am.

ATTEST:

Secretary, Reclamation District 2035