

RECLAMATION DISTRICT NO. 2035
BOARD OF TRUSTEES
MINUTES OF REGULAR MEETING
March 9, 2021

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 March 9, 2021, 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 9:44 a.m. by President Tsakopoulos.

2. Roll Call

President Tsakopoulos, Trustee Robert Baker and Trustee Angelo Christie were present in person or via teleconference. President Tsakopoulos noted that there was a quorum was present for conducting business. Mike Hall, District General Manager, Scott Morris, and Holly Roberson General Counsel, Denise Costa, Will Vasilopoulos, Marti Holland and Steve Gidaro were also present in person or via teleconference at the meeting. Ingrid Sheipline, CPA was present for the discussion of the District's audit.

3. Public Comment

Steve Gidaro presented several comments regarding the use of winter water. he said he would put the comments in writing and discuss with General Manager Mike Hall at a later date.

4. Approve Minutes

The Board consider approval of the September 29, 2020 Regular Board meeting minutes. After review, Trustee Baker moved approval of the minutes and Trustee Christie seconded the motion. The minutes were approved by a 3-0 vote.

5. 2019-2020 Audit Report

Ingrid Sheipline, CPA with Richardson & Company, LLP went over the agenda for reporting on the 2019-2020 audit report. Reports issued and discussed included 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 \$256,000 and although there was a Net loss of \$127,453 it was due to \$499,492 of depreciation associated primarily with the Pumping Plant (non-cash). She noted there was Restatements of 2019 amounts for grant funds that should have been accrued, which was a minor issue. Related to that, the audit provided recommendations needed to follow grant tracking to record revenue in same

period as expensed which Marti Holland indicated has already been implemented. Ms. Sheipline stated that the audit revealed the District complied with applicable laws and regulations.

Regarding the Governance Letter, Ms. Sheipline stated there were 4 audit adjustments identified and corrected, and that there were no difficulties in performing the audit and no unusual accounting practices.

Regarding the Management Letter, Ms. Sheipline reported two recommendations: Quantity and unit price information to be included on winter water bills and Annual review of investment policy by Trustees as required by law. Ms. Sheipline thanked Marti Holland for all of her assistance in providing information needed to complete the audit.

President Tsakopoulos commented that three of the four recommendations; grant tracking processes, winter water billing and correcting tracking grant revenues has already been completed by the District. The fourth issue – annual consideration of the District's investment policy was scheduled for completion later in this meeting so he thought the District was in good shape from an auditing aspect. He asked Ms. Sheipline to provide help to the District in simple management analysis tools regarding the budget and she agreed.

No action was taken by the Trustees, except to accept the audit reports as information.

6. Budget v. Actual Status Through February 2021

Marti Holland provided a handout that summarized the FY 2020-21 Budget v. Actual through the end of February 2021. Net income as of that date is \$419,538 vs. 154,097 last year. Increased water rates and the administration fee for this fiscal year helped put the District in a strong cash position. The District was awarded up to \$80,000 from the Flood Maintenance program this year, but will likely only expend \$50,000. Trustee Baker asked if the District had adequate reserve funding. President Tsakopoulos stated he was glad we implemented building the reserve funds, but thought we needed to add more. General Manager Hall agreed more reserves would be a good idea, but the amount needed would in part depend on future projects.

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

7. Levee Repair Update

Mike Hall reported that the last levee repair site is still not complete. The repair will be 100% paid for by the U.S. Army Corps of Engineers. The repair will require the canal to be relocated, so the work will be delayed until the summer of 2021.

No action was taken on this item.

8. Flood Maintenance Assistance Program

Mike Hall reported that the District was approved for a grant of \$83,000 in advanced funding from DWR for maintenance activities, but would probably only be able to use about \$50,000 of that amount this year.

No action was taken on this item.

9. WAPA Agreement

Mike Hall and District Counsel Scott Morris presented background information on the proposed Western Area Power Authority Agreement for Base Resource Power for the District. Mr. Hall stated the power was used at the Joint Intake Project pumping plant. The Agreement was provided to Trustees and Trustee questions and answered followed. Mr. Morris stated that consideration of the Agreement would be undertaken during the next agenda item.

**10. Resolution re-approval of the WAPA Contract for Electric Service
Base Resource with RD 2035**

Mr. Morris summarized the contents of the proposed Resolution regarding approval of the WAPA Agreement. After additional discussion, Trustee Christie moved approval of "A RESOLUTION OF THE BOARD OF TRUSTEES OF RECLAMATION DISTRICT NO. 2035 APPROVING CONTRACT NO. 20-SNR-02334 WITH WESTERN AREA POWER ADMINISTRATION FOR ELECTRIC SERVICE BASE RESOURCE" (Resolution 2021-001) and Trustee Baker seconded the motion. The Resolution was approved by a 3-0 vote.

11. Annual Consideration and Approval of Districts Investment Policy

Mr. Morris presented background information on the legal requirement for the District to annually approve its investment policy, even though the District's funds are 100% invested in the County's LAIF funds.

After review of the Investment Policy and discussion, Trustee Baker moved approval of the District Investment Policy and Trustee Christie seconded the motion. The Policy was approved by a 3-0 vote.

The meeting was adjourned at 10:28 am. The next meetings will be on June 15th and November 20, 2021 at 9:30 am.

ATTEST:

Secretary, Reclamation District 2035