



**RESOLUTION NO. 2021-05**  
**RESOLUTION NO. PFA-03**  
**ORDINANCE NO. 2021-01**

## **AGENDA**

### **MISSION STATEMENT**

**“Our team is dedicated to protecting, enhancing, and developing our rich water resources to the highest beneficial use for Calaveras County, while maintaining cost-conscious, reliable service, and our quality of life, through responsible management.”**

Regular Board Meeting  
Wednesday, January 27, 2021  
1:00 p.m.

Calaveras County Water District  
120 Toma Court, (PO Box 846)  
San Andreas, California 95249

**Based on guidance from the California Governor’s Office and Department of Public Health, in order to minimize the potential spread of the COVID-19 virus, the Calaveras County Water District will convene its public meetings of the Board of Directors telephonically until further notice.**

**The following alternatives are available to members of the public to watch these meetings and provide comments to the Board before and during the meeting:**

### **Microsoft Teams meeting**

**Join on your computer or mobile app**

[Click here to join the meeting](#)

**Or call in (audio only)**

[+1 689-206-0281,147934627#](#) United States

Phone Conference ID: 147 934 627#

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-754-3028. Notification in advance of the meeting will enable CCWD to make reasonable arrangements to ensure accessibility to this meeting. Any documents that are made available to the Board before or at the meeting, not privileged or otherwise protected from disclosure, and related to agenda items, will be made available at CCWD for review by the public.

## **ORDER OF BUSINESS**

### **CALL TO ORDER / PLEDGE OF ALLEGIANCE**

#### **1. ROLL CALL**

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### **BOARD OF DIRECTORS**

Jeff Davidson, President  
Scott Ratterman, Director

Cindy Secada, Vice President  
Bertha Underhill, Director

Russ Thomas, Director

**2. PUBLIC COMMENT**

At this time, members of the public may address the Board on any non-agendized item. The public is encouraged to work through staff to place items on the agenda for Board consideration. No action can be taken on matters not listed on the agenda. Comments are limited to three minutes per person.

**3. CONSENT AGENDA**

The following items are expected to be routine / non-controversial. Items will be acted upon by the Board at one time without discussion. Any Board member may request that any item be removed for later discussion.

3a Approval of Minutes for the Board Meeting of January 8, 2021

3b Report on the FY 2020-21 Second Quarter Investment Report  
(Rebecca Callen, Director of Administrative Services)

3c Approving Discharge of the Uncollectible Loan Balance Associated with the Lake Tulloch Assessment District  
(Rebecca Callen, Director of Administrative Services) **RES 2021-\_\_\_\_\_**

**4. NEW BUSINESS**

4a Discussion/Action on Refunding Assessment District Financings: DaLee/Cassidy and Fly in Acres  
(Rebecca Callen, Director of Administrative Services) **RES 2021-\_\_\_\_\_**

4b Discussion/Action regarding Sewer Fund Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300)  
(Rebecca Callen, Director of Administrative Services) **RES 2021-\_\_\_\_\_**

4c Discussion/Action regarding Mid-Year Fiscal Year 2020-21 Operating and Capital Improvement Program Budgets  
(Rebecca Callen, Director of Administrative Services) **RES 2021-\_\_\_\_\_**

**5. OLD BUSINESS**

5a Discussion regarding Management Letter Responses and Accounting Changes  
(Rebecca Callen, Director of Administrative Services)

**6. REPORTS**

6a\* General Managers Report  
(Michael Minkler)

**7.\* BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS**

**8. NEXT BOARD MEETINGS**

- Wednesday, February 10, 2021, 1:00 p.m., Regular Board Meeting
- Friday, February 19, 2021, 8:30 a.m., Special Board Workshop-Strategic Planning
- Wednesday, February 24, 2021, 1:00 p.m., Regular Board Meeting

**9. CLOSED SESSION**

9a Government Code § 54957.6 Agency Negotiators: General Manager Michael Minkler, HR Manager Stacey Lollar and Michael Jarvis Regarding Negotiations with Employee Organization SEIU Local 1021 and Management and Confidential Unit

**10. REPORTABLE ACTION FROM CLOSED SESSION**

**11. ADJOURNMENT**



# CALAVERAS COUNTY WATER DISTRICT

## Board of Directors

District 1      Scott Ratterman  
District 2      Cindy Secada  
District 3      Bertha Underhill  
District 4      Russ Thomas  
District 5      Jeff Davidson

## Financial Services

Umpqua Bank  
US Bank  
Wells Fargo Bank

## CCWD Committees

\*Engineering Committee  
\*Finance Committee  
\*Legal Affairs Committee  
Strategic Planning Consultant  
Selection Committee (Ad Hoc)

## Joint Power Authorities

ACWA / JPIA  
CCWD Public Financing Authority  
Calaveras-Amador Mokelumne River Authority (CAMRA)  
Calaveras Public Power Agency (CPPA)  
Eastern San Joaquin Groundwater Authority  
Tuolumne-Stanislaus Integrated Regional Water  
Management Joint Powers Authority (T-Stan JPA)  
Upper Mokelumne River Watershed Authority (UMRWA)

## Other Regional Organizations of Note

Calaveras LAFCO  
Calaveras County Parks and Recreation  
Committee  
Highway 4 Corridor Working Group  
Mountain Counties Water Resources  
Association (MCWRA)  
Mokelumne River Association (MRA)  
Tuolumne-Stanislaus Integrated Regional Water  
Mgt. JPA Watershed Advisory Committee (WAC)  
Eastern San Joaquin Groundwater Authority-Technical  
Advisory Committee

## Legal Counsel

Matthew Weber, Esq.  
Downey Brand, LLP

## Auditor

Richardson & Company, LLP

## Membership\*\*

Davidson / Thomas (alt. Secada)  
Underhill / Secada (alt. Thomas)  
Ratterman / Davidson (alt. Thomas)

Ratterman / Secada

Ratterman (alt. Michael Minkler)  
All Board Members  
Ratterman / Underhill (alt. Secada)  
Michael Minkler (Alt. Brad Arnold)  
Thomas  
Secada (alt. Thomas)  
Davidson (alt. Ratterman)

Ratterman / Thomas  
Thomas (alt. Ratterman)

Thomas / Underhill  
All Board Members

All Board Members  
Brad Arnold

Brad Arnold

\* Standing committees, meetings of which require agendas & public notice 72 hours in advance of meeting.

\*\* The 1<sup>st</sup> name listed is the committee chairperson.



RESOLUTION NO. 2021-01  
RESOLUTION NO. PFA-03  
ORDINANCE NO. 2021-01

## MINUTES

### CALAVERAS COUNTY WATER DISTRICT SPECIAL BOARD MEETING

January 8, 2021

- Directors Present: Bertha Underhill, President  
Jeff Davidson, Vice President  
Scott Ratterman, Director  
Cindy Secada, Director  
Russ Thomas, Director
- Staff Present: Michael Minkler, General Manager  
Matt Weber, General Counsel  
Rebecca Hitchcock, Clerk to the Board  
Charles Palmer, District Engineer  
Rebecca Callen, Director of Administrative Services  
Damon Wyckoff, Director of Operations  
Jesse Hampton, Plant Operations Manager  
Brad Arnold, Manager of Water Resources  
Jessica Self, External Affairs Manager  
Pat Burkhardt, Construction and Maintenance Manager  
Stacey Lollar, Human Resources Manager  
Tiffany Burke, Administrative Technician Sr.  
Kate Jesus, Engineering Coordinator  
Kelly Soulier-Doyle, Accounting Technician II  
Holly Boehme, Customer Service Rep II
- Others Present: John Woodling, Project Manager, GEI  
Maria Pascoal, Engagement & Outreach, GEI  
Ellen Cross, Facilitation, Strategy Driver, GEI  
Albert Alt, County Administrative Officer  
Shane Dante, Foothills Conservatory

## ORDER OF BUSINESS

### CALL TO ORDER / PLEDGE OF ALLEGIANCE

#### 1. ROLL CALL

President Davidson called the Regular Board Meeting to order at 1:09 p.m. and led the pledge of allegiance

#### 2. PUBLIC COMMENT

There was no public comment.

**3. BOARD WORKSHOP**

3a Presentation and Discussion on Strategic Planning

**Discussion:** Mr. Minkler, and John Woodling of GEI, introduced the Strategic Plan Board Workshop team, objectives, and agenda. Mr. Woodling reported the next Strategic Planning Workshops would be February 19 and March 19. Maria Pascoal presented the survey results. The survey was taken by 34 members of the District staff, management, and Board. The topics of the survey were mission, vision, values, goals and objectives, desired results and outcomes, significant threats and challenges, opportunities and leverage, definition of success, and suggestions. Ellen Cross led an interactive discussion with the Board to develop a mission and vision that expresses the Districts purpose and drive. They continued developing values that instill the District's culture and how to carry forth its business. Mr. Woodling summarized the discussion and confirmed the next steps in the planning process.

**PUBLIC COMMENT:** There was no public comment.

**4. NEXT BOARD MEETINGS**

- Wednesday, January 13, 2021, 1:00 p.m., Regular Board Meeting
- Wednesday, January 27, 2021, 1:00 p.m., Regular Board Meeting

**5. ADJOURNMENT**

With no further business, the meeting adjourned at approximately 11:21 a.m.

Respectfully Submitted:

ATTEST:

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Michael Minkler  
General Manager

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Rebecca Hitchcock  
Clerk of the Board

# Agenda Item

DATE: January 27, 2021

TO: Board of Directors

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Review of the FY 2020-21 Second Quarter Investment Report

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## RECOMMENDED ACTION:

Motion: \_\_\_\_\_ / \_\_\_\_\_ by Minute Entry, to review and accept the District's quarterly Cash and Investments report for the period ending December 31, 2020.

## SUMMARY:

Stated below are cash and investment balances for September 30 and December 31, 2020 and the change in respective balances:

<b>Asset Description</b>	<b>9/30/2020</b>	<b>12/31/2020</b>	<b>Change</b>
Cash, Umpqua Bank (general account)	\$ 2,207,496	\$ 2,578,250	\$ 370,754
Cash on Hand, Petty Cash & Cash Drawer	600	600	-
Local Agency Investment Fund (LAIF)	33,221,406	31,493,410	(1,727,996)
Money Market Accounts	819,350	820,581	1,231
Trustee Accounts	540,577	199,036	(341,541)
Total Cash and Investments	<u>\$ 36,789,429</u>	<u>\$ 35,091,876</u>	<u>\$ (1,697,553)</u>

District Funds	\$ 34,047,294
Advanced Grant Funds	183,722
Trustee Accounts	199,036
Assessment District Funds	661,824
Total Funds	<u>\$ 35,091,876</u>

This report is for the second quarter of FY 2020-21 and covers the months October through December 2020. Investment activities included:

<b>INVESTMENT ACTIVITY</b>	<b>9/30/2020</b>	<b>12/31/2020</b>
Interest received on the Wells Fargo Money Market investment account	-	0.02
Interest received on the Umpqua Bank Money Market investment account	144.35	103.26
Quarterly Interest received on the LAIF investment account	110,516.99	72,003.45
Transfer from Wells Fargo Money Market to District's Operating account	-	-
Transfer from Umpqua Bank Money Market to District's Operating account	1,000,000.00	-
Transfer from the District's Operating account to LAIF	2,446,000.00	-
Transfer from LAIF to the District's Operating account	1,900,000.00	1,800,000.00

The District posted investment earnings of \$72,107 during the second quarter. Note that the above LAIF interest revenue received relates to the prior quarter. Interest rates continue to decline, with LAIF ending the quarter at 0.49%, down from the first quarter rate of 0.65%. Staff continue to work with Chandler Asset Management on strategic investment planning and training. As a result of the new relationship with Chandler, the District opened a new custodial bank account with US Bank.

#### **FINANCIAL CONSIDERATIONS:**

We are continuing to be mindful of capturing as much in returns using LAIF before we transition to the longer-term markets through Chandler. The balance in the Wells Fargo money market account is expected to be transferred in Q3. The District is likely begin moving funds to our custodial account to be managed by Chandler in the next 1-2 months.



**CALAVERAS COUNTY WATER DISTRICT**

Quarterly Report on Investments

December 31, 2020

<u>Investment</u>	<u>Market</u>	<u>Coupon</u>	<u>Date</u>	<u>Date of</u>	<u>Days to</u>	<u>% of</u>	<u>Invested with</u>
<u>Cost</u>	<u>Value</u>	<u>Rate</u>	<u>Invested</u>	<u>Maturity</u>	<u>Maturity</u>	<u>Portfolio</u>	
\$ 31,493,410	\$ 31,493,410	0.490%	Open	Open	165	96.86%	Local Agency Investment Fund
1,151	1,151	0.010%	Open	Open	5	0.00%	Wells Fargo Money Market
819,430	819,430	0.050%	June 14, 2007	Open	1	2.52%	Umpqua Bank Money Market
199,036	199,036	(Trustee funds from page 2)				0.61%	
<u>\$ 32,513,027</u>	<u>\$ 32,513,027</u>					100.00%	

I certify that all of the investments reported herein are substantially in accordance with the District's Financial Management Policy 5, "Investment Policy Guidelines", the law and other contractual agreements. I further certify the investments reported herein provide for the ability of the District to meet cash flow needs as specified in Financial Management Policy 5.

*Rebecca Callen*

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Rebecca Callen, Director of Administrative Services

**CALAVERAS COUNTY WATER DISTRICT**  
**Quarterly Report on Investments**

**December 31, 2020**

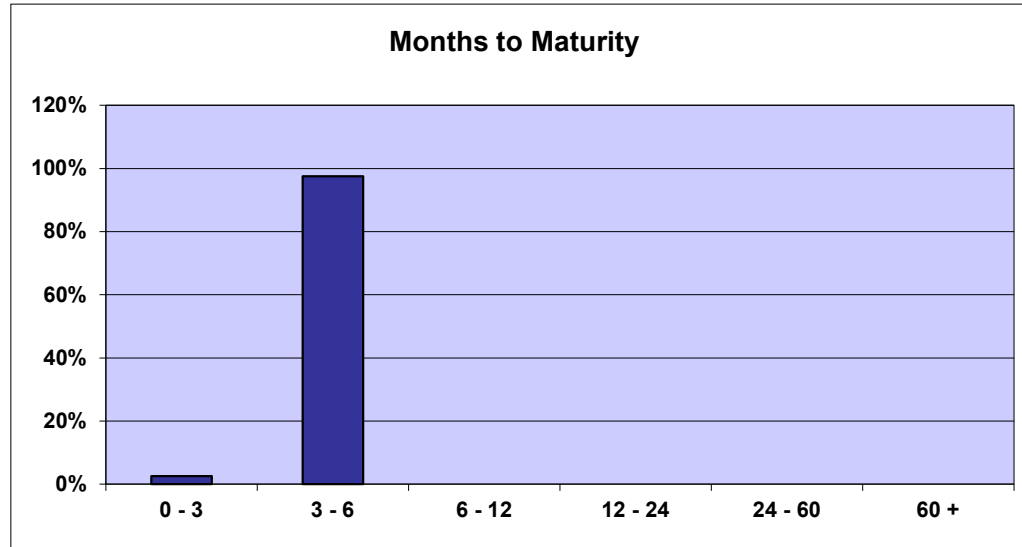
Trusteed Funds:

Cost	Market Value	% Yield	Date Invested	Date of Maturity	Days to Maturity	% Portfolio	Trustee	INVESTED FOR
\$ 714	\$ 714	0.00%	Aug 16, 06	Open	1	0.36%	USBank	2006 Saddle Creek Ltd, Reserve
130,271	130,271	0.01%	Oct 15, 13	Open	1	65.45%	USBank	Fly In Acres Reserve Fund
68,051	68,051	0.01%	Sep 09, 10	Open	1	34.19%	USBank	DaLee/Cassidy Reserve Fund
<b>\$ 199,036</b>	<b>\$ 199,036</b>					<b>100.00%</b>		

Maturity Analysis	Maturity Time Frames
\$ 32,313,991	LAIF/Money Market
199,036	Trustees Investments
<b>\$ 32,513,027</b>	<b>Total Investments</b>
\$ 2,578,250	Checking Account Balance
600	Petty Cash + Change Fund
<b>\$ 35,091,876</b>	<b>Total Cash &amp; Investments</b>

Weighted Average Maturity	
(The average life in days following the last day of the month)	
Fund Class:	No. of Days
General	<u>57</u>
In Years =	<u>0.16</u>
Trust	<u>1</u>

**Calaveras County Water District  
 Monthly Maturity Distribution (Market Value)  
 As of December 31, 2020**



Months to Maturity	Maturity Distribution	Market Value
0 - 3	3%	\$ 820,581
3 - 6	97%	31,493,410
6 - 12	0%	-
12 - 24	0%	-
24 - 60	0%	-
60 +	0%	-
	Total	<u><u>\$ 32,313,991</u></u>

**Calaveras County Water District  
Portfolio Summary  
As of December 31, 2020**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	Yield to Maturity
Local Agency Investment Fund (LAIF)	31,493,410	31,493,410	31,493,410	97.5%	165	0.49%
Money Market Funds (Wells Fargo)	1,151	1,151	1,151	0.0%	5	0.01%
Money Market Funds (Umpqua)	819,430	819,430	819,430	2.5%	1	0.05%
<b>Total Investments</b>	<b>32,313,991</b>	<b>32,313,991</b>	<b>32,313,991</b>	<b>100%</b>		
Ending Accrued Interest		50,798	50,798			
<b>Total Investments &amp; Accrued Interest:</b>	<b>32,313,991</b>	<b>32,364,788</b>	<b>32,364,788</b>			

**Calaveras County Water District  
Investment Compliance Checklist  
As of December 31, 2020**

California Government Code Section	Investment Category	Maximum Maturity	Authorized Investment Limits (Percent of Portfolio)	Percentage Held in Portfolio	Credit Rating Limits	Compliance
16429.1	Local Agency Investment Fund (LAIF)	None	*	97%	n/a	Yes
53601(1)	Money Market Funds (Wells Fargo)	None	20%	0%	(1)	Yes
53601(1)	Money Market Funds (Umpqua)	None	20%	3%	(1)	Yes
				100%		

(1) Highest ranking by 2 of 3 of the nationally recognized rating agencies

\*LAIF currently allows a maximum of \$75 million per account.

# Agenda Item

DATE: January 27, 2021

TO: Michael Minkler

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Authorizing the Write Off of the Lake Tulloch Assessment District Loan

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## RECOMMENDED ACTION:

Motion \_\_\_\_\_ / \_\_\_\_\_ approving Resolution No. 2021- \_\_\_\_\_ discharging the loan balance for the Lake Tulloch Assessment District

## SUMMARY:

The Board of Directors of the Calaveras County Water District authorized the refunding of the Lake Tulloch Sewer Assessment District No. 8S1, Fund 822, in June of 2000 with Resolution No. 2000-31. The original principal amount in September 1992 was \$1,036,124.60 and at the time of refunding the principal balance was \$745,000. The bonds fully matured in September 2012.

The assessments for certain parcels within the Lake Tulloch Sewer Assessment District No. 8S1 became delinquent, stripped from the county tax rolls and turned over to legal counsel for foreclosure proceedings. The District has an obligation to the holders of the Bonds to pursue the delinquent assessments to make debt service payments on the Bonds.

The Lake Tulloch Sewer Assessment District No. 8S1 cash deficiency occurred because of the continued foreclosure legal proceedings. During the Fiscal Year 2016-17 audit it was determined that this deficit could not remain on the books and a loan to this fund became necessary and was fulfilled from the Interest Reserve Fund, Fund 108 in the amount of \$10,741.52.

On February 27, 2019, the Board adopted Financial Management Policy 5.14, Assessment District Funding Shortfall Policy to clarify the guidelines and procedures to address shortfalls in the future.

Policy 5.05 provides the authority to discharge uncollectible accounts receivable. This request for discharge exceeds the allowance under policy and must be approved by the Board of Directors.

Staff presented this information to the Finance Committee on January 19, 2021 and it was approved to bring forward to the full Board.

**FINANCIAL CONSIDERATIONS:**

The Interest Reserve Fund cash will be restated, and the Water Fund will show an expense of \$7,841.31; and the Sewer Fund will show an expense of \$2,900.21, totaling \$10,741.52. These additional expenditures are included in the Mid-Year budget adjustments.

Attachment:     *Resolution 2019 – 15, Policy Adopting District Financial Management Policy No. 5.14 –  
                          Assessment  
                          District Funding Shortfall Policy  
                          Policy 5.05  
                          Resolution 2021- \_\_ Discharging Lake Tulloch Loan*

**5.14.1 Purpose**

The purpose of this policy is to establish clear guidelines and procedures that address how the Calaveras County Water District (“District”) will pay the bills of assessment districts that do not have sufficient funds in deposit accounts for expenditures such as legal counsel and trustee services.

**5.14.2 Policy**

This policy applies to all District employees and the Board of Directors who are involved in the accounting and payment of expenditures of Assessment Districts administered by the District.

**5.14.3 General Provisions**

- 5.14.31 When required, the District, on behalf of affected property owners within an assessment district, can issue limited obligation improvement bonds (“the Bonds”) pursuant to the Municipal Improvement Act of 1913 (California Streets and Highways Code Section 10000 et seq., hereafter the “1913 Act”), the Improvement Bond Act of 1915 (Division 10 of said Streets and Highways Code; hereafter the “1915 Act”).
- 5.14.32 Under the provisions of the 1913 Act, the District levies assessment liens (“Assessments”) on property within the Assessment District sufficient to meet annual debt service on the Bonds and any expenses related to the administration of such assessment districts. Unpaid Assessments constitute fixed liens on each of the assessment parcels and do not constitute a personal indebtedness of the respective owners of such lots and parcels, nor that of the District.
- 5.14.33 Assessment district Bonds are payable solely from the proceeds of the assessments. Neither the District’s general fund nor the full faith and credit of the District is pledged for the payment of the interest on or principal of the Bonds. The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction.
- 5.14.34 Notwithstanding the limited nature of the District’s obligation, the District may, at its option and in its sole discretion, elect to loan available funds of the District to pay for legal counsel, trustee services, or any other expenses related to delinquent Assessment Installments. Should the District do so it is entitled to reimbursement from the first proceeds of any payments of delinquent Assessment Installments or the redemption or sale of delinquent parcels.
- 5.14.35 The District’s Board of Directors must approve any loan from available District funds to an Assessment District to cover a funding shortfall.



- 5.14.36 The District may, at its option and in its sole discretion, elect to charge the Assessment District interest on any outstanding loan balance owed by the Assessment District. The interest rate charged on the loan will be equal to the Quarter-to-Date yields listed in the California State Treasurers' Local Agency Investment Fund ("LAIF") Quarter End Performance Report. The interest charge will be calculated at the end of each fiscal quarter and be based on the outstanding balance at quarter end and the Quarter-to-Date yield as of the last day of the fiscal quarter.

RESOLUTION 2011 - 38

A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CALAVERAS COUNTY WATER DISTRICT

AMENDING THE DISTRICT FINANCIAL MANAGEMENT  
POLICY NO. 5.05 – UNCOLLECTABLE ACCOUNTS RECEIVABLE POLICY

**WHEREAS**, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopted Financial Management Policy No. 5.05 - Uncollectible Accounts Receivable Policy on December 8, 2004, by Resolution No. 2004-61; and

**WHEREAS**, the Board of Directors is required to review and amend, as appropriate, the District's policies; attached hereto and made a part hereof.

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors does hereby rescind in its entirety the Uncollectible Accounts Receivable Policy Resolution No. 2004-61, and any and all prior and/or subsequent resolutions, policies or amendments thereto.

**BE IT FURTHER RESOLVED**, that Financial Management Policy No. 5.05 – Uncollectible Accounts Receivable Policy, attached hereto and made a part hereof, is hereby approved by the Board of Directors and shall become effective immediately.

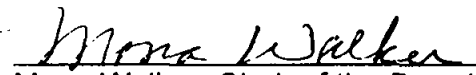
**PASSED AND ADOPTED** this 21st day of June 2011, by the following vote:

**AYES:** Directors Stump, Dean, Dooley, and Davidson  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None

CALAVERAS COUNTY WATER DISTRICT

  
\_\_\_\_\_  
Jeff Davidson, President  
Board of Directors

**ATTEST:**

  
\_\_\_\_\_  
Mona Walker, Clerk of the Board

**5.05.1 Purpose**

To provide authorization and guidelines for the write-off of uncollectible accounts receivable.

**5.05.2 Policy**

The Director of Support Services may write off uncollectible accounts receivable that do not exceed \$2,500 (per customer account) after review and written concurrence by the General Manager that such accounts are uncollectible. If the amount in question exceeds \$2,500, the proposed write-off must have the approval of the Board of Directors. All uncollectible accounts receivable write-offs will be reported to the Board of Directors on a semi-annual basis.

**5.05.3 General Provisions**

On occasion, certain accounts receivable due and owing Calaveras County Water District become uncollectible after all reasonable effort is expended to effect collection. There are also situations where accounts are such a size that more money would be expended to collect the debt itself. The Director of Support Services for Calaveras County Water District is in a position to thoroughly evaluate the feasibility of collecting past due accounts and to make a decision as to whether to further the effort.

**RESOLUTION NO. 2021-**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE**  
**CALAVERAS COUNTY WATER DISTRICT**  
**APPROVING DISCHARGE OF THE UNCOLLECTIBLE LOAN BALANCE**  
**ASSOCIATED WITH THE LAKE TULLOCH ASSESSMENT DISTRICT**

**WHEREAS**, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT established Financial Management Policy 5.05 “Uncollectible Accounts Receivable” for the purpose of providing authorization and guidelines for the write-off of uncollectible accounts receivable; and

**WHEREAS**, Section 5.05.2 of said policy states “If the amount in question exceeds \$2,500, the proposed write-off must have the approval of the Board of Directors”; and

**WHEREAS**, the Calaveras County Water District has identified that the loan established in the 2016-2017 fiscal year between the Lake Tulloch Assessment District and the Calaveras County Water District Interest Reserve Fund has no ability to be repaid: and

**WHEREAS**, The Finance Committee was presented this information on January 19, 2021 and approved the recommendation to bring forth to the full Board to approve the discharge.

**NOW, THEREFORE BE IT RESOLVED;** the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT does hereby authorize the Director of Administrative Services to discharge \$10,741.52 owed.

**PASSED AND ADOPTED** this 27<sup>th</sup> of January 2021 by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

CALAVERAS COUNTY WATER DISTRICT

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Jeff Davidson, President  
Board of Directors

**ATTEST:**

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Rebecca Hitchcock  
Clerk to the Board

# Agenda Item

DATE: January 27, 2021

TO: Michael Minkler, General Manager

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Discussion/Action regarding Refunding Assessment District Financings:  
DaLee/Cassidy and Fly-In Acres

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## RECOMMENDED ACTION:

Motion: \_\_\_\_\_/\_\_\_\_\_ adopting Resolution No. 2021 - \_\_\_ refunding existing financing for the DaLee/Cassidy and Fly-In Acres Assessment Districts and approve the financing team, granting approval for the General Manager or the Director of Administration the authority to sign documents associated with these actions.

## SUMMARY:

The District has two outstanding Assessment District financings that present viable refunding opportunities:

- **Fly-In Acres** originally sold \$2,065,327 in bonds in 2013. There are 44 remaining parcels in the assessment district, which has an average annual assessment tax lien of \$70,682. There are \$1,665,000 bonds outstanding which mature on 2043 and are callable on March 2, 2021 @ 103%.
- **DaLee/Cassidy** originally sold \$990,00 in bonds in 2010. There are 44 remaining parcels in the assessment district, which has an average annual assessment tax lien of \$133,130. There are \$710,000 bonds outstanding which mature on 2040 and are callable on March 2, 2021 @ 102%.

CCWD formed the assessment districts to finance the cost of infrastructure improvements prior to annexing these properties. The property owners in each district pay annual assessments to cover the costs of the bonds. CCWD identified an opportunity to refinance the debt and reduce costs for the property owners.

Given the small size of bonds outstanding, the refinancing will be sold via a private placement or direct loan process. It is typically more cost-effective to sell a tax-exempt financing under \$7-10 million via private placement than a traditional public offering sale.

Private placements are structured like a traditional bond, but are placed directly with the lender/bank, similar to our pension financings with Umpqua Bank.

This concept was approved by the Finance Committee at the January 19, 2021 meeting to bring forward to the full Board.

*There is another Assessment District financing, Arnold #9S4, which has \$120,000 outstanding. This issue matures on 7/2/2025 but is considered too small for the lender to incorporate into the financing.*

**Financing Team and Cost of Issuance**

Urban Futures. Inc. (UFI) was recently selected by the District via a competitive RFP process, to serve as its financial advisor. The Weist Law firm is under contract to serve as the bond counsel for this refunding.

To facilitate a cost-effective and timely financing, staff recommend engaging with Brandis Tallman as the placement agent. Brandis Tallman, a Division of Oppenheimer & Co. Inc., is a member of the California Special District Association Finance Corporation ("CSDA Finance Corp") financing team and has worked with Calaveras County previously. They are also active in the California private placement market.

An assessment engineer's report will be required once again. UFI solicited three bids for this role, which was won by Webb & Associates. Webb will combine the two districts into a single district (report), savings an additional \$4,000. US bank will continue to serve as the fiscal agent for the transaction. Since this is a refunding, CCWD will need to obtain an escrow verification agent, and staff recommend Causey. Lastly, there are costs associated with lender counsel and the District Counsel. The total estimated cost of issuance for this refinancing is not expected to exceed \$145,000, which will be incorporated into the refinancing and paid by the property owners.

Role	Firm Name	Amount
Bond Counsel	The Weist Law Firm	\$ 35,000
Placement Agent	Brandis Tallman	30,000
Municipal Advisor	Urban Futures	30,000
Engineer's Report	Webb & Associates	20,000
Escrow Verification	Causey	3,000
Lenders Legal	Stradling	12,500
District Counsel	Downey Brand	2,500
Fiscal Agent Counsel	Dorsey	2,000
Fiscal Agent	US Bank	4,400
Contingency		5,600
<b>TOTAL</b>		<b>\$145,000</b>

The members of the financing teams are paid on a contingent basis (if bonds are sold). Therefore, the District will not be required to pay any out of pocket expenses.

## **Refinancing Structure and/ Savings**

Brandis Tallman has solicited indicative rates from various banks that are active in the tax-exempt private placement market. Soliciting bids for this financing presents two challenges:

1. Many private placement banks and financial institutions do not focus on land-secure financings: such as ADs and CFDs.
2. The bonds have 20 and 23-year maturities, which exceed the parameters that many banks are willing to underwrite.

Western Alliance Bank.

A unique feature of private placement/bank loans is the ability to secure a rate lock prior to closing. Western Alliance provided the most attractive rate and terms, and therefore will be selected with a rate locked at 3.25%.

*Refunded Bonds* – There are \$1,665,000 in bonds outstanding for DaLee/Cassidy. In order to refinance the bonds at a lower rate, we are required to pay a pre-payment penalty of 3% (Fly-In Acres = \$49,950) and 2% (DaLee/Cassidy = \$14,200), respectively. The two issues will be combined into a single refunding issue, which will have an estimated cost of issuance of \$145,000.

Due to provisions set in the Assessment District law, CCWD cannot increase the par value of the bonds outstanding. Therefore, in order to pay for the additional cost of issuance and the pre-payment penalty (\$209,000 combined), the bonds will be structured with a premium interest rate (e.g., **3.44%**) to pay for these upfront costs. The two issues will be combined into a single refunding issue, expected savings for property owners in each district are summarized below:

- DaLee/Cassidy is expected to save \$249,000 in total debt service savings, providing approximately \$13,130 average annual savings to the 44 parcels in the district or \$5,659 over the life of the bonds (\$297 per parcel per annum on average).
- Fly-In Acres is expected to save \$545,000 in total debt service savings, providing \$24,809 average annual savings to the 107 parcels in the district or \$5,101 over the life of the bonds (\$231 per parcel per annum on average).

## **Conditional Call Notice**

In order to redeem the outstanding bonds by the next scheduled call date (March 2, 2021), the District will need to provide the current bondholders a call notice at least 30 days, not more than 60 days prior to the call date. The District will need to authorize the sale of refunding bonds today and issue a conditional call notice. Staff will return on February 10, 2021 to have the Board approve the Reassessment Engineers Report, and corresponding Resolutions required to authorize the refinancing.

## **FINANCIAL CONSIDERATIONS:**

There are no direct costs to the District and all savings will be borne by the property owners in the respective Assessment Districts.

*Attachments: UFI Engagement Agreement  
Brandis Tallman Agreement  
Webb Agreement  
Weist Agreement  
Resolution 2021-\_\_  
Savings Results*



January 6, 2021

**FROM:** Urban Futures, Inc.  
Julio F. Morales, Director

**TO:** Rebecca Callen  
Calaveras County Water District  
120 Toma Court  
San Andreas, CA 95249

**RE:** Engagement Letter for 2021 Refunding of 2010 DaLee/Cassidy Assessment District and 2013 Fly-In Acres

Dear Ms. Callen:

This letter specifies the terms of the engagement between Urban Futures, Inc., located at 17821 E. 17<sup>th</sup> Street, Suite 245, Tustin, CA 92780 and Calaveras County Water District is located at 120 Toma Court, San Andreas, CA 95249.

This engagement between Calaveras County Water District (the “District”) and Urban Futures, Inc. (“UFI”) shall become effective as of the date of its acceptance as provided below.

### **Scope of Municipal Advisory Activities to be Performed**

The District anticipates refinancing two existing assessment district financings:

- 2013 \$2,065,327 AD Fly-In Acres:
- 2010 \$990,000 AD DaLee/Cassidy

Given the size of these transactions, the refinancing bonds are anticipated to be sold via direct placement or a private placement loan. As Municipal Advisor, UFI will perform the following duties on behalf of the District, as needed.

- Assist in developing the plan of finance and related transaction timetable;
- Identify and analyze financing / structuring solutions;
- Assist with assembling key members of the financing team: bond counsel, placement agent, and trustee/fiscal agent, and review of issuance costs;
- Assist in procuring verification agent and reassessment engineer;
- Assist Placement Agent to facilitate and evaluate bid solicitations;
- Prepare and/or review preliminary cash flows analysis;

- Plan and coordinate bond/loan closing;
- Provide post-sale refunding summary

### **Independent Registered Municipal Advisor (“IRMA”)**

If acting in the capacity of an Independent Registered Municipal Advisor (“IRMA”) with regard to the IRMA exemption of the SEC Rule, Urban Futures, Inc. will review all third-party recommendations submitted to Urban Futures, Inc. in writing by the District.

### **Term of Engagement Agreement**

The commencement date of the agreement is January 6, 2021 and the end date is two years after the effective date, or the bond closing date of the subject transaction, whichever occurs first. Any extensions must be mutually agreed upon by all parties in writing.

### **Termination of Engagement Agreement**

The District may terminate the whole or any part of this Agreement at any time and without cause by giving sixty (60) days written notice to Urban Futures, Inc. of such termination, and specifying the effective date thereof. Urban Futures, Inc. shall discontinue all Services affected by such termination within thirty (30) days of receipt of such notice, unless otherwise instructed by the District in writing. Urban Futures, Inc. may terminate this agreement by giving the District sixty (60) days written notice.

In the event Services are terminated by the District, Urban Futures, Inc. will be compensated for services provided up to the termination date.

### **Compensation and Out-of-Pocket Expenses**

Compensation for the municipal advisory activities to be performed for this engagement is contingent upon the successful close of the bonds.

For the subject transaction, the fee for financial advisory services is \$30,000, plus reimbursement for Mandatory SEC/MSRB Compliance Requirements & Reporting and Data Services (Bloomberg, Thompson Reuters, DBC) equal to \$1,000, as well as reimburse for any travel-related expenses (mileage, airfare, hotels, etc.) requested by the District.

### **Fiduciary Duty**

Urban Futures, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (“SEC”) and Municipal Securities Rulemaking Board (“MSRB”). As such, Urban Futures, Inc. has a Fiduciary Duty to the District and must provide both a Duty of Care and a Duty of Loyalty that entails 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 District with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the District's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the District; and
- d) undertake a reasonable investigation to determine that Urban Futures, Inc. is not forming any recommendation on materially inaccurate or incomplete information; Urban Futures, Inc. must have a reasonable basis for:
  - i. any advice provided to or on behalf of the District;
  - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the District, any other party involved in the municipal securities transaction or municipal financial product, or investors in the District securities; and
  - iii. any information provided to the District or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

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

**Conflicts of Interest and Other Matters Requiring Disclosures**

As of the date of the Agreement, there are no actual or potential conflicts of interest other than those identified below that Urban Futures, Inc. is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If Urban Futures, Inc. becomes aware of any potential conflict of interest that arises after this disclosure, Urban Futures, Inc. will disclose the detailed information in writing to the District in a timely manner.

The following are potential conflicts of interest to be considered:

- Urban Futures, Inc. represents that in connection with the issuance of municipal securities, Urban Futures, Inc. may receive compensation from the District for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB

Rule G-42, Urban Futures, Inc. hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide unbiased advice to enter into such transaction. This potential conflict of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the District.

- It should be noted that other forms of compensation (i.e. hourly or fixed fee based) may also present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide advice regarding a municipal security transaction. These other potential conflicts of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the District;
- The fee paid to Urban Futures, Inc. increases the cost of financing to the District. The increased cost occurs from compensating Urban Futures, Inc. for municipal advisory services provided;
- Urban Futures, Inc. serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another Urban Futures, Inc. client. For example, Urban Futures, Inc. serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the District. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, Urban Futures, Inc. could potentially face a conflict of interest arising from these competing client interests. Urban Futures, Inc. fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the District;
- Urban Futures, Inc. 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 Urban Futures, Inc.;
- Urban Futures, Inc. has not made any payments directly or indirectly to obtain or retain the District's municipal advisory business;
- Urban Futures, Inc. has not received any payments from third parties to enlist Urban Futures, Inc. recommendation to the District of its services, any municipal securities transaction or any municipal finance product;
- Urban Futures, Inc. has not engaged in any fee-splitting arrangements involving Urban Futures, Inc. and any provider of investments or services to the District;
- Urban Futures, Inc. does not have any legal or disciplinary event that is material to the District's evaluation of the municipal advisory or the integrity of its management or advisory personnel;
- Urban Futures, Inc. does not act as principal in any of the transaction(s) related to this Agreement;
- Urban Futures, Inc. does not have any other engagements or relationships that might impair Urban Futures, Inc.'s ability either to render unbiased and competent advice to or on behalf of the District or to fulfill its fiduciary duty to the District; and

- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the District.

### **Legal Events and Disciplinary History**

Urban Futures, Inc. does not have any legal events and disciplinary history on its 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. The District may electronically access Urban Futures, Inc.'s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://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. If any material legal or regulatory action is brought against Urban Futures, Inc., Urban Futures, Inc. will provide complete disclosure to the District in detail allowing the District to evaluate Urban Futures, Inc., its management and personnel.

### **Recommendations**

If Urban Futures, Inc. 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 the District and is within the scope of the engagement, Urban Futures, Inc. will determine, based on the information obtained through reasonable diligence of Urban Futures, Inc. whether a municipal securities transaction or municipal financial product is suitable for the District. In addition, Urban Futures, Inc. will inform the District of:

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

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

## **Municipal Securities Rulemaking Board Rule G-10 Disclosure**

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- Urban Futures, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (“SEC”) and Municipal Securities Rulemaking Board (“MSRB”).
- Within the Municipal Securities Rulemaking Board (“MSRB”) website at [www.msrb.org](http://www.msrb.org), the District may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

### **Record Retention**

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

If there are any questions regarding the above, please do not hesitate to contact Urban Futures, Inc. If the foregoing terms meet with your approval, please indicate your acceptance by executing and returning a copy of this letter.

Sincerely,



Julio F. Morales, Director  
Urban Futures, Inc.

Calaveras County Water District

By: \_\_\_\_\_



**Oppenheimer & Co. Inc.**  
10880 Wilshire Blvd. 24<sup>th</sup> Floor  
Los Angeles, CA 90024  
(310) 446-7145

January 7, 2021

Calaveras County Water District  
120 Toma Court, PO Box 608  
San Andreas, CA 95249

Attention: Rebecca Callen, Administrative Services Director

Re: Disclosures by Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Pursuant to MSRB Rule G-17 in connection with  
2021 Direct Placement Refunding of 2010 DaLee/Cassidy Assessment District  
and 2013 Fly-In Acres

Dear Rebecca:

We are writing to provide you, as an authorized officer of the Calaveras County Water District (the "Issuer"), with certain disclosures relating to the captioned financing (the "Financing" or "Bonds"), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012) (the "Notice")

The Issuer has engaged Brandis Tallman, a Division of Oppenheimer & Co. Inc. ("Placement Agent") to serve as placement agent, and not as a financial advisor or municipal advisor, in connection with the Financing. Pursuant to the Notice, we are required by the MSRB to advise you that:

- MSRB Rule G-17 requires a placement agent to deal fairly at all times with both municipal issuers and investors.
- The placement agent's primary role is to find a purchaser for the Bonds with no view to distribution in an arm's-length commercial transaction with the Issuer. As such, we have financial and other interests that differ from those of the Issuer.
- Unlike a municipal advisor, we do not have a fiduciary duty to the Issuer under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer without regard to our own financial and other interests.

- We have a duty to place the Financing at a fair and reasonable price, but must balance that duty with our duty to investors at prices that are fair and reasonable.

We will be compensated by a fee set forth in the Placement Agent Agreement. Payment of the fee will be contingent on the closing of the Financing and paid out of costs of issuance. If the Financing does not close, the fee is not payable. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the placement agent may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

We have identified the following additional potential or actual material conflicts or business relationships that we wish to call to your attention: In the ordinary course of its various business activities, Oppenheimer and its affiliates, officers, directors, and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of customers. Such investment and trading activities may involve or relate to assets, securities, and/or instruments of the Issuer (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. Oppenheimer and its affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

If you or any other Issuer representatives have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, the Issuer should consult with its own financial, municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction, if our understanding is incorrect, please notify the undersigned immediately.

The MSRB requires that we seek your acknowledgment that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me within five (5) business days of the date of this letter.



Calaveras County Water District

January 7, 2021

Page 3

We look forward to working with you and the Calaveras County Water District in connection with the Financing, and we appreciate the opportunity to assist with your financing needs. Thank you.

Very truly yours,

BRANDIS TALLMAN LLC, a division of Oppenheimer & Co. Inc.



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Jeff Land, Executive Director

ACKNOWLEDGMENT OF RECEIPT:

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Rebecca Callen, Administrative Services Director

Dated: \_\_\_\_\_, 2021



3788 McCray Street  
Riverside, CA 92506  
951.200.8600

January 7, 2021

Rebecca Callen  
Administrative Services Director  
Calaveras County Water District  
120 Toma Court  
San Andreas, CA 95249

**RE: Reassessment Engineer's Reports**

Dear Ms. Callen:

Thank you for the opportunity to submit this proposal to provide either one combined Reassessment Engineer's Report or two separate Reassessment Engineer's Reports for the following Assessment Districts: DaLee/Cassidy Water System Assessment District and Fly-In Acres Assessment District. We understand there is an expedited timeline to complete the project and have the capacity to meet the necessary deadlines. Our proposed Scope of Work is as follows:

**1) Initial Assessment Engineering**

- a) **Initial Meeting** Communicate with District Staff and members of the Financing Team to establish the schedule of events for the Reassessment and to go over the procedural and financial considerations.
- b) **Research Property Information** Obtain the latest assessor maps and equalized tax roll from the Calaveras County (County) Assessor's Office for all parcels within each assessment district.
- c) **Computer Database Preparation** Prepare a database showing the assessor's parcel numbers land use code, acreage, and assessed values of each parcel within each assessment district.
- d) **Prepare Reassessment Diagrams** Prepare a Reassessment Diagram for each of the assessment districts depicting the boundary and parcel lines that includes all parcels with an outstanding assessment amount.
- e) **Meetings** The Webb Municipal Finance Team (WMF) will attend virtual meetings with the District staff and Consultants if required or deemed necessary by the District to accomplish the Scope of Services described.

**2) Reassessment Districts**

- a) **Prepare Engineer's Report** An Engineer's Report for each district (or one combined report) will be prepared which contains the following items:

- i) A schedule setting forth the unpaid principal and interest on the bonds to be refunded and the total amounts thereof.
  - ii) The total estimated principal amount of the reassessment and of the refunding bonds and the maximum interest rate thereon, together with an estimate of cost of the reassessment and of issuing the refunding bonds, including all costs of issuing the refunding bonds.
  - iii) The auditor’s record showing the schedule of principal installments and interest on all unpaid original assessments and the total amounts thereof.
  - iv) The estimated amount of each reassessment, identified by reassessment number corresponding to the reassessment number on the reassessment diagram, together with a proposed auditor’s record for the reassessment.
  - v) A reassessment diagram showing the assessment district and the boundaries and dimensions of the subdivisions of land within the district. Each subdivision shall be given a separate number upon the diagram.
- b) **Coordinate District Review Process** WMF will submit the Engineer's Report(s) to the District prior to the adoption of the Resolution of Intention (ROI) and will be available to confer with District staff to discuss possible report revisions (if necessary).
  - c) **Participate in the Board Meetings** WMF will attend necessary Board Meetings (virtually) and will be prepared to give a presentation on the contents of the Engineer's Reports and answer questions.

**3) Post Formation Proceedings**

- a) **Reassessment Diagrams** WMF will coordinate the recordation of the Reassessment Diagrams and Reassessment Rolls with the County Recorder, as prescribed by code.

COMPENSATION

We propose to be compensated a fixed fee for services performed according to the schedule outlined as follows:

**PROPOSED FEE SCHEDULE (IF SEPARATE REPORTS)**

Service	Total
DaLee/Cassidy Water System Assessment District	\$12,000
Fly-In Acres Assessment District	\$12,000
<b>Total</b>	<b>\$24,000</b>

**PROPOSED FEE SCHEDULE (IF ONE COMBINED REPORT)**

<b>Service</b>	<b>Total</b>
DaLee/Cassidy Water System and Fly-In Acres Assessment District	\$20,000
<b>Total</b>	<b>\$20,000</b>

For the services performed which are not listed herein, compensation, contingent upon successful issuance of the bonds, shall be at the hourly rates set forth on Attachment A, together with reimbursement, at cost, for incidental expenses incurred in connection with such services, together with reimbursement for outside services at cost plus 15%.

We look forward to working with the Calaveras County Water District and establishing a new relationship. If you have any questions regarding our proposal, or if additional information is needed, please contact me directly at (951) 830-2439.

Sincerely,



Heidi Schoeppe  
President/Managing Director  
Registered Principal Municipal Advisor Representative  
Webb Municipal Finance, LLC.

**CONCURRENCE OF CALAVERAS COUNTY WATER DISTRICT**

This authorizes Webb Municipal Finance, LLC to proceed with Reassessment Engineer's Reports

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Rebecca Callen



# Attachment A

## CLASSIFICATION

<u>Engineers/Project Managers/Planners/Scientists/ Assessment/Special Tax Consultants/Landscape Architects/Designers</u>	<u>Rates \$/Hour</u>
Principal II.....	281.00
Principal I .....	260.00
Senior III .....	238.00
Senior II .....	221.00
Senior I .....	209.00
Associate III .....	197.00
Associate II .....	181.00
Associate I .....	174.00
Assistant V .....	162.00
Assistant IV .....	146.00
Assistant III .....	129.00
Assistant II .....	109.00
Assistant I .....	92.00

## Survey Services

2-Person Survey Party .....	284.00
1-Person Survey Party .....	196.00

## Inspection Services

Inspector (Non-Prevailing Wage) .....	133.00
Inspector Overtime (Non-Prevailing Wage) .....	180.00
Inspector (Prevailing Wage) .....	143.00
Inspector Overtime (Prevailing Wage) .....	190.00

## Administrative Services

Project Coordinator .....	107.00
Administrative Assistant III .....	97.00
Administrative Assistant II .....	86.00
Administrative Assistant I .....	68.00

## Other Direct Expenses

Incidental Charges .....	Cost + 15%
Postage .....	Cost
Subcontracted Services .....	Cost + 15%
Special Consultant.....	355.00
Survey/Inspection Per Diem.....	Prevailing Wage Rate
In-House Delivery Up to 1/2 hour.....	30.00
In-House Delivery 1/2 Hour up to 1 Hour.....	60.00
In-House Delivery Over 1 Hour up to 2 Hours .....	110.00
In-House Delivery Over 2 Hours .....	160.00
Survey/Inspection Vehicle .....	0.81/Mile
Mileage .....	0.72/Mile

Note: All rates are subject to change based on annual inflation and cost of living adjustments. Prevailing wages are dictated by the California Department of Industrial Relations (DIR). As such, the indicated rate will remain in effect until revised rates are published by the DIR. The rate shown shall be subject to renegotiation to remain in compliance with State requirements if prevailing wages are increased by the DIR.

\* **A FINANCE CHARGE** of 1 ½ % per month (18% per year) will be added to any unpaid amount commencing thirty (30) days from invoice date. A mechanic's lien may be filed for any invoice remaining unpaid after thirty (30) days from invoice date.

## AGREEMENT FOR BOND COUNSEL SERVICES

**THIS AGREEMENT** is made and entered into this 12th day of September, 2018 by and between the Calaveras County Water District (the "District"), whose address is 120 Toma Court, San Andreas, CA 95249, and The Weist Law Firm (the "Bond Counsel"), whose address is 20 South Santa Cruz Avenue, Suite 300, Los Gatos, CA 95030.

### WITNESSETH:

**WHEREAS**, the District desires to arrange for the procurement of low interest rate municipal bonds in order to provide cost effective financing for the refunding (the "Refunding") of its outstanding (i) Calaveras County Water District, DaLee / Cassidy Water System Assessment District, Series 2010 Limited Obligation Improvement Bonds, originally issued on September 9, 2010 in the aggregate amount of \$990,000, maturing September 2, 2040 (the "2010 Bonds"); and (ii) Calaveras County Water District, Fly-In Acres Assessment District, Series 2013 Limited Obligation Improvement Bonds, originally issued on October 15, 2013 in the aggregate amount of \$2,065,327, maturing September 2, 2043 (the "2013 Bonds," and together with the 2010 Bonds, the "Prior Bonds"); and

**WHEREAS**, the District desires to retain Bond Counsel to do the necessary consulting, legal and analytical work hereinafter outlined, upon the terms and conditions hereinafter set forth, to structure, issue and deliver Series 2019 Refunding Revenue Bonds (the "Refunding Bonds") as necessary to accomplish the Refunding of the Prior Bonds; and

**WHEREAS**, Bond Counsel is specifically trained and experienced in the conduct of Refunding proceedings for accomplishing the issuance of the Refunding Bonds, and hereby represents that it is ready, willing and able to perform said work; and

**NOW, THEREFORE**, in consideration of the covenants and premises herein contained and other good and valuable consideration, the parties hereto agree as follows:

### **Section 1. Scope of Services.**

**Bond Counsel Services:** Bond Counsel shall provide the following legal services in connection with the preparation of the resolutions, documents and certifications necessary for the sale and delivery of the Refunding Bonds. Such services shall include the following:

1. Consult with representatives of the District, including the General Manager, Director of Administrative Services and other appropriate members of the District's staff, engineers, reassessment consultants, financial advisors, and others, with respect to the timing, terms and legal structure of the proposed issuance of Refunding Bonds.
2. Prepare of all resolutions, ordinances, notices, affidavits, Depository Trust Company agreements, indentures, escrow agreements, fiscal agent agreements, and other legal documents customarily prepared by Bond Counsel, as required for the issuance of Refunding Bonds (the "Principle Documents").

3. Review of documents prepared District staff, reassessment consultants, financial advisor, or consulting engineers, including the property valuations, the reassessment documents, the purchase contract(s) to be derived therefrom, and the continuing disclosure undertaking or undertakings.

4. Review of documentation with respect to any bond provisions, parity debt provisions and reserve fund policy provided or required in connection with the Refunding Bonds, if any.

5. Review and evaluate the various financing structures that may be available to the District for the securing of the Refunding Bonds. Our analysis will examine the range of capital borrowing methods available to the District.

6. Attend such meetings or hearings of the District's Board of Directors (the "Board"), and working group meetings or conference calls as the District may request, and as Bond Counsel deems prudent and necessary.

7. Prepare final closing papers to be executed by the District required to effect delivery of the Refunding Bonds and coordination of the closing of the Refunding Bonds.

8. Render Bond Counsel's customary final legal opinion on the validity of the Refunding Bonds and the exemption from gross income for federal income tax purposes and from California personal income tax of interest thereon.

9. Prepare of the required reports to the California Debt and Investment Advisory Commission (pursuant to section 8855 et seq. of the Government Code) respecting the sale of the Refunding Bonds and Form 8038-G to the Internal Revenue Service (pursuant to Section 149 of the Internal Revenue Code of 1986).

10. Prepare of a complete transcript of the proceedings, containing originally signed copies of all resolutions, ordinances, legal agreements, disclosure statements, certificates and notices. Copies shall be provided to the District and each member of the financing team.

**Disclosure Counsel Services:** If the Refunding Bonds are issued on a publically offered basis, Bond Counsel shall provide the following legal services as the District's Disclosure Counsel in connection with the preparation of the Official Statement for the Refunding Bonds, and related sales documents to be used in connection with the Refunding. Such services shall include the following:

1. Confer and consult with District staff and officers in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

2. Confer and consult with underwriters, attorneys, financial advisors, engineer's, title officers, trustees or fiscal or paying agents, feasibility consultants and all other professionals or participants in the issuance of the Refunding Bonds, in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

3. Review the Principle Documents as well as all other agreements, certificates, resolutions, orders, notices, and affidavits produced in said proceedings and such other reports, documents and correspondence of

legal nature as may be necessary in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

4. Prepare or assist in the preparation of the bond purchase contract relating to the Refunding Bonds.

5. Prepare or assist in the preparation of a continuing disclosure certificate to assist the underwriter with compliance with the provisions of Securities and Exchange Commission Rule 15c2-12.

6. Provide an opinion indicating compliance with (i) Section 17(a) of the Securities Act of 1933, (ii) Section 10b-5 of the Securities Exchange Act of 1934, and (iii) Rule 15c2-12 of the Securities Exchange Act of 1934.

**Excluded Services** Bond Counsel's services are limited to those specifically set forth above. Bond Counsel's services do not include representation of the District or any other party to the transaction in any litigation or other legal or administrative proceeding involving the Refunding Bonds or any other matter. Bond Counsel's services also do not include legal services relating to the Refunding, including but not limited to compliance with the California Environmental Quality Act, the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Hazardous Material Transportation Act, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the Porter-Cologne Water Quality Control Act, the Safe Drinking Water and Toxic Enforcement Act of 1986, the Hazardous Substance Account Act, the Hazardous Waste Control Act, or any determinations pertaining to completion and readiness for acceptance.

Bond Counsel's services also do not include any responsibility for compliance with state blue sky, environmental, land use, real estate or similar laws or for title to or perfection of security interests in real or personal property, including the acquisition of interests in real property, whether through gift, negotiation or the exercise of the power of eminent domain. Bond Counsel's services also do not include any responsibility the negotiation or preparation of joint powers agreements with other agencies. Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant. Also, Bond Counsel's services will not extend past the date of issuance of the Refunding Bonds and will not, for example, include services related to on-going administration, annexation, rebate compliance or continuing disclosure or otherwise related to the Refunding Bonds, proceeds of the Refunding Bonds or a refunding after issuance of the Refunding Bonds.

Bond Counsel may be willing to perform such excluded services on such terms as might be mutually agreed to at the time of need. The performance by Bond Counsel of services excluded by the above paragraphs, if required by the District, shall be under separate written agreement.

## **Section 2. Compensation.**

(a) Legal Fees for Bond Counsel Services. For all Refunding Bonds issued by the District, Bond Counsel shall be paid a flat fee of \$35,000. Payment of said amount shall be entirely contingent upon the sale or placement of the Refunding Bonds.

(b) Disclosure Counsel Services. If, and only if, the Refunding Bonds are issued on a publically offered basis, for all Refunding Bonds issued by the District, Disclosure Counsel shall be paid a flat fee of



\$32,500. Our fee and expenses for this work shall be entirely contingent upon the sale of the Refunding Bonds as a public offering.

(c) Out-of-Pocket Expenses. In addition to the legal fees, Bond Counsel shall be reimbursed its normal and customary out-of-pocket expenses, including travel (which includes an out of office fee of \$650 for each day of travel) and customary mileage rates; parking charges and bridge tolls as incurred, photocopies at forty-five cents per page, transcript preparation and distribution; telephone and facsimile charges as incurred, and postage and express delivery charges as incurred for each series of Refunding Bonds issued.

### **Section 3. Termination of Agreement and Legal Services.**

This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the District, shall, at the option of the District, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by the District without cause, Bond Counsel shall nevertheless be entitled to receive full compensation in the exact manner set forth in Section 2 hereof for any Refunding Bonds issued pertaining to the Refunding within five years of termination, regardless of the amount of work or length of time invested by Bond Counsel in the Refunding up to the point of termination. This continuing right to receive full compensation shall survive the term of this Agreement.

If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon final issuance of the Refunding Bonds. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the Refunding Bonds or the District.

### **Section 4. Insurance.**

Bond Counsel specifically represents that it maintains errors and omissions insurance applicable to the Bond Counsel services to be rendered under this Agreement.

### **Section 5. Nature of Engagement.**

The District acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the Refunding Bonds financing or the Refunding or that may be involved with or adverse to the District in this or some other matter.

Bond Counsel agrees not to represent any such entity in connection with the Refunding Bonds financing, during the term of this Agreement, without the consent of the District.

Given the special, limited role of Bond Counsel described above, the District acknowledges that no conflict of interest exists or would exist, and waives any conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this Agreement or any such other attorney-client relationship

that Bond Counsel may have had, have or enter into, and the District specifically consents to any and all such relationships.

**Section 6. Standards of Professional Conduct.**

Bond Counsel and every employee thereof shall provide their services, advice and any reports in full compliance with all applicable law and professional standards. Bond Counsel represents that it is specially trained, experienced, expert and competent to perform the services required under this Agreement, and that each individual providing legal services is a member in good standing of the State Bar and is licensed to practice in California. Bond Counsel certifies that it will not accept representation in any matters, including litigation, under this Agreement if it or any employee thereof has any personal or financial interest therein.

Bond Counsel certifies that it accepts this retention because it has the time, energy, skills and ability necessary to perform the duties required in an efficient, trustworthy, professional and businesslike manner. It is understood that the services under this Agreement must be provided immediately, and that they are time-critical. Bond Counsel is engaged by District for its unique qualifications and skills.

Bond Counsel agrees that it will comply with all ethical duties, will maintain the integrity of the Bond Counsel-client relationship, and will take all steps available to preserve all applicable legal privileges, confidences, and records from disclosure; however, it is hereby understood and agreed that the Financing and Refunding Bonds are public in nature, and the District hereby waives its right to confidential communications, and protecting of records from disclosure; however, where it is contended by third parties, Bond Counsel's work product or attorney-client privileged communications are subject to disclosure, and District directs Bond Counsel to not disclose the records, District agrees to indemnify Bond Counsel from any cost or expense related to protecting said records from disclosure.

**Section 7. Independent Contractor.**

Bond Counsel and District understand and agree that Bond Counsel is an independent contractor and that the District shall not be liable for Workers' Compensation, retirement or unemployment benefits for Bond Counsel or Bond Counsel's agents, partners or employees.

**Section 8. No Guarantee of Outcome.**

District hereby acknowledges and agrees that this is a best efforts undertaking, and that no guarantee of success or outcome has been, or can be, made by Bond Counsel.

**Section 9. Indemnification.**

District agrees that it will indemnify and hold harmless Bond Counsel and its respective directors, officers, employees and controlling persons (Bond Counsel and each such person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint or several, as incurred, to which such Indemnified Party may become subject under any applicable United States federal or state law, or any applicable foreign law, or otherwise, and related to or arising out of any untrue statement or alleged untrue statement of a material fact contained in any information, including without limitation the due diligence disclosure relating to the Refunding Bonds (the "Disclosure"), furnished or made available by District to Bond Counsel or otherwise,

to the purchaser of the Refunding Bonds or any of its representatives or the omission or the alleged omission to state therein a material fact necessary in order to make the statements therein not misleading, in the light of the circumstances under which they were made; provided, however, that District will not be liable to the extent that any loss, claim, damage or liability is found in a final judgment by a court to have resulted from Bond Counsel's bad faith or negligence in performing the services described above.

**Section 10. Arbitration.**

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by binding arbitration in Sacramento, California. Such arbitration shall be conducted in accordance with the then prevailing commercial arbitration rules of JAMS/Endispute ("JAMS"), with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each party to the arbitration will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to the JAMS' rules and regulations) of the proceedings has been given to such party. Each party shall bear its own attorneys fees and expenses.

The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided however, that nothing in this Section shall be construed as precluding the bringing an action for injunctive relief or other equitable relief. The arbitrator shall not have the right to award punitive damages or speculative damages to either party and shall not have the power to amend this Agreement. The arbitrator shall be required to follow applicable law.

**Section 11. Entire Agreement.**

This Agreement contains the entire understanding between Bond Counsel and District. All previous proposals, offers and communications relative to the Refunding and this Agreement, whether oral or written, are hereby superseded except to the extent that they have been incorporated into this Agreement.

No future waiver of or exception to any of the terms, conditions, and provisions of this Agreement shall be considered valid unless specifically agreed to in writing by both Bond Counsel and District. No oral agreement or implied covenant shall be held to vary the provisions of this Agreement. This Agreement shall bind and inure to the benefit of the parties to this Agreement and any subsequent successors or assigns as may be permitted pursuant to the provisions of this Agreement.

**Section 12. Modification.**

Both District and Bond Counsel understand that it may be desirable or necessary during the execution of this Agreement for Bond Counsel or District to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with District and all changes and their cost shall be memorialized in a written amendment to this original Agreement prior to the performance of the additional work.

Until a written change order is so executed, District shall not be responsible to pay any charges Bond Counsel may incur in performing such additional services, and correspondingly Bond Counsel shall not be required to perform any such additional services.

**Section 13. Severability.**

All sections and subsections of this Agreement are severable, and the unenforceability or invalidity of any of the sections or subsections of this Agreement shall not affect the validity or enforceability of the remaining sections or subsections of this Agreement, but such remaining sections or subsections shall be interpreted and construed in such a manner as to carry out fully the intention of the parties.

Therefore, if any part, term, or provision of this Agreement shall be held illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, the validity of the remaining portions or provisions shall not be affected by such holding and shall nevertheless continue in full force without being impaired or invalidated in any way.

**Section 14. Waiver.**

The waiver by either party of a default or breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent default or breach of the same or of a different provision of that party. No waiver or modification of this Agreement or of any covenant condition, or limitation contained in this Agreement shall be valid unless in writing and duly executed by the party or parties to be charged therewith.

**Section 15. Counterparts.**


This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective officers and representatives thereto duly authorized, all as of the day and year first above written.

**CALAVERAS COUNTY WATER DISTRICT**

By:  \_\_\_\_\_

**THE WEIST LAW FIRM**

By:  \_\_\_\_\_  
Cameron A. Weist, Esq.

**RESOLUTION NO. 2021-**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CALAVERAS COUNTY WATER DISTRICT**

**OF INTENTION TO PROCEED WITH THE REFINANCING OF  
OUTSTANDING LIMITED OBLIGATION IMPROVEMENT  
BONDS AND APPROVING THE CONDITIONAL NOTICE OF  
REDEMPTION OF SUCH BONDS AND APPOINTING  
CERTAIN CONSULTANTS IN CONNECTION THEREWITH**

**WHEREAS**, the Calaveras County Water District (the “District”), has heretofore provided for the issuance of its (i) Calaveras County Water District, DaLee / Cassidy Water System Assessment District, Series 2010 Limited Obligation Improvement Bonds, originally issued on September 9, 2010 in the aggregate amount of \$990,000, maturing September 2, 2040 (the “2010 Bonds”); and (ii) Calaveras County Water District, Fly-In Acres Assessment District, Series 2013 Limited Obligation Improvement Bonds, originally issued on October 15, 2013 in the aggregate amount of \$2,065,327, maturing September 2, 2043 (the “2013 Bonds,” and together with the 2010 Bonds, the “Prior Bonds”); and

**WHEREAS**, the District intends to arrange for a low interest rate municipal financing in connection with the proposed refunding (the “Refunding”) of the District’s remaining outstanding principal balance of Prior Bonds, and thereby save property owners within the DaLee / Cassidy Water System Assessment District (the “DaLee / Cassidy Assessment District”) and the Fly-In Acres Assessment District (the “Fly-In Acres Assessment District,” and together with the DaLee / Cassidy Assessment District, the “Assessment Districts”) money as a result of reduced debt service payments stemming from such Refunding of the Prior Bonds; and

**WHEREAS**, the Board confirms its intention to take all action necessary to provide for the issuance of Series 2021 Limited Obligation Improvement Refunding Bonds (the “2021 Bonds”), the proceeds of which will be placed in separate irrevocable escrow funds and used solely for the purpose of prepaying, and extinguishing the liens of, all outstanding Prior Bonds at the time of closing; and

**WHEREAS**, the next call date for the Prior Bonds is March 2, 2021, and the legal agreements under which the Prior Bonds were issued require the District (through its Fiscal Agent) give not less than 30 days notice of redemption (the “Redemption Notice”) to the owners of the Prior Bonds; and

**WHEREAS**, because the 2021 Bonds will not be issued until after the Redemption Notice must be provided, there is a slight risk that the 2021 cannot be issued prior to March 2, 2021 redemption date, and therefore the affected owners of Prior Bonds would not be paid in accordance with the Redemption Notice; and

**WHEREAS**, staff has worked out an arrangement with the Fiscal Agent allowing the Fiscal Agent to issue a Redemption Notice with a provision that the Redemption Notice can be rescinded by the District in the event the 2021 Bonds cannot be issued prior to March 2<sup>nd</sup> redemption date (the “Conditional Redemption Notice”); and

**WHEREAS**, the form of Conditional Redemption Notice is attached hereto as Exhibit A; and

**WHEREAS**, in order to efficiently accomplish the Refunding and issuance of 2021 Bonds, the Board desires to appoint the financing team in connection with the execution and delivery of the 2021 Bonds; and

**NOW, THEREFORE BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE CALAVERAS COUNTY WATER DISTRICT THAT:**

**Section 1. Recitals and Findings.** The Board of Directors hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above are true and correct and that the Refunding is expected to result in savings to the property owners within Assessment Districts.

**Section 2. Preliminary Intention to Proceed.** The Board of Directors hereby determines that it is necessary and desirable to proceed with the Refunding of the Prior Bonds and issuance of 2021 Bonds, so long as the net present value of savings resulting from the Refunding meets or exceeds three percent (3%) of the outstanding par amount of the Prior Bonds, respectively, subject to final authorization thereof by resolution of the District at a subsequent meeting held for such purpose.

**Section 3. Approval of the Conditional Redemption Notice.** The Board hereby approves the Conditional Redemption Notice in substantially the form attached hereto as Exhibit A and consents to such revisions, amendments and completions as shall be approved by an Authorized Representative of the District. Any Authorized Representative of the District is hereby authorized and directed to execute the final form of the Conditional Redemption Notice for and in the name and on behalf of the District and the execution thereof shall be conclusive evidence of the Board’s approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Conditional Redemption Notice.

The District agrees to reimburse the Fiscal Agent, its officers, employees, directors and agents (the “Indemnified Parties”) for all out-of-pocket costs and expenses incurred by the Indemnified Parties related to or arising from a revocation of the notice of redemption and the related cancellation of the redemption of the Prior Bonds. The District further agrees to indemnify and hold the Indemnified Parties harmless from and against all claims, costs, expenses, losses and liabilities of any kind whatsoever, including, without limitation, fees and expenses of legal counsel, incurred by the Indemnified Parties related to or arising from a revocation of the Conditional Redemption Notice and the related cancellation of the redemption of the Prior Bonds.

**Section 4. Authorized Representatives.** The General Manager, Director of Administrative Services, Clerk to the Board, and any other person authorized by the

Board to act on behalf of the District shall each be an “Authorized Representative” of the District for the purposes of the Refunding and providing for the issuance of the 2021 Bonds, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the District has approved in this Resolution.

**Section 5. Appointment of Consultants.** In connection with the transactions contemplated in this Resolution, the District hereby designates and appoints the following Finance Team:

Role	Firm Name
Bond Counsel	The Weist Law Firm
Placement Agent	Brandis Tallman
Municipal Advisor	Urban Futures
Engineer’s Report	Webb & Associates
Escrow Verification	Causey
Lenders Legal	Stradling
District Counsel	Downey Brand
Fiscal Agent Counsel	Dorsey
Fiscal Agent	US Bank

The General Manager is authorized and directed to execute an agreement with such firms in the respective forms on file with the Secretary to the Board.

**Section 6. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED AND ADOPTED** this 27<sup>th</sup> day of January, 2021 by the following vote:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

CALAVERAS COUNTY WATER DISTRICT

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Jeff Davidson, President  
Board of Directors

**ATTEST:**

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Rebecca Hitchcock  
Clerk to the Board

**EXHIBIT A**

**NOTICE OF CONDITIONAL FULL OPTIONAL REDEMPTION**

**to the Holders of**

**CALAVERAS COUNTY WATER DISTRICT**

**DaLee/Cassidy Assessment District Series 2010**

**Limited Obligation Improvement Bonds**

CUSIP	Series	Principal Outstanding	Interest Rate	Maturity Date
128236FB7		--	3.5000%	09/02/2015
128236FC5		--	4.3750%	09/02/2019
128236FD3		20,000.00	4.8750%	09/02/2021
128236FE1		40,000.00	5.0000%	09/02/2023
128236FF8		45,000.00	5.2500%	09/02/2025
128236FG6		140,000.00	5.8750%	09/02/2030
128236FH4		465,000.00	6.0000%	09/02/2040
<b>Total</b>		<b>710,000.00</b>		

**Fly-In Acres Assessment District Series 2013**

**Limited Obligation Improvement Bonds**



CUSIP	Series	Principal Outstanding	Interest Rate	Maturity Date
128236FJ0		--	2.0000%	09/02/2014
128236FK7		--	1.5000%	09/02/2015
128236FL5		--	2.0000%	09/02/2016
128236FM3		--	2.6250%	09/02/2017
128236FN1		--	3.0000%	09/02/2018
128236FP6		--	3.2500%	09/02/2019
128236FQ4		--	3.5000%	09/02/2020
128236FR2		40,000.00	4.0000%	09/02/2021
128236FS0		45,000.00	4.0000%	09/02/2022
128236FT8		45,000.00	4.2500%	09/02/2023
128236FU5		45,000.00	4.5000%	09/02/2024
128236FV3		45,000.00	4.6250%	09/02/2025
128236FW1		50,000.00	4.7500%	09/02/2026
128236FX9		50,000.00	4.7500%	09/02/2027
128236FY7		55,000.00	5.0000%	09/02/2028
128236FZ4		315,000.00	5.2500%	09/02/2033
128236GA8		425,000.00	5.5000%	09/02/2038
128236GB6		550,000.00	5.6250%	09/02/2043
<b>Total</b>		<b>1,665,000.00</b>		

**NOTICE IS HEREBY GIVEN** pursuant to the terms of the Fiscal Agent Agreement dated as of \_\_\_\_\_ 1, 20\_\_, between Calaveras County Water District, as Issuer, and U.S. Bank National Association, as Fiscal Agent, that the bonds listed below have been selected for Full Redemption on March 2, 2021 (the Redemption Date) at the price listed below of the principal amount (the Redemption Price) together with interest accrued to the Redemption Date. Redemption of the bonds as described in this notice shall be conditioned upon the receipt by the Fiscal Agent from the District of the funds sufficient for the proposed redemption on or before the Redemption Date.

Payment of the Redemption Price on the Bonds called for redemption will be paid only upon presentation and surrender thereof in the following manner:

**Delivery Instructions**

**U.S. Bank**

**Global Corporate Trust Services**

111 Fillmore Ave E

St. Paul, MN 55107

Bondholders presenting their bonds in person for same day payment **must** surrender their bond(s) by 1:00 P.M. CTS on the Redemption Date and a check will be available for pick up after 2:00 P.M. CST. Checks not picked up by 4:30 P.M CST. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Bond, you are not required to endorse the Bond to collect the Redemption Price.

Interest on the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

**REQUIREMENT INFORMATION**

For a list of redemption requirements please visit our website at [www.usbank.com/corporatetrust](http://www.usbank.com/corporatetrust) and click on the “**Bondholder Information**” link for Redemption instructions. You may also contact our Bondholder Communications team at 1-800-934-6802 Monday through Friday from 8 AM to 6 PM CST.

**IMPORTANT NOTICE**

Federal law requires the Paying Agent to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit [www.irs.gov](http://www.irs.gov) for additional information on the tax forms and instructions..

*\*The Fiscal Agent shall not be held responsible for the selection or use of the CUSIP number in this Redemption Notice, nor is any representation made as to its correctness. It is included solely for the convenience of the Holders.*

**Dated:** \_\_\_\_\_, 2021

**By: U.S. Bank National Association,**

**as Fiscal Agent**

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**Savings**  
**Calaveras County Water District, California**  
**Refunding of Dalee Cassidy AD**

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>	<i>Present Value to 02/23/2021 @ 3.1060389%</i>
9/2/2022	60,487.50	48,903.06	11,584.44	11,180.73
9/2/2023	59,487.50	48,903.32	10,584.18	9,915.19
9/2/2024	58,487.50	48,903.14	9,584.36	8,716.76
9/2/2025	62,437.50	48,903.48	13,534.02	11,887.00
9/2/2026	61,125.00	48,903.26	12,221.74	10,417.22
9/2/2027	59,656.26	48,903.34	10,752.92	8,896.91
9/2/2028	63,187.50	48,902.60	14,284.90	11,425.15
9/2/2029	61,425.00	48,902.82	12,522.18	9,718.91
9/2/2030	59,662.50	48,902.76	10,759.74	8,106.16
9/2/2031	62,900.00	48,903.14	13,996.86	10,197.05
9/2/2032	60,800.00	48,902.60	11,897.40	8,410.89
9/2/2033	63,700.00	48,902.84	14,797.16	10,122.16
9/2/2034	61,300.00	48,903.38	12,396.62	8,227.00
9/2/2035	63,900.00	48,902.74	14,997.26	9,634.06
9/2/2036	66,200.00	48,903.46	17,296.54	10,760.15
9/2/2037	63,200.00	48,902.90	14,297.10	8,623.83
9/2/2038	65,200.00	48,903.52	16,296.48	9,520.12
9/2/2039	61,900.00	48,902.54	12,997.46	7,359.50
9/2/2040	63,600.00	48,903.32	14,696.68	8,059.65
	1,178,656.26	929,158.22	249,498.04	181,178.44

Average Annual Savings: 13,131.48  
Number of Parcels: 44  
Annual Savings Per Parcel: 298.44

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**Savings**  
**Calaveras County Water District, California**  
**Refunding of Fly-In Acres AD**

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>	<i>Present Value to 02/23/2021 @ 3.1060389%</i>
9/2/2022	131,168.76	103,942.82	27,225.94	26,210.08
9/2/2023	129,368.76	103,942.78	25,425.98	23,748.65
9/2/2024	127,456.26	103,943.28	23,512.98	21,310.72
9/2/2025	125,431.26	103,942.32	21,488.94	18,901.94
9/2/2026	128,350.00	103,942.84	24,407.16	20,788.21
9/2/2027	125,975.00	103,942.66	22,032.34	18,212.36
9/2/2028	128,600.00	103,942.56	24,657.44	19,739.05
9/2/2029	125,850.00	103,943.26	21,906.74	17,020.85
9/2/2030	127,962.50	103,942.34	24,020.16	18,075.74
9/2/2031	129,812.50	103,942.38	25,870.12	18,859.38
9/2/2032	126,400.00	103,942.82	22,457.18	15,888.39
9/2/2033	127,987.50	103,943.00	24,044.50	16,479.70
9/2/2034	129,312.50	103,943.20	25,369.30	16,846.50
9/2/2035	130,187.50	103,942.62	26,244.88	16,886.96
9/2/2036	130,787.50	103,942.34	26,845.16	16,737.93
9/2/2037	131,112.50	103,942.36	27,170.14	16,416.10
9/2/2038	131,162.50	103,942.52	27,219.98	15,937.26
9/2/2039	130,937.50	103,942.62	26,994.88	15,316.25
9/2/2040	130,312.50	103,942.28	26,370.22	14,498.09
9/2/2041	129,406.26	103,943.12	25,463.14	13,564.72
9/2/2042	128,218.76	103,942.48	24,276.28	12,529.86
9/2/2043	126,750.00	103,942.72	22,807.28	11,403.75
	2,832,550.06	2,286,739.32	545,810.74	385,372.49

Average Annual Savings: 24,809.58  
Number of Parcels: 107  
Annual Savings Per Parcel: 231.87

# Agenda Item

DATE: January 27, 2020  
TO: Michael Minkler  
FROM: Rebecca Callen, Director of Administrative Services  
SUBJECT: Discussion/Action Regarding Sewer Fund Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300)

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## RECOMMENDED ACTION:

Motion \_\_\_\_\_/\_\_\_\_\_ adopting Resolution No. 2021 - \_\_\_\_\_ Approving Sewer Fund Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300).

## SUMMARY:

On August 8, 2018, the Board of Directors approved Resolution 2018-44 based on the following information:

As per the Audited Financial Statements of June 30, 2016 and June 30, 2017 the Sewer Fund (Fund 500) experienced year-end shortfalls that resulted in a loan from the Water Fund (Fund 300). These shortfalls were a result of sewer revenues being insufficient to fund sewer operations. The sewer fund shortfalls are:

FY 2015-16	\$257,798
<u>FY 2016-17</u>	<u>458,312</u>
Total	\$716,110

In February 2017 the District contracted with HDR Engineering to perform a Financial Analysis and Cost of Service Study to determine the adequacy of the District's water and sewer rate revenues to fund ongoing operations and repay the \$716,110 sewer funding shortfall. For repayment of the shortfall the Board elected to include a ten-year repayment plan in the proposed sewer rate plan. In May 2018, the Board adopted new sewer rates, which included annual funding for the repayment of the \$716,110 shortfall.

Repayment will begin in FY 2018-19 and end by FY 2027-28. Based on a ten-year repayment plan and a two percent (2.0%) interest rate, the annual principal and interest payments will be \$79,722.04. Total interest costs are estimated to be \$81,110.

.....

The Audited Financial Statements of June 30, 2018 demonstrated an additional amount required of \$410,157. The updated amount of the loan between the Sewer and Water fund is as follows:

FY 2015-16	\$257,798
FY 2016-17	<u>458,312</u>
FY 2017-18	<u>410,157</u>
Total	\$1,126,267
FY 2018-19 Pmt	<u>(102,858.05)</u>
FY 2019-20 Pmt	(29,249.63)
Balance 6/30/20	\$993,979.32

The rate study from May 2018 noted that while there was a historical loan requirement between the Water and Sewer Funds of about \$700,000, there was also a projected amount of \$329,000. However, the resolution approved only addressed the \$716,110. How to physically pay it down was left to be addressed at a future time. One option was to reduce operating expenditures in lieu of debt service.

Staff proposed an updated Resolution and updated amortization schedule addressing the debt service as part of the annual budget to the Finance Committee on January 19, 2021.

**FINANCIAL CONSIDERATIONS:**

The 2020-21 budget included the higher debt service.

*Attachment: Resolution 2018-44 Approving Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300)  
Updated Sewer Fund Repayment Agreement  
Resolution 2021-\_\_\_ Amending Repayment Agreement between the Sewer Fund (Fund 500) and the Water Fund (Fund 300)*

**RESOLUTION 2018 - 44**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CALAVERAS COUNTY WATER DISTRICT**

**APPROVING SEWER FUND REPAYMENT AGREEMENT BETWEEN THE  
SEWER FUND (FUND 500) AND THE WATER FUND (FUND 300)**

**WHEREAS**, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT has reviewed the SEWER FUND REPAYMENT AGREEMENT (attached hereto and made a part hereof) that authorizes the repayment of funds advanced by the Water Fund (Fund 300) to the Sewer Fund (Fund 500); and

**WHEREAS**, the District's Audited Financial Statements as of June 30, 2017 identified the amount owed by the Sewer Fund (Fund 500) to the Water Fund (Fund 300) as \$716,110; and

**WHEREAS**, the repayment agreement stipulates that the funds advanced be paid back in annual principal and interest payments as outlined in the Repayment Agreement.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors does hereby approve and adopt the Sewer Fund Repayment Agreement and authorizes the Board President to execute said Agreement.

**PASSED AND ADOPTED** this 8th day of August, 2018 by the following vote:

**AYES:** Directors Davidson, Underhill, Strange, Thomas, and Ratterman  
**NOES:** None  
**ABSENT:** None  
**ABSTAIN:** None

CALAVERAS COUNTY WATER DISTRICT



\_\_\_\_\_  
Scott Ratterman  
President, Board of Directors

**ATTEST:**



\_\_\_\_\_  
Rebecca Hitchcock  
Clerk to the Board

**CALAVERAS COUNTY WATER DISTRICT  
SEWER FUND REPAYMENT AGREEMENT AMENDMENT**

**THIS AGREEMENT** is amending the agreement entered into on the 8<sup>th</sup> day of August, 2018. Effective January 27, 2020 the total amount owed by the Sewer Fund (Fund 500) to the Water Fund (Fund 300) was \$993,679.32. As per the District's June 30, 2018 Audited Financial Statements, an additional \$410,157 was required over and above the original agreement of \$716,110.00.

The repayment agreement will be for the period of ten (10) years at an annual interest rate of two percent (2.0%). The Sewer Fund made payment of \$125,383.39 without Board approval and reduced the 2019-20 payment to align with the approved repayment schedule. In anticipation of the Board approving the increase, \$125,383.39 was included in the 2020-21 budget. To ensure the term of the loan does not exceed ten years, the remaining nine (9) annual principal and interest payments of \$137,000.47 will commence starting with the 2021-22 fiscal year, as per the following schedule:

<u>Fiscal Year</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Additional Loan</u>	<u>Principal Balance</u>
FY 2017-18					\$716,110
FY 2018-19	\$125,383.39	\$102,858.05	\$22,525.34	\$410,157	\$1,023,408.95
FY 2019-20	\$34,060.69	\$29,429.63	\$4,811.06		\$993,679.32
FY 2020-21	\$125,383.39	\$107,013.52	\$18,369.87		\$886,665.80
FY 2021-22	\$137,000.47	\$119,267.15	\$17,773.32		\$767,398.65
FY 2022-23	\$137,000.47	\$121,652.49	\$15,347.97		\$645,746.15
FY 2023-24	\$137,000.47	\$124,085.54	\$12,914.92		\$521,660.61
FY 2024-25	\$137,000.47	\$126,567.25	\$10,433.21		\$395,093.36
FY 2025-26	\$137,000.47	\$129,098.60	\$7,901.87		\$265,994.76
FY 2026-27	\$137,000.47	\$131,680.57	\$5,319.90		\$134,314.18
FY 2027-28	\$137,000.47	\$134,314.18	\$2,686.28		0

IN WITNESS WHEREOF, this agreement is hereby executed this day and year first hereinabove written.

CALAVERAS COUNTY WATER DISTRICT

\_\_\_\_\_  
Jeff Davidson, President  
Board of Directors

**ATTEST:**

\_\_\_\_\_  
Rebecca Hitchcock  
Clerk to the Board



**RESOLUTION NO. 2021-**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
CALAVERAS COUNTY WATER DISTRICT**

**APPROVING SEWER FUND REPAYMENT AGREEMENT BETWEEN THE SWER  
FUND (FUND 500) AND THE WATER FUND (FUND 300)**

**WHEREAS**, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT has reviewed the SEWER FUND REPAYMENT AGREEMENT (attached hereto and made a part hereof) that authorizes the repayments of funds advanced by the Water Fund (Fund 300) to the Sewer Fund (Fund 500); and

**WHEREAS**, the District's Audited Financial Statements as of June 30, 2017 identified the amount owed by the Sewer Fund (Fund 500) to the Water Fund (Fund 300) as \$716,110; and

**WHEREAS**, the District's Auditor Financial Statements as of June 30, 2018 identified the amount owed by the Sewer Fund (Fund 500) to the Water Fund (Fund 300) as an additional \$410,157; and

**WHEREAS**, the repayment agreement stipulates that the funds advanced be paid back in annual principal and interest payments as outlined in the Repayment Agreement.

**WHEREAS**, the Finance Committee reviewed the updated repayment agreement and approved on January 19, 2021, and.

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors does hereby approve and adopt the Sewer Fund Repayment Agreement and authorizes the Board President to execute said Agreement.

**PASSED AND ADOPTED** this 27<sup>th</sup> day of January, 2021 by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

CALAVERAS COUNTY WATER DISTRICT

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Jeff Davidson, President  
Board of Directors

**ATTEST:**

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Rebecca Hitchcock  
Clerk to the Board

# Agenda Item

DATE: January 27, 2021

TO: Michael Minkler, General Manager

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Discussion/Action Regarding the Mid-Year FY 2020-21 Operating and Capital Improvement Program Budgets

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## **RECOMMENDED ACTION:**

Motion: \_\_\_\_\_/\_\_\_\_\_ adopting Resolution No. 2021 – \_\_\_\_ Approving Mid-Year FY 2020-21 Operating and Capital Improvement Program Budget adjustments.

## **SUMMARY:**

Staff has reviewed budgets and actual expenses and revenue activity through December 2020, projected accounts through 6/30/2021, and identified budget adjustments that require Board action or report out per Budget and Fiscal Policies 5.00.2.13.

Appendix A requires Board action to approve. Detail on included on each line item.

Appendix B requires General Manager approval and report out to the Board. Detail is included on each line item.

Appendix C requires Board action, and all changes were approved during the January 12, 2021 Engineering Committee Meeting.

All changes have been detailed in the monthly Budget Status Reports at the Finance Committee meetings and Mid-Year adjustments were presented to the Finance Committee on January 19, 2021 and were approved to bring forward to the full Board for approval. The redistributions or amendments help to clean up the budget to better manage the remainder of the fiscal year in addition to recognizing unanticipated revenues.

## **FINANCIAL CONSIDERATIONS:**

Total changes allow for net revenue to be retained for future budget needs that would require Board approval to spend.

*Attachments:   Appendix A – Budget Adjustment 21-02  
                  Appendix B – GM Adjustments  
                  Appendix C – Revised CIP Budget  
                  Resolution 2021- \_\_ Amending the Fiscal Year 2020-21 Operating and Capital Improvement  
                  Program Budget*

Fund	Account	Dept	Account Description	Expenses			Revenues			Appendix A Savings (Shortfall)	by Fund	Authorizat	Description
				Decrease	Increase	Total Expense	Decrease	Increase	Total Revenues				
300	54-60310		54 Materials and Supplies		6,098.00	6,098.00			-		BOD	Increase expenses for COVID	
300	54-60312		54 Safett Eq. Repl Consumables		36,877.00	36,877.00			-		BOD	Increase expenses for COVID	
300	54-60400		54 Outside Services		13,995.00	13,995.00			-		BOD	Increase expenses for COVID	
300	54-60590		54 Professional Services		1,490.00	1,490.00			-		BOD	Increase expenses for COVID	
300	54-60000		54 Salaries/wages	14,615.00		(14,615.00)					BOD	District Match for COVID Grant	
300	54-54510		54 Grant Revenue			-		43,845.00	43,845.00		BOD	Increase revenues for COVID Reimbursement	
300	55-41000		55 Water Saes/Resid					220,000.00	220,000.00		BOD	Unanticipated water due to increased accounts and consumption	
300	55-41200		55 Water Sales - Fire Hydrant					30,000.00	30,000.00		BOD	Unanticipated Water Sales due to construction	
300	55-44100		55 Account Establishment Fees					30,000.00	30,000.00		BOD	Unanticipated new account fees	
300	55-44110		55 Delinquent Account Charge				90,000.00		(90,000.00)		BOD	Reduced delinquent charges due to office closures and COVID responses	
300	59-51100		59 Interest Income				109,000.00		(109,000.00)		BOD	Error in prior years interest allocation sheet corrected.	
300	50-78990		50 Misc Non-Operating Expense		7,841.31				-		BOD	Discharge Lake Tulloch AD Loan	
				14,615.00	66,301.31	43,845.00	199,000.00	323,845.00	124,845.00	81,000.00			
500	59-48190		59 Misc Operating Revenue	-				91,108.00	91,108.00		BOD	Fuel Reduction Program	
500	59-60590		59 Professional Services	-	55,747.27	55,747.27			-		BOD	Need Admin Costs	
500	59-79100		59 Transfers Out	-	35,360.73	35,360.73			-		BOD	Transfer to Reserve for fire projects	
500	55-41000		55 Sewer Sales/Resid	-		-		100,000.00	100,000.00		BOD	Unanticipated sewer due to increased accounts	
500	55-44110		55 Delinquent Account Charge	-		-	32,000.00		(32,000.00)		BOD	Reduced delinquent charges due to office closures and COVID responses	
500	59-51100		59 Interest Income	-		-	40,000.00		(40,000.00)		BOD	Error in prior years interest allocation sheet corrected.	
500	50-78990		50 Misc Non-Operating Expense	-	2,900.21	2,900.21			-		BOD	Discharge Lake Tulloch AD Loan	
				-	94,008.21	94,008.21	72,000.00	191,108.00	119,108.00	25,099.79			

Fund	Account	Dept	Account Description	Expenses		
				Decrease	Increase	Total Expense
300	54-60590	54	Professional Services	6,500.00		(6,500.00)
300	60-60590	60	Professional Services		6,500.00	6,500.00
300	60-60590	60	Professional Services		10,000.00	10,000.00
300	60-60590	60	Professional Services		30,000.00	30,000.00
300	54-60470	54	Laboratory Services	11,915.00		(11,915.00)
300	54-60423	54	Telemetry	3,000.00		(3,000.00)
300	57-60000	57	Salaries/Wages	10,950.00		(10,950.00)
300	57-60100	57	Benefits	14,600.00		(14,600.00)
300	54-60480	54	Rental (Non-Vehicle)		12,544.00	12,544.00
300	54-60426	54	Building Repairs	12,800.00		(12,800.00)
300	59-60000	59	Salaries/Wages	32,255.00		(32,255.00)
300	50-60220	50	Water		183.00	183.00
300	50-60250	50	Telephone		365.00	365.00
300	50-60260	50	Refuse/Disposal		146.00	146.00
300	50-61410	50	Insurance		3,246.00	3,246.00
300	54-60210	54	Power		32,448.00	32,448.00
300	54-60332	54	Leak Repair Supplies		20,000.00	20,000.00
300	54-60431	54	Computer Lic Maint Contracts		17,280.00	17,280.00
300	54-75110	54	Vehicles Capital Leases		20,112.00	20,112.00
300	54-75200	54	Equipment/Vehicles	27,086.00		(27,086.00)
300	54-60240	54	Telephone Lease Lines	2,880.00		(2,880.00)
300	50-72700	50	Interest for GapVaxx Truck	3,584.00		(3,584.00)
300	50-73700	50	Principal for GapVaxx Truck	35,840.00		(35,840.00)
300	50-61200	50	Retired Employee Costs	18,250.00		(18,250.00)
300	54-60000	54	Salaries/wages	9,847.00		(9,847.00)
300	56-60000	56	Salaries/Wages	7,300.00		(7,300.00)
300	57-60810	57	Training/Travel	7,300.00		(7,300.00)
300	58-60410	58	Service Maint Contracts	913.00		(913.00)
300	58-60810	58	Training/Travel	945.00		(945.00)
300	59-60431	59	Computer Licenses		22,000.00	22,000.00
300	54-60431	54	Computer Licenses		28,136.00	28,136.00
300	59-60030	59	Overtime		14,600.00	14,600.00
300	59-60000	59	Salaries/Wages	14,600.00		(14,600.00)
300	59-60590	59	Professional Services		18,250.00	18,250.00
300	59-60590	59	Professional Services		4,380.00	4,380.00
300	59-60590	59	Professional Services		3,650.00	3,650.00
300	59-60000	59	Salaries/Wages	24,220.00		(24,220.00)
				244,785.00	243,840.00	-
500	54-60480	54	Rental (Non-Vehicle)		7,056.00	7,056.00
500	54-60426	54	Building Repairs	7,200.00		(7,200.00)
500	50-60220	50	Water		68.00	68.00
500	50-60250	50	Telephone		135.00	135.00
500	50-60260	50	Refuse/Disposal		54.00	54.00
500	50-61410	50	Insurance		3,420.00	3,420.00
500	54-60210	54	Power		18,252.00	18,252.00
500	54-60424	54	Septic Hauling		1,400.00	1,400.00
500	54-60431	54	Computer Lic Maint Contracts		9,720.00	9,720.00
500	54-75110	54	Vehicles Capital Leases		11,313.00	11,313.00
500	54-75200	54	Equipment/Vehicles	2,004.00		(2,004.00)
500	54-75300	54	Capital Projects		1,000.00	1,000.00
500	54-60470	54	Laboratory Services	7,200.00		(7,200.00)
500	54-60240	54	Telephone Lease Lines	1,620.00		(1,620.00)
500	50-72700	50	Interest for GapVaxx Truck	2,016.00		(2,016.00)

**Appendix B  
Savings  
(Shortfall) by**

Fund	Authorization	Description
GM		White Pines Innundation Mapping
GM		White Pines Innundation Mapping
GM		Stan/Cal WWS
GM		Vulnerability Assessments (6 service areas \$5k each)
GM		Savings
GM		Savings
GM		Savings
GM		Sublease from Habitat property
GM		Sublease from Habitat property
GM		EAM Salary Savings (vacant part of the year)
GM		Trending Over Budget
GM		Trending Over Budget
GM		Trending Over Budget
GM		Trending Over Budget
GM		Trending Over Budget - was budgeted to assume a similar reduction from previous year in costs that didn't occur
GM		Leak repairs higher than projected
GM		Websoft Annual Licensing was not budgeted
GM		Underbudgeted annual capital lease costs for initial 10, reduced current from 10 to 8
GM		Actuals equipment purchases will be less than budget
GM		Pay against 60250 - Telephones. Consolidating
GM		GapVaxx Debt service lower than budgeted
GM		GapVaxx Debt service lower than budgeted
GM		Retired employee costs trending lower than budgeted
GM		Savings
GM		Savings
GM		Savings
GM		Additional Modeling software in excess of Budget
GM		Savings to offset Modeling Software
GM		Smartmeter software with Tyler for AMI project
GM		Mueller annual licensing for AMI network
GM		Increase overtime for Tyler Implementation push
GM		Decrease Salaries for Tyler Implementation push
GM		UFI Financial Advisors
GM		IT Health Assessment
GM		Web Design
GM		Savings to offset additional contracts (UFI, IT, Web)
GM		Sublease from Habitat property
GM		Sublease from Habitat property
GM		Trending Over Budget
GM		Trending Over Budget
GM		Trending Over Budget
GM		Trending Over Budget
GM		Trending Over Budget
GM		Trending Over Budget
GM		Trending Over Budget
GM		Websoft Annual Licensing was not budgeted
GM		Underbudgeted annual capital lease costs for initial 10, reduced current from 10 to 8
GM		Actuals equipment purchases will be less than budget
GM		Additional capital need to address fencing issues
GM		Savings
GM		Pay against 60250 - Telephones. Consolidating
GM		GapVaxx Debt service lower than budgeted

Fund	Account	Dept	Account Description	Expenses			Fund	Authorization	Description
				Decrease	Increase	Total Expense			
	500 50-73700		50 Principal for GapVaxx Truck	20,160.00		(20,160.00)	GM	GapVaxx Debt service lower than budgeted	
	500 50-61200		50 Retired Employee Costs	6,750.00		(6,750.00)	GM	Retired employee costs trending lower than budgeted	
	500 56-60000		56 Salaries/Wages	2,700.00		(2,700.00)	GM	Savings	
	500 57-60000		57 Salaries/Wages	4,050.00		(4,050.00)	GM	Savings	
	500 57-60100		57 Benefits	5,400.00		(5,400.00)	GM	Savings	
	500 57-60810		57 Training/Travel	2,700.00		(2,700.00)	GM	Savings	
	500 58-60410		58 Service Maint Contracts	338.00		(338.00)	GM	Additional Modeling software in excess of Budget	
	500 59-60030		59 Overtime		5,400.00	5,400.00	GM	Increase overtime for Tyler Implementation push	
	500 59-60000		59 Salaries/Wages	5,400.00		(5,400.00)	GM	Decrease Salaries for Tyler Implementation push	
	500 59-60590		59 Professional Services		6,750.00	6,750.00	GM	UFI Financial Advisors	
	500 59-60590		59 Professional Services		1,620.00	1,620.00	GM	IT Health Assessment	
	500 59-60590		59 Professional Services		1,350.00	1,350.00	GM	Web Design	
				67,538.00	67,538.00	-			

**Appendix B  
Savings  
(Shortfall) by**

Capital Improvement Program  
Schedule of Cash Flow - Water Projects  
FY 2020-21 thru FY 2022-2023

Mid-Year Adjusted 1/27/2021

Project No	New Water Projects Project Description	2020/21 Proposed Project	Previous Years Expense + YTD 19/20	YTD (November 2020)	Cash Flow			Funding FY 20-21				
					FY 20-21	FY 21-22	FY 22-23	Expansion Funds	Reserves	Capital R & R	Grants	AD / Other Outside
11115	Ebbetts Pass Larkspur Pump Station Rehab / Electrical	300,000	-	-	300,000			-	-	300,000	-	-
11116	Ebbetts Pass Pinebrook Rehabilitation	400,000	-	-	-			-	-	-	-	-
11117	Avery Pumps / Motor Control Soft Starts	60,000	-	-	60,000			-	-	60,000	-	-
11118	Jenny Lind Filters 3, 4 & 5 Rehab / Coating	660,000	-	-	660,000	-		-	-	660,000	-	-
11119	Jenny Lind Tanks A, B, E & F Rehab	2,000,000	-	-	-			-	-	-	-	-
11120	Jenny Lind Raw Water Intake Structure	4,000,000	-	-	-			-	-	-	-	-
11121	Jenny Lind Tank C Replacement	500,000	-	-	10,000			-	-	10,000	-	-
11113	Copper Cove SCADA Improvements	60,000	-	15,510	60,000			-	-	60,000	-	-
11122	Copper Cove Zone B-C Trans Pipeline & Pump Stations	9,010,000	-	-	10,000	-		-	-	10,000	-	-
11123	West Point Acorn Pump Station & Trans Pipeline	2,010,000	-	-	10,000			-	-	10,000	-	-
11124	West Point Middle Fork Pump Station	1,610,000	-	-	10,000			-	-	10,000	-	-
11125	Sheep Ranch Water Plant Replacement	800,000	-	-	-			-	-	-	-	-
11126	Sheep Ranch Distribution System Replacement	750,000	-	-	-			-	-	-	-	-
11127	Sheep Ranch Clearwell Rehab/ Repair and Paint	350,000	-	-	-			-	-	-	-	-
multi	Misc Road Repairs / CalOES	257,655	-	175,746	257,655			-	16,120	-	241,548	-
10029	Slurry Line Improvements	80,000	-	-	80,000			-	-	-	-	80,000
	<b>Total New Water Projects</b>	<b>\$ 22,847,655</b>	<b>\$ -</b>	<b>\$ 191,256</b>	<b>\$ 1,457,655</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,120</b>	<b>\$ 1,120,000</b>	<b>\$ 241,548</b>	<b>\$ 80,000</b>

Project No	Carryover Water Projects Project Description	2020/21 Proposed Project	Previous Years Expense + YTD 19/20	YTD (November 2020)	Cash Flow			Expansion Funds	Reserves	Capital R & R	Grants	AD / Other Outside
					FY 20-21	FY 21-22	FY 22-23					
11083C	Copper Cove Tank B /Clearwell (11079/11080)	1,171,000	10,885	-	10,000	150,000	1,000,115	-	-	10,000	-	-
11084	Ebbetts Pass Techite Water Line Replacement	2,463,000	413,000	746,583	1,950,000	100,000		-	-	1,950,000	-	-
11085	Ebbetts Pass Reach 1 Water Line Replacement	8,353,000	4,853,321	1,537,056	3,499,679			875,000	-	2,624,679	-	-
11088	Jenny Lind Tank A-B Transmission Line	5,513,000	13,416	5,583	500,000	3,000,000	1,999,584	125,000	-	375,000	-	-
11092	Jenny Lind WTP PreTreatment Facility	5,067,000	5,027,060	42,981	39,940	-		-	-	9,985	29,955	-
11095	Ebbetts Pass Redwood Tanks HMGP	3,038,000	38,416	4,794	500,000	1,200,000	1,299,584	-	-	125,000	375,000	-
11096	AMR/AMI Radio Read Meter Program	6,112,000	112,909	14,584	2,000,000	2,000,000	1,999,091	-	-	-	2,000,000	-
11098	EP Hunters WTP Filter Rehab	480,000	456,500	-	23,500	-		-	-	23,500	-	-
11099	EP Meadowmont Pump Station / Rehab.	234,000	84,169	-	149,831	-		-	-	149,831	-	-
11100	Wallace SCADA System Improvements	101,000	1,310	12,507	-		40,000	-	-	-	-	-

11101	District Corp Yard	600,000	-	-	300,000	150,000	150,000	-	300,000			
11103	Hunters Raw Water Pumps Renovations	2,015,000	5,216	-	10,000	200,000	-			10,000		
11104	Lake Tulloch Submerged Water Line Crossing	3,500,000	-	-		200,000	200,000	-	-	-	-	-
11106	West Point Backup Water Filter	2,000,000	434	1,308	500,000	500,000	999,566	-	-	500,000	-	-
11107	West Point SCADA Improvements	110,000	434	-	10,000	-	40,000	-	-	10,000	-	-
11108	Big Trees Pump Stations 1, 4 & 5 Replacement	860,000	107	-	10,000	-	75,000			10,000		
11110	Reeds Turnpike Pump Station Replacement	350,000	214	1,083	50,000	299,786	-			20,000		30,000
11111	Copper Cove Tank B Pump Station Renovation	910,000	107	-	10,000	150,000	749,893			10,000		
11112	White Pines Dam/Blanket Drain Rehab	65,000		29,082	65,000		-			100,000		
11066G	Jenny Lind (Kirby/Garner/Gabor) Service Lines	600,000	500,000	20,250	100,000			-	-	475,000	-	-
11083J	Jenny Lind Clearwell #2 / Repair & Paint	216,000	16,219	-		-		-	-	-	-	-
11083L	Larkspur Tank / Repair & Paint	373,000	22,968	-	50,000	150,000	150,032	-	-	50,000	-	-
11083S	Ebbetts Pass Sawmill Tank / Repair & Paint	1,510,000	10,345	-	-	-	300,000	-	-	-	-	-
11083W	Wallace Tanks / Repair & Paint	456,000	6,614	-			50,000	-	-	-	-	-
<b>Total Carryover Water Projects</b>		<b>\$ 46,097,000</b>	<b>\$ 11,573,644</b>	<b>\$ 2,415,811</b>	<b>\$ 9,777,950</b>	<b>\$ 8,099,786</b>	<b>\$ 9,052,865</b>	<b>\$ 1,000,000</b>	<b>\$ 300,000</b>	<b>\$ 6,452,995</b>	<b>\$ 2,404,955</b>	<b>\$ 30,000</b>
	<b>Capital Water Non-CIP Projects</b>	<b>\$ 628,100</b>		<b>\$ 134,195</b>	<b>\$ 628,100</b>				<b>\$ -</b>	<b>\$ 628,100</b>	<b>\$ -</b>	
<b>TOTAL WATER PROJECTS</b>		<b>\$ 69,572,755</b>	<b>\$ 11,573,644</b>	<b>\$ 2,741,262</b>	<b>\$ 11,863,705</b>	<b>\$ 8,099,786</b>	<b>\$ 9,052,865</b>	<b>\$ 1,000,000</b>	<b>\$ 316,120</b>	<b>\$ 8,201,095</b>	<b>\$ 2,646,503</b>	<b>\$ 110,000</b>



<i>Project No</i>	<u><i>Non-CIP Capital Water Projects</i></u> Project Description	2020/21 Proposed Budget	YTD (November 2020)			Capital	
				FY 20-21	Reserves	R & R	Grants
11128	Service Line Replacement Project - to address the County's Microsurfacing Plan for 2021	468,000		468,000		468,000.00	
10072	Bow Water Main Replacement	60,000	52,500	60,000		60,000.00	
11114	Turbidimeter/Analyzer Replacement Project est 30 turbs	100,100	81,695	100,100		100,100.00	
	<b>Total Non-CIP Capital Water Projects</b>	<b>\$ 628,100</b>	<b>\$ 134,195</b>	<b>\$ 628,100</b>	<b>\$ -</b>	<b>\$ 628,100</b>	<b>\$ -</b>

Capital Improvement Program  
Schedule of Cash Flow - Wastewater Projects  
FY 2020-21 thru 2022-23

Project No	New Wastewater Projects Project Description	Total Project Cost	Previous Years Expense + YTD 19/20	YTD (November 2020)	Cash Flow			Funding FY 20-21					
					FY 20-21	FY 21-22	FY 22-23	Expansion Funds	Reserves	Capital R & R	Grants	AD / Other Outside	
15101	La Contenta Spray Fields	200,000			200,000						200,000		
15102	Tertiary Filter Rehab	250,000	0		25,000	100,000	125,000				25,000		
15103	Effluent Storage Tank Rehab	250,000	0		25,000	100,000	125,000				25,000		
15104	Lift Station 2& 3 Improvements	1,000,000	0				250,000						
15105	Reclamation Plant Filter Rehab/ Change name to Reclamation Plant Improvements	100,000			100,000						100,000		
15106	UV Disinfection System Replacement	300,000			300,000	-					300,000		
15107	Sludge Tank & Belt Press Improvements	50,000			50,000						50,000		
15108	Regional Biosolids/Sludge Handling	1,500,000											
15109	Collection System Rehab and I&I Mitigation	150,000				-		-	-	-	-	-	-
TBD	Vallecito WWTP System Improvements	130,000			130,000						130,000		
15110	Sequoia Woods Leach Field Rehab	150,000			-	-		-	-	-	-	-	-
<b>Total New Wastewater Projects</b>		<b>\$ 4,080,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 830,000</b>	<b>\$ 200,000</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 830,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Project No	Carryover Wastewater Projects Project Description	Total Project Cost	Previous Years Expense	YTD (November 2020)	FY 20-21	FY 21-22	FY 22-23	Expansion Funds	Reserves	Capital R & R	Grants	AD / Other Outside	
15076	CC Lift Station 6, 8 & Force Main Bypass	3,652,000	152,000	1,037	500,000	1,500,000	1,500,000	-	-	500,000	-	-	
15080	CC Lift Station 15 & 18 Rehab/Replacement	2,656,000	156,000	1,990	300,000	1,100,000	1,100,000	-	-	300,000	-	-	
15082	Vallecito Recycled Water Distribution Project	280,000	94,315	-		-		-	-	-	-	-	
15087/10033	Wallace Renovation/SCADA/PLC & Electrical	184,000	24,000	8,636	160,000	-		-	-	-	-	160,000	
15091	West Point/Wilseyville Consolidation Project	4,757,000	7,000	9,214	450,000	2,150,000	2,150,000	-	-	450,000	-	-	
15095	Arnold Secondary Clarifier	2,010,000	10,000	55,988	500,000	750,000	750,000	100,000	-	400,000	-	-	
15096	Arnold Leach Field Improvements	702,000	2,000	1,277	100,000	300,000	300,000	20,000	-	80,000	-	-	
15097	LC Biolac, Clarifier & UV Improvements	4,000,000		319	-	300,000	300,000	-	-	-	-	-	
15094	CC Secondary,Tertiary & UV Improvements	13,016,000	16,000	848	200,000	800,000	2,000,000	100,000	-	100,000	-	-	
15092	Huckleberry Lift Station Rehab	480,000	415,000	-	65,000	-		-	-	65,000	-	-	
15098	Indian Rock East Sand Filter Rehab	200,000		4,495	200,000	-		-	-	200,000	-	-	
15099	Headworks Screen Projects	275,000	-	241,313	275,000	-		-	-	275,000	-	-	
15093	Southworth Collection System / I&I Mitigation	150,000	100,000	6,142	50,000	-		-	-	50,000	-	-	
<b>Total Carryover Wastewater Projects</b>		<b>\$ 32,362,000</b>	<b>\$ 976,315</b>	<b>\$ 331,259</b>	<b>\$ 2,800,000</b>	<b>\$ 6,900,000</b>	<b>\$ 8,100,000</b>	<b>\$ 220,000</b>	<b>\$ -</b>	<b>\$ 2,420,000</b>	<b>\$ -</b>	<b>\$ 160,000</b>	
<b>Capital Sewer Non-CIP Projects</b>		<b>\$ 111,000</b>		<b>\$ 52,120</b>	<b>\$ 111,000</b>				<b>\$ -</b>	<b>\$ 111,000</b>	<b>\$ -</b>		
<b>TOTAL WASTEWATER PROJECTS</b>		<b>\$ 36,553,000</b>	<b>\$ 976,315</b>	<b>\$ 383,379</b>	<b>\$ 3,741,000</b>	<b>\$ 7,100,000</b>	<b>\$ 8,600,000</b>	<b>\$ 220,000</b>	<b>\$ -</b>	<b>\$ 3,361,000</b>	<b>\$ -</b>	<b>\$ 160,000</b>	
<b>TOTAL WATER &amp; WASTEWATER PROJECTS</b>		<b>\$ 106,125,755</b>	<b>\$ 12,549,959</b>	<b>\$ 3,124,641</b>	<b>\$ 15,604,705</b>	<b>\$ 15,199,786</b>	<b>\$ 17,652,865</b>						

<i>Project No</i>	<i>Non-CIP Capital Sewer Projects</i> Project Description	2020/21 Approved Project	YTD (November 2020)		Reserves	Capital R & R	Grants
				FY 20-21			
11114	Turbidimeter/Analyzer replacement project	11,000	9,077	11,000		11,000	
15100	Lift Station Pump and motor replacements (10)	100,000	43,043	100,000		100,000	
<b>Total Non-CIP Capital Sewer Projects</b>		<b>\$ 111,000</b>	<b>\$ 52,120</b>	<b>\$ 111,000</b>	<b>\$ -</b>	<b>\$ 111,000</b>	<b>\$ -</b>

**RESOLUTION NO. 2021-**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
CALAVERAS COUNTY WATER DISTRICT**

**AMENDING THE FISCAL YEAR 2020-21 OPERATING  
AND CAPITAL IMPROVEMENT PROGRAM BUDGET**

**WHEREAS**, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopted Resolution 2020-44 on June 24, 2020 approving Fiscal Year 2020-21 Operating Budget in the amount of \$21,751,069; and

**WHEREAS**, the District has reviewed operating revenues and expenditures through December 31, 2020; and

**WHEREAS**, the District has identified increases and decreases that are required to be made to the adopted operating budget; and

**WHEREAS**, the Finance Committee reviewed the proposed expense and revenue changes and agreed with the request; and

**WHEREAS**, the District has identified increases and decreases that are required to be made to the adopted Capital Improvement Project Budget; and

**WHEREAS**, the Engineering Committee reviewed the proposed project budget changes and agreed with the request; and

**WHEREAS**, the Board of Directors of the Calaveras County Water District does hereby find that it is in the best interest of the District to amend the adopted FY 2020-21 Capital Improvement and Operations Budget accordingly, effective January 27, 2021.

**NOW, THEREFORE BE IT RESOLVED**, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT adopts an amendment to the Fiscal Year 2020-21 Operating Budget and Capital Improvement Program as set forth in Budget Adjustment 20-02, attached hereto and made a part hereof, and authorizes the Director of Administrative Services to record the appropriate accounting entries.

**PASSED AND ADOPTED** this 27<sup>th</sup> day of January 2021 by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

CALAVERAS COUNTY WATER DISTRICT

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Jeff Davidson, President  
Board of Directors

**ATTEST:**

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Rebecca Hitchcock  
Clerk to the Board

# Agenda Item

DATE: January 27, 2021

TO: Michael Minkler, General Manager

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Discussion regarding Management Letter Responses and Accounting Changes

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## **RECOMMENDED ACTION:**

Discussion and direction on staff report out of the Fiscal Year ending 6/30/2020 Management Letter from Richardson and Company and accounting changes that were made to ease the audit process that went into effect for this audit.

## **SUMMARY:**

Through the course of any audit, several internal controls are tested by the outside Audit Firm and identified. Areas that would cause a material weakness are presented in the form of a Management Letter from the Audit Firm to the Board of Directors.

The identification of these areas is meant to be opportunities for the District to undertake changes to provide for better internal controls and easier audit performance.

The following are the findings identified with a corrective action response:

### Finding 1: Payroll Disbursements

We continue to recommend entry of new employees be protected with password approval by someone other than employees that process the payroll as a control to prevent the entry of fictitious employees.

Corrective Action Response 1: The District is currently looking at alternative HR/Payroll software to allow for more oversight and reporting capabilities. The District currently use ADP to process payroll and the use of it is cumbersome and the reporting is difficult to utilize.

### Finding 2: Cash Receipts

We recommend the Customer Service Manager should periodically produce and review a system report that shows active versus billed accounts and should investigate any discrepancies.

Corrective Action Plan 2: The District is currently working on migrating to a new solution for billing. Once that occurs, segregation of duties will be easier and reporting capabilities will be available to complete this task.

### Finding 3: Cash Disbursements

During our testing of consultant contracts, we noted a current contract was not able to be provided for lab testing services and noted another contract for construction management did not include the approved rate per hour being charged by the consultant. We recommend the contracts be reconsidered.

Corrective Action Response 3: The District has been working on updating and educating staff on the District's Purchasing Policy and review responsibilities in invoice approval, prior to payment. Staff are actively working on identifying services that are being provided that may not have an active contract and adding review steps to ensure that invoices align with the defined scope and costs within approved contracts.

### Finding 4: Policies and Procedures

The District should consider adopting or enhancing a capital asset policy that defines useful lives to use d that discusses when a project represents maintenance that should be expensed or a betterment that should be capitalized.

Corrective Action Response 4: The policy will be written, based on GFOA best practices. It is anticipated to have this completed in the 2020-21 Fiscal Year.

### Other Items

We currently have to manually sum amounts on debt amortization schedules to tie the schedules to the balance sheet and have to post entries to true-up current portion of debt and compensated absences. We recommend the District add all of the amortization schedules to one excel file with each debt on a separate tab and add the computation of the interest expense, accrued interest payable, current and noncurrent portion of debt with subtotals by fiscal year and show the split of joint debt by fund on the schedule that ties directly to the balance sheet. Once the debt amortization schedules are in this format, a tab may be added for future minimum payments that has each debt agreement in a column with subtotals for the water fund and sewer fund with each year in a row like the footnote and a total column that matches the total in the debt footnote. Each year should be shown separately so it may be re-sorted into 5-year increments each year. The current portion of debt and compensated absences should be posted as a closing entry rather than leaving it for the auditor to post. That takes additional time and takes our focus away from more important audit procedures. We recommended last year that accounting procedures over functional areas be documented so a new employee would have documentation to follow to understand how to perform accounting functions. The District made progress documenting accounting procedures during the year. However, detailed payables and wire/bank transfer procedures still need to be documented.

Corrective Action Response to Other Items: The long-term debt schedules will be created to align with the balance sheets and build out for 5-year increments. Compensated absences, along with any other year end conversions will be posted to the general ledger PRIOR to releasing the Trial Balance to the outside Auditor.

Additional procedures will be written for Accounts Payable and Wire Transfers.

#### Accounting Changes Made in 2019-20:

Accounting Issue 1: The District was operating with a “General” fund as a method to ease entry at the invoice level. However, the District does not have a “General” fund and all balances within the General use fund required the outside Auditor to manually re-allocate between Water and Sewer activities/Funds.

Correction 1: The use of the General use fund was eliminated for 80% of invoice payments and the invoices are being paid directly out of the Water or Sewer Funds. The remaining 20% could stay with the General use fund due to data entry limitations in departments. However, Finance has to allocate the monthly totals to clear out the balances in that fund as a month end entry.

Accounting Issue 2: The District posted all cash transfers in and out as well as any mark to market adjustments to the General use fund. Therefore, the General use fund had an enormous negative balance for the years of accumulated operating activity. This overstated the available cash on the balance sheet in ALL funds, specifically, the Water Fund. This issue caused excess interest income to be booked to the Water Fund. The outside Auditors would also have to allocate the negative balance in the General use fund to the Water and Sewer funds manually to create the financial statements.

Correction 2: Staff reallocated the entire balance in the General use fund to the respective funds in the General Ledger. All transfers in or out are for pool activity, not the fund activity. The receipt of revenue or issuance of expense are booked at the fund level and the associated cash movement occurs at the fund level that is being impacted.

Accounting Issue 3: Cash and Cash Equivalents were broken into no less than eight different accounts across multiple funds. The intention was to align the General Ledger with the investment statements. However, those reallocations did occur as the investments are across ALL funds. This created inaccurate cash and cash equivalent balances, that while in combination they were correct, they were not individually. The outside Auditors would have to combined manually to reconcile cash.

Correction 3: Staff collapsed all balances to cash by fund. Now, we ensure the total cash reconciles to the investment statements in total and report out the breakdown of investments on separate spreadsheets for review by the Board.



Accounting Issue 4: Capital Assets we entered twice for every asset, in cases where the benefit was for both Water and Sewer. Each asset would have to be manually collapsed by the outside Auditors and it made reconciliation and reporting very difficult and extremely manual for staff and Auditors.

Correction 4: Staff had to correct hundred of assets to combine values and historical depreciation into one asset. In addition, staff had to correct assets out of the General use fund to Water and Sewer. This process took two months to complete and the software had a lot of issues completing the task. Assets are now able to be reported by asset, fund, and type. Totals can now be exported to spreadsheets to reconcile to the foot notes on the financial statements.

Accounting Issue 5: The Pension and OPEB calculations were being done by the outside Auditor. This causes an issue with their "independence".

Future Accounting Changes:

Correction 5: For the 2019/20 Fiscal Year, staff utilized templates that were created to build the Pension and OPEB journal Entries and then posted them.

Accounting Changes to Come:

- 1) Compensated Absence liability calculations will be calculated and posted by staff.
- 2) All year end reclassifications due to posting issues will be kept within the 12<sup>th</sup> period. Historically, the 13<sup>th</sup> period was used for operating reclassifications and conversion entries. This causes an issue with utilizing budget to actual reporting. June will remain open until all cash postings are complete. The 13<sup>th</sup> period will be used for year-end non-cash postings and year end conversion entries only.
- 3) Currently all asset and liabilities postings are done manually as secondary journal entries. Example: Accounts Payable check processing requires a journal entry to debit liabilities and credit cash. Tyler will be setup to have automatic posting strategies for all dual posting needs. This will eliminate a significant number of journal entries.
- 4) Accounts Payable is all paid via physical check and credit card. With the Tyler implementation, the District will begin reaching out to vendors offering ACH payments as well. This will eliminate a significant number of manual checks to print and mail.

The Director of Administrative Services presented this information to the Finance Committee on January 19, 2021 and it was recommended to bring forward to the full Board as a discussion item.

## **FINANCIAL CONSIDERATIONS:**

**None at this time.**

*Attachments: CCWD Management Letter 2020*



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Sacramento, California 95825

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## MANAGEMENT LETTER

To the Board of Directors and Management  
Calaveras County Water District  
San Andreas, California

In planning and performing our audit of the financial statements of the business-type activities, major funds and fiduciary funds of the Calaveras County Water District (the District) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The following matters have been included in this letter for your consideration:

### Payroll Disbursements

We continue to recommend entry of new employees be protected with password approval by someone other than employees that process the payroll as a control to prevent the entry of fictitious employees.

### Cash Receipts

We recommend the Customer Service Manager should periodically produce and review a system report that shows active versus billed accounts and should investigate any discrepancies.

### Cash Disbursements

During our testing of consultant contracts, we noted a current contract was not able to be provided for lab testing services and noted another contract for construction management did not include the approved rate per hour being charged by the consultant. We recommend the contracts be reconsidered.

Policies and Procedures

The District should consider adopting or enhancing a capital asset policy that defines useful lives to use for depreciation and that discusses when a project represents maintenance that should be expensed or a betterment that should be capitalized.

Other Items

We currently have to manually sum amounts on debt amortization schedules to tie the schedules to the balance sheet and have to post entries to true-up current portion of debt and compensated absences. We recommend the District add all of the amortization schedules to one excel file with each debt on a separate tab and add the computation of the interest expense, accrued interest payable, current and noncurrent portion of debt with subtotals by fiscal year and show the split of joint debt by fund on the schedule that ties directly to the balance sheet. Once the debt amortization schedules are in this format, a tab may be added for future minimum payments that has each debt agreement in a column with subtotals for the water fund and sewer fund with each year in a row like the footnote and a total column that matches the total in the debt footnote. Each year should be shown separately so it may be re-sorted into 5-year increments each year. The current portion of debt and compensated absences should be posted as a closing entry rather than leaving it for the auditor to post. That takes additional time and takes our focus away from more important audit procedures.

We recommended last year that accounting procedures over functional areas be documented so a new employee would have documentation to follow to understand how to perform accounting functions. The District made progress documenting accounting procedures during the year. However, detailed payables and wire/bank transfer procedures still need to be documented.

\* \* \* \* \*

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Richardson & Company, LLP*

December 16, 2020