

**MERCY SPRINGS WATER DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING
June 30, 2021**

A special meeting of the Board of Directors was held on June 30, 2021, at 9:00 a.m. in accordance with Governor Newsom’s Executive Order N-09-21 issued in response to the COVID-19 pandemic, which allows local and state legislative bodies to hold meetings by web and teleconference, and to make meetings accessible to the public electronically. Those present at the meeting were:

Directors Present: Michael Linneman, President
Brad Gleason, Vice-President
Juan Cadena, Director
Richard Wathen, Director

Directors Absent: None

District Staff Present: Ara Azhderian, General Manager & Secretary
John Paul Otollo, Treasurer

Others Present: Gabriel Delgado, General Counsel
Palmer McCoy, Grassland Basin Authority
Erick Johnson, The Water Agency

CALL TO ORDER

President Linneman called the meeting to order at 9:03 a.m.

REVIEW OF AGENDA

There were no corrections to the Agenda.

ROLL CALL

A quorum of the Board of Directors and the presence of the District’s Officers were confirmed.

POTENTIAL CONFLICTS OF INTEREST

There were no conflicts of interest disclosed.

PUBLIC COMMENT

There was no public comment.

THE BOARD TO REVIEW AND CONSIDER APPROVING THE DRAFT MINUTES FROM THE NOVEMBER 17, 2020, SPECIAL MEETING OF THE BOARD

General Manager Azhderian presented the Board with the draft minutes for review. After discussion, on a motion by Director Wathen, seconded by Director Cadena, the Board unanimously approved the draft minutes as presented.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen

Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER APPOINTMENT OF DISTRICT OFFICERS TO SERVE DURING THE MARCH 1, 2021, THROUGH FEBRUARY 28, 2022, FISCAL YEAR

General Manager Azhderian requested the Board consider appointment of officers to serve the District for the fiscal-year ending February 28, 2022. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board appointed Michael Linneman as President, Brad Gleason as Vice-President, Ara Azhderian as Secretary, and JP Otollo as Treasurer.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE TREASURER'S ANNUAL REVIEW RECOMMENDATION OF THE DISTRICT'S INVESTMENT POLICY

Treasurer Otollo presented the Board with the District's Statement of Investment Policy. He explained that the Policy required annual review and that he was not recommending any changes at this time. After discussion, on a motion by Director Wathen, seconded by Director Gleason, the Board unanimously accepted the Treasurer's recommendation.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE TREASURER'S QUARTERLY REPORTS FOR THE PERIODS ENDING SEPTEMBER 30, 2020, DECEMBER 31, 2020, AND MARCH 31, 2021

Treasurer Otollo presented the Board with the Treasurer's Quarterly Reports through March 31, 2021. He explained that the District's funds were either invested in the State of California's Local Agency Investment Fund or deposited in a Federal Deposit Insurance Corporation (FDIC) insured accounts at WestAmerica Bank. Otollo reported that the District's portfolio was in compliance with its Statement of Investment Policy and that it was expected the District would be able to meet its expenditure requirements for the next six months based on projected revenue from water sales and land based costs reimbursements. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously accepted the Treasurer's Quarterly Reports as presented.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE MONTHLY FINANCIAL STATEMENT FOR THE PERIOD ENDING MAY 31, 2021

Treasurer Otollo reviewed the District’s financial statement with the Board. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously accepted the monthly financial statement as presented.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A BUDGET AND SERVICE FEES FOR THE DISTRICT’S FISCAL-YEAR ENDING FEBRUARY 28, 2022

General Manager Azhderian presented the Board with a draft budget for the 2022 fiscal-year. He explained the budget was split in to two, one to allocate the water related costs and the other to allocate the land based costs. He said that for costs that could not be readily assigned one way or another, such as for the annual audit, they were split in half. Azhderian said that given the zero percent Central Valley Project water allocation, staff would work to minimize costs to the fullest extend practicable. After discussion, on a motion by Director Gleason, seconded by Director Cadena, the Board unanimously adopted the 2022 budget and service fees as presented.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A PROPOSED BRYANT L. JOLLEY ENGAGEMENT LETTER TO CONDUCT AN AUDIT OF THE DISTRICT’S 2020-2021 FISCAL-YEAR ENDING FEBRUARY 28, 2021

General Manager Azhderian presented the Board with a letter agreement to have Bryant L. Jolley accountancy perform the District’s 2021 fiscal-year financial audit. He noted the letter agreement was the same as previous years except that the cost to perform the audit was proposed to increase by five-hundred dollars to a total fee not to exceed eight thousand, five hundred dollars. Azhderian explained that in an effort to reduce future costs, the Board would next consider requesting Fresno County approve allowing the District to preform biennial audits. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously authorized execution of the letter agreement as presented.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION REQUESTING THE FRESNO COUNTY BOARD OF SUPERVISORS APPROVE REPLACING THE DISTRICT’S ANNUAL FINANCIAL AUDIT WITH A BIENNIAL FINANCIAL AUDIT

General Manager Azhderian requested the Board consider adopting a resolution requesting Fresno County allow the District to perform biennial audits in an effort to reduce the District's administrative cost. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board. After discussion, on a motion by Director Wathen, seconded by Director Gleason, the Board unanimously authorized execution of the letter agreement as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION AUTHORIZING UPDATES TO THE DISTRICT'S WESTAMERICA BANK SIGNATURE CARD AND INITIATION OF STARCONNECT PLUS FOR BUSINESS SERVICE TO PROVIDE ONLINE ACCOUNT ACCESS

General Manager Azhderian requested the Board consider adopting a resolution to update the District's signatories at WestAmerica Bank and to authorize initiation of "StarConnect Plus" business service to allow for on-line web access to administer the District's account. He explained the update would delete former General Manager Dan Nelson and former Director Atomic Falaschi from the account and add new Director Richard Wathen, current General Manager Azhderian, current Treasurer JP Otollo, and Panoche Water District's Accounting Supervisor Marlene Brazil. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously adopted the draft resolution as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF BILLS

General Manager Azhderian presented the Board with the District's accounts payable. After review, on a motion by Director Wathen, seconded by Director Gleason, the Board unanimously approved payment of the bills as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION CALLING FOR A GENERAL ELECTION ON NOVEMBER 2, 2021, OF REPRESENTATIVES TO SERVE ON THE DISTRICT'S BOARD OF DIRECTORS

General Manager Azhderian presented the Board a draft resolution calling for the District's 2021 general election to be held on November 2, 2021, and authorizing related actions to properly conduct the election. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board.

After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously adopted the draft resolution as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION TO IMPLEMENT A DISTRICT ELECTION PLAN TO HOLD ALL SUBSEQUENT DISTRICT ELECTIONS ON EVEN YEARS AFTER NOVEMBER 2021

General Manager Azhderian presented the Board a draft resolution to implement an election plan to shift the District's odd-year elections to even years as required by California Senate Bill 415. He explained the plan was to add one-year to each Director's term so that by the end of the cycle, three directors would be up for election in 2024 and two directors would be up for election in 2026, and then every four years again thereafter. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously adopted the draft resolution as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION TO AUTHORIZE EXECUTION OF THE THIRD AMENDMENT TO THE CENTRAL DELTA-MENDOTA REGION SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES ACTIVITY AGREEMENT

General Manager Azhderian presented the Board a draft resolution to authorize execution of a Third Amendment to the activity agreement with the San Luis & Delta-Mendota Water Authority for services to implement the region's Groundwater Sustainability Plan. He noted the primary effect of the amendment would be to allow delegation of voting authority by the activity agreement members, in particular, to facilitate participation by Merced and Fresno counties. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously adopted the draft resolution as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

GUBERNATORIAL EXECUTIVE ORDER AND BROWN ACT UPDATE

General Counsel Delgado reported on recent changes to the Governor's Executive Order allowing for electronic meetings due to the COVID-19 pandemic. He noted that barring another action, in-person meetings would resume on October 1, 2021. As the District's next regular meeting is not until November, Delgado said he would continue to monitor the situation and advise then on the proper course of action.

WIIN ACT CONTRACT CAPITAL PRE-PAYMENT FUNDING SOURCES ANALYSIS

General Manager Azhderian reported that the District would preform an analysis of the funds used to pre-pay its Central Valley Project construction costs so as to ensure appropriate allocation of the costs to the CVP contract assignees. Azhderian said the true-up would occur as part of the process to consolidate the District with Panoche Water District and permanently reassign the remaining contract quantities.

CLOSED SESSION

The Board met with legal counsel to discuss the matters listed on the Agenda.

REPORT FROM CLOSED SESSION

The Board met with legal counsel to discuss the matters listed on the Agenda and took no reportable action.

FUTURE MEETING DATES

The next Regular meeting was scheduled for August 31, 2021, at 9:00 a.m.

ADJOURNMENT

With no further business, President Linneman adjourned the meeting at 11:07 a.m.



Michael Linneman, President



Ara Azhderian, Secretary