

December 16, 2011
Sacramento, California

The Board of Trustees of the American River Flood Control District met in regular session in its office at 165 Commerce Circle, Suite D, Sacramento, CA at 11:00 a.m. on Friday, December 16, 2011. In attendance were Trustee Simon, Trustee Moose, Trustee Minnema, Trustee Holloway, and Trustee Pavão. Trustee Simon presided. Also present from the District were General Manager Tim Kerr, Superintendent Richard Marck, Field Supervisor Ron Sundberg, Office Manager Michelle Wilder, and District Legal Counsel David Aladjem. Rajat Saha from MBK Engineers was also present.

Item No. 1 Public Comments on Non-Agenda Items: There were no comments on non-agenda items from members of the public.

Item No. 2 Approval of Consent Agenda Items: On a motion by Trustee Minnema seconded by Trustee Moose, the Board unanimously approved items 2a) Minutes of Regular Meeting on October 14, 2011, 2b) Minutes of Regular Meeting on November 11, 2011, 2c) Creek Week 2012 Participation, and 2d) Correspondence: i. Thank You to Johan Otto and ii. Powerhouse Science Center.

Item No. 3 Approval of Accounts Payable November 2011, General Fund Expenses, and Cash Flow: Trustee Simon requested clarification regarding payments to Cruz Brothers Locators, Inc., Sacramento County Tax Collector, Spec West, United Rentals, US Bank (Tony's Deli), US Bank (Togos), and West Coast Pneumatics, Inc. Following explanations by staff and on a motion by Trustee Moose seconded by Trustee Pavão, the Board unanimously approved payments on Schedule of Accounts Payable (November 2011) of \$57,903.78 and General Fund Expenses of \$69,639.64 (total aggregate sum of \$127,543.42). Discussion of the Cash Flow Report followed. Trustee Pavão requested clarification regarding October 2011 pension expense. Trustee Simon requested clarification regarding December 2011 retiree benefits expense. Trustee Minnema requested clarification regarding December 2011 pre-funding retiree benefit expense. Following explanations by staff the Cash Flow Report dated December 14, 2011 was received and filed by the Board.

Item No. 4 Approval of Report of Investment Transactions October 2011 (City Pool A, LAIF, Chase) and Treasurer's Certification: Trustee Minnema questioned whether or not funds from the Chase Money Market account designated for Retiree Health Benefit Reserve had been transferred to City Pool A as the Board directed at the November meeting. GM Kerr noted that \$1,000,000 had been transferred and that the remaining monies would be transferred before the January meeting. On a motion by Trustee Holloway seconded by Trustee Pavão, the Board unanimously approved the Report of Investment Transactions and Treasurer's Certification.

Item No. 5 Finance Committee Recommendation for Board Financial Reports and Bookkeeper's Statement of Operations (FY 11-12 through November 30, 2011): The Board had expressed a need to receive financial reports reflecting current data in a timely manner. GM Kerr provided an overview of the diagram in the packet which outlined the District's internal controls and accounts payable procedures which dictate the timeline to generate a financial report.

At the November meeting, the Board reviewed recommendations from the Finance Committee to implement the following steps to greatly reduce the timeline for when the Board can compare expenditures to budget.

Also at the November meeting, the Board took action to grant the District's Bookkeeper online viewing access of the District's bank account and to use the method recommended by the Finance Committee to produce the report on a trial basis for one month. A copy of the Statement of Operations developed under the new recommendations was included in the Board packet for review. GM Kerr noted that the District's Budget and the Statement of Operations are accrual based which tracks expenses when incurred and not when a check is written to pay an invoice. All items purchased are attributed to the appropriate fiscal year and compared to budget. All invoices the District pays are shown on the monthly bank statements. Trustee Moose noted that previous reports relied on bank statements arriving in the mail. GM Kerr noted that online banking allows bank statements to be downloaded and reviewed early in the month. District Counsel Aladjem noted that other districts generate financial statements that are functionally the same as the current proposal which includes a percentage of budget column to show at a glance how much of a budget has been spent.

On a motion by Trustee Holloway seconded by Trustee Moose, the Board unanimously approved the Statement of Operations (FY 11-12 through November 30, 2011) and the Finance Committee recommendation for producing the report.

Item No. 6 District Operating Expense, Checking and Money Market Accounts: The Board previously reviewed recommendations from the Finance Committee to move the District's operating expense accounts to either River City Bank or American River Bank. A staff report provided in the Board packet outlined the advantages and limitations of each bank in regards to fees, customer service, and online banking features. Both River City Bank and American River Bank have the ability to provide the District with the necessary online banking access which adheres to the District's current internal control procedures. American River Bank has a Bauer Financial Rating of three stars, is offering an interest rate of 0.40 APY, and charges wire fees of \$10 for incoming wires and \$25 for outgoing wires. River City Bank has a Bauer Financial Rating of five stars, is offering an interest rate of 0.35 APY, and charges wire fees of \$15 for incoming wires and \$35 for outgoing wires. Due to the higher financial rating and enhanced online access, the General Manager recommended that the Board transfer the full balances of the General Operating Expense money market account and the linked checking account to River City Bank. Trustee Simon expressed concern at choosing a bank with higher fees and a lower interest rate than the alternative. GM Kerr noted that his recommendation was based the financial rating of the bank and the level of personalized customer service provided which boosted his confidence in the overall security and stability of the bank. Therefore, he maintains that his recommendation is in accordance with the objective of the District's Investment Policy to invest the District's funds in accounts which provide a revenue return and maintain, in order of priority: first, the safety; second, the liquidity; and third, the rate of return.

On a motion by Trustee Minnema seconded by Trustee Moose, the Board unanimously approved moving the District's operating expense accounts from Chase Bank to River City Bank.

Trustee Holloway recused himself from the room during discussion of item number seven to avoid any potential conflict of interest.

Item No. 7 Endorsement of CA Central Valley Flood Board Permit Application (1885 Claremont): GM Kerr described the key aspects of the permit application noting that the house currently on the property is being demolished and rebuilt at its existing location within the floodway. The Flood Board requires the first floor elevation be higher than the water surface elevation of 63.91 feet which would be the result of a flood event at 192,000 cfs. GM Kerr explained that the pad of the existing house, which is being used in the rebuild, is at an

elevation of 64.35 feet which is higher than requested by the Flood Board, as well as higher than a maximum flood event.

GM Kerr introduced Rajat Saha from MBK Engineers who was present to answer any questions from the Board. Trustee Minnema requested clarification regarding water surface elevations noted in the application. Mr. Saha noted that the 160,000 cfs water surface elevation is the result of a 200-year storm and the 192,000 cfs water surface elevation is based on the Howe Avenue index point. Trustee Simon asked whether or not the house was affected by the 1986 flood. Mr. Saha noted that the house was not affected by the 1986 flood. Trustee Minnema noted gunnite bank protection on the drawings/photos of the property and recommended that a condition of the permit include prohibiting removal of the feature without prior approval by the District. Mr. Saha did not object to the recommended permit conditions. On a motion by Trustee Minnema seconded by Trustee Moose, the Board unanimously approved endorsement of the permit application with conditions. This item was heard out of order.

Item No. 8 Winter 2011 Newsletter: The Newsletter Committee met to review articles and layout options for the newsletter. A draft copy of the newsletter was included in the Board packet for review. On a motion by Trustee Holloway seconded by Trustee Moose, the Board unanimously approved the newsletter as proposed. The Board directed GM Kerr to distribute the newsletter to the SAFCA Board.

Item No. 9 Staff Reports:

a) *General Manager Tim Kerr reported on the following:*

- General Manager's November Meeting Summary;
- District Staffing: GM Kerr noted that a staffing reduction occurred recently. An employee in their introductory period didn't show the commitment the District is looking for in its employees;
- Retiree Health Benefit Reserve: The monies are being moved from Chase to City Pool A. The account at Chase will be closed;
- Regional Policy and Planning Status: A table was designed to keep track of various projects and events happening throughout the region. Trustee Minnema expressed gratitude for this new planning and communication tool;
- Corps Construction 2011: The Sacramento River Bank Protection Project at the American River RM 10.0 and 10.6 is complete for the season;
- Owning/Renting District Facilities: District staff toured the 185 Commerce Circle facility with the landlord. Trustee Holloway noted that this could be a rare opportunity to purchase a permanent facility for the District. Trustee Aladjem noted that questions regarding purchasing a facility and location of such a facility are policy considerations for the Board. On a motion by Trustee Holloway seconded by Trustee Minnema, the Board unanimously approved authorizing the General Manager to spend up to \$7,500 to investigate the viability of purchasing the property at 185 Commerce Circle;
- Hydrologic Conditions: Folsom Reservoir is at 46% of capacity. Sacramento River at I Street gauge is at 3.5 feet;
- Next Board Meeting: January 13, 2012.

b) *Legal Counsel David Aladjem had nothing further to report.*

c) *Superintendent Richard Marck showed photos and discussed the following:*

- Crew activities including flood fight training, slide gate vault inspections, flood wall maintenance, abandoned pipe removal, rodent abatement, and grouting.

c) *Office Manager Michelle Wilder reported on the following:*

- District Website: The website had 185 visits during the month of November.

Item No. 10 Questions and Comments by Trustees: Trustee Minnema asked GM Kerr to identify the District's direction for 2012. GM Kerr noted that he will be focusing on levee certification and the Corps' Periodic Inspection.

Item No. 11 Adjourn: At 12:40 p.m. the meeting was adjourned to the Holiday Party at Buca di Beppo restaurant location at 1249 Howe Ave until 3:30 p.m.

Attest:

Secretary

President